NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF FLEXIDYNAMIC HOLDINGS BERHAD ("FLEXIDYNAMIC HOLDINGS" OR "COMPANY") DATED 9 MARCH 2021 ("ELECTRONIC PROSPECTUS")

(Unless otherwise indicated, specified or defined in this notice, the definitions in the Prospectus shall apply throughout this notice)

Website

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad's ("**Bursa Securities**") website at www.bursamalaysia.com ("**Website**").

Availability and Location of Paper/Printed Prospectus

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper/printed copy of the Prospectus directly from the Company, M&A Securities Sdn Bhd ("M&A Securities"), or Tricor Investor & Issuing House Services Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the Application Form is not available in electronic format.

Jurisdictional Disclaimer

This distribution of the Electronic Prospectus and the sale of the units are subject to Malaysian law. Bursa Securities, M&A Securities and Flexidynamic Holdings take no responsibility for the distribution of the Electronic Prospectus and/or the sale of the units outside Malaysia, which may be restricted by law in other jurisdictions. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any units, to any person outside Malaysia or in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

Close of Application

Applications will be accepted from 10.00 a.m. on 9 March 2021 and will close at 5.00 p.m. on 16 March 2021. In the event there is any change to the timetable, Flexidynamic Holdings will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users' access to the website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.

www.flexidynamic.com

FLEXIDYNAMIC HOLDINGS BERHAD
Registration No. 201901010656 (1319984-V)
(Incorporated in Malaysia under the Companies Act 2016)

A-3A-28, IOI Boulevard,
Jalan Kenari 5,
Bandar Puchong Jaya,
47170 Puchong, Selangor,
Malaysia.

Tel : +603 8079 1878
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PROSPECTUS

FLEXIDYNAMIC HOLDINGS BERHAD Registration No. 201901010656 (1319984-V)

FLEXIDYNAMIC

FLEXIDYNAMIC HOLDINGS BERHAD
Registration No. 201901010656 (1319984-V)
(Incorporated in Malaysia under the Companies Act 2016)

PROSPECTUS

INITIAL PUBLIC OFFERING IN CONJUNCTION WITH OUR LISTING ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") COMPRISING PUBLIC ISSUE OF 75,231,000 NEW ORDINARY SHARES IN OUR COMPANY ("SHARES") IN THE FOLLOWING MANNER:

- **14,195,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;**
- **4,258,000 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP; AND**
- **56,778,000 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS**

AT AN ISSUE PRICE OF RM0.20 PER SHARE, PAYABLE IN FULL UPON APPLICATION.

Adviser, Sponsor, Underwriter and Placement Agent

M&A

M&A SECURITIES SDN BHD
Registration No. 197301001503 (15017-H)
(A Wholly-Owned Subsidiary of Insas Berhad)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

This Prospectus has been registered by the Securities Commission Malaysia ("SC"). The registration of this Prospectus, should not be taken to indicate that the SC recommends the offering or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. The SC is not liable for any non-disclosure on the part of the company and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus. No securities will be allotted or issued based on this Prospectus after 6 months from the date of this Prospectus.

YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 150.

THE ACE MARKET OF BURSA SECURITIES IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.

THE ISSUE, OFFER OR INVITATION FOR THE OFFERING IS A PROPOSAL NOT REQUIRING APPROVAL, AUTHORISATION OR RECOGNITION OF THE SECURITIES COMMISSION MALAYSIA UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007.

This Prospectus is dated 9 March 2021.

Our Directors and Promoters (as defined herein) have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

M&A Securities Sdn Bhd, being the Adviser, Sponsor, Underwriter and Placement Agent to our IPO (as defined herein), acknowledges 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.

A copy of this Prospectus, together with the Application Form (as defined herein), has also been lodged with the Registrar of Companies, who takes no responsibility for its contents.

You should note that you may seek recourse under Sections 248, 249 and 357 of the Capital Markets and Services Act 2007 ("CMSA") for breaches of securities laws including any statement in this Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to this Prospectus or the conduct of any other person in relation to our Group (as defined herein).

Securities are offered to the public premised on full and accurate disclosure of all material information concerning our IPO, for which any person set out in Section 236 of the CMSA, is responsible.

Approval has been obtained from Bursa Securities for the listing of and quotation for our IPO Shares (as defined herein) on 12 November 2020. Our admission to the Official List of the ACE Market of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares. Bursa Securities shall not be liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith.

It shall be your sole responsibility if you are or may be subject to the laws of countries or jurisdictions other than Malaysia, to consult your legal and/or other professional advisers as to whether our IPO would result in the contravention of any law of such countries or jurisdictions.

Further, it shall also be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of our IPO as stated in our Prospectus and the Application Forms and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected. We will further assume that you had accepted our IPO in Malaysia and will be subjected only to the laws of Malaysia in connection therewith.

However, we reserve the right, in our absolute discretion to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

No action has been or will be taken to ensure that this Prospectus complies with the laws of any country or jurisdiction other than the laws of Malaysia. It shall be your sole responsibility to consult your legal and/or other professional adviser on the laws to which our IPO or you are or might be subjected to. Neither us nor our Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

ELECTRONIC PROSPECTUS

This Prospectus can be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the Electronic Prospectus and the copy of this Prospectus registered with the SC are the same.

You are advised that the internet is not a fully secured medium, and that your Internet Share Application (as defined herein) may be subject to the risks of problems occurring during the data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt of the validity or integrity of an Electronic Prospectus, you should immediately request from us, the Adviser or Issuing House, a paper printed copy of this Prospectus.

In the event of any discrepancy arising between the contents of the electronic and the contents of the paper printed copy of this Prospectus for any reason whatsoever, the contents of the paper printed copy of this Prospectus which are identical to the copy of this Prospectus registered with the SC shall prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as "Third Party Internet Sites"), whether by way of hyperlinks or by way of description of the third party internet sites, you acknowledge and agree that:

(a) We and our Adviser do not endorse and is not affiliated in any way with the Third Party Internet Sites and is not responsible for the availability of, or the contents or any data, information, files or other material provided on the third party internet sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;

(b) We and our Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, for fulfilling any of the terms of your agreements with the Third Party Internet Sites. We and our Adviser are also not responsible for any loss or damage or costs that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance of any data, information, files or other material provided by such parties; and

(c) Any data, information, files or other material downloaded from Third Party Internet Sites is done at your own discretion and risk. We and our Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

(a) The Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions and shall not be responsible in any way for the integrity of the contents of an Electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions and thereafter communicated or disseminated in any manner to you or other parties; and

(b) While all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

The Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or costs, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the internet participating financial institutions, and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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INDICATIVE TIMETABLE

All terms used are defined under "Definitions" commencing from page vii.

The indicative timing of events leading to our Listing is set out below:

Events	**Tentative Dates**
Issuance of this Prospectus/Opening of Application	9 March 2021
Closing of Application	16 March 2021
Balloting of the Application	19 March 2021
Allotment of our IPO Shares to successful applicants	26 March 2021
Date of Listing	30 March 2021

In the event there is any change to the timetable, we will advertise the notice of the changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All terms used are defined under "Definitions" commencing from page vii.

All references to "Flexidynamic Holdings" and the "Company" in this Prospectus are to Flexidynamic Holdings Berhad (Registration No. 201901010656 (1319984-V)). Unless otherwise stated, references to "Group" are to our Company and our subsidiaries taken as a whole; and references to "we", "us", "our" and "ourselves" are to our Company, and, save where the context otherwise requires, our subsidiaries. Unless the context otherwise requires, references to "Management" are to our Directors and key senior management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

The word "approximately" used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest hundredth or 2 decimal places (for percentages) or dollar and sen for currency. Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

Certain abbreviations, acronyms and technical terms used are defined in "Definitions" and "Technical Glossary" appearing after this section. Words denoting the singular only shall include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include companies and corporations.

All reference to dates and times are references to dates and times in Malaysia.

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

This Prospectus includes statistical data provided by our management and various third parties and cites third party projections regarding growth and performance of the industry in which our Group operates. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is acknowledged, it can be assumed that the information originates from our Management. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by the Independent Market Researcher. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate.

The information on our website, or any website directly or indirectly linked to such websites does not form part of this Prospectus.

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FORWARD-LOOKING STATEMENTS

All terms used are defined under "Definitions" commencing from page vii.

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast", "project" or similar expressions and include all statements that are not historical facts.

Such forward-looking statements include, without limitations, statements relating to:

(a) Demand for our products and services;

(b) Our business strategies and prospects;

(c) Our future earnings; and

(d) Our ability to pay future dividends.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

(a) The economic, political and investment environment in Malaysia and globally; and

(b) Government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in "Section 8 - Risk Factors" and "Section 11 - Financial Information". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus. Nonetheless, should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of issue of this Prospectus up to the date of our Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238 of the CMSA.

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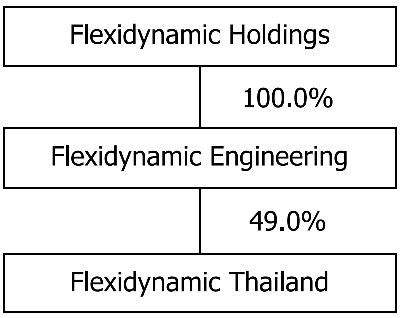
DEFINITIONS

The following terms in this Prospectus bear the same meanings as set out below unless otherwise defined or the context requires otherwise:

COMPANIES WITHIN OUR GROUP:

"Flexidynamic Engineering"	:	Flexidynamic Engineering Sdn Bhd (Registration No. 201201038428 (1022906-K)), a wholly-owned subsidiary of Flexidynamic Holdings
"Flexidynamic Holdings" or "Company"	:	Flexidynamic Holdings Berhad (Registration No. 201901010656 (1319984-V))
"Flexidynamic Holdings Group" or "Group"	:	Flexidynamic Holdings and its subsidiaries, collectively
"Flexidynamic Thailand"	:	Flexidynamic Engineering Company Limited (0135558013141), a 49%-owned subsidiary of Flexidynamic Engineering. This company is incorporated in Thailand and Flexidynamic Engineering has management control

A diagrammatic illustration of our Group structure is as follows:



GENERAL:

"ACE Market"	:	ACE Market of Bursa Securities
"Act"	:	Companies Act 2016
"Acquisition of Flexidynamic Engineering"	:	Acquisition by Flexidynamic Holdings of the entire share capital of Flexidynamic Engineering for a purchase consideration of RM20,866,000 which was wholly satisfied by the issuance of 208,660,000 new Shares at an issue price of RM0.10 per Share. The Acquisition of Flexidynamic Engineering was completed on 9 December 2020 and resulted in Flexidynamic Engineering becoming a wholly-owned subsidiary of Flexidynamic Holdings
"ADA"	:	Authorised Depository Agent
"Adviser" or "Sponsor"	:	M&A Securities
"Application"	:	The application for our IPO Shares by way of Application Form, Electronic Share Application or Internet Share Application

"Application Form"	:	The printed application form for the application of our IPO Shares accompanying this Prospectus
"ATM(s)"	:	Automated Teller Machine(s)
"Banting Factory"	:	Single-storey detached factory annexed with a 3-storey office block located at No. 7, Jalan 1/1, Kawasan Perusahaan Olak Lempit, 42700 Banting, Selangor. Further details on the Banting Factory is set out in Section 6.17.1(a)
"Board"	:	Board of Directors of Flexidynamic Holdings
"Bursa Depository" or "Depository"	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
"CAGR"	:	Compounded annual growth rate
"CDS"	:	Central Depository System
"CDS Account"	:	An account established by Bursa Depository for a depositor for the recording of securities and for dealing in such securities by the depositor
"CIDB"	:	Construction Industry Development Board
"Closing Date"	:	The date adopted in this Prospectus as the last date for acceptance and receipt of Application
"CMSA"	:	Capital Markets and Services Act 2007
"Constitution"	:	Constitution of our Company
"Depository Rules"	:	The Rules of Bursa Depository and any appendices thereto
"DDWG"	:	Due diligence working group for the purpose of our IPO
"Director"	:	Either an executive director or a non-executive director of our Company within the meaning of Section 2 of the Act
"EBIT"	:	Earnings before interest and taxation
"EBITDA"	:	Earnings before interest, taxation, depreciation and amortisation
"Electronic Prospectus"	:	Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium
"Electronic Share Application"	:	Application for our IPO Shares through a Participating Financial Institution's ATM
"EPS"	:	Earnings per share
"Flexidynamic Engineering Shares"	:	Ordinary shares in Flexidynamic Engineering

"Flexidynamic Thailand Shares"	:	Ordinary shares in Flexidynamic Thailand
"FPE(s)"	:	9-month financial period ended 30 September
"FYE(s)"	:	Financial year(s) ended 31 December
"GP"	:	Gross profit
"IFRS"	:	International Financial Reporting Standards
"IMR" or "Smith Zander"	:	Smith Zander International Sdn Bhd (Registration No. 201301028298 (1058128-V)), our Independent Market Researcher
"IMR Report"	:	Independent Market Research Report titled "IMR Report on the Glove Chlorination Manufacturing Industry in Malaysia, Thailand and Vietnam"
"Initial Public Offering" or "IPO"	:	Our initial public offering via our Public Issue
"Internet Participating Financial Institutions"	:	Participating financial institutions for Internet Share Application as listed in Section 15
"Internet Share Application"	:	Application for our IPO Shares through an online share application service provided by the Internet Participating Financial Institutions
"IPO Price"	:	Our issue price of RM0.20 per Share pursuant to our Public Issue
"ISO"	:	International Organisation for Standardisation
"Issue Share(s)" or "IPO Share(s)"	:	The new Share(s) to be issued pursuant to our Public Issue subject to the terms and conditions of this Prospectus
"Issuing House"	:	Tricor Investor & Issuing House Services Sdn Bhd (Registration No. 197101000970 (11324-H))
"Listing"	:	Listing of and quotation for our entire enlarged share capital of RM35,912,220 comprising 283,891,200 Shares on the ACE Market
"Listing Requirements"	:	ACE Market Listing Requirements of Bursa Securities
"Listing Scheme"	:	Comprising our Public Issue and Listing, collectively
"LPD"	:	10 February 2021, being the latest practicable date for ascertaining certain information contained in this Prospectus
"M&A Securities"	:	M&A Securities Sdn Bhd (Registration No. 197301001503 (15017-H))
"Malaysian Public"	:	Malaysian citizens and companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
"Market Day(s)"	:	Any day(s) between Monday to Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for the trading of securities

DEFINITIONS ***(Cont'd)***

"MCO"	:	Movement control order
"MFRS"	:	Malaysian Financial Reporting Standards
"MIDA"	:	Malaysian Investment Development Authority
"MITI"	:	Ministry of International Trade and Industry Malaysia
"NA"	:	Net assets
"NBV"	:	Net book value
"Official List"	:	The list specifying all securities which have been admitted for listing of Bursa Securities and not removed
"Participating Financial Institutions"	:	Participating financial institutions for Electronic Share Application, as listed in Section 15
"PAT"	:	Profit after taxation
"PBT"	:	Profit before taxation
"PE Multiple"	:	Price-to-earnings multiple
"Pink Form Allocations"	:	The allocation of 4,258,000 Issue Shares to our eligible employees and persons who have contributed to the success of our Group
"Placement Agent"	:	M&A Securities
"Promoters"	:	Collectively, Tan Kong Leong, Liew Heng Wei and Phitchaya Arsangku
"Prospectus"	:	This prospectus dated 9 March 2021 in relation to our IPO
"Public Issue"	:	The public issue of 75,231,000 Issue Shares at our IPO Price
"ROC"	:	Registrar of Companies
"SC"	:	Securities Commission Malaysia
"Shares" or "Flexidynamic Holdings Shares"	:	Ordinary shares in Flexidynamic Holdings
"SICDA" or "Depository Act"	:	Securities Industry (Central Depositories) Act, 1991
"sq ft"	:	Square foot
"sqm"	:	Square metre
"SST"	:	Sales and Service Tax
"Underwriter"	:	M&A Securities
"Underwriting Agreement"	:	The underwriting agreement dated 25 January 2021 entered into between our Company and M&A Securities pursuant to our IPO

DEFINITIONS *(Cont'd)*

"Vendors"	:	Tan Kong Leong, Liew Heng Wei, Sin Kuo Wei, Loh Wei Keat, Phitchaya Arsangku, Tan Lui Ken, Chong Chee Keong, Lim Khin Choong and Wong Fook Loong, collectively

CURRENCIES:

"RM" and "sen"	:	Ringgit Malaysia and sen respectively
"THB"	:	Thai Baht
"USD"	:	United States Dollar
"VND"	:	Vietnam Dong

TECHNICAL GLOSSARY:

Centrifugal fan	:	A device used to draw out chlorine or acidic fumes produced during the glove manufacturing process into the scrubber tower
Chimney	:	A vertical structure that allows treated air from the scrubber tower to be released into the atmosphere at an elevated height
Chlorination gas system	:	A system that stores and injects chlorine gas into the chlorine dipping tank through a vacuum regulator, flowmeter and injector
Chlorine circulation system	:	A system that stores and circulates chlorine solution from and into the chlorine dipping tank through a circulation pump. The chlorine circulation system mainly comprises chlorine storage tank, control valve, circulation pump and temperature controller
Chlorine dipping tank	:	A tank used to contain diluted chlorine solution where gloves will be dipped into the diluted chlorine solution to be coated with a layer of chlorine
Chlorine drum	:	A cylindrical-shaped steel container used to contain pressurised chlorine gas
Chlorine storage tank	:	A tank used to store chlorine solution
Chop strand mat	:	A form of reinforcement used in FRP, comprising glass fibers laid randomly across each other for general application
Circulation pump	:	An equipment that is used to circulate the solution (e.g. diluted chlorine solution and alkaline solution) between storage tanks and process tanks
Control panel	:	An electrical switchboard to control the operation of the system
Control valve	:	A device used to control the inflow of solution (e.g water, alkaline solution) into the storage tank
Ducting	:	A passageway to channel chlorine fumes produced during the chlorination process from the process tanks to the scrubber tower
Electric chain hoist	:	An electrical device used to lift or lower heavy products and components

DEFINITIONS *(Cont'd)*

Filament	:	A form of reinforcement used in FRP, comprising a threadlike object or fibre commonly used for reinforcing cylindrical products
FRP	:	Fibre-reinforced Plastic, a composite material of thermosetting resin and glass fiber
FRP grating	:	A structural element made of FRP materials which has high load capacity and can be used as platform and flooring
FRP lining	:	Coating made of FRP materials which are applied to increase the level of chemical resistance level to prevent corrosion and damages caused by chemicals on surfaces
Flowmeter	:	A device used to control the amount of chlorine gas to be injected into the chlorine dipping tank
Fumes	:	Gases or vapour that has a strong odour and is hazardous to health if inhaled
Glove chlorination system	:	A system used to conduct glove chlorination process, a finishing step in the glove manufacturing process and a widely-adopted method to produce powder-free rubber gloves
Glove-dipping line	:	A production line that manufactures rubber gloves
Glove former	:	A hand-shaped mould attached to the glove-dipping line to undergo manufacturing process to produce gloves
Injector	:	A device used to inject chlorine gas from the chlorine drum into the diluted chlorine solution in the dipping tank
Neutraliser	:	An alkaline solution (i.e. potassium hydroxide) used to neutralise the chlorine residue on the surface of the gloves
Neutraliser dipping tank	:	A tank used to contain alkaline solution to neutralise the remaining chlorine residue on the surface of the gloves that was not removed in the soak rinse dipping tank
Neutraliser supply system	:	A system that stores and injects alkaline solution into the neutraliser dipping tanks through circulation pump. The neutraliser supply system mainly comprises neutraliser circulation storage tank, control valve, circulation pump and pH controller
Off-line glove chlorination system	:	A standalone glove chlorination system that is not installed onto a glove-dipping line
On-line glove chlorination system	:	A glove chlorination system that forms part of the glove-dipping line and is installed directly towards the end of a glove-dipping line
pH	:	A scale used to specify how acidic or basic a water-based solution is
pH controller	:	A device used to measure and control the pH value of the solution

DEFINITIONS *(Cont'd)*

Plastic resins	:	Mixtures of compounds that are applied to FRP materials for the manufacturing of FRP products
PP	:	Polypropylene, also known as polypropene, is a thermoplastic polymer used in a wide variety of applications
PVC	:	Polyvinyl chloride, is a thermoplastics polymer used in wide variety of applications and has a relatively higher resistance to chemicals as compared to PP
Pressure transmitter and gauge	:	An equipment used to measure the pressure of liquid or gas in a tank
Process tanks	:	Tanks which are used in the glove manufacturing process
PVC packing media	:	PVC material with corrugated surfaces which restricts the flow rate of liquid or gas and is typically used to perform separation processes, such as absorption, stripping and distillation
Roving	:	A form of reinforcement used in FRP, comprising multiple filaments bonded into a single strand, arranged in a cross-stitch pattern, commonly used to increase the thickness of the FRP
Scrubber system	:	A component used to filter and neutralise chlorine or acidic fumes produced during the glove manufacturing process. The scrubber system mainly comprises scrubber tower, centrifugal fan, chimney, circulation pump and ducting
Scrubber tower	:	A cylindrical tower where chlorine or acidic fumes are channelled into and the scrubbing of fumes is carried out
Storage tank	:	A tank used for the storage of liquid substances or chemicals
Spray nozzle	:	A device that facilitates the dispersion of liquid over an area inside the scrubber
Soak rinse dipping tank	:	A tank used to contain water to rinse off chlorine residue from gloves that have been dipped into the diluted chlorine solution
Synthetic surface veil	:	Surface layers to be applied on FRP materials to smoothen the surface and improve finishing, with added protection against corrosion
Temperature controller	:	An equipment used to measure and control the temperature of the diluted chlorine solution
Tissue mat	:	Surface layers to be applied on FRP materials to smoothen the surface and improve finishing
Vacuum regulator	:	A device used to regulate the pressure of the chlorine gas to prevent pressurisation to ensure the safety of the system

TABLE OF CONTENTS

TABLE OF CONTENTS *(Cont'd)*

TABLE OF CONTENTS *(Cont'd)*

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1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name (Gender)	Designation	Address	Nationality
Phang Sze Fui (F)	Independent Non-Executive Chairperson	17, Jalan PP 4/12 Taman Putra Prima 47130 Puchong Selangor	Malaysian
Tan Kong Leong (M)	Managing Director	No. 9, Jalan GR 2/2 Evergreen Garden Residensi Cyber 2 63100 Cyberjaya Selangor	Malaysian
Liew Heng Wei (M)	Executive Director	Blok D 3A-3A Koi Tropika Condominium Batu 13 ½ 47100 Puchong Selangor	Malaysian
Lion Suk Chin (F)	Executive Director	Blok D 3A-3A Koi Tropika Condominium Batu 13 ½ 47100 Puchong Selangor	Malaysian
Noor Zaliza Yati Binti Yahya (F)	Independent Non-Executive Director	194, Jalan Berjaya 2 Taman Berjaya, Sungai Chua 43000 Kajang Selangor	Malaysian
Chong Kai Feng (M)	Independent Non-Executive Director	63, Jalan Suadamai 6/3 Bandar Tun Hussein Onn 43200 Cheras Selangor	Malaysian

Notes:
M refers to male
F refers to female

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Noor Zaliza Yati Binti Yahya	Chairman	Independent Non-Executive Director
Phang Sze Fui	Member	Independent Non-Executive Chairperson
Chong Kai Feng	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Phang Sze Fui	Chairman	Independent Non-Executive Chairperson
Chong Kai Feng	Member	Independent Non-Executive Director
Noor Zaliza Yati Binti Yahya	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY *(Cont'd)*

NOMINATION COMMITTEE

Name	Designation	Directorship
Phang Sze Fui	Chairman	Independent Non-Executive Chairperson
Chong Kai Feng	Member	Independent Non-Executive Director
Noor Zaliza Yati Binti Yahya	Member	Independent Non-Executive Director

REGISTERED OFFICE : Level 15-2
Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

Telephone number: 03-2692 4271

HEAD OFFICE : A-3A-28, IOI Boulevard
Jalan Kenari 5
Bandar Puchong Jaya
47170 Puchong
Selangor

Telephone number: 03-8079 1878

EMAIL ADDRESS AND WEBSITE : Email address: fde@flexidynamic.com
Website: https://www.flexidynamic.com

COMPANY SECRETARIES : Lim Seck Wah (MAICSA 0799845)
(Fellowship in Chartered Institute Secretaries)

Tang Chi Hoe (Kevin) (MAICSA 7045754)
(Associate Member in Chartered Institute Secretaries)

Level 15-2
Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

Telephone number: 03-2692 4271

AUDITORS AND REPORTING ACCOUNTANTS FOR OUR IPO : **Grant Thornton Malaysia PLT (201906003682 & AF 0737)**

Level 11
Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

Telephone number: 03-2692 4022

Partner's name: Lian Tian Kwee
Approval number: 02943/05/2021 (J)
(Chartered Accountant, Malaysian Institute of Accountants, Member of Malaysian Institute of Certified Public Accountants)

1. CORPORATE DIRECTORY *(Cont'd)*

PRINCIPAL ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT	:	**M&A Securities Sdn Bhd** **(Registration No. 197301001503 (15017-H))** Level 11, No. 45 & 47, The Boulevard Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Telephone number: 03-2284 2911
SOLICITORS FOR OUR IPO	:	**Wong Beh & Toh** Level 19 West Block Wisma Golden Eagle Realty No. 142-C, Jalan Ampang 50450 Kuala Lumpur Telephone number: 03-2713 6050
SHARE REGISTRAR AND ISSUING HOUSE	:	**Tricor Investor & Issuing House Services Sdn Bhd** **(Registration No. 197101000970 (11324-H))** Unit 32-01, Level 32, Tower A Vertical Business Suite, Avenue 3 Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur Telephone number: 03-2783 9299
INDEPENDENT MARKET RESEARCHER	:	**Smith Zander International Sdn Bhd** **(Registration No. 201301028298 (1058128-V))** 15-01, Level 15, Menara MBMR 1, Jalan Syed Putra 58000 Kuala Lumpur Telephone number: 03-2732 7537 Managing Partner: Dennis Tan Tze Wen (Bachelor of Science from Memorial University of Newfoundland, Canada)
LISTING SOUGHT	:	ACE Market of Bursa Securities

2. APPROVALS AND CONDITIONS

2.1 APPROVALS AND CONDITIONS

2.1.1 Bursa Securities

Bursa Securities had vide its letter dated 12 November 2020 approved our admission to the Official List of the ACE Market and the listing of and quotation for our entire enlarged issued share capital on the ACE Market. The approval from Bursa Securities is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
1.	Submission of the following information in respect of the moratorium on the shareholdings of the 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.	Complied
2.	Approvals from other relevant authorities have been obtained for implementation of the Listing.	Complied
3.	Make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Guidance Note 15 of Listing Requirements.	To be complied
4.	Furnish Bursa Securities with a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of Flexidynamic Holdings on the first day of Listing.	To be complied
5.	Any director of Flexidynamic Holdings that has not attended the Mandatory Accreditation Programme must do so prior to the Listing.	Complied
6.	In relation to the public offering to be undertaken by Flexidynamic Holdings, please announce at least 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 format prescribed; and (iv) Disclosure of placees who become substantial shareholders of Flexidynamic Holdings arising from the public offering, if any. M&A Securities is reminded to ensure that the overall distribution of Flexidynamic Holdings' securities is properly carried out to mitigate any disorderly trading in the secondary market.	To be complied
7.	Flexidynamic Holdings/M&A Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the admission of Flexidynamic Holdings to the Official List of the ACE Market.	To be complied
8.	Flexidynamic Holdings/M&A Securities to ensure full compliance of all requirements as provided under the Listing Requirements at all times.	Noted

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

2.1.2 SC

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 19 November 2020, approved our application in relation to the resultant equity structure of Flexidynamic Holdings under the equity requirement for public listed companies for our Listing. The approval from SC is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
1.	Flexidynamic Holdings to allocate the difference between the prescribed equity requirement of 12.5% of its enlarged issued share capital and the equity interests of Bumiputera public investors upon Listing (allocated via balloting pursuant to the Public Issue), to Bumiputera investors to be approved by Ministry of International Trade and Industry Malaysia within 1 year after achieving the profit requirement for companies seeking listing on the Main Market of Bursa Securities or 5 years after being listed on the ACE Market, whichever is earlier ("Compliance Date");	To be complied
2.	Flexidynamic Holdings to submit to the SC a proposal to comply with the Bumiputera equity condition at least 6 months prior to the Compliance Date; and	To be complied
3.	M&A Securities/Flexidynamic Holdings to submit Flexidynamic Holdings' equity structure to the SC upon completion of the Listing.	To be complied

2.2 MORATORIUM ON OUR SHARES

In accordance with Paragraph 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 Flexidynamic Holdings Shares held by our Promoters as follows:

(a) The moratorium applies to the entire shareholdings of our Promoters for a period of 6 months from the date of our admission to the ACE Market ("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 45% of our total number of issued ordinary shares remain under moratorium for another period of 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 per annum (on a straight line basis) of those Flexidynamic Holdings Shares held under moratorium.

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

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

	Moratorium shares during the First 6-Month Moratorium		Moratorium shares during the Second 6-Month Moratorium	
Promoters	**No. of Shares**	**[1]%**	**No. of Shares**	**[1]%**
Tan Kong Leong	117,892,900	41.53	84,916,868	29.91
Liew Heng Wei	53,208,300	18.74	38,325,312	13.50
Phitchaya Arsangku	6,259,800	2.21	4,508,860	1.59
	177,361,000	**62.48**	**127,751,040**	**45.00**

Note:

(1) Based on the enlarged share capital of 283,891,200 Shares.

The moratorium has been fully accepted by our Promoters, 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 Shares under moratorium held by the Promoters to ensure that our Share Registrar does not register any transfer that contravenes with such restrictions.

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3. PROSPECTUS SUMMARY

THIS PROSPECTUS SUMMARY ONLY HIGHLIGHTS THE KEY INFORMATION FROM OTHER PARTS OF THIS PROSPECTUS. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE WHOLE PROSPECTUS PRIOR TO DECIDING ON WHETHER TO INVEST IN OUR SHARES.

3.1 PRINCIPAL DETAILS RELATING TO OUR IPO

The following details relating to our IPO are derived from the full text of this Prospectus and should be read in conjunction with that text:

No. of Shares to be issued under the Public Issue	75,231,000
- For application by the Malaysian Public	14,195,000
- For Pink Form Allocations	4,258,000
- For private placement to selected investors	56,778,000
Enlarged no. of Shares upon Listing	283,891,200
IPO Price per Share (RM)	0.20
Market capitalisation (calculated based on our IPO Price and enlarged no. of Shares upon Listing)	56,778,240

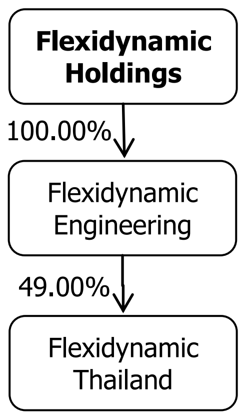
Our Promoters' entire shareholdings after IPO will be under moratorium for 6 months from the date of Listing. Thereafter, our Promoters' shareholdings amounting to 45% of our share capital will remain under moratorium for another 6 months. Our Promoters may sell, transfer or assign up to a maximum of one-third per annum (on a straight line basis) of their shares held under moratorium upon expiry of the second 6 months. Further details on the moratorium on our shares are set out in Section 2.2.

Further details on our IPO are set out in Section 4.

3.2 GROUP STRUCTURE AND BUSINESS MODEL

Our Company was incorporated in Malaysia on 28 March 2019 under the Act as a public limited company under the name of Flexidynamic Holdings Berhad. We were incorporated as a special purpose vehicle to facilitate the listing of our subsidiaries, Flexidynamic Engineering and Flexidynamic Thailand, on the ACE Market.

Our group structure as at the LPD is as follows:



3. PROSPECTUS SUMMARY *(Cont'd)*

We are principally involved in the design, engineering, installation and commissioning of glove chlorination systems, as well as the design and installation of storage tanks and process tanks for the glove manufacturing industry. Our core business activities are as follows:

(a) Design, engineering, installation and commissioning of glove chlorination systems. This is complemented with our in-house manufacturing activities for centrifugal fans;

(b) Repair, refurbishment and maintenance of glove chlorination systems;

(c) Trading of replacement parts for glove chlorination systems;

(d) Design and installation of storage tanks and process tanks; and

(e) Other products and services including FRP lining services and scrubber systems.

Further details of our Group and our business model are set out in Section 6.

For the past 3 FYEs 2017 to 2019 and FPE 2020, our revenue was mainly derived from Malaysia and is denominated in RM. The percentage contribution in revenue from Malaysia has been decreasing over the past 3 FYEs, due to the increase in our overseas revenue, including projects in Vietnam, Thailand, Indonesia and Sri Lanka, which is transacted in USD. In our effort to diversify our geographical revenue source, we increased our marketing efforts to secure overseas customers. Resulting from this effort, we secured and recorded an increase in sales to customers from Vietnam, namely Ever Global (Vietnam) Enterprise Corporation and Thailand, namely Sri Trang Group for the past 3 FYEs. In the FPE 2020, we recorded a higher percentage contribution in revenue from Malaysia at 86.28% of our revenue as compared to 62.56% in FPE 2019. This was due to the completion of the majority of overseas projects during FYE 2019. In addition, there was an increase in rubber glove manufacturing activities in Malaysia arising from the Covid-19 pandemic and as such, glove manufacturers expanded their glove production capacity. Hence, this led to an increase in demand for glove-dipping lines and consequently, the demand for our products and services from customers in Malaysia. The breakdown of our revenue by geographical segmentation is as follows:

	Audited					
	FYE 2017		**FYE 2018**		**FYE 2019**	
Countries	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Local						
Malaysia	24,464	81.81	37,721	78.06	33,982	68.18
Overseas						
Vietnam	2,602	8.70	8,798	18.21	10,344	20.75
Thailand	2,704	9.04	1,695	3.51	5,371	10.78
Indonesia	130	0.43	58	0.12	93	0.19
Sri Lanka	2	0.02	50	0.10	49	0.10
	5,438	18.19	10,601	21.94	15,857	31.82
	29,902	**100.00**	**48,322**	**100.00**	**49,839**	**100.00**

	Unaudited		**Audited**	
	FPE 2019		**FPE 2020**	
Countries	**RM'000**	**%**	**RM'000**	**%**
Local				
Malaysia	21,954	62.56	30,203	86.28
Overseas				
Vietnam	8,389	23.91	1,535	4.38
Thailand	4,643	13.23	3,060	8.74

Countries	Unaudited FPE 2019 RM'000	Unaudited FPE 2019 %	Audited FPE 2020 RM'000	Audited FPE 2020 %
Indonesia	67	0.19	23	0.07
Sri Lanka	40	0.11	186	0.53
	13,139	37.44	4,804	13.72
	35,093	**100.00**	**35,007**	**100.00**

3.3 IMPACT OF COVID-19 AND THE MCO

Our business and operations faced temporary interruption pursuant to the outbreak of the Covid-19 virus in the countries we operate in and transact. The imposition of the MCO throughout Malaysia from 18 March 2020 to 3 May 2020 by the Government of Malaysia to curb the spread of virus has resulted in mandatory closure of all government and private premises, except those involved in essential services, unless written permission is obtained from MITI. The imposition of the MCO had caused our operations to be closed since 18 March 2020. Further, the operations of our subcontractors were closed since 18 March 2020.

Our Group had, on 20 April 2020, obtained an approval letter from MITI to operate our business and as such, we resumed operations on 21 April 2020 but at a capacity of 50% of our Group's total workforce as per the standard operating procedures set out by MITI.

On 1 May 2020, the Government of Malaysia announced a conditional MCO starting from 4 May 2020 to 9 June 2020 and allowed more businesses to operate under a set of strict standard operating procedures. Upon the implementation of the conditional MCO, we began to operate at full capacity on 4 May 2020 onwards. Our subcontractors also resumed their operations at full capacity on 4 May 2020 onwards.

In Thailand, the government has also declared an Emergency Situation involving nationwide curfews and travel bans, as well as control measures for businesses to observe, effective from 26 March 2020 to 28 February 2021. Nevertheless, the operations of Flexidynamic Thailand were not affected as factories in Thailand were allowed to operate during the period of the Emergency Situation while complying with the control measures issued by the Ministry of Industry, Thailand.

The interruption to our business operations from 18 March 2020 to 3 May 2020 had delayed our project delivery schedules and billing schedules for some of our existing projects in the second and third quarter of 2020, due to delays in carrying out installation and commissioning works as the Group was unable to resume work immediately at some of the customers' premises on 4 May 2020 before these customers complete the setup of preventive measures and procedures to prevent the spread of Covid-19 virus at their premises. Nevertheless, we have completed these projects during the fourth quarter of 2020 and thus, it did not affect our billing schedule for these projects for the FYE 2020. Hence, we do not foresee any material impact to our revenue recognition for the FYE 2020 as a result of the MCO, conditional MCO and recovery MCO. Further, during the MCO period, there was no material impact on the collectability of our trade receivables arising from business interruptions as our customers are mainly glove manufacturers who are deemed as essential services and were allowed to operate during the MCO period.

We did not receive any cancellation or variation of orders from our customers but we managed to secure several new purchase orders for our storage tank, process tanks and scrubber system, from our customers during the MCO period.

Notwithstanding the re-imposition of the MCO in Selangor from 13 January 2021 to 4 March 2021, our Group has been allowed to operate as usual with standard operating procedures in place. Hence, there has been no disruption to our business and operations arising from the imposition of the second MCO.

In response to the Covid-19 pandemic, our Group has established an Emergency Response Protocol committee to oversee the adherence of infection control measures based on the guidelines and standard operating procedures issued by MITI. Similar infection control measures are also adopted for our operations in Thailand, in compliance with the control measures issued by the Ministry of Industry, Thailand. While our Group has incurred additional costs in adhering to the infection control measures as per the standard operating procedures issued by MITI and control measures issued by the Ministry of Industry, Thailand, the costs are not material.

Save for the temporary closure of operations in Malaysia during the MCO period and respective mandatory social distancing measures imposed in Malaysia and Thailand, our Group has not experienced any other interruptions in our operations which had a significant effect on our operations during the past 12 months preceding the LPD.

Further details of the impact of the Covid-19 and the MCO on our business operations are set out in Section 6.7.4.

3.4 COMPETITIVE STRENGTHS

Our Directors believe that our business sustainability and growth is built on the following competitive strengths:

(a) We have an established track record of notable customers in the glove manufacturing and glove-dipping line industry as our customers, including Hartalega Group (through Hartalega Sdn Bhd, Hartalega NGC Sdn Bhd and Hartalega Research Sdn Bhd), Riverstone Group (through Riverstone Resources Sdn Bhd and Eco Medi Glove Sdn Bhd), Kossan Group (through Ideal Quality Sdn Bhd, Kossan Latex Industries (M) Sdn Bhd, Perusahaan Getah Asas Sdn Bhd and Wear Safe (Malaysia) Sdn Bhd), HL Advance Technologies (M) Sdn Bhd (a subsidiary of HLT Global Berhad) and Central Medicare Sdn Bhd.

(b) Our design and engineering expertise gives us the flexibility to provide customisation for our customers and thus, allows us to design and offer glove chlorination systems that suit our customers' glove manufacturing processes and fulfil our customers' requirements on their glove chlorination process as well as enabling us to retain our customers and contribute to the sustainability of our Group.

(c) We have an experienced management team with operational expertise and in-depth knowledge in the glove chlorination industry in Malaysia.

(d) We have an established industry network within the glove manufacturing and glove-related industries developed by our founders, Tan Kong Leong and Liew Heng Wei, whom have been in the glove-related industry for over 21 and 24 years respectively.

(e) As a leading industry player in the glove chlorination manufacturing industry in Malaysia, we are well positioned to capitalise on the growth in the rubber glove manufacturing activities in Malaysia as the glove chlorination systems are essential components in the rubber glove manufacturing processes.

Further details of our competitive strengths are set out in Section 6.8.

3.5 BUSINESS STRATEGIES AND PROSPECTS

A summary of our business strategies and prospects are set out below:

(a) We are in the process of acquiring 2 new factories and we intend to purchase additional machinery to enhance our manufacturing capability by undertaking the manufacturing of long and cylindrical products in-house. A total of RM6.80 million from our IPO proceeds have been allocated to repay the bank borrowings (RM6.38 million) and to fund the renovation (RM0.42 million) of the 2 new factories; and RM1.63 million has been allocated to fund the purchase of machinery and equipment.

The new factories will be installed with new machinery and equipment used to carry out in-house manufacturing works for long and cylindrical parts and components of our glove chlorination systems such as storage tanks, scrubber towers, chimneys and ductings.

This is in preparation to cater to the increase in projects, as we anticipate to secure more projects in the future as we continue to grow and expand our business. With this, we expect to reduce our reliance on subcontractors for the manufacturing of parts and components of our on-line glove chlorination system and this will enable us to take on opportunities arising from increased demand, which will contribute to our financial performance.

(b) In line with our business expansion plan, we had in September 2020 hired 2 sales engineers to carry out sales and marketing activities to continue expanding our customer base within the glove manufacturing and glove-related industries.

Apart from our existing customer base, there are many other glove manufacturing and glove-related industries players in Malaysia who require glove chlorination systems, storage tanks, process tanks, and/or scrubber system and this presents us the opportunity to capture the demand from these industry players. In addition to securing new customers within Malaysia, we also plan to continue to grow our glove chlorination business in Thailand and Vietnam by securing local glove manufacturers as our new customers, and supporting our existing customers as they set up or expand their production plant in overseas.

Our sales and marketing activities in Malaysia, Thailand and Vietnam shall include the following:

(a) Actively approach new customers within the glove manufacturing and glove-related companies;

(b) Actively engage and build business relationships with our existing customers and business associates for referrals; and

(c) Continuously participate in networking and marketing events held among glove manufacturing and glove-related companies such as the International Rubber Glove Conference and Exhibition that will be held in Kuala Lumpur in August 2021.

These sales and marketing activities will allow us to expand our customer base which may in turn increase our market share in the glove chlorination manufacturing industry.

Further details on our business strategies and prospects are set out in Section 6.19.

3.6 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risk factors as set out in Section 8. Some of the more important risk factors are summarised below:

(a) Our business and operations were halted by the outbreak of the Covid-19 virus. During the imposition of MCO, our operations were fully halted between 18 March 2020 and 20 April 2020, and partially operated between 21 April 2020 and 3 May 2020. At the same time, the delivery of our subcontractor works were also affected as our subcontractors were not operating during this period. While our subcontractors and our operations resumed at full capacity on 4 May 2020, we were unable to resume works immediately at some of our customers' premises before our customers complete the setup of preventive measures and procedures to prevent the spread of Covid-19 virus at their premises, as required by the Government of Malaysia. This delay had delayed our project delivery schedules and billing schedules for some of our existing projects in the second and third quarter of 2020. Nevertheless, we have completed the scheduled deliveries of these projects by the fourth quarter of 2020 and thus, it did not affect our billing schedule for these projects for the FYE 2020.

(b) We are dependent on a few major customers who contribute substantially to our revenue. Any loss of these major customers and our inability to replace these customers with new customers or with additional orders from existing customers in a timely manner, could result in a loss of revenue and will have an adverse impact on our financial performance.

(c) We rely on our subcontractors for the manufacturing of our products as well as parts and components of our products. There is no assurance that we will always be able to procure such manufacturing services in a timely manner for our future projects, that our financial performance and business operations will not be adversely affected due to need to change subcontractors, and that there will not be any delays in our project delivery caused by prolonged unexpected delays by our subcontractor to deliver the manufactured products to us.

(d) We will continue to be exposed to existing business risks arising from manufacturing of products in-house, such as shortage of raw materials, disruption in supply and/or other unforeseen risks. Any the occurrence of such risks and/or other unforeseen circumstances may have a material adverse effect on our Group's operations and financial performance.

(e) We are subject to the volatility in prices of our raw materials such as plastic resins and mild steel, which are subject to fluctuations as a result of global demand and supply conditions. Any material increase in the prices of the abovementioned raw materials may result in substantial increase in our cost of sales, thus affecting our financial performance should we fail to pass the increase in cost to our customers.

(f) Our past PAT margins do not reflect our future PAT margins as we no longer benefit from tax savings after the expiry of our pioneer status on 10 May 2018. Flexidynamic Engineering was entitled to pioneer status incentives for small scale companies under the Promotion of Investments Act, 1986 (Amendment) to produce on-line chlorination system and the profit derived from these activities is 100% exempted from tax for a total relief period of 5 years from manufacturing date, i.e. from 10 May 2013 to 9 May 2018. As a result, our effective tax rate in FYE 2018 had increased to 17.88%. Our effective tax rate for FYE 2019 and FPE 2020 was 27.14% and 29.93% respectively which is higher than the statutory tax rate for the year of 24.00%. Additional information on our tax rate is set out in Section 11.2.9.

3.7 DIRECTORS, KEY SENIOR MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

Our Directors and key senior management are as follows:

Name	Designation
Directors	
Phang Sze Fui	Independent Non-Executive Chairperson
Tan Kong Leong	Managing Director
Liew Heng Wei	Executive Director
Lion Suk Chin	Executive Director
Noor Zaliza Yati Binti Yahya	Independent Non-Executive Director
Chong Kai Feng	Independent Non-Executive Director
Key Senior Management	
Wong Feng Lung	Chief Financial Officer
Sin Kuo Wei	General Manager

Further details of our Directors and key senior management are set out in Sections 5.2 and 5.3 respectively.

The details and shareholdings of our Promoters and substantial shareholders in our Company before and after our IPO are as follows:

	Before IPO[1]				After IPO[2]			
	Direct		Indirect		Direct		Indirect	
Name / Nationality	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoters and substantial shareholders								
Tan Kong Leong / Malaysian	117,892,900	56.50	[3] 6,259,800	3.00	117,892,900	41.53	[3] 6,259,800	2.21
Liew Heng Wei / Malaysian	53,208,300	25.50	-	-	53,208,300	18.74	-	-
Phitchaya Arsangku / Thai	6,259,800	3.00	[3] 117,892,900	56.50	6,259,800	2.21	[3] 117,892,900	41.53
Substantial shareholder								
Lion Suk Chin / Malaysian	-	-	[3] 53,208,300	25.50	-	-	[3] 53,208,300	18.74

Notes:

(1) Based on the share capital of 208,660,200 Shares after the Acquisition of Flexidynamic Engineering.

(2) Based on our enlarged share capital of 283,891,200 Shares after the IPO.

(3) Deemed interested by virtue of his/her spouse's shareholdings in our Group.

Our Promoters' entire shareholdings after IPO will be under moratorium for 6 months from the date of Listing. Thereafter, our Promoters' shareholdings amounting to 45% of our share capital will remain under moratorium for another 6 months. Our Promoters may sell, transfer or assign up to a maximum of one-third per annum (on a straight line basis) of their shares held under moratorium upon expiry of the second 6 months. Further details on the moratorium on our shares are set out in Section 2.2.

Further details of the Promoters and substantial shareholders are set out in Section 5.1.2.

3.8 UTILISATION OF PROCEEDS

The gross proceeds arising from the Public Issue of approximately RM15.05 million shall accrue entirely to us and will be utilised in the following manner:

Utilisation of proceeds	Estimated timeframe for utilisation	RM'000	%
Repayment of bank borrowings drawn to fund the acquisition of new factories	12 months [(1)]	6,380	42.40
Renovation of new factories	12 months [(1)]	420	2.80
Acquisition of machinery and equipment	3 months [(2)]	1,630	10.83
Working capital	24 months [(1)]	3,616	24.03
Estimated listing expenses	1 month [(1)]	3,000	19.94
		15,046	**100.00**

Notes:

(1) From the date of listing of our Shares.

(2) From the estimated completion of construction and handover of new factories in May 2021.

There is no minimum subscription to be raised from our IPO.

Detailed information on our utilisation of proceeds is set out in Section 4.10.

3.9 FINANCIAL AND OPERATIONAL HIGHLIGHTS

The selected financial and operational information included in this Prospectus is not intended to predict our Group's financial position, results and cash flows.

3.9.1 Historical combined statements of profit or loss and other comprehensive income

The following table sets out the financial highlights of our historical audited combined statements of profit or loss and other comprehensive income for the FYEs 2017 to 2019 and FPE 2020:

	Audited			Unaudited	Audited
	FYE 2017	**FYE 2018**	**FYE 2019**	**FPE 2019**	**FPE 2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	29,902	48,322	49,839	35,093	35,007
Cost of sales	(21,447)	(36,331)	(35,883)	(27,080)	(27,306)
GP	8,455	11,991	13,956	8,013	7,701
PBT	4,636	5,379	6,307	2,819	3,805
PAT attributable to:					
- Owners of the Company	4,396	4,289	4,605	2,019	2,705
- Non-controlling interest	27	128	(10)	26	(39)
EBIT	4,692	5,494	6,374	2,872	3,847
EBITDA	5,170	6,049	7,007	3,333	4,400
GP margin (%)	28.28	24.81	28.00	22.83	22.00
PBT margin (%)	15.50	11.13	12.65	8.03	10.87
PAT margin (%)	14.79	9.14	9.22	5.83	7.62
Effective tax rate (%)	4.60	17.88	27.14	27.46	29.93
EPS (sen) (1)	2.11	2.06	2.21	0.97	1.30
Diluted EPS (sen) (2)	1.55	1.51	1.62	0.71	0.95

Notes:

(1) Calculated based on our PAT attributable to owners of the Company divided by the share capital of 208,660,200 Shares before our IPO.

(2) Calculated based on our PAT attributable to owners of the Company divided by the enlarged share capital of 283,891,200 Shares after our IPO.

Further details on the financial information are set out in Sections 12 and 13.

There were no exceptional or extraordinary items during the financial years under review. Our audited financial statements for the financial years under review were not subject to any audit qualifications.

3.9.2 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, to show the effects of the Acquisition of Flexidynamic Engineering, Public Issue and utilisation of IPO proceeds.

It is presented for illustrative purposes only and should be read together with the Pro forma Consolidated Statements of Financial Position as set out in Section 13.

	Flexidynamic Holdings	I	II	III
	As at 30 September 2020	After Acquisition of Flexidynamic Engineering	After I and Public Issue	After II and utilisation of IPO proceeds
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Total non-current assets	-	18,352	18,352	21,998
Total current assets	*	41,360	56,406	44,976
TOTAL ASSETS	*	**59,712**	**74,758**	**66,974**
EQUITY AND LIABILITIES				
EQUITY				
Share capital	*	20,866	35,912	35,312
Merger deficit	-	(20,116)	(20,116)	(20,116)
Capital reserve	-	631	631	631
Foreign exchange reserve	-	8	8	8
(Accumulated losses)/Retained earnings	(5)	21,784	21,784	19,384
NA	(5)	23,173	38,219	35,219
Non-controlling interest	-	(77)	(77)	(77)
TOTAL EQUITY	**(5)**	**23,096**	**38,142**	**35,142**
LIABILITIES				
Total non-current liabilities	-	9,374	9,374	4,590
Total current liabilities	5	27,242	27,242	27,242
TOTAL LIABILITIES	**5**	**36,616**	**36,616**	**31,832**
TOTAL EQUITY AND LIABILITIES	*	**59,712**	**74,758**	**66,974**
Gearing ratio (times)	-	0.47	0.28	0.17
No. of Shares in issue	^	208,660	283,891	283,891
Net (liabilities)/asset per share (RM)	(25.51)	0.11	0.13	0.12

Notes:

* Representing RM20 only.

^ Representing 200 Shares only.

3.10 DIVIDENDS

Our Company does not have any formal 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 subsidiary, present or future. The payment of dividends or other distributions by our subsidiary 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.

In respect of FYEs 2017 to 2019 and FPE 2020, dividends declared by our subsidiary were as follows:

	FYE 2017	FYE 2018	FYE 2019	FPE 2020
	RM'000	RM'000	RM'000	RM'000
Dividends declared	1,000	900	960	700

Notes:

(i) **FYE 2017**

- RM0.20 million was declared on 12 January 2017 and paid on 17 January 2017;
- RM0.20 million was declared on 18 May 2017 and paid on 28 May 2017;
- RM0.20 million was declared on 21 August 2017 and paid on 28 August 2017; and
- RM0.40 million was declared on 22 December 2017 and paid on 17 January 2018.

(ii) **FYE 2018**

- RM0.30 million was declared on 18 May 2018 and paid on 28 May 2018;
- RM0.30 million was declared on 23 August 2018 and paid on 28 August 2018; and
- RM0.30 million was declared on 17 December 2018 and paid on 17 December 2018.

(iii) **FYE 2019**

- RM0.36 million was declared on 23 April 2019 and paid on 28 April 2019;
- RM0.30 million was declared on 4 July 2019 and paid on 9 July 2019; and
- RM0.30 million was declared on 4 October 2019 and paid on 7 October 2019.

(iv) **FPE 2020**

- RM0.70 million was declared on 4 March 2020 and paid on 17 March 2020.

Flexidynamic Engineering had on 4 January 2021 declared a dividend of RM0.30 million in respect of FYE 31 December 2020. The dividend was paid on 7 January 2021.

Further details of our dividends are set out in Section 11.13.

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4. PARTICULARS OF OUR IPO

4.1 INTRODUCTION

This Prospectus is dated 9 March 2021. Our IPO is subject to the terms and conditions of this Prospectus.

We have registered a copy of this Prospectus with the SC. We have also lodged a copy of this Prospectus, together with the Application Forms with the ROC. Neither the SC nor the ROC takes any responsibility for its contents.

We have obtained the approval from Bursa Securities vide its letter dated 12 November 2020, for, amongst others, our admission to the Official List of the ACE Market and for the listing of and quotation for our entire enlarged share capital on the ACE Market.

Our Shares will be admitted to the Official List of the ACE Market and an official quotation will commence after, amongst others, the receipt of confirmation from Bursa Depository that all of our IPO Shares have been duly credited into the respective CDS Accounts of the successful applicants and the notices of allotment have been issued and despatched to all the successful applicants.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as securities to be deposited into the CDS. Following this, we will deposit our Shares directly with Bursa Depository and any dealings in our Shares will be carried out in accordance with the SICDA and Depository Rules. We will not issue any share certificates to successful applicants.

Pursuant to the Listing Requirements, at least 25.0% of our enlarged share capital for which listing is sought must be in the hands of a minimum number of 200 public shareholders, each holding not less than 100 Shares each upon admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. In the event we fail to meet the said requirement pursuant to our IPO, we may not be allowed to proceed with our Listing on the ACE Market. In such an event, we will return in full, without interest, all monies paid in respect of all applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

You should rely only on the information contained in this Prospectus or any applicable supplemental Prospectus. Neither we nor our advisers have authorised anyone to provide you with information that is different and not contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus. Nonetheless, should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of issue of this Prospectus up to the date of our Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238 of the CMSA.

We are not making any invitation to subscribe for our IPO Shares in any jurisdiction and in any circumstances in which such offer or invitation are not authorised or unlawful, or to any person to whom it is unlawful to make such an offer or invitation. As the distribution of this Prospectus and the sale of our IPO Shares in certain other jurisdictions may be restricted by law, persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions. The distribution of this Prospectus and the making of our IPO in certain jurisdictions outside Malaysia may be restricted by law. The distribution of this Prospectus and the sale of any part of our IPO Shares are subject to the Malaysian laws and we, together with M&A Securities as our Adviser, Sponsor, Underwriter and Placement Agent, take no responsibility for the distribution of this Prospectus and the offer of any part of our IPO Shares outside Malaysia, which may be restricted by law in certain other jurisdictions.

4. PARTICULARS OF OUR IPO *(Cont'd)*

Applications for the Issue Shares may be made using either of the following:

Type of application form	Category of investor
White Application Form or Electronic Share Application or Internet Share Application	Malaysian Public (for individuals)
White Application Form	Malaysian Public (for non-individuals, e.g. corporations, institutions etc)
Pink Form Applications	Our eligible employees and persons who have contributed to the success of our Group

You must have a CDS Account when applying for our IPO Shares. In the case of an application by way of Application Form, you must state your CDS Account number in the space provided in the Application Form. 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.

Please refer to Section 15 for further details on the procedures for application for our IPO Shares. Details of the ADAs that you may open a CDS Account can be obtained at the following link:

http://www.bursamalaysia.com/market/securities/equities/brokers

If you are an individual with a CDS Account, you may make an Application by way of Electronic Share Application. You are required to furnish your CDS Account number to the Participating Financial Institution by keying in your CDS Account number if the instructions on the ATM screen at which you enter your Electronic Share Application require you to do so. A corporation or institution cannot apply for our IPO Shares by way of Electronic Share Application.

If you have a CDS Account and an existing account to their internet financial services of an Internet Participating Financial Institutions, you can make an Internet Share Application. You shall furnish your CDS Account number to the Internet Participating Financial Institutions by keying your CDS Account number into the online application form. A corporation or institution cannot apply for our IPO Shares by way of Internet Share Application.

Our IPO is subject to the terms and conditions of this Prospectus and upon acceptance, our IPO Shares are expected to be allocated in the manner described below.

The SC and Bursa Securities assume no responsibility for the correctness of any statement made or of any opinion or report expressed in this Prospectus. Our admission to the Official List of the ACE Market shall not be taken as an indication of the merits of our Group, our Shares and/or our IPO exercise. This Prospectus can also be viewed or downloaded from the website of Bursa Securities at *www.bursamalaysia.com*.

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

4.2 OPENING AND CLOSING OF APPLICATION

The period for Application will open at 10.00 a.m. on 9 March 2021 and will remain open until at 5.00 p.m. on 16 March 2021. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

4.3 IMPORTANT TENTATIVE DATES

Events	Tentative Dates
Issuance of this Prospectus/Opening of Application for our IPO	9 March 2021
Closing Date	16 March 2021
Balloting of the Application for our IPO Shares	19 March 2021
Allotment of our IPO Shares to successful applicants	26 March 2021
Date of Listing	30 March 2021

In the event there is any change to the timetable, we will advertise the notice of the changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia.

4.4 DETAILS OF OUR IPO

4.4.1 Public Issue

A total of 75,231,000 Issue Shares, representing 26.5% of our enlarged share capital are offered at our IPO Price. The Issue Shares shall be allocated in the following manner:

(a) Malaysian Public

14,195,000 Issue Shares, representing 5.0% of our enlarged share capital, will be made available for application by the Malaysian Public, to be allocated via balloting process as follows:

(i) 7,097,500 Issue Shares made available to public investors; and

(ii) 7,097,500 Issue Shares made available to Bumiputera public investors.

(b) Our eligible employees and persons who have contributed to the success of our Group

4,258,000 Issue Shares, representing 1.5% of our enlarged share capital, will be reserved for our eligible employees and persons who have contributed to the success of our Group under the Pink Form Allocations. Further details of our Pink Form Allocations are set out in Section 4.4.2.

(c) Private placement to selected investors

56,778,000 Issue Shares, representing 20.0% of our enlarged share capital, have been reserved for private placement for selected investors.

The basis of allocation for the Issue Shares shall take into account our Board's intention to distribute the Issue Shares to a reasonable number of applicants to broaden our Company's shareholding base to meet the public spread requirements, and to establish a liquid and adequate market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Directors. There is no over-allotment or "greenshoe" option that will result in an increase in the number of our IPO Shares.

Our Public Issue is subject to the terms and conditions of this Prospectus.

We are not aware of any person who intends to subscribe for more than 5% of the Public Issue.

4.4.2 Pink Form Allocations

We have allocated 4,258,000 Issue Shares to our eligible employees and persons who have contributed to the success of our Group under the Pink Form Allocations as follows:

Category	No. of eligible persons	Aggregate no. of Issue Shares allocated
Our eligible employees	26	3,633,000
Persons who have contributed to the success of our Group	10	625,000
	36	**4,258,000**

The criteria for allocation to our eligible employees (as approved by our Board) are based on the following factors:

(a) The employee must be at least 18 years of age;

(b) The employee must have his/her employment confirmed in writing; and

(c) The employees' seniority, position, length of service and contribution to our Group.

The number of IPO Shares to be allotted to those persons who have contributed to the success of our Group shall be based on amongst others, the nature and terms of their business relationship with us, length of their relationship with us and the level of contribution and support to our Group. Persons who have contributed to the success of our Group are our customers and suppliers.

Detail of the allocation to our key senior management is as follows:

Name	Designation	No. of Issue Shares allocated
Wong Feng Lung	Chief Financial Officer	50,000

Our Chief Financial Officer intends to subscribe for the Issue Shares allocated to him under the Pink Form Allocations.

Pink Form Allocations which are not subscribed to, will be re-allocated to the other eligible employees and persons who have contributed to the success of our Group at the discretion of our Board.

4.5 BASIS OF ARRIVING AT OUR IPO PRICE

Our IPO Price was determined and agreed upon by us and M&A Securities, as our Adviser, Sponsor, Underwriter and Placement Agent, after taking into consideration the following factors:

(a) The PE Multiple of approximately 12.35 times based on our EPS of 1.62 sen for the FYE 2019 calculated based on our PAT for the FYE 2019 of RM4.60 million and our enlarged share capital of 283,891,200 Shares upon Listing;

(b) Our pro forma consolidated NA per Share as at 30 September 2020 after our IPO of RM0.12 based on our consolidated NA as at 30 September 2020 of RM35.22 million (after the Public Issue and utilisation of IPO proceeds) and our enlarged share capital of 283,891,200 Shares upon Listing;

(c) Our historical financial track record for the past FYEs 2017 to 2019 and FPE 2020 summarised as follows:

	Audited			Unaudited	Audited
	FYE 2017	**FYE 2018**	**FYE 2019**	**FPE 2019**	**FPE 2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	29,902	48,322	49,839	35,093	35,007
GP	8,455	11,991	13,956	8,013	7,701
PAT attributable to:					
- Owners of the Company	4,396	4,289	4,605	2,019	2,705
- Non-controlling interest	27	128	(10)	26	(39)
	4,423	**4,417**	**4,595**	**2,045**	**2,666**
EPS (sen)[(1)]	2.11	2.06	2.21	0.97	1.30

Note:

(1) Calculated based on our PAT attributable to owners of the Company divided by the share capital of 208,660,200 Shares before our IPO.

(d) Our competitive strengths as set out in Section 6.8; and

(e) Our Group's business strategies and prospects as further described in Section 6.19.

You should note that our market price upon Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares. You should form your own views on the valuation of our IPO Shares before deciding to invest in them. You are reminded to carefully consider the risk factors as set out in Section 8 before deciding to invest in our Shares.

4.6 SHARE CAPITAL, CLASSES OF SHARES AND RANKING

Upon completion of our IPO, our share capital would be as follows:

Details	No. of Shares	RM
Share capital		
As at the date of this Prospectus	208,660,200	20,866,020
To be issued pursuant to our Public Issue	75,231,000	15,046,200
Enlarged share capital upon our Listing	**283,891,200**	**35,912,220**
Market capitalisation(1)		**56,778,240**

Note:

(1) Based on our IPO Price and our enlarged number of shares upon Listing.

As at the date of this Prospectus, we have only 1 class of shares, being ordinary shares, all of which rank equally amongst one another.

The Issue Shares will, upon allotment and issue, rank equally in all respects with our existing ordinary shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of allotment of the Issue Shares.

The Offer Shares rank equally in all respects with our existing ordinary shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of transfer of the Offer Shares.

Subject to any special rights attaching to any Shares which may be issued by us in the future, our shareholders shall, in proportion to the amount of Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions and any surplus in the event of the liquidation of our Group, in accordance with our Constitution.

Each of our shareholders shall be entitled to vote at any of our general meeting in person, or by proxy or by attorney or by other duly authorised representative. Every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have 1 vote for each ordinary share held.

4.7 OBJECTIVES OF OUR IPO

The objectives of our IPO are as follows:

(a) To provide an opportunity for the Malaysian Public, our eligible employees and persons who have contributed to the success of our Group to participate in our equity;

(b) To enable our Group to raise funds for the purposes specified in Section 4.10;

(c) To enable us to tap into the equity capital market for future fund raising and to provide us the financial flexibility to pursue future growth opportunities as and when they arise; and

(d) To gain recognition through our listing status which will enhance our Group's reputation in the marketing of our products and services and to retain and attract new, skilled employees in the industry.

4.8 TOTAL MARKET CAPITALISATION UPON LISTING

Based on our IPO Price and our enlarged share capital of 283,891,200 Shares upon Listing, our total market capitalisation is estimated to be RM56,778,240 upon Listing.

4.9 DILUTION

Dilution is the amount by which our IPO Price exceeds the pro forma consolidated NA per Share immediately after our IPO.

Our pro forma consolidated NA per Share as at 30 September 2020 after the Acquisition of Flexidynamic Engineering is RM0.11. After giving effect to the Public Issue (and utilisation of proceeds), our pro forma consolidated NA per Share as at 30 September 2020 is RM0.12.

This represents an immediate increase in the pro forma consolidated NA per Share to our existing shareholders of RM0.01, and an immediate dilution in the pro forma consolidated NA per Share of RM0.08 to our new public investors. The following table illustrates such dilution on a per Share basis:

	RM
Pro forma consolidated NA per Share as at 30 September 2020 after taking into account the Acquisition of Flexidynamic Engineering	0.11
Pro forma consolidated NA per Share as at 30 September 2020 after taking into account the Acquisition of Flexidynamic Engineering and Public Issue	0.13
IPO Price	0.20
Pro forma consolidated NA per Share as at 30 September 2020 after taking into account the Acquisition of Flexidynamic Engineering, Public Issue and utilisation of IPO proceeds	0.12
Dilution in the pro forma consolidated NA per Share to our new public investors	(0.08)
Dilution in the pro forma consolidated NA per Share as a percentage of our IPO Price	40.0%

Further details of our pro forma consolidated NA per Share as at 30 September 2020 are set out in Section 13.

The following table shows the average effective cost per Share paid by our existing shareholders for our Shares since our incorporation up to the date of this Prospectus:

Shareholders	[(1)]No. of Shares	Total consideration	Average effective cost per Share
		RM	RM
Tan Kong Leong	117,892,900	11,789,290	0.10
Liew Heng Wei	53,208,300	5,320,830	0.10
Sin Kuo Wei	8,346,400	834,640	0.10
Loh Wei Keat	8,346,400	834,640	0.10
Phitchaya Arsangku	6,259,800	625,980	0.10
Tan Lui Ken	4,173,200	417,320	0.10
Chong Chee Keong	4,173,200	417,320	0.10
Lim Khin Choong	4,173,200	417,320	0.10
Wong Fook Loong	2,086,600	208,660	0.10
	208,660,000	**20,866,000**	**0.10**

Note:

(1) Issued pursuant to the Acquisition of Flexidynamic Engineering.

Save for the Shares received by our Promoters and key senior management pursuant to the Acquisition of Flexidynamic Engineering as well as Pink Form Allocations, there has been no acquisition or subscription of any of our Shares by our Directors or key senior management, substantial shareholders or persons connected to them, or any transaction entered into by them which grants them the right to acquire any of our existing Shares, in the past 3 years up to the LPD.

4.10 UTILISATION OF PROCEEDS

4.10.1 Public Issue

The estimated gross proceeds arising from the Public Issue of approximately RM15.05 million shall accrue entirely to us and will be utilised in the following manner:

Utilisation of proceeds	Reference	Estimated timeframe for utilisation	RM'000	%
Repayment of bank borrowings drawn to fund the acquisition of new factories	(a)	12 months [(1)]	6,380	42.40
Renovation of new factories	(b)	12 months [(1)]	420	2.80
Acquisition of machinery and equipment	(c)	3 months [(2)]	1,630	10.83
Working capital	(d)	24 months [(1)]	3,616	24.03
Estimated listing expenses	(e)	1 month [(1)]	3,000	19.94
			15,046	**100.00**

Notes:

(1) From the date of listing of our Shares.
(2) From the estimated completion of construction and handover of new factories in May 2021.

Pending the utilisation of the proceeds to be raised from our Public Issue, the funds will be placed with licensed financial institutions as deposits.

(a) Repayment of bank borrowings drawn to fund the acquisition of new factories

We entered into 2 sale and purchase agreements on 30 August 2019 to purchase 2 adjoining semi-detached factory units. The new factories are located behind our Banting Factory. The new factories will be used to carry out in-house manufacturing works of parts and components of our on-line glove chlorination systems.

As at the LPD, the 2 new factories are still under construction. The 2 factory units will have a built-up area of approximately 14,660 sq ft each. The construction of the 2 factory units is expected to be completed by May 2021.

The total cost of the 2 factory units is RM7.54 million (after including discount of RM1.57 million given by the developer) which was financed via internally generated funds of RM1.16 million and bank borrowings of RM6.38 million. The loan carries an effective interest rate of 3.52% per annum and is for a term of 20 years up to 2040. As at LPD, RM5.47 million or 85.74% of our loan for the new factories has been drawn.

We plan to allocate a total of RM6.38 million from our IPO proceeds to repay the bank borrowings for the acquisition of new factories. The full amount of the loan is expected to be drawn by May 2021, and we intend to repay the full amount of the loan drawn for the new factories amounting to RM6.38 million from our IPO proceeds. Notwithstanding that we will incur a one-off loan redemption penalty cost of RM0.13 million in the event we repay the bank borrowings before December 2022, we will be able to reduce our annual interest cost by RM0.22 million based on the effective interest rate of 3.52% per annum. The penalty cost of RM0.13 million will be paid via internally generated funds.

(b) Renovation of new factories

Upon completion of construction and handover to our Group, minor renovations will be carried out on the new factories for approximately 3 months prior to installation of machines and commencement of operations is expected in the third quarter of 2021.

We plan to allocate a total of RM0.42 million to fund the renovation of our new factories. The breakdown for the renovation cost of our new factories is estimated as follows:

Details		**RM'000**
(i)	Interior design services	28
(ii)	Renovation work for office space	232
(iii)	Exterior works for factories	140
(iv)	Purchase of electrical equipment	20
		420

Any unutilised proceeds will be used to fund our working capital, whereas any insufficient funds to repay the bank borrowings and to fund the renovation will be funded through internally generated funds.

(c) Acquisition of machinery and equipment

We intend to utilise RM1.63 million of the proceeds to acquire the following machinery and equipment:

Details		No. of units	RM'000
(i)	Discontinuous filament winding machine and mould	1	650
(ii)	Pultrusion machine and moulds	1	350
(iii)	Material handling equipment		
	- Crane, winches and related accessories	1	130
	- Lorry crane	1	400
	- Forklift	1	100
			1,630

Additional details on the acquisition of machinery and equipment are set out in Section 6.19.1(b).

The machines will be installed in the new factories upon the completion of the renovation of the factory units.

(d) Working capital

Approximately RM3.62 million of the proceeds raised from our Public Issue has been earmarked to supplement the working capital requirements of our Group. The proceeds shall be used for the purchase of raw materials to support our business.

The main raw materials used by us for the manufacturing of parts and components used in our glove chlorination systems include plastic resins, FRP materials, PVC pipes and fittings and mild steel. Kindly refer to Section 6.10 for the full list of raw materials utilised by our Group.

At this juncture, we have not determined the exact sum to be utilised for each raw materials to be purchased. The allocation to each raw material to be purchased will depend on the types and quantity of materials required as and when our projects are secured.

(e) Estimated listing expenses

The amount of RM3.00 million is allocated to meet the estimated cost for our Listing. If our actual listing expenses are higher than the amount budgeted, the deficit will be funded out of the portion allocated for our general working capital requirements. Conversely, if our actual listing expenses are lower than the amount budgeted, the excess will be utilised for our general working capital requirements. The following summarises the estimated expenses incidental to our Listing to be borne by us:

Details	RM'000
Fees payable to authorities	20
Printing and advertising fees	130
Professional fees (1)	2,118

Details	RM'000
Underwriting, placement and brokerage fees	600
Miscellaneous [(2)]	132
	3,000

Notes:

(1) Includes advisory fees for, amongst others, our Principal Adviser, Solicitors, Reporting Accountants, IMR and Issuing House.

(2) Other incidental or related expenses in connection with our IPO.

4.11 UNDERWRITING AND PLACEMENT ARRANGEMENT, COMMISSION AND BROKERAGE

4.11.1 Underwriting arrangement and commission

Our Underwriter will underwrite 18,453,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. We are obliged to pay our Underwriter an underwriting commission of 3.00% of the total value of the underwritten Shares at our IPO Price.

Any of our Issue Shares which are not subscribed for by the Malaysian Public or Pink Form Allocations will be made available to selected investors via private placement. If all of our Issue Shares offered to the Malaysian Public are oversubscribed, shares not subscribed for under the Pink Form Allocations, if any, will be made available for application by the Malaysian Public. Thereafter, any remaining Issue Shares that are not subscribed for will be subscribed by our Underwriter based on the terms of the Underwriting Agreement.

There is no minimum subscription to be raised from our IPO. However, in order to comply with the public spread requirements of Bursa Securities, the minimum subscription in terms of the number of Issue Shares will be the number of Issue Shares required to be held by public shareholders to comply with the public spread requirements as set out in the Listing Requirements or as approved by Bursa Securities.

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 approved by our Board. Our Board will ensure that any excess Issue Shares will be allocated on a fair and equitable manner.

4.11.2 Placement arrangement and commission

The balance 56,778,000 Issue Shares from the Public Issue available for application by selected investors will not be underwritten and shall be placed out by our Placement Agent.

We are obliged to pay our Placement Agent a placement fee of 3.00% of the value of those Issue Shares to be placed out to selected investors by our Placement Agent at our IPO Price.

4.11.3 Brokerage fees

Brokerage is payable in respect of the Issue Shares at the rate of 1.00% of our IPO Price in respect of successful applicants which bear the stamp of member companies of Bursa Securities, member of the Association of Banks in Malaysia, members of the Malaysia Investment Banking Association in Malaysia or Issuing House.

4.12 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We have entered into the Underwriting Agreement with M&A Securities, to underwrite 18,453,000 Issue Shares ("Underwritten Shares").

The following are the salient terms contained in the Underwriting Agreement. The capitalised terms used in this section shall have the respective meanings as ascribed thereto in the Underwriting Agreement:

1.1 Our Company irrevocably appoints the Underwriter as the underwriter of the Underwritten Shares and the Underwriter accepts its appointment on the terms and conditions in the Underwriting Agreement.

1.2 The obligations of the Underwriter under the Underwriting Agreement shall further be conditional upon ("Conditions"):

(a) The Underwriter receiving a certificate issued by our Company, one dated the date of registration of the Prospectus and the other dated the Closing Date, both of which are to be signed by a director of our Company on behalf of our Board stating amongst others that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence to the representations, warranties and undertakings as set out in the Underwriting Agreement and being provided with the reports or confirmation and being satisfied at the date of registration of this Prospectus and on the Closing Date that:

(i) no material change or any development likely to result in a material adverse change in the financial position, business operations or conditions (financial or otherwise) of our Group from that subsequent to the date of the Underwriting Agreement; or

(ii) there has not occurred any event or the discovery of any facts or circumstances which would render any representations, warranties or undertakings as set out in the Underwriting Agreement materially untrue or inaccurate or result in a material breach of the Underwriting Agreement by our Company;

(b) The Underwriting Agreement being duly signed by all parties and stamped within the statutory time frame;

(c) The registration of the Prospectus and such other documents as may be required in accordance with the CMSA in relation to the IPO with the SC and its lodgement with the ROC by the date of issuance of this Prospectus;

(d) All the approvals of the Listing Scheme by Bursa Securities; the SC; and the directors and shareholders of our Company via a circular board resolution and general meeting, remain in full force and effect and all the conditions to said approvals in this clause (except for any which can only be complied with after the IPO has been completed) have been complied with;

(e) The approval of Bursa Securities for the admission of our Company to the Official List and the listing of and quotation for its entire issued share capital on the ACE Market being obtained on terms acceptable to the Underwriter and the approvals of Bursa Securities remaining in full force and effect and that all conditions (except for any which can only be complied with after the IPO has been completed) have been complied with;

(f) The Underwriter being satisfied that our Company will, following completion of the IPO be admitted to the Official List and its entire enlarged issued share capital listed and quoted on the ACE Market without undue delay;

(g) The Underwriting Agreement having become unconditional in all respects (save for any condition requiring the Underwriting Agreement to be unconditional) and not having been terminated or rescinded pursuant to the provisions thereof and upon the Underwriter's (in this regard, in its capacity as the Placement Agent for the Placement Shares) receipt of the full subscription monies for the Placement Shares on or before the last date for payment of the Placement Shares;

(h) The Underwriter receiving copies certified by a Director of our Company or secretary of our Company to be a true and accurate copy and in full force and effect of a resolution of the Directors:

    (i) approving the Prospectus, the issuance of the Prospectus, the application forms, the Underwriting Agreement and the transactions contemplated by it; and

    (ii) authorising a person to sign and deliver the Underwriting Agreement on behalf of our Company;

(i) The IPO not being prohibited or impeded by any statute, order, rule, directive, guideline (whether or not having a force of law) or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia or any condition imposed by the regulators in approving the Issue Shares and all consents, approvals, authorisations or other orders required by our Company under such laws for or in connection with the IPO and/or listing of and quotation for the entire enlarged issued share capital of our Company on the ACE Market have been obtained and are in force up to the Closing Date;

(j) The Underwriter being satisfied that our Company has complied with and that the IPO is in compliance with the policies, guidelines and requirements of the SC and Bursa Securities and all revisions, amendments and/or supplements to it;

(k) All necessary consents, waivers, approvals, authorisations or other orders of all regulatory authorities, required for or in connection with the execution of the Underwriting Agreement and the issue of the Shares under the IPO and any other matters contemplated hereby:

    (i) have been or will be unconditionally obtained by its due date;

    (ii) or if granted subject to conditions, such conditions will be fulfilled to the reasonable satisfaction of the Underwriter by its due date; and

    (iii) are or will remain in full force and effect;

(l) The FTSE Bursa Malaysia Kuala Lumpur Composite Index ("Index") being not lower than 90% of the level of the Index for at least 3 consecutive Market Days between the date of the Underwriting Agreement and the Closing Date, both dates inclusive;

(m) There being no occurrence of any event which occurs after the date of the Underwriting Agreement and on or prior to the date for acceptance, application for and payment of the subscriptions moneys in respect of the application for our Company's IPO Shares, which if it had occurred before the date of the Underwriting Agreement would have rendered any of the representations, warranties and undertakings provided in the Underwriting Agreement untrue or inaccurate;

(n) There being no breach of and/or failure, on or prior to the Closing Date by our Company to perform any of the terms and/or the undertakings as contained in the Underwriting Agreement;

(o) Our Company not being in any investigation, directions or actions by any judicial, governmental or regulatory authority in relation to the Listing or in connection with the Group which is still subsisting or unresolved to the satisfaction of the Underwriter; and

(p) The launching of Prospectus taking place within 3 months from the date of the Underwriting Agreement or such other later date as the Underwriter and our Company may from time to time agree in writing.

1.3 The Underwriter may waive all or any of the Conditions except for any required by a mandatory rule of law or a mandatory requirement of governmental, public or regulatory authorities in connection with the Underwriting Agreement.

1.4 If after the Conditions have been complied with and our Company decides not to proceed with the IPO, the Underwriter shall be entitled to terminate the Underwriting Agreement and in such event the provisions set out in item 1.6 below shall apply.

1.5 If any of the conditions set out in item 1.2(b), (c), (d), (f), and / or (g) above to the extent not waived are not satisfied by the date of issuance of the Prospectus, the Underwriter after consultation with our Company shall be entitled to terminate the Underwriting Agreement pursuant to item 1.6 below and thereafter the parties shall be released and discharged from their obligations hereunder and the Underwriting Agreement shall become null and void and of no further force and effect and none of the parties shall have a claim against the other save for any antecedent breaches.

1.6 Notwithstanding anything contained in the Underwriting Agreement, the Underwriter may at any time on or before the Closing Date, terminate its obligations under the Underwriting Agreement if:

(a) the Conditions set out in item 1.2 above (save and unless waived by the Underwriter) are not duly satisfied by the Closing Date;

(b) there is any material breach by our Company of any of the representations, warranties or undertakings contained in the Underwriting Agreement or which is contained in any certificate, statement or notice under or in connection with the Underwriting Agreement, which is not capable of remedy or, if capable of remedy, is not remedied within 10 Market Days from the date our Company is notified by the Underwriter of such breach; or

(c) there is failure on the part of our Company to perform any of its obligations contained in the Underwriting Agreement; or

(d) there is withholding of material information by the Company which in the reasonable opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the IPO, or the distribution or sale of the Shares issued or offered under the IPO; or

(e) the approval of Bursa Securities in respect of the IPO or the approval-in-principle of Bursa Securities for the listing and quotation of our entire issued share capital on the ACE Market is withdrawn; or

(f) there shall have occurred, or happened any material and adverse change in the business or financial condition of our Company or Group from that set out in this Prospectus which is material in the context of the offering of the Issue Shares and/or the Listing or any occurrence of any event rendering untrue or incorrect or misleading or not complied with to an extent which is material as aforesaid, any of the representations, warranties and undertakings contained in the Underwriting Agreement hereof as though given or made on such date; or

(g) the closing date of the application of the IPO Shares does not occur within 3 months from the date of the Underwriting Agreement, subject to the extension of Closing Date which is approved by the Underwriter; or

(h) our Company or any of our subsidiary becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as they fall due or enters into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors; or

(i) the occurrence of any *force majeure* event including, but not limited to the following:

  (i) any material adverse change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions or exchange control or currency exchange rate (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regards to inter-bank offer or interest rates both in Malaysia and overseas) or the occurrence of any combination of any of the foregoing; or

  (ii) any new law or any change in the existing laws, regulations, directive, policy or ruling in any jurisdiction or any change in the interpretation or application thereof by any court or other competent authority; or

  (iii) any event or series of events beyond the reasonable control of the Underwriter (including but not limited to, acts of government, strikes, national disorder, declaration of a state of emergency, lockouts, fire, explosion, flooding, landslide, civil commotion, hurricanes/typhoons, tsunami, widespread diseases, acts of war, sabotage, acts of God etc); or

  (iv) any imposition of any moratorium, suspension or material restriction on trading on ACE Market due to exceptional financial circumstances or otherwise; or

(v) any material adverse change in financial conditions as stated in item 1.6(i)(i) above to include stock market conditions and interest rates. A material adverse change in the stock market condition under this item shall mean the Index is, at the close of normal trading on Bursa Securities, on any Market Day on or after the date of the Underwriting Agreement and prior to the allotment of the Issue Shares, lower than 90% of the level of Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least 3 Market Days, which may materially prejudice the success of the IPO; or

(vi) there is any government requisition or occurrence of any other nature which materially and adversely affects or will materially and adversely affect the business and/or financial position of our Company and/or our Group; or

(vii) in the event that the listing of and quotation for the entire enlarged issued share capital of our Company on the ACE Market is withdrawn or not procured or procured but subject to conditions not acceptable to the Underwriter;

which would have or can reasonably be expected to have, in the reasonable opinion of the Underwriter, a material adverse effect on, and/or materially prejudice the business or the operations of our Company or Group, the success of the IPO, or the distribution or sale of the Issue Shares or which has or is reasonably likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms.

1.7 Upon the notice as described in item 1.6 above being given, the Underwriter shall be released and discharged of its obligation without prejudice to its rights under the Underwriting Agreement, and where the Underwriter has terminated or withdrawn its Underwriting Commitment pursuant to item 1.5 or item 1.6, the Underwriting Agreement shall be of no further force or effect and no party shall be under any liability to any other parties in respect of the Underwriting Agreement, except the following:

(a) our Company shall pay the Underwriting Commission and any SST, tax, duties or levies chargeable in respect of the Underwriting Commission in accordance with the Underwriting Agreement; and

(b) our Company shall continue to be liable to indemnify the Underwriter and the its affiliates and each of their (the Underwriter and its affiliates) directors, employees, agents, subsidiaries and each person who controls the Underwriter and affiliates, in such manner as set out in the Underwriting Agreement.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL

5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

5.1.1 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:

	Before IPO(1)				After IPO(2)			
	Direct		Indirect		Direct		Indirect	
Name / Nationality	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoters and substantial shareholders								
Tan Kong Leong / Malaysian	117,892,900	56.50	(3) 6,259,800	3.00	117,892,900	41.53	(3) 6,259,800	2.21
Liew Heng Wei / Malaysian	53,208,300	25.50	-	-	53,208,300	18.74	-	-
Phitchaya Arsangku / Thai	6,259,800	3.00	(3) 117,892,900	56.50	6,259,800	2.21	(3) 117,892,900	41.53
Substantial shareholder								
Lion Suk Chin / Malaysian	-	-	(3) 53,208,300	25.50	-	-	(3) 53,208,300	18.74

Notes:

(1) Based on the share capital of 208,660,200 Shares after the Acquisition of Flexidynamic Engineering.

(2) Based on the enlarged share capital of 283,891,200 Shares after the IPO.

(3) Deemed interested by virtue of his/her spouse's shareholdings in our Group.

Our Promoters and substantial shareholders do not have different voting rights from the other shareholders of our Group.

5.1.2 Profiles of Promoters and substantial shareholders

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

(a) Tan Kong Leong

Tan Kong Leong is our Promoter and substantial shareholder. He is also our Managing Director. His profile is set out in Section 5.2.2.

(b) Liew Heng Wei

Liew Heng Wei is our Promoter and substantial shareholder. He is also our Executive Director. His profile is set out in Section 5.2.2.

(c) Phitchaya Arsangku

Phitchaya Arsangku, a Thai national, age 32, is our Promoter and Director for our subsidiary, Flexidynamic Thailand. She is responsible for overseeing the overall administrative and finance processes as well as compliance with local regulations for the operations of Flexidynamic Thailand.

In 2008, she completed her higher secondary education at Kanghanapisek Chiang Rai Technical College, Muang Chiang Rai.

In 2009, she started working at her family-run coffee plantation in Chiang Rai where she was involved in the administration and finance function of the family business. In 2012, she helped diversify the family-run coffee business to include offering coffee farm tours to tourists.

In 2015, she left her family business and together with Tan Kong Leong, she incorporated Flexidynamic Thailand and was appointed as a Director of Flexidynamic Thailand.

(d) Lion Suk Chin

Lion Suk Chin is our substantial shareholder. She is also our Executive Director. Her profile is set out in Section 5.2.2.

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

5.1.3 Changes in the Promoters' and substantial shareholders' shareholdings

The changes in our Promoters and substantial shareholders' respective shareholdings since our incorporation on 25 April 2018 are as follows:

	[(1)]As at incorporation				[(2)]After the Acquisition of Flexidynamic Engineering				[(3)]After IPO			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Promoters/ Substantial Shareholders	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Tan Kong Leong	-	-	-	-	117,892,900	56.50	[(4)] 6,259,800	3.00	117,892,900	41.53	[(4)] 6,259,800	2.21
Liew Heng Wei	-	-	-	-	53,208,300	25.50	-	-	53,208,300	18.74	-	-
Phitchaya Arsangku	-	-	-	-	6,259,800	3.00	[(4)] 117,892,900	56.50	6,259,800	2.21	[(4)] 117,892,900	41.53
Kong Wui Chung	100	50.00	-	-	100	-*	-	-	100	-*	-	-
Au Chee Wah	100	50.00	-	-	100	-*	-	-	100	-*	-	-
Lion Suk Chin	-	-	-	-	-	-	[(4)] 53,208,300	25.50	-	-	[(4)] 53,208,300	18.74

Notes:

* Negligible.

(1) Comprising 200 subscriber shares.

(2) Based on the share capital of 208,660,200 Shares after the Acquisition of Flexidynamic Engineering.

(3) Based on the enlarged share capital of 283,891,200 Shares after the IPO.

(4) Deemed interested by virtue of his/her spouse's shareholdings in our Group.

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

5.1.4 Persons exercising control over the corporation

Save for our Promoters, namely Tan Kong Leong, Liew Heng Wei and Phitchaya Arsangku, there is no other person who is able to, directly or indirectly, jointly or severally, exercise control over our Company.

5.1.5 Benefits paid or intended to be paid

Save for the dividends paid to our Promoters as disclosed in Section 11.13 and our Directors' remuneration and benefits as disclosed in Section 5.2.4, 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 2 years preceding the date of this Prospectus.

5.2 DIRECTORS

5.2.1 Directors' shareholdings

The shareholdings of our Directors in our Company before and after our IPO are set out below:

		Before IPO[1]				After IPO[2]			
		Direct		Indirect		Direct		Indirect	
Name	Designation / Nationality	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Phang Sze Fui	Independent Non-Executive Chairperson / Malaysian	-	-	-	-	-	-	-	-
Tan Kong Leong	Managing Director / Malaysian	117,892,900	56.50	[3] 6,259,800	3.00	117,892,900	41.53	[3] 6,259,800	2.21
Liew Heng Wei	Executive Director / Malaysian	53,208,300	25.50	-	-	53,208,300	18.74	-	-

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

		Before IPO[1]				After IPO[2]			
		Direct		Indirect		Direct		Indirect	
Name	Designation / Nationality	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Lion Suk Chin	Executive Director / Malaysian	-	-	[3] 53,208,300	25.50	-	-	[3] 53,208,300	18.74
Noor Zaliza Yati Binti Yahya	Independent Non-Executive Director / Malaysian	-	-	-	-	-	-	-	-
Chong Kai Feng	Independent Non-Executive Director / Malaysian	-	-	-	-	-	-	-	-

Notes:

(1) Based on the share capital of 208,660,200 Shares after the Acquisition of Flexidynamic Engineering.

(2) Based on the enlarged share capital of 283,891,200 Shares after the IPO.

(3) Deemed interested by virtue of his/her spouse's shareholdings in our Group.

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5.2.2 Profiles of Directors

The profiles of our Directors are as follows:

(a) Phang Sze Fui

Phang Sze Fui, a Malaysian, age 49, is our Independent Non-Executive Chairperson. She was appointed to our Board on 25 January 2021, and is also the chairman of our Nomination Committee and Remuneration Committee and member of our Audit and Risk Management Committee.

She obtained her Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College in May 1997. She has been a member of The Association of Chartered Certified Accountants since November 2000, a fellow member of The Association of Chartered Certified Accountants since November 2005 and a member of the Malaysian Institute of Accountants since July 2009. Further, since September 2019, she has been an Audit Committee Member of the Institute of Internal Auditors Malaysia.

She began her career as Accounts Executive in Seawood Trading Company in November 1992. She subsequently started working with the company on a part-time basis from 1993 when she enrolled for her tertiary studies with Tunku Abdul Rahman College. She left in January 1995 to focus her studies. During her tenure with the company, she was involved in the handling of accounting records and related administrative matters.

Upon obtaining her diploma, she returned to work in July 1997 when she joined Monteiro & Heng (now known as Baker Tilly Monteiro Heng) as Graduate Assistant, where she was primarily involved in various statutory audit assignments. She was subsequently promoted to Senior Audit Manager, Associate Director of Transaction Reporting Division and Executive Director of Transaction Reporting Division in 2005, 2008 and 2011 respectively. During her tenure, she undertook various responsibilities including leading the audit team to conduct audit and special assignments, liaising with stakeholders, conducting training, ensuring compliance with auditing and accounting standards as well as regulatory requirements and expanding the growth of the Transaction Reporting Division. She left the firm in October 2015 and took a career break.

In May 2016, she joined Dolphin Applications Sdn Bhd (a subsidiary of Dolphin International Berhad, a company listed on Main Market of Bursa Securities) as Corporate Affairs Director responsible for supervising corporate exercises, handling special projects, overseeing investor relations and public relations matters, improving internal control systems and reporting structure, overseeing compliance matters and liaising with stakeholders.

She left Dolphin Applications Sdn Bhd in July 2017 to pursue her own business venture, Avia Alliance Sdn Bhd which specialises in the provision of business and accounting consultancy, a business that she is presently involved. In December 2019, she established Dynamic Aqua Evolution Sdn Bhd which specialises in aquaponic farming, a business that she is presently involved. In June 2020, she established 1Advisory Sdn Bhd which specialises in the provision of business consultancy, a business that she is presently involved.

She was appointed as Independent Non-Executive Director of Kim Teck Cheong Consolidated Berhad, Mestron Holdings Berhad and SDS Group Berhad (companies listed on the ACE Market) in September 2018, October 2018 and September 2018, respectively, the positions she presently assumes.

Kindly refer to Section 5.2.3 for her involvements in other business activities outside our Group.

(b) Tan Kong Leong

Tan Kong Leong, a Malaysian, age 47, is our Managing Director. He is responsible for determining the strategic direction and growth of our Group, as well as overseeing the overall business development of our Group. He was appointed to our Board on 9 June 2020.

In 1989, upon completing his Form 2 in Sekolah Menengah Jenis Kebangsaan Seg Hwa, Segamat, Johor, he worked as an apprentice in automotive workshops and metal workshops and was involved in various general contracting works in Penang. In 1992, he moved to Kuala Lumpur and became a freelance technician involved in providing installation, repair and maintenance services for air conditioners.

In December 1996, he set up T&L Air-Cond Engineering under a partnership with a business partner who subsequently left the business in 1999. Through T&L Air-Cond Engineering, he was involved in providing air conditioner installation, repair and maintenance services for residential and commercial buildings as a subcontractor.

In 2000, T&L Air-Cond Engineering ventured into the glove chlorination business as a subcontractor. In 2005, when ZYL Dynamic Sdn Bhd was established by his brother, Tan Kong Kee, T&L Air-Cond Engineering became a subcontractor to ZYL Dynamic Sdn Bhd, a company involved in the design and engineering of glove chlorination systems. As a subcontractor, T&L Air-Cond Engineering provided fabrication and installation services for glove chlorination systems, storage tanks and process tanks.

With over 12 years of experience in the manufacturing of glove chlorination systems as a subcontractor under T&L Air-Cond Engineering since 2000, he set out to establish Flexidynamic Engineering in November 2012 and has been the Managing Director of Flexidynamic Engineering since then. He also ceased to conduct business under T&L Air-Cond Engineering since then. In June 2020, he was appointed as the Managing Director of Flexidynamic Holdings.

Kindly refer to Section 5.2.3 for his directorship in business activity outside our Group.

(c) Liew Heng Wei

Liew Heng Wei, a Malaysian, age 42, is our Executive Director. He is responsible for overseeing the overall operational processes of our Group, including, amongst others, overseeing the manufacturing of our products and systems, supervising subcontractors' works, managing foreign workers as well as identifying and sourcing suitable suppliers. He was appointed to our Board on 9 June 2020.

In 1997, he completed his secondary education and obtained a Sijil Pelajaran Malaysia at Sekolah Menengah Jenis Kebangsaan Seg Hwa, Segamat, Johor.

Upon completion of his secondary education, he joined Polydamic Project Sdn Bhd in December 1997 as Technician, where he was involved in the fabrication and welding of steel pipes, as well as manufacturing of plastic components. In January 2000, he was promoted to Supervisor where he supervised the workflow of the technician team and provided guidance to junior technicians.

In December 2004, he left Polydamic Project Sdn Bhd and joined ZYL Dynamic Sdn Bhd in January 2005 as a Supervisor, where he was involved in the layout design and drawing of glove chlorination systems, supervising production workflow and coordinating the installation of glove chlorination systems at customers' sites. He was also responsible for the implementation and enforcement of quality assurance procedures. He left ZYL Dynamic Sdn Bhd in October 2012.

In November 2012, he co-founded Flexidynamic Engineering with Tan Kong Leong and he was appointed as Director, where he oversaw the operational activities including the designing of glove chlorination systems and products, preparing quotations and tender documents, liaising with customers and consultants, planning production schedules, monitoring production progress, as well as testing and commissioning of systems to ensure smooth and timely delivery of projects. In June 2020, he was appointed as Executive Director of Flexidynamic Holdings.

(d) Lion Suk Chin

Lion Suk Chin, a Malaysian, aged 40, is our Executive Director. She is responsible for implementing, monitoring and managing our Group's operational processes including administrative functions, human resources management as well as compliance with rules and regulations and industry best practices. She was appointed to our Board on 9 June 2020.

She graduated with a Diploma in Business Studies (Accounting) from Tunku Abdul Rahman College (now known as Tunku Abdul Rahman University College) in 2002.

Upon graduation, she joined Lai Yeow Kwang & Co in May 2002 as Audit Junior, where she assisted in audit works for clients in various industries such as manufacturing, construction, property development, trading and consultancy. In March 2005, she left Lai Yeow Kwang & Co and joined Guan & Associates in April 2005 as Audit Semi Senior where she was responsible for audit works, monitoring audit processes to ensure completion within timeframe, reviewing customers' internal control systems, as well as introducing and implementing audit planning memorandums to improve the quality and efficiency of audit processes.

In November 2007, she left Guan & Associates and joined Tomei Gold & Jewellery Manufacturing Sdn Bhd as Accounts Executive, where she was responsible for performing daily accounting and finance tasks covering accounts receivables, general ledger, and cash and bank balance management. In April 2009, she was promoted to Senior Accounts Executive, where her responsibilities covered the accounting and finance functions of Tomei Consolidated Berhad, a company listed on the Main Market of Bursa Securities and its subsidiaries. She was further promoted to Assistant Accountant in January 2010, where she undertook additional responsibilities including preparing annual reports, financial statements and quarterly announcements to Bursa Securities, as well as analysing the group's financial information and assisting the preparation of financial forecast and budgets. In 2011, she was transferred to another subsidiary under Tomei Consolidated Berhad, namely Tomei Gold & Jewellery Holdings (M) Sdn Bhd, where she assumed the same designation and responsibilities.

In August 2013, she left Tomei Gold & Jewellery Holdings (M) Sdn Bhd and joined our Group as Assistant Accountant, where she was responsible for the daily finance and accounting functions including, preparing and maintaining financial and management reports, managing cash flow and inventories, handling tax matters as well as legal matters in relation to the finance division of our Group. She was also in charge of administrative and human resource matters of our Group. In January 2014, she was promoted to Finance Manager, where she led and supervised the finance team in performing the daily financial operations and the preparation of statutory reporting of our Group. In addition, she also headed and managed the administrative and human resource functions of our Group. In April 2019, she was promoted and appointed as the Director of Flexidynamic Engineering.

In June 2020, she was appointed as Executive Director of Flexidynamic Holdings.

(e) Noor Zaliza Yati Binti Yahya

Noor Zaliza Yati Binti Yahya, a Malaysian, aged 43, is our Independent Non-Executive Director. She was appointed to our Board on 9 June 2020, and is also the chairman of our Audit and Risk Management Committee and member of our Remuneration Committee and Nomination Committee.

In 2000, she graduated with a Bachelor of Accountancy (Honours) from Universiti Putra Malaysia. She is a chartered accountant and is a member of the Malaysian Institute of Certified Public Accountants since 2003 and the Malaysian Institute of Accountants since 2018.

Upon the completion of her Bachelor's Degree in 1999, she joined KPMG as Audit Assistant. She left KPMG in the same year and joined Arthur Andersen & Co in January 2000 as Staff Assistant, where she assisted in the documentation of audit projects. In September 2000, she was promoted to Experienced Staff Assistant where her responsibilities expanded to audit projects for clientele from wider range of industries. In September 2001, she was promoted to Semi-Senior and was subsequently re-designated to Senior Associate 2 in Ernst & Young in June 2002 upon the merger of Malaysia's Arthur Andersen & Co and Malaysia's Ernst & Young in 2002. In September 2002, she was promoted to Senior Associate 1, where she was responsible to lead audit projects.

In June 2003, she left Ernst & Young and joined Inai Kiara Sdn Bhd in July 2003 as Accountant, where she managed the daily finance and accounting functions of the company's related companies. In June 2004, she was promoted to Head of Financial Accounting, where she assumed similar responsibilities. In December 2004, she left Inai Kiara Sdn Bhd and joined Integrated Marine Works Sdn Bhd as Manager, and she assumed similar responsibilities to oversee the daily finance and accounting operations of the company.

In February 2007, she left Integrated Marine Works Sdn Bhd and joined Kaminsons Sdn Bhd in March 2007 as Senior Manager, Group Corporate Services. She oversaw the daily finance and accounting functions of the company and its related companies, and was given additional responsibilities in managing matters pertaining to corporate finance, treasury, insurance, secretarial and human resources as well as due diligence exercises on the company's new investments and project proposals. In June 2008, she was transferred to JRI Resources Sdn Bhd, a subsidiary of Kaminsons Sdn Bhd, as Senior Manager (Accounts and Finance) where she assumed similar responsibilities.

In June 2009, she left JRI Resources Sdn Bhd and joined Ascenteus Holdings Sdn Bhd as Financial Controller/Executive Assistant under a 3-month contract. She was responsible for the development of accounting and inventory systems, as well as designing and improving procurement procedures and vendor selection processes, as well as accounting and finance functions. After the end of the 3-month contract in September 2009, she left Ascenteus Holdings Sdn Bhd and joined Smartpools Sdn Bhd as Manager-Finance/ Executive Assistant, where she oversaw the finance, accounting, treasury and administrative functions of the company.

In January 2010, she left Smartpools Sdn Bhd and joined Petroliam Nasional Berhad, and was seconded to Petronas Carigali Sdn Bhd, a wholly-owned subsidiary of Petroliam Nasional Berhad, as Executive (Budget – International Consolidation) where she was responsible for facilitating the cost control and project accounting functions for upstream development projects. Over the years, she was promoted to several designations within Petronas Carigali Sdn Bhd where her scope of responsibilities includes financial reporting, project expenditure and cost allocation as well as assets management. Her last secondment designation with Petronas Carigali Sdn Bhd was Head (Asset and Cost Allocation Management).

In March 2016, she left Petroliam Nasional Berhad and joined Sapurakencana Technology Sdn Bhd as Senior Manager, Finance. In April 2016, she was seconded to Sapurakencana GE Oil & Gas Services Sdn Bhd as Chief Financial Officer, where she oversaw and managed the overall finance functions of the company.

In March 2017, she left Sapurakencana GE Oil & Gas Services Sdn Bhd. Since then, she has been promoting life insurance and takaful services under Prudential Assurance (Malaysia) Berhad and unit trust fund investments under Public Mutual Berhad. In 2019, she incorporated Zanoor Synergy Services, a sole proprietorship to undertake life insurance, takaful and unit trust investment business activities. She also provides trainings, consultation and advisory services within the area of accounting, investment and taxation on a freelance basis, a practice that she is presently involved in.

In January 2020, she joined Firmus Consulting Sdn Bhd as Security Consultant where she provides advisory services, including reviewing and providing recommendations to clients on issues relating to information technology security policies and practices. In July 2020, she left Firmus Consulting Sdn Bhd to focus on Zanoor Synergy Services.

Kindly refer to Section 5.2.3 for her involvement in other business activity outside our Group.

(f) Chong Kai Feng

Chong Kai Feng, a Malaysian, aged 32, is our Independent Non-Executive Director. He was appointed to our Board on 9 June 2020, and is also a member of our Remuneration Committee, Audit and Risk Management Committee and Nomination Committee.

In 2013, he graduated with a Bachelor's Degree in Mechanical Engineering from Multimedia University. Subsequently, he obtained a Master of Business Administration from Monash University in 2018. He is a Professional Engineer registered under the Board of Engineers Malaysia and a member of the Institution of Engineers Malaysia, both since 2019. He is also a member of Malaysia Perak Chinese Chamber of Commerce and Industry since 2015.

Upon the completion of his Bachelor's Degree in 2012, he started his career with Terminal Urus Sdn Bhd (a subsidiary of Perak Transit Berhad) in October 2012 as Operations Manager, where he was involved in the day-to-day operations and management of bus terminal activities.

In February 2013, he left Terminal Urus Sdn Bhd and joined his family business, Success Engineering Solutions (M) Sdn Bhd as Project Engineer, where he was involved in project tenders, commercial negotiations and management of construction projects involving steel structures, steel storage tanks and bulk handling facilities. In January 2016, he was promoted to Project Director, a position he presently assumes, where he is involved in strategic management, governance, and project resources and risk management.

In July 2017, he set up Kai Advisory, a sole proprietorship engineering consultancy firm. In December 2018, he co-founded Winny Ker & Collaborations PLT, a limited liability partnership providing design and build solution for property development projects. He acts as Adviser who provides guidance in project management as well as advice on matters pertaining to finance, compliance, marketing and resource management.

Kindly refer to Section 5.2.3 for his involvements in other business activities outside our Group.

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

5.2.3 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 5 years up to the LPD:

(a) Phang Sze Fui

	Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
	Present involvement						
1.	Avia Alliance Sdn Bhd	Business management consultancy services	Director / Shareholder	18 July 2017	-	100.0	-
2.	SDS Group Berhad	Investment holding of companies involved in the manufacturing and distributing of bakery products as well as operating food and beverages outlets	Independent Non-Executive Director	4 September 2018	-	-	-
3.	Kim Teck Cheong Consolidated Berhad	Investment holding of companies involved in the distribution of consumer packaged goods in East Malaysia	Independent Non-Executive Director	28 September 2018	-	-	-
4.	Mestron Holdings Berhad	Investment holding of companies involved in the manufacturing of steel poles and trading of outdoor lighting products	Independent Non-Executive Director	15 October 2018	-	-	-
5.	Dynamic Aqua Evolution Sdn Bhd	Aquaponic farming	Director / Shareholder	26 December 2019	-	50.0	-

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

	Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
6.	1Advisory Sdn Bhd	Provision of business consultancy	Director / Shareholder	4 June 2020	-	30.0	-
7.	TUC Holdings Sdn Bhd	Dormant. Its intended to undertake investment holding in companies	Director	8 February 2021	-	-	-
	Past involvement						
1.	Biogas Sulpom Sdn Bhd	Manufacturer, processor and supplier of biogas	Director	14 December 2016	15 August 2017	-	-
2.	Heng Hup Chiho Recycling (Malaysia) Sdn Bhd	Investment holding, export and import of metal and non-metal waste, scrap and material for recycling	Director	1 February 2019	10 May 2019	-	-
3.	IWC Performance Innovations Sdn Bhd	Wholesale of a variety of information technology products and other information technology services	Director	17 December 2018	7 January 2020	-	-

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

(b) Tan Kong Leong

	Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
	Present involvement						
1.	TECS Properties Sdn Bhd	Oil palm and durian plantations	Shareholder	-	-	20%	-

(c) Noor Zaliza Yati Binti Yahya

	Sole proprietor / Company	Principal activities	Involvement / Position held	Registration date / Date joined	Date of resignation
	Present involvement				
1.	Public Mutual Berhad	Management and sale of unit trust funds	Sales agent	1 April 2017	-
2.	Prudential Assurance (Malaysia) Berhad	Underwriting of insurance business and sale of investment funds	Sales agent	24 August 2017	-
3.	Zanoor Synergy Services	Sale of life insurance, takaful and unit trust	Sole Proprietor	7 March 2019	-
	Past involvement				
1.	Firmus Consulting Sdn Bhd	Provision of cyber security services and solutions	Security Consultant	3 January 2020	31 July 2020

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

(d) Chong Kai Feng

	Sole proprietor/ Partnership / Company	Principal activities	Involvement / Position held	Appointment date/ Registration date / Formation date
	Present involvement			
1.	Success Engineering Solutions (M) Sdn Bhd	Trading of auto parts and industrial hardware as well as provision of mechanical engineering works and construction works steel fabrication works	Project Director	31 January 2016
2.	Kai Advisory	Provision of process technology solution and consultation for manufacturing industries in mineral sector, import of manufacturing machines and partnership with foreign companies to provide complete plant solution to customer	Sole Proprietor	21 July 2017
3.	Winny Ker & Collaborations PLT	Provision of design and build solution for commercial and residential properties	Partner	5 December 2018

As at the LPD, the directorships of our Directors in other companies are in compliance with the Listing Requirements.

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 Managing Director in those business activities does not require significant amount of time, and hence does not affect his ability to perform his executive roles and responsibilities to our Group as well as his contribution to our Group. The involvement of our Independent Non-Executive Directors in those business activities will not affect their contribution to our Group.

5.2.4 Directors' and key senior management's 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 2020 and financial year ending 2021 are as follows:

FYE 2020	Directors' fees	Salaries	Bonuses	Benefits-in-kind and allowance	Total
Director	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Non-Executive Directors					
Phang Sze Fui	-	-	-	-	-
Noor Zaliza Yati Binti Yahya	-	-	-	-	-
Chong Kai Feng	-	-	-	-	-
Executive Directors					
Tan Kong Leong	-	372	31	26	429
Liew Heng Wei	-	216	18	13	247
Lion Suk Chin	-	192	16	11	219

Proposed for financial year ending 2021	Directors' fees	Salaries	Bonuses [(1)]	Benefits-in-kind and allowance	Total	Amount paid from 1 January 2021 up to LPD [(2)]
Director	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Non-Executive Directors						
Phang Sze Fui	60	-	-	-	60	-
Noor Zaliza Yati Binti Yahya	30	-	-	-	30	-
Chong Kai Feng	24	-	-	-	24	-
Executive Directors						
Tan Kong Leong	24	396	31	31	482	95
Liew Heng Wei	24	240	18	18	300	56
Lion Suk Chin	24	216	16	16	272	50

Notes:

(1) The bonuses paid during 2021 based on our financial performance recorded for FYE 2020. The bonuses for the financial year ending 2021 are not included and such bonuses, if any, will be determined later depending on the performance of our Group, subject to the recommendation of the Remuneration Committee and approved by our Board.

(2) Including bonus.

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

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our key senior management for services rendered in all capacities to our Group for FYE 2020 and financial year ending 2021 are as follows:

FYE 2020	**Remuneration band (in bands of RM50,000)**		
	Remuneration	**Benefits-in-kind**	**Total**
Key senior management	**RM**	**RM**	**RM**
Wong Feng Lung	150,000-200,000	0-50,000	150,000-200,000
Sin Kuo Wei	150,000-200,000	0-50,000	150,000-200,000

Proposed for financial year ending 2021	**Remuneration band (in bands of RM50,000)**			**Amount paid from 1 January 2021 up to the LPD** [(1)]
Key senior management	**Remuneration**	**Benefits-in-kind**	**Total**	
	RM	**RM**	**RM**	**RM'000**
Wong Feng Lung	200,000-250,000	0-50,000	200,000-250,000	46
Sin Kuo Wei	200,000-250,000	0-50,000	200,000-250,000	44

Note:

(1) Including bonus.

The remuneration which 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 Constitution 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 14.2 for further details.

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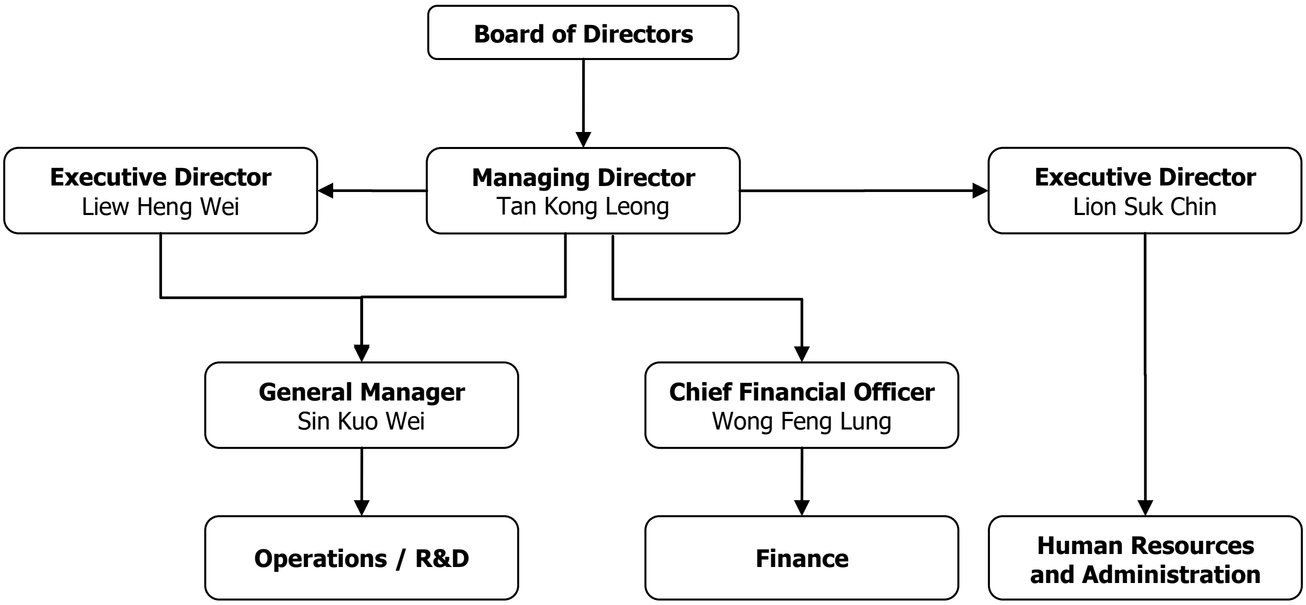
5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL *(Cont'd)*

5.3 KEY SENIOR MANAGEMENT

5.3.1 Management Structure



5.3.2 Key senior management's shareholdings

The shareholdings of our key senior management (other than Tan Kong Leong, Liew Heng Wei and Lion Suk Chin) in our Company before and after our IPO assuming that our Chief Financial Officer, Wong Feng Lung will fully subscribe for his entitlement under the Pink Form Allocations are set out below:

		Before IPO[(1)]				After IPO[(2)]			
		Direct		Indirect		Direct		Indirect	
Name	**Designation/ Nationality**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Wong Feng Lung	Chief Financial Officer / Malaysian	-	-	-	-	50,000	0.02	-	-
Sin Kuo Wei	General Manager / Malaysian	8,346,400	4.0	-	-	8,346,400	2.9	-	-

Notes:

(1) Based on the share capital of 208,660,200 Shares after the Acquisition of Flexidynamic Engineering.

(2) Based on the enlarged share capital of 283,891,200 Shares after the IPO.

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

5.3.3 Profiles of key senior management

The profiles of our other key senior management are as follows:

(a) Wong Feng Lung

Wong Feng Lung, a Malaysian, aged 51, is our Chief Financial Officer. He is responsible for overseeing our Group's overall financial matters including accounting, taxation, corporate finance and treasury functions.

He completed the examinations of London Chamber of Commerce and Industry ("LCCI") from Goon Institute (now known as Goon International College) in 1990. In 1991, he obtained his Diploma in Business Administration from Binary Business College, Kuala Lumpur. He has been a member of the Malaysian Institute of Accountants and Chartered Institute of Management Accountant ("CIMA"), both since 2006. He is also a member of Certified Practising Accountant Australia since 2010. During his career, he furthered his studies and subsequently obtained an Executive Diploma in Information Technology from University of Malaya in 2014.

Upon graduation in 1991, while exploring his interests, he worked as Sales Assistant for consumer products at a department store, and digital products at a mobile phone shop. In July 1993, he joined Gow & Tan Co as Audit Assistant, where he assisted in audit works for companies in various industries and was subsequently promoted to Audit Semi Senior in September 1994, where he was responsible for audit works for companies from wider range of industries. In April 1996, he left Gow & Tan Co and took a career break of 15 months for his full-time study for CIMA courses.

In August 1997, he returned to the workforce and joined Royale Baby Industries Sdn Bhd as an Finance and Admin Executive, where he was responsible for the daily finance and accounting functions as well as administrative and human resources functions of the company.

In August 2001, he left Royale Baby Industries Sdn Bhd and joined Metro Vibrant Sdn Bhd in September 2001 as Assistant Accounts Manager, where he was responsible for managing the finance, accounting, treasury and administrative functions of the company as well as dealing with matters pertaining to financial policy requirements. In August 2005, he left Metro Vibrant Sdn Bhd when the company ceased operations. He took a 2-month career break before joining Trocellen S.E.A. Sdn Bhd in November 2005 as Accountant (Level 3 – Manager) where he took on similar responsibilities.

In September 2008, he left Trocellen S.E.A. Sdn Bhd and joined KJ Engineering Sdn Bhd in October 2008 as Management Accountant, where he was responsible for the preparation and analysis of financial statements and cash flow projections to assist the management in decision making; implementation of corporate governance, risk management and internal controls procedures; and development of strategic plans to improve the accuracy and efficiency of the company's finance functions.

In January 2011, he left KJ Engineering Sdn Bhd and joined The Village Building Co Limited, an Australian property development company, in February 2011, where he was based at the Malaysia branch office as Finance Manager. He was responsible for managing and overseeing all finance-related matters including budgeting, forecasting, taxation and cost allocation. Upon the establishment of the Malaysian entity in 2013, namely Commodity Village Services Sdn Bhd, he was transferred to the newly formed entity in February 2014 and assumed similar responsibilities.

In May 2019, he left Commodity Village Services Sdn Bhd and joined our Group as Financial Controller in June 2019. In October 2019, he was promoted to Chief Financial Officer, a position he presently assumes.

(b) Sin Kuo Wei

Sin Kuo Wei, a Malaysian, aged 30, is our General Manager. He is responsible for overseeing project tendering processes and the overall operations of our R&D department. He is also responsible for assisting Tan Kong Leong, our Managing Director and Liew Heng Wei, our Executive Director in the planning, development and implementation of strategies for the business development and expansion of our Group.

He graduated with a Bachelor of Engineering (Honours) from University of Melbourne, Australia in 2013. He also obtained a Master of Business Administration from Monash University, Malaysia in 2018. He is a Graduate Engineer registered under the Board of Engineers Malaysia since 2020.

He started his career in March 2014 when he joined our Group as Project Engineer. He assisted in the planning and execution of projects including design, development, manufacturing and assembly of our Group's products and systems; as well as liaising with our customers, suppliers, subcontractors and government agencies to ensure smooth and timely delivery of projects. He developed a project management methodology that enables systematic communications and streamlining of interactions between various departments and/or job functions including manufacturing, inventory management and systems installation to increase efficiency of workflows.

In January 2016, he was promoted to Senior R&D Engineer where he took on additional responsibilities to include R&D activities to enhance and improve the efficiencies and functionalities of our existing products and systems. While he was Senior R&D Engineer, he successfully developed an enhanced and upgraded version of process tanks and storage tanks, which led to his promotion to Manager of our R&D in January 2017. As Manager of our R&D department, he led a team of engineers and worked closely with our engineering and production departments to constantly enhance and improve our products and systems in order to meet our customers' requirements and expectations.

In January 2018, he was promoted to Senior Manager of R&D where he led our R&D efforts, involving in monitoring the progress of our R&D projects, and provided advice and guidance to engineers in the enhancement of our existing products and systems as well as the development of new products and systems. Subsequently in July 2018, he was promoted to General Manager, a position which he presently assumes.

5.3.4 Principal business performed outside our Group

Save for Tan Kong Leong, none of our key senior management has any other principal directorship and/or principal business activities performed outside our Group as at the LPD.

5.4 RELATIONSHIPS AND/OR ASSOCIATIONS

Save as disclosed below, there are no family relationships or association between or amongst our Promoters, substantial shareholders, Directors and key senior management:

(a) Tan Kong Leong and Liew Heng Wei, both of whom are our Promoters, substantial shareholders and Executive Directors are cousins;

(b) Tan Kong Leong, our Promoter, substantial shareholder and Managing Director and Phitchaya Arsangku, our Promoter and Director of Flexidynamic Thailand, are husband and wife; and

(c) Liew Heng Wei, our Promoter, substantial shareholder and Executive Director and Lion Suk Chin, our Executive Director, are husband and wife.

5.5 BOARD PRACTICE

5.5.1 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 Group has effective Board committees as required by the applicable laws, regulations, rules, directives and guidelines and as recommended by the Malaysian Code on Corporate Governance;

(e) To review the effectiveness and implementation of anti-bribery and anti-corruption policy and framework;

(f) To review and approve our Group's annual business plans, financial statements and annual reports;

(g) 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

(h) 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.

As at the LPD, the details of the date of expiration of the current term of office for each of our Directors and the period that each of our Directors has served in office are as follows:

Name	Date of appointment as Director	Date of expiration of the current term in office	Approximate no of years in office as at the LPD
Phang Sze Fui	25 January 2021	At the first Annual General Meeting of our Company	Less than 1 year
Tan Kong Leong	9 June 2020	At the first Annual General Meeting of our Company	Less than 1 year
Liew Heng Wei	9 June 2020	At the first Annual General Meeting of our Company	Less than 1 year
Lion Suk Chin	9 June 2020	At the first Annual General Meeting of our Company	Less than 1 year
Noor Zaliza Yati Binti Yahya	9 June 2020	At the first Annual General Meeting of our Company	Less than 1 year
Chong Kai Feng	9 June 2020	At the first Annual General Meeting of our Company	Less than 1 year

In accordance with our Constitution, at the first annual general meeting of our Company, all the Directors shall retire from office, and at the annual general meeting in every subsequent year, one-third (1/3) of the Directors for the time being or, if their number is not 3 or a multiple of 3, then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election PROVIDED ALWAYS that all Directors shall retire from office at least once every 3 years 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 Sections 1 and 5.2.

5.5.2 Audit and Risk Management Committee

The main function of our Audit and Risk Management Committee is to assist our Board in fulfilling its responsibility to oversee our Group's financial reporting matters and risk management. Our Audit and Risk Management Committee has full access to all information and documents/ resources as well as to the internal and external auditors and key senior management of our Company and Group. The Audit and Risk Management Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

(a) To review the engagement, compensation, performance, qualification 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 recommend our quarterly and annual financial statements for approval by our Board before announcement to regulatory bodies, focusing in particular on any changes in or implementation of major accounting policies and practices, significant and unusual events, significant adjustments arising from our audit, going concern assumption and compliance with accounting standards and other regulatory or legal requirements;

(c) To conduct periodic review of the involvements of our Managing Director and Executive Directors in the companies outside of our Group, in which they have executive functions to ensure that it does not affect their role and responsibilities within our Group;

(d) To review and monitor any related party transaction/business dealings entered into by our Group and any conflict of interest situation that may arise within our Group to ensure that they are conducted on arms' length basis and based on terms that are fair to our Group;

(e) To oversee and recommend the risk management policies and procedures of our Group;

(f) To review and recommend changes as needed to ensure that our Group has in place at all times a risk management policy which address the strategies, operational, financial and compliance risk;

(g) To implement and maintain a sound risk management framework which identifies, assesses, manages and monitors our Group's business risks;

(h) To set reporting guidelines for our Management to report to the committee on the effectiveness of our Group's management of its business risks;

(i) To review the risk profile of our Group and to evaluate the measure taken to mitigate the business risks;

(j) To review the adequacy of our Management's response to issues identified to risk registers, ensuring that our risks are managed within our Group's risk appetite;

(k) To perform the oversight function over the administration of whistleblowing policy that is approved and adopted by our Board and to protect the values of transparency, integrity, impartiality and accountability where the Group conducts its business and affairs;

(l) To enhance its accountability in preserving its integrity and to withstand public scrutiny which in turn enhances and builds our Group's credibility to all our stakeholders;

(m) To consider the major findings of internal investigations and our Management's response;

(n) To do the following, in relation to the internal audit function:

    (i) consider and approve the appointment of internal auditors, internal audit fee and any question of resignation or dismissal;

    (ii) review the adequacy of the scope, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;

(iii) review the internal audit plan and results of the internal audit assessments and investigation undertaken, and ensure that appropriate action is taken on the recommendations of the internal auditors;

(iv) consider the internal audit reports and findings by the internal auditors, fraud investigations and actions and steps taken by the management in response to audit findings;

(v) review and decide on the budget allocated to the internal audit function;

(vi) appraise or assess the performance of members of the internal audit function; and

(vii) monitor the overall performance of our Company's internal audit function.

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

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

The members of our Audit and Risk Management Committee as at the LPD are as follows:

Name	**Designation**	**Directorship**
Noor Zaliza Yati Binti Yahya	Chairman	Independent Non-Executive Director
Phang Sze Fui	Member	Independent Non-Executive Chairperson
Chong Kai Feng	Member	Independent Non-Executive Director

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

5.5.3 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 Remuneration Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

(a) To establish and recommend to our Board, the remuneration package for Executive Directors such as the terms of employment or contract of employment/service, benefit, pension, incentive scheme, bonuses, fees, expenses, compensation payable on termination of the service contract by our Company and/or our Group;

(b) To review and recommend to our Board the remuneration packages of Non-Executive Directors for shareholders' approval at the Annual General Meeting; and

(c) To consider other remunerations or rewards to retain and attract Directors and key senior management.

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:

Name	Designation	Directorship
Phang Sze Fui	Chairman	Independent Non-Executive Chairperson
Chong Kai Feng	Member	Independent Non-Executive Director
Noor Zaliza Yati Binti Yahya	Member	Independent Non-Executive Director

5.5.4 Nomination Committee

The Nomination Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

(a) To review the composition and size of our Board and determine the criteria for membership on our Board, which may include, among other criteria, issues of character, judgment, independence, diversity, age, expertise, corporate experience, length of service and other commitments;

(b) To identify, consider and select, or recommend for the selection of our Board, candidates to fill new positions or vacancies on our Board, and review any candidates recommended by stockholders, provided that such recommendations are submitted in writing to the Secretary of our Company, and include, among other things, the recommended candidate's name, biographical data and qualifications, and that such recommendations are otherwise made in compliance with our Company's Constitution and its shareholder nominations and recommendations policy;

(c) To identify and nominate for the approval of our Board, candidates to fill Board vacancies or strengthen our Board's composition as and when they arise. Before any appointment is made by our Board, evaluate the balance of skills, knowledge, experience and diversity on our Board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment;

(d) To assist our Board to assess and evaluate circumstances where a Director involvement outside our Group may give rise to a potential conflict of interest with our Group's businesses, upon receiving the declaration of the same from our Director and thereafter, to inform the Audit and Risk Management Committee of the same. After deliberation with the Audit and Risk Management Committee, to recommend to our Board on the necessary actions to be taken in the circumstances where there is a conflict of interest;

(e) In identifying suitable candidates, the Nomination Committee shall:

    (i) consider open advertising or the services of external advisers to facilitate the search;

    (ii) consider candidates from a wide range of backgrounds; and

    (iii) consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on our Board, including gender and availability of time to devote to the position.

(f) To evaluate the performance of individual members of our Board eligible for re-election, and select, or recommend for the selection of our Board, the director nominees for election to our Board by the stockholders at the annual meeting;

(g) To assess the independence of the Independent Directors annually, and when any new interest or relationship develops and confirm the conduct of this assessment in the annual report of our Company and in any notice convening a general meeting seeking approval for the appointment or re-appointment of Independent Directors;

(h) To review the fulfilment of Directors' training and disclose details in the annual report as appropriate;

(i) To review with the Managing Director and the Executive Director, their goals and objectives and to assess their performance against these objective as well as their contribution to the corporate strategy;

(j) To give full consideration to succession planning for Directors and key senior management, taking into account the challenges and opportunities faced by our Company, and the required skills and expertise that are needed by our Board in future;

(k) To review periodically the composition of each committee of our Board and make recommendations to our Board for the creation of additional committees or the change in mandate or dissolution of committees; and

(l) To review the term of office and performance of all our Board Committees, particularly the Audit and Risk Management Committee and each of its members annually to determine whether such Audit and Risk Management Committee and members have carried out their duties in accordance with their terms of reference.

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:

Name	Designation	Directorship
Phang Sze Fui	Chairman	Independent Non-Executive Chairperson
Chong Kai Feng	Member	Independent Non-Executive Director
Noor Zaliza Yati Binti Yahya	Member	Independent Non-Executive Director

5.6 EXISTING OR PROPOSED SERVICE AGREEMENTS

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

5.7 DECLARATION FROM PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

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

(a) In the last 10 years, 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 a member of key senior management;

(b) Disqualified from acting as a Director of any corporation, or from taking part directly or indirectly in the management of any corporation;

(c) In the last 10 years, charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;

(d) In the last 10 years, any judgment that was entered against him, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;

(e) In the last 10 years, was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;

(f) 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;

(g) In the last 10 years has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; or

(h) Has any unsatisfied judgment against such person.

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6. INFORMATION ON OUR GROUP

6.1 INCORPORATION AND HISTORY

Our Company, Flexidynamic Holdings Berhad (Registration No. 201901010656 (1319984-V)) was incorporated on 28 March 2019. Our history can be traced back to 2012 when Flexidynamic Engineering was incorporated on 1 November 2012 by our Managing Director, Tan Kong Leong and our Executive Director, Liew Heng Wei. Prior to setting up Flexidynamic Engineering, Tan Kong Leong, through T&L Air-Cond Engineering, was a subcontractor to engineering companies and was involved in the fabrication and installation of glove chlorination systems since 2000.

In 2005, T&L Air-Cond Engineering became a subcontractor to ZYL Dynamic Sdn Bhd, a company which was involved in the design and engineering of glove chlorination systems owned by Tan Kong Leong's brother, Tan Kong Kee. As a subcontractor, T&L Air-Cond Engineering provided fabrication and installation services for glove chlorination systems, storage tanks and process tanks. At that time, Liew Heng Wei was an employee of ZYL Dynamic Sdn Bhd.

With over a decade of experience in the fabrication and installation of glove chlorination systems, Tan Kong Leong and Liew Heng Wei set out to incorporate Flexidynamic Engineering in 2012 to undertake the design, engineering, installation and commissioning of on-line glove chlorination systems, storage tanks and process tanks, as well as the manufacturing of centrifugal fans which is a critical part of our on-line glove chlorination systems. We operated our business in a rented factory located in Banting with a total built-up area of 12,206 sq ft. We also began to rent an office in Puchong as our sales office. Tan Kong Leong then ceased to conduct business under T&L Air-Cond Engineering while Liew Heng Wei left ZYL Dynamic Sdn Bhd.

In the same year of our commencement, we secured business from Riverstone Resources Sdn Bhd (a subsidiary of Riverstone Holdings Limited, a company listed on the Singapore Exchange). We also made our first overseas venture to Thailand and Indonesia where we secured on-line glove chlorination system projects from Sri Trang Gloves (Thailand) Co Ltd (a subsidiary of Sri Trang Agro-Industry Public Company Limited, a company listed on the Stock Exchange of Thailand) and PT Medisafe Technologies, glove manufacturers in Thailand and Indonesia, respectively.

In 2013, Flexidynamic Engineering acquired the glove chlorination systems business from ZYL Dynamic Sdn Bhd at a consideration of RM0.30 million when Tan Kong Kee retired. The main assets we acquired from ZYL Dynamic Sdn Bhd include an overhead crane, a forklift, moulds and motor vehicles. Following which we expanded our services to include design, engineering, manufacturing, installation and commissioning of off-line glove chlorination system. After the disposal of the glove chlorination systems business, ZYL Dynamic Sdn Bhd ceased its business and its current principal business activity is in investment property holding.

After the acquisition of business and assets from ZYL Dynamic Sdn Bhd, Flexidynamic Engineering managed to secure businesses directly from the customer base of ZYL Dynamic Sdn Bhd, including Hartalega Sdn Bhd (a subsidiary of Hartalega Holdings Berhad), Perusahaan Getah Asas Sdn Bhd (a subsidiary of Kossan Rubber Industries Berhad), Green Prospect Sdn Bhd and YTY Industry Sdn Bhd (both subsidiaries of YTY Group), and HL Advance Technologies (M) Sdn Bhd (a subsidiary of HLT Global Berhad). Hartalega Holdings Berhad and Kossan Rubber Industries Berhad are listed on the Main Market of Bursa Securities; while HLT Global Berhad is listed on the ACE Market.

In 2013, we set up an operational office and storage facility in Ipoh to support our business in the Northern region.

Due to the growth of our business and customer base in Thailand, Flexidynamic Thailand was set up in 2015 as our sales and support office in Pathumthani Province, Thailand by Tan Kong Leong together with his wife, Phitchaya Arsangku and Phitchaya Arsangku's sister, Malinee Arsangku, for jobs secured in Thailand.

In 2016, we secured Central Medicare Sdn Bhd, a glove manufacturer based in Teluk Intan, Perak as our customer, who has been amongst our major customers in FYE 2017 and FYE 2018, where we have supplied on-line glove chlorination systems, storage tanks, process tanks and scrubber systems as well as provided FRP lining services to them. In the same year, we also entered into a sale and purchase agreement to purchase a new factory unit with a total factory built-up area of 18,720 sq ft in Olak Lempit Industrial Area, Banting, namely Banting Factory. In 2018, we moved our operations and manufacturing activities to our Banting Factory.

In 2017, we continued to expand our business when we secured projects from Ever Global (Vietnam) Enterprise Corporation from Vietnam for the supply of on-line glove chlorination systems.

In 2018, we obtained ISO 9001:2015 Quality Management System for the provision of manufacturing for engineering products (Fibre-reinforced Plastic).

In 2018, Tan Kong Leong and Liew Heng Wei entered into an agreement to dispose a total of 90,000 Flexidynamic Engineering Shares representing 18.0% equity interest in Flexidynamic Engineering to Sin Kuo Wei (General Manager), Loh Wei Keat (Senior Project Manager), Tan Lui Ken (Project Manager), Chong Chee Keong (shareholder of CCK Engineering Sdn Bhd, our subcontractor), Lim Khin Choong (shareholder of L&S Advance Sdn Bhd and Tri Win Trading & Services and, our subcontractor and supplier respectively), Wong Fook Loong (shareholder of Fook Loong Engineering Founder Sdn Bhd and Tri Win Trading & Services, our subcontractor and supplier respectively) and Phitchaya Arsangku. Additional information is set out in Section 6.2.1(a).

In 2018, Flexidynamic Engineering acquired 49% equity interest in Flexidynamic Thailand, while the remaining 50% equity interest was acquired by Boonjing Boongrajang (our project manager in Thailand) and 1% equity interest was acquired by Naphatson Santibun. Additional information is set out in Section 6.2.1(b).

We entered into 2 sale and purchase agreements on 30 August 2019 for the purchase of 2 adjoining new semi-detached factory units with a total factory built-up area of 14,659.60 sq ft each in Olak Lempit Industrial Area, Banting. The factory units are under construction as at the LPD and we expect to take vacant possession of both factories by May 2021. Upon completion, the factories will be used to carry out in-house manufacturing works for long and cylindrical products such as storage tanks, scrubber towers, chimneys and ductings, which we currently outsource to our subcontractors. These products are parts and components of our on-line glove chlorination systems.

6.1.1 Share capital

As at LPD, our share capital is RM20,866,020 comprising 208,660,200 Shares. The movements in our share capital since the date of our incorporation are set out below:

Date of allotment	No. of Shares allotted	Consideration	Cumulative share capital
		RM	RM
28 March 2019	200	20	20
9 December 2020	208,660,000	20,866,000	20,866,020

6.2 OUR GROUP STRUCTURE

To formalise our listing group in preparation of our Listing, we undertook the following transactions:

6.2.1 Pre-IPO changes in our subsidiaries' shareholdings

(a) Flexidynamic Engineering

Prior to 2018, the shareholders of Flexidynamic Engineering were Tan Kong Leong (holding 350,000 Flexidynamic Engineering Shares or 70.0% equity interest) and Liew Heng Wei (holding 150,000 Flexidynamic Engineering Shares or 30.0% equity interest).

On 19 March 2018, Tan Kong Leong and Liew Heng Wei entered into an agreement to dispose a total of 90,000 Flexidynamic Engineering Shares representing 18.0% equity interest in Flexidynamic Engineering to the 7 individuals in the following manner:

Selling shareholders	**No. of Flexidynamic Engineering Shares sold/ (equity interest*)**	**Sale consideration (RM)**
Tan Kong Leong	67,500 (13.5%)	819,525
Liew Heng Wei	22,500 (4.5%)	351,225
	90,000 (18.0%)	**1,170,750**

Purchaser/ Details	**No. of Flexidynamic Engineering Shares purchased/ (equity interest*)**	**Consideration (RM)**	**Note**
Sin Kuo Wei/ General Manager	20,000 (4.0%)	273,200	(aa)
Loh Wei Keat/ Senior Project Manager	20,000 (4.0%)	273,200	(aa)
Tan Lui Ken/ Project Manager	10,000 (2.0%)	136,600	(aa)
Chong Chee Keong/ Shareholder of our subcontractor	10,000 (2.0%)	195,100	(bb)
Lim Khin Choong/ Shareholder of our subcontractor and supplier	10,000 (2.0%)	195,100	(bb)
Wong Fook Loong/ Shareholder of our subcontractor and supplier	5,000 (1.0%)	97,550	(bb)
Phitchaya Arsangku/ Wife of Tan Kong Leong	15,000 (3.0%)	-	(cc)
	90,000 (18.0%)	**1,170,750**	

Note:

* Calculated based on the share capital of Flexidynamic Engineering comprising 500,000 Flexidynamic Engineering Shares.

The total purchase consideration of RM1.17 million was determined based on the following:

(aa) Shares sold to our employees namely Sin Kuo Wei, Loh Wei Keat and Tan Lui Ken at RM13.66 per Flexidynamic Engineering Share represents a discount of 30% based on the NA per share of Flexidynamic Engineering as at 31 December 2016 of RM19.51 per Flexidynamic Engineering Share.

As such, the provisions of the MFRS 2 – Share Based Payment has been applied and the Group recognised an expense of RM0.63 million for the FYE 2018. Additional details are set out in Section 11.2.6.

In addition, Flexidynamic Engineering had extended an interest-free loan to the abovementioned employees for the full sum of the purchase consideration to be repaid over a period of 60 months commencing April 2018.

In the event our employees sell the Shares post listing but remains employed by our Group, the existing repayment terms shall still remain. In the event the employees leave our Group prior to the full repayment of the loan, the said employees shall repay the outstanding loan in full before they leave our Group;

(bb) Shares sold to Chong Chee Keong, Lim Khin Choong and Wong Fook Loong at RM19.51 per Flexidynamic Engineering Share were priced based on the NA per share of Flexidynamic Engineering as at 31 December 2016 of RM19.51 per Flexidynamic Engineering Share; and

(cc) Shares were transferred by Tan Kong Leong to Phitchaya Arsangku at no consideration.

The sale of Flexidynamic Engineering Shares to our employees is to motivate, retain and reward them, while the sale of Flexidynamic Engineering Shares to our subcontractors is to provide an incentive for them to continue to support us and contribute to our growth.

Additional information on Flexidynamic Engineering and changes in shareholdings in Flexidynamic Engineering is set out in Section 14.4.1.

(b) Flexidynamic Thailand

Prior to 2018, the shareholders of Flexidynamic Thailand were Tan Kong Leong (holding 9,000 Flexidynamic Thailand Shares or 45.0% equity interest) together with his wife, Phitchaya Arsangku (holding 10,000 Flexidynamic Thailand Shares or 50.0% equity interest) and Phitchaya Arsangku's sister, Malinee Arsangku (holding 1,000 Flexidynamic Thailand Shares or 5.0% equity interest).

On 17 November 2018, Flexidynamic Engineering acquired 49% equity interest in Flexidynamic Thailand from its then existing shareholders, while the remaining 50% equity interest was acquired by Boonjing Boongrajang (our Thailand project manager) and 1% equity interest was acquired by Naphatson Santibun.

Further details are set out below:

Selling shareholders	No. of Flexidynamic Thailand Shares sold/ (equity interest*)	Consideration (USD)
Tan Kong Leong	9,000 (45.0%)	41,602
Phitchaya Arsangku	10,000 (50.0%)	46,225
Malinee Arsangku	1,000 (5.0%)	4,622
	20,000 (100%)	**92,449**

Purchaser/ Details	No. of Flexidynamic Thailand Shares purchased/ (equity interest*)	Consideration (USD)
Flexidynamic Engineering/ holding company	9,800 (49.0%)	45,300
Boonjing Boongrajang/ Thailand project manager	10,000 (50.0%)	46,225
Naphatson Santibun^/ Thailand shareholder	200 (1.0%)	924
	20,000 (100.0%)	**92,449**

Notes:

* Calculated based on the share capital of Flexidynamic Thailand comprising 20,000 Flexidynamic Thailand Shares as at 17 November 2018.

^ Naphatson Santibun is not related to the Promoters, substantial shareholders, directors or key senior management of our Group and she does not hold any management position in Flexidynamic Thailand.

The total purchase consideration of USD92,449 or USD4.62 per Flexidynamic Thailand Share (equivalent to THB2,914,165 or THB145.71 per Flexidynamic Thailand Share) was arrived at after taking into consideration the unaudited NA position of Flexidynamic Thailand as at 30 April 2018 of THB2,900,000 or THB145.00 per Flexidynamic Thailand Share.

As compared to the audited financial statements of Flexidynamic Thailand as at 31 December 2017, the total purchase consideration of USD92,449 or USD4.62 per Flexidynamic Thailand Share represents a premium of 58.0% based on the NA per share of Flexidynamic Thailand as at 31 December 2017 of USD2.934.

On 22 February 2019, the share capital of Flexidynamic Thailand increased by 20,000 Flexidynamic Thailand Shares or THB2,000,000 via the issuance of new Flexidynamic Thailand Shares to the existing shareholders of Flexidynamic in equal proportions.

The issuance of new Flexidynamic Thailand Shares was satisfied in cash. The current shareholdings of the shareholders are as follows:

Shareholders	No. of Flexidynamic Thailand Shares	%
Flexidynamic Engineering	19,600	49.0
Boonjing Boongrajang	20,000	50.0
Naphatson Santibun	400	1.0
	40,000	**100.0**

Additional information on Flexidynamic Thailand and changes in shareholdings in Flexidynamic Thailand is set out in Section 14.4.2.

6.2.2 Acquisition of Flexidynamic Engineering

In preparation for our Listing, we undertook the Acquisition of Flexidynamic Engineering. On 5 June 2020, we entered into a conditional share sale agreement with the Vendors to acquire the entire equity interest in Flexidynamic Engineering comprising 500,000 ordinary shares for a total purchase consideration of RM20,866,000. The total purchase consideration of RM20,866,000 for the Acquisition of Flexidynamic Engineering was arrived at after taking into consideration the audited NA of Flexidynamic Engineering as at 31 December 2019 of RM20,866,138.

The purchase consideration for the Acquisition of Flexidynamic Engineering was satisfied by the issuance of 208,660,000 new Shares to the Vendors at an issue price of RM0.10 each.

The details of the Vendors and the number of Shares issued to them pursuant to the Acquisition of Flexidynamic Engineering are as follows:

Vendors	No. of Flexidynamic Engineering shares acquired	% of share capital in Flexidynamic Engineering	Purchase consideration RM	No. of Shares issued
Tan Kong Leong	282,500	56.5	11,789,290	117,892,900
Liew Heng Wei	127,500	25.5	5,320,830	53,208,300
Sin Kuo Wei	20,000	4.0	834,640	8,346,400
Loh Wei Keat	20,000	4.0	834,640	8,346,400
Phitchaya Arsangku	15,000	3.0	625,980	6,259,800
Tan Lui Ken	10,000	2.0	417,320	4,173,200
Chong Chee Keong	10,000	2.0	417,320	4,173,200
Lim Khin Choong	10,000	2.0	417,320	4,173,200
Wong Fook Loong	5,000	1.0	208,660	2,086,600
	500,000	**100.0**	**20,866,000**	**208,660,000**

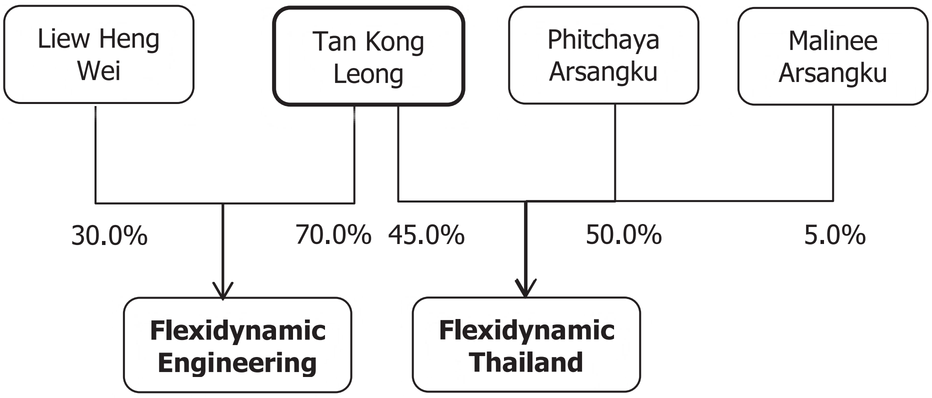
The Acquisition of Flexidynamic Engineering was completed on 9 December 2020. Thereafter, Flexidynamic Engineering became our wholly-owned subsidiary.

The new Shares issued pursuant to the Acquisition of Flexidynamic Engineering rank equally in all respects with our existing Shares.

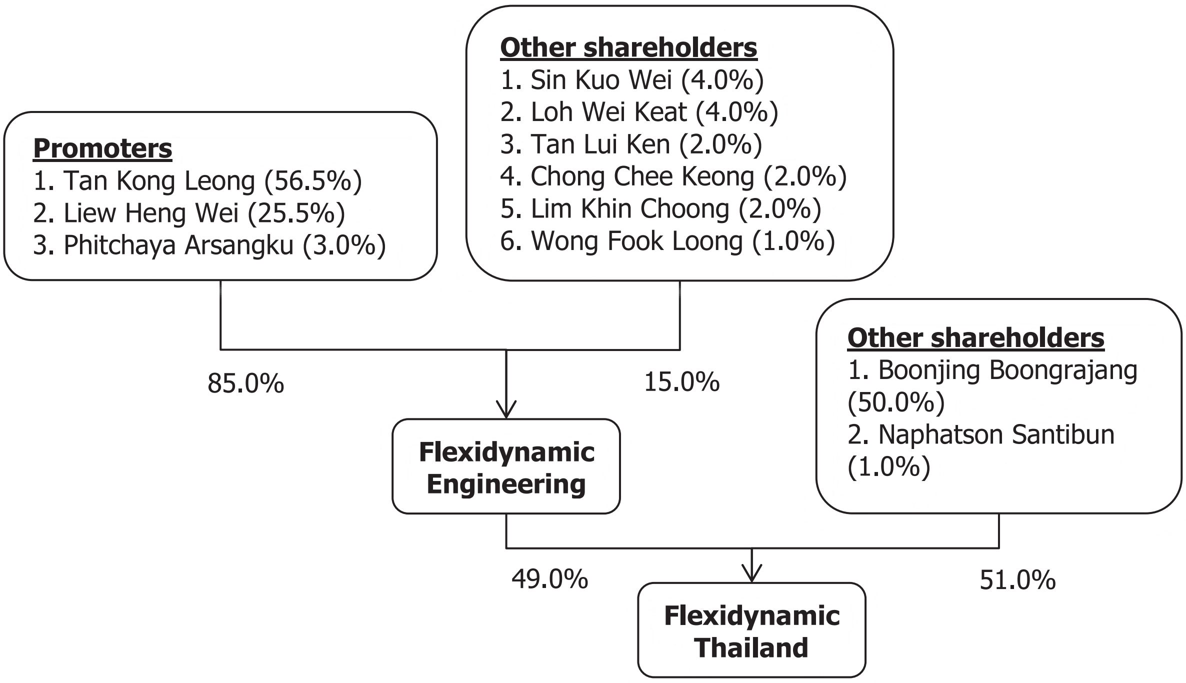
6.2.3 Our Group structure

Our Group structure resulting from the pre-IPO restructuring and the Listing is set out below:

(a) Before the pre-IPO restructuring

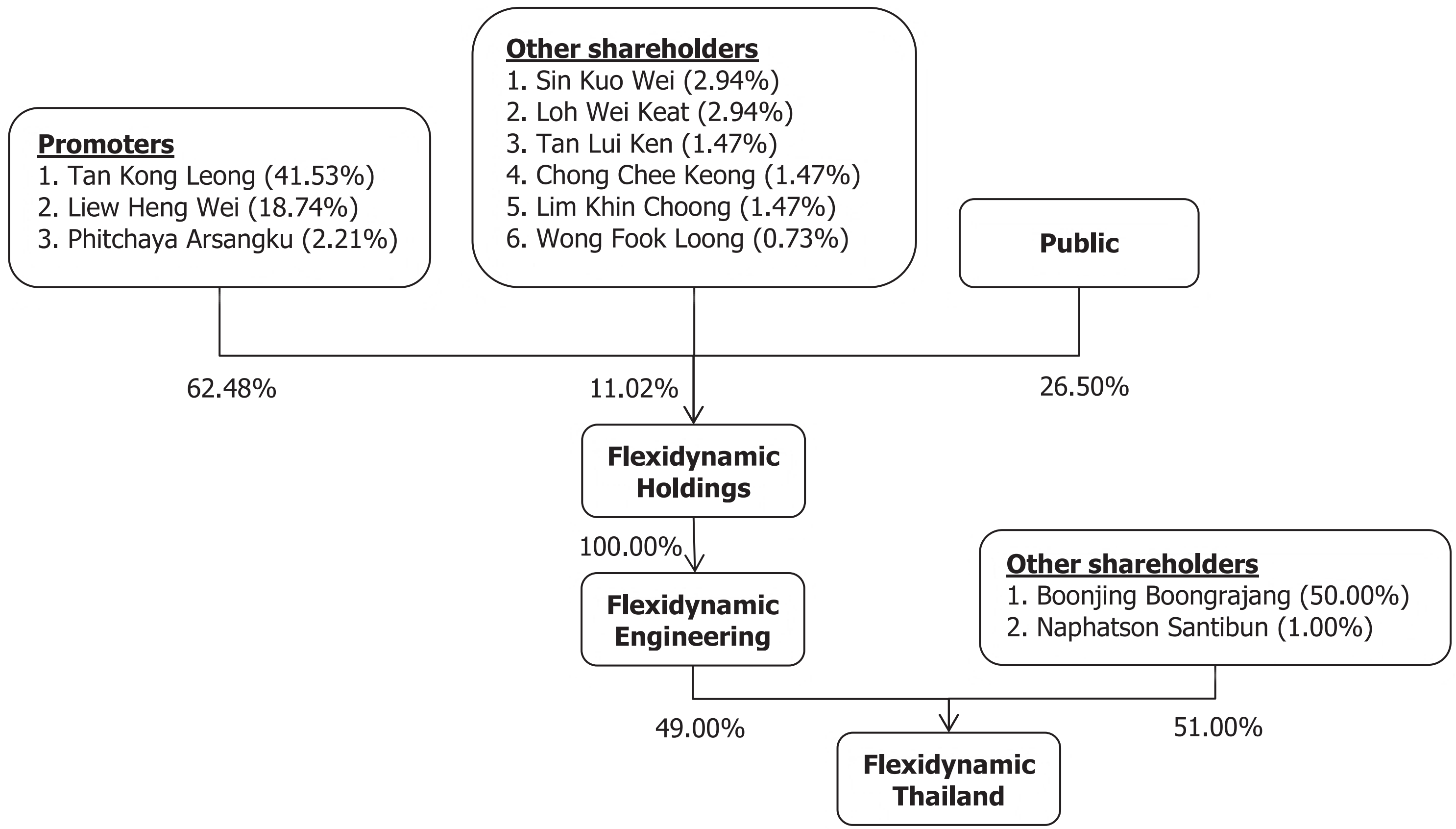


(b) After the pre-IPO restructuring



6. INFORMATION ON OUR GROUP *(Cont'd)*

(c) After the pre-IPO restructuring and Public Issue



6.3 SUBSIDIARIES

As at the LPD, we have 2 subsidiaries, Flexidynamic Engineering and Flexidynamic Thailand and we do not have any associated companies. Details of our subsidiaries are set out below:

Company	Registration No. / Company No.	Date / Place of incorporation	Principal place of business	Effective equity interest	Principal activities
				%	
Flexidynamic Engineering Sdn Bhd	201201038428 (1022906-K)	1 November 2012 / Malaysia	Malaysia	100.0	Design, engineering, installation and commissioning of glove chlorination systems, as well as design and installation of storage tanks and process tanks for the glove manufacturing industry
Flexidynamic Engineering Company Limited	0135558013141	10 July 2015 / Thailand	Thailand	49.0	Installation and maintenance of glove chlorination systems, storage tanks and process tanks for the glove manufacturing industry

6.4 MATERIAL INVESTMENTS AND DIVESTITURES

Save as disclosed below, there were no other material investment made by us for the past 3 FYEs 2017 to 2019, FPE 2020 and up to the LPD:

Description	FYE 2017	FYE 2018	FYE 2019	FPE 2020	From 1 October 2020 up to the LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment comprising:					
Building in progress [(1)]	-	-	3,443	2,607	741
Machinery and moulds	17	[(2)] 577	107	72	34
Furniture, fittings and office equipment	34	[(3)] 578	82	182	41
Motor vehicles	260	230	[(4)] 600	[(5)] 572	[(6)] 544
Renovation works	35	[(3)] 658	93	6	13
	346	**2,043**	**4,325**	**3,439**	**1,373**

6. INFORMATION ON OUR GROUP *(Cont'd)*

Notes:

(1) Purchase of 2 adjoining semi-detached factory units in Banting during FYE 2019 which was financed via a combination of internally generated funds and bank borrowings.

(2) Purchase of, among others, 2 units of cranes with 5-tonne capacity for RM0.38 million for our Banting Factory during FYE 2018 and purchase of moulds for RM0.06 million.

(3) During FYE 2018, we renovated our Banting Factory. Apart from the renovation cost of RM0.64 million, we incurred RM0.27 million for office equipment, RM0.18 million for computers and electrical fittings and RM0.13 million for furniture and fittings.

(4) During FYE 2019, we acquired 2 units of passenger cars and a pick-up truck for our Malaysia operations as well as 1 unit of passenger car for our Thailand operations.

(5) During FPE 2020, we acquired 2 units of passenger cars for our Malaysia operations and 1 unit of pick-up truck for our Thailand operations.

(6) From 1 October 2020 up to the LPD, we acquired 2 units of passenger cars for our Malaysia operations.

The above material investments were primarily financed by a combination of term loans, lease liabilities and internally generated funds.

Save as disclosed below, there were no other material capital divestitures and write-offs (including interest in other corporations) made by our Group for the past 3 FYEs 2017 to 2019, FPE 2020 and up to the LPD:

Description	FYE 2017 RM'000	FYE 2018 RM'000	FYE 2019 RM'000	FPE 2020 RM'000	From 1 October 2020 to to the LPD RM'000
Property, plant and equipment comprising:					
Furniture, fittings and office equipment	1	4	4	*	-
Machinery and moulds	-	51	34	-	4
Motor vehicles	53	72	294	-	-
Renovation works	-	(1) 570	-	-	-
	54	**697**	**332**	*****	**4**

Notes:

* Negligible.

(1) During FYE 2018, we relocated to our Banting Factory. As such, the renovation cost for our previously rented factory was written-off.

Kindly refer to Section 11.6.1 for details of our material capital commitments as at the LPD.

6.5 PUBLIC TAKE-OVERS

Since our incorporation 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.

As at LPD, we have not identified any other companies' shares for acquisition.

6.6 PRINCIPAL BUSINESS ACTIVITIES AND PRODUCTS

We are principally involved in the design, engineering, installation and commissioning of glove chlorination systems, as well as the design and installation of storage tanks and process tanks for the glove manufacturing industry. Our core business activities are as follows:

(a) Design, engineering, installation and commissioning of glove chlorination systems. This is complemented with our in-house manufacturing activities for centrifugal fans;

(b) Repair, refurbishment and maintenance of glove chlorination systems;

(c) Trading of replacement parts for glove chlorination systems;

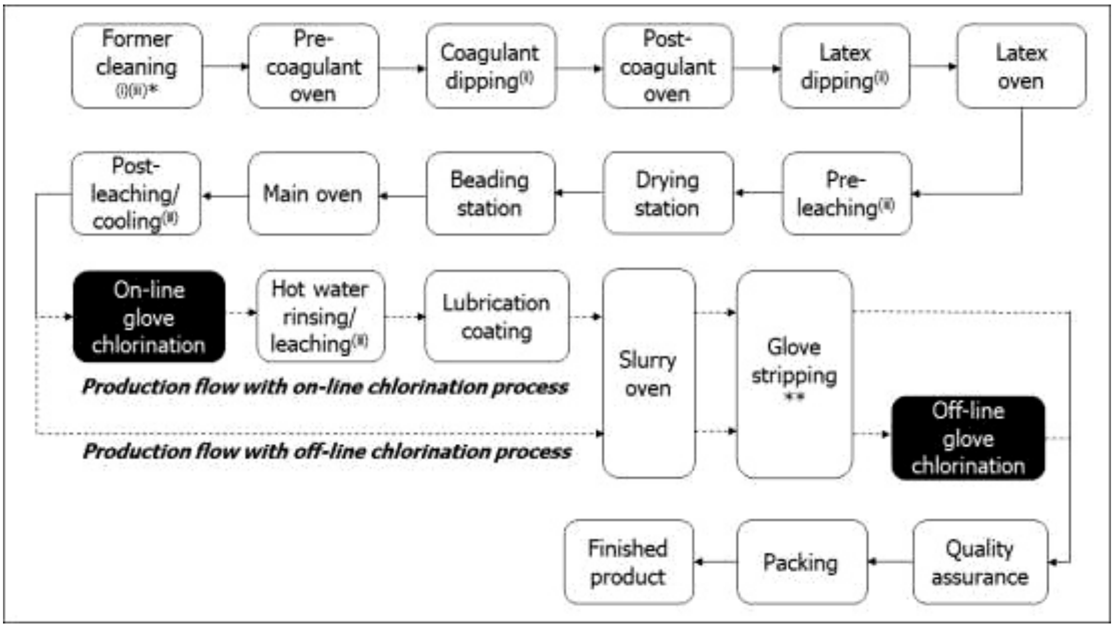
(d) Design and installation of storage tanks and process tanks; and

(e) Other products and services including FRP lining services and scrubber systems.

(a) Design, engineering, installation and commissioning of glove chlorination systems

Glove chlorination is a finishing step in the glove manufacturing process and it is a widely-adopted method to produce powder-free natural rubber gloves and synthetic rubber gloves. Chlorination involves the washing of rubber gloves in a diluted chlorine solution. Chlorination is done to harden the surface of the rubber gloves which then reduces the friction of the inner surface of the rubber gloves, thus eases the donning of rubber gloves without the need of using powder. Rubber gloves may undergo double chlorination in order to receive treatment on both the inner and outer surfaces. For the manufacturing of natural rubber gloves, chlorination breaks down and reduces the level of extractable latex proteins which may cause latex allergic reactions to the wearer.

The diagram below depicts the application of glove chlorination systems in a glove-dipping line, also known as glove manufacturing line:



Notes:

- * Denotes the start of the glove-dipping line.
- ** Denotes the end of the glove-dipping line.
- ▬ Denotes our involvement in the design, engineering, installation and commissioning of on-line and off-line glove chlorination systems.
- (i) Our scrubber system is also incorporated at this stage to draw out acidic fumes from the cleaning area of glove formers.
- (ii) Our storage tanks are also used at this stage to store latex, and to mix materials/chemical needed for the glove manufacturing process.
- (iii) Our process tanks are used at this stage in the glove-dipping process.

An on-line glove chlorination system forms part of a glove-dipping line and is installed towards the end of a glove-dipping line. As such, gloves undergo chlorination process while still being attached on the glove formers of a glove-dipping line before being stripped off upon completing the glove-dipping process. On the other hand, an off-line glove chlorination system is a standalone glove chlorination system that is not installed onto a glove-dipping line. As such, gloves have to be removed from the formers on the glove-dipping line, and transferred manually to the off-line glove chlorination system to undergo chlorination process.

We are primarily involved in the design and engineering of customised on-line glove chlorination systems for our customers, as well as the installation and commissioning of the systems at our customers' project sites. We outsource the manufacturing works for our on-line glove chlorination systems to our subcontractors, except for the manufacturing of centrifugal fans which we retain in-house. Our on-line glove chlorination system comprises chlorine circulation system, neutraliser supply system, scrubber system, and process tanks as well as chlorination gas system that are installed as part of glove-dipping lines to perform the glove chlorination process.

Our on-line glove chlorination systems are developed in-house with the capability and expertise of our engineering team. While each glove chlorination system performs similar functions, every system is customised according to customers' requirements such as individual system layout, operational capacity and operational speed, to meet their production needs.

Our design and engineering expertise include studying and understanding our customers' requirements, followed by designing and proposing suitable glove chlorination solutions to customers with detailed engineering drawings and technical descriptions. As part of our design and engineering expertise, we also design and/or manufacture moulds for parts and components of the on-line glove chlorination systems according to our customers' requirements. The moulds that we design and manufacture in-house comprise moulds for process tanks. These moulds will then be forwarded to our subcontractors together with the raw materials needed, for the manufacturing of these parts and components. Once our subcontractors have completed the manufacturing of the respective parts and components, we will proceed with the installation of the respective parts and components at our customer's site to form the on-line glove chlorination system, and commission the system prior to handover to our customers.

In addition, we retain the in-house manufacturing of centrifugal fans, which is a critical part of our on-line glove chlorination system as it ensures that harmful chlorine fumes are drawn into the scrubber tower to undergo the treatment process before being released into the environment.

We are also involved in the design, engineering, manufacturing, installation and commissioning of off-line glove chlorination systems.

Our customers for on-line and off-line glove chlorination systems comprise glove manufacturers and glove-dipping line manufacturers.

(b) Repair, refurbishment and maintenance of glove chlorination systems

We provide repair, refurbishment and maintenance services for our customers' glove chlorination systems. We do not enter into any agreement with customers for scheduled repair, refurbishment and maintenance services after the delivery of the online chlorination systems. Our services are provided as and when required by our customers. These services comprise the provision of fault rectification, efficiency improvement and upkeeping of our customers' existing glove chlorination systems. We bill our customers directly for such services provided, save for the fault rectification services undertaken during the warranty period.

Upon request from customers, we will send our engineers and/or production workers to our customer's site to carry out repair, refurbishment and/or maintenance services on their systems. We may also replace parts and components, as well as monitoring and control instruments of the systems if they are damaged, faulty and/or worn out.

(c) Trading of replacement parts for glove chlorination systems

We are involved in the trading of replacement parts, including raw materials and monitoring and control instruments for the glove chlorination systems. We sell replacement parts for glove chlorination systems on a standalone basis to our customers, whereby these sales are not part of our repair, refurbishment and maintenance services without the involvement of our engineers and/or production workers to customer's site.

Examples of the replacement parts that we trade which are purchased from third party suppliers, are PVC packing media, plastic resins, FRP materials, FRP grating, pressure transmitter and gauge, and control valves.

(d) Design and installation of storage tanks and process tanks

We are involved in the design and installation of customised storage tanks and process tanks used in the glove manufacturing process. Our storage tanks are made from FRP materials or steel (lined with FRP materials), while process tanks are solely made from FRP materials to enhance its durability. As the storage tanks and process tanks are mainly used to store chemicals, FRP materials are ideal to be used as the manufacturing material due to its resistance to chemical corrosion.

Storage tanks are used to store liquid substances or chemicals such as latex, chlorine solution, neutraliser (i.e. potassium hydroxide) and other acid and alkaline solutions, used in the manufacturing of gloves. Process tanks, also known as dipping tanks, are used to contain liquid substances or chemicals such as latex, acid and alkaline solutions, diluted chlorine solution, water and neutraliser, for the glove manufacturing process to take place. During the glove manufacturing process, glove formers on the glove-dipping line will be dipped into these process tanks containing liquid substances or chemicals to form gloves.

While the manufacturing of storage tanks and process tanks are outsourced to our subcontractors, we are involved in the design of the moulds used to produce the storage tanks and process tanks. This is to ensure that the customised storage and process tanks are manufactured according to our customers' requirements. For the manufacturing of storage tanks and process tanks using FRP materials, we supply the required raw materials to our subcontractors. For FRP-lined mild steel storage tanks, our subcontractors will source for the steel materials such as steel sheets for the manufacturing works while we will supply the FRP materials. We also source for steel materials (mild steel) including hollow sections, angle bars and steel profiles as structural support for our storage tanks and process tanks during manufacturing and installation stage. Our customers for storage tanks and process tanks mainly comprise glove manufacturers and glove-dipping line manufacturers.

(e) Other products and services including FRP lining services and scrubber systems

Our Group provides FRP lining services for trenches, pits and floors to increase the chemical resistance level of these surfaces by preventing corrosion caused by chemicals. This also provides a waterproof layer to prevent chemicals from seeping into the ground.

Further, we also design and install scrubber system on a standalone basis to draw out acidic fumes from the cleaning area of glove formers to prevent acidic fumes from leaking into the environment. This scrubber system is similar to the scrubber system for our on-line glove chlorination system and we manufacture the centrifugal fan used in the scrubber system, while the manufacturing of other parts such as scrubber tower, chimney and ducting are outsourced to our subcontractors.

The FRP lining services are provided to our customers directly by us or through our subcontractors while the installation of scrubber systems is provided to our customers directly by us. Our customers for FRP lining services and scrubber systems mainly comprise glove manufacturers, glove-dipping line manufacturers and water treatment plant operators.

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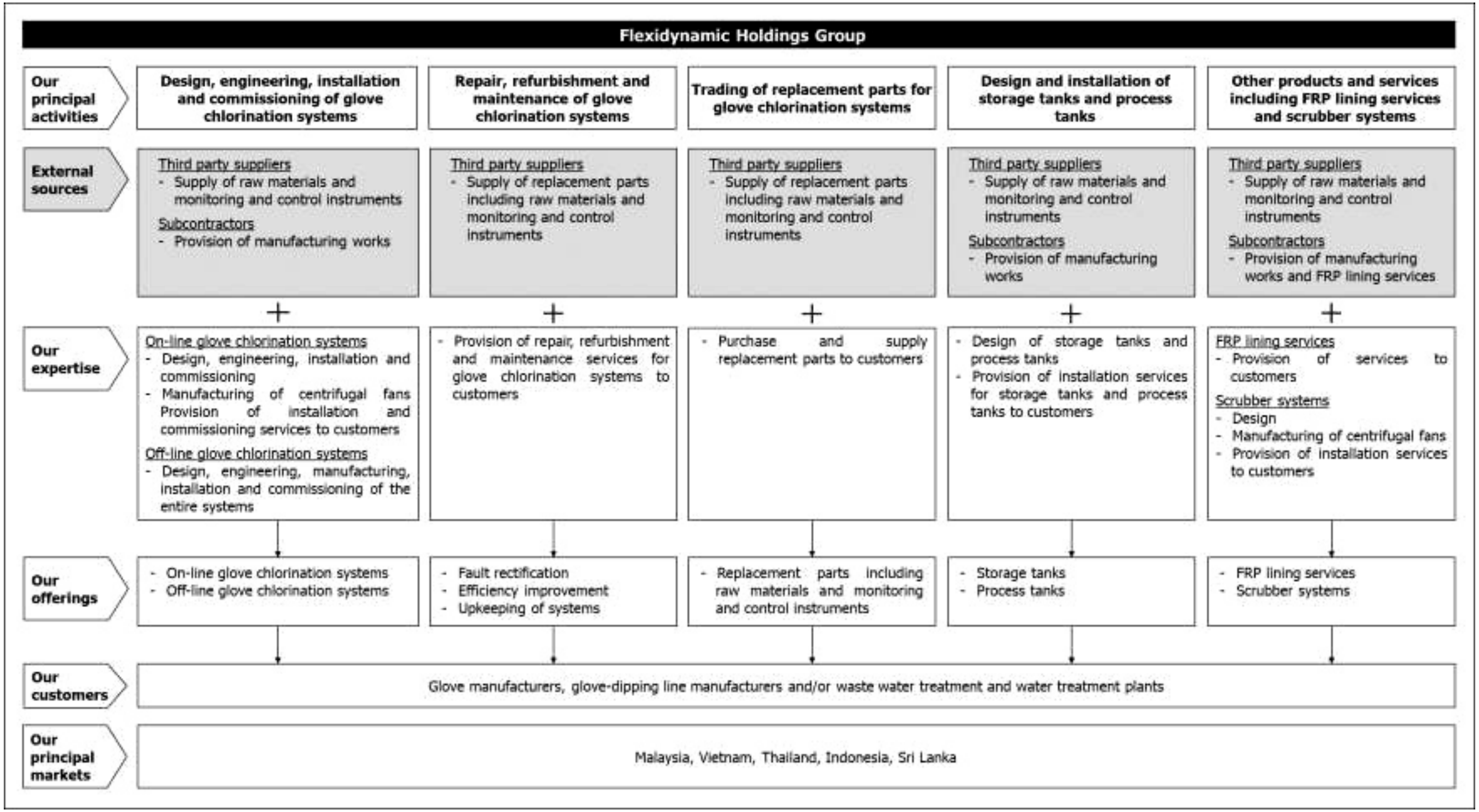
6. INFORMATION ON OUR GROUP *(Cont'd)*

6.6.1 Business model

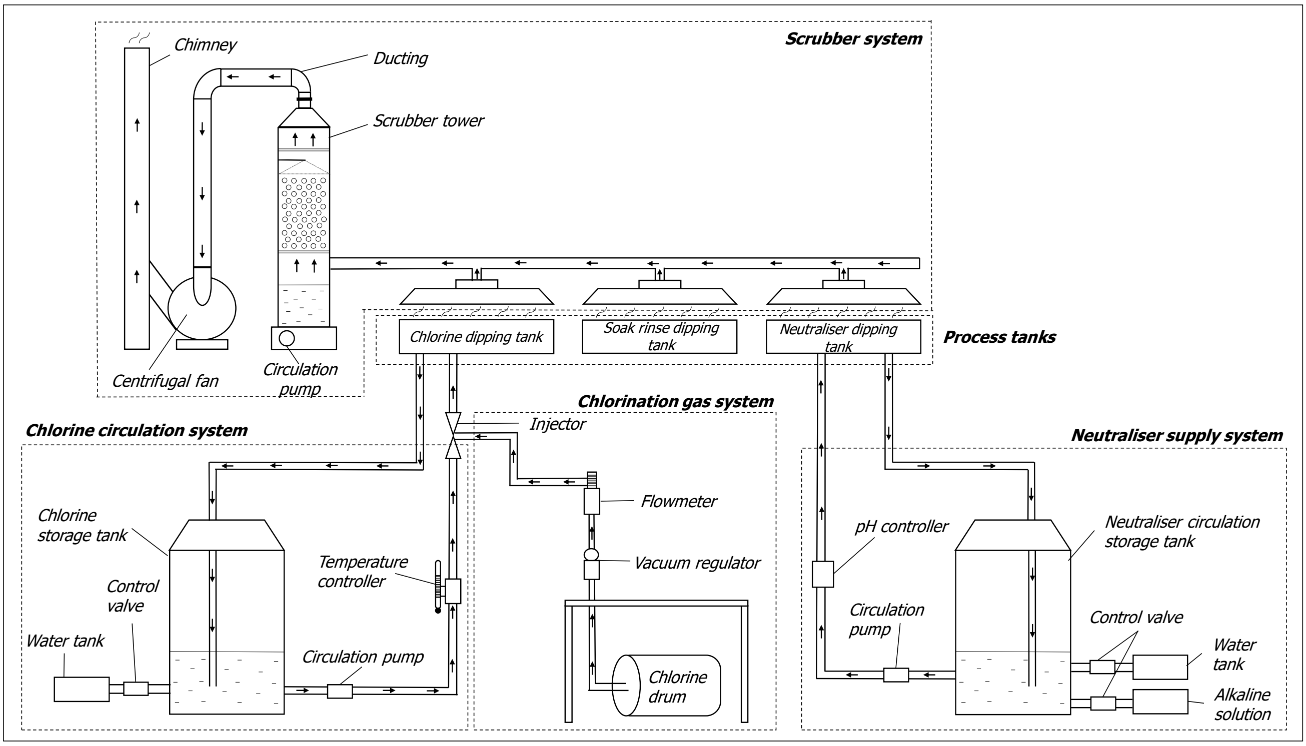
Our Group's business model is illustrated as below:



Flexidynamic Engineering is involved in the design, engineering (including the manufacturing of off-line chlorination system and centrifugal fans), and sourcing of parts and components for our local and overseas glove chlorination projects. Flexidynamic Engineering is also involved in the installation and commissioning of glove chlorination systems for all local projects, while Flexidynamic Thailand is involved in the installation and commissioning of glove chlorination systems for all overseas projects including projects in Vietnam, Thailand, Indonesia and Sri Lanka. Similar arrangements are applied to the installation of our other products comprising storage tanks, process tanks and scrubber systems as well as the provision of repair, refurbishment and maintenance services and FRP lining services.

6.6.2 Our products and services

A typical on-line glove chlorination system comprises the following components:



An on-line glove chlorination system comprises a combination of various components to form the entire system. While our service typically consists of the sale of an entire on-line glove chlorination system, we also sell certain components on a standalone basis to our customers. The details of the various components of our on-line glove chlorination system are as follows:

Components	Descriptions
Process tanks	All our process tanks are manufactured using FRP materials and in general, there are 3 types of process tanks that are used in our on-line glove chlorination systems: (i) Chlorine dipping tank A chlorine dipping tank is used to contain diluted chlorine solution where gloves will be dipped into the diluted chlorine solution to be coated with a layer of chlorine.

Components	Descriptions
	(ii) Soak rinse dipping tank A soak rinse dipping tank is used to contain water to rinse off chlorine residue from gloves that have been dipped into the diluted chlorine solution. (iii) Neutraliser dipping tank A neutraliser dipping tank is used to contain alkaline solution such as potassium hydroxide to neutralise the remaining chlorine residue on the surface of the gloves that was not removed in the soak rinse dipping tank. We also sell process tanks on a standalone basis, mainly to glove manufacturers and glove-dipping line manufacturers, for use in other processes within the glove manufacturing process such as to contain acid or alkaline solutions to clean the glove formers prior to the commencement of a new production cycle, or to contain hot water for leaching process. These process tanks are manufactured by our subcontractors while we provide them with the moulds and raw materials needed for the manufacturing works.
Chlorine circulation system	A chlorine circulation system stores and circulates chlorine solution from and into the chlorine dipping tank through a circulation pump, and it mainly comprises: (i) Chlorine storage tank A chlorine storage tank is used to store chlorine solution and it is manufactured using FRP materials. Our chlorine storage tanks are manufactured by subcontractors while we provide them with the moulds and raw materials needed for the manufacturing works. (ii) Control valve A control valve is used to control the inflow of water into the chlorine storage tank. This is to replace the lost of water resulted from evaporation or water droplets being carried along with glove formers during dipping process. The control valves are sourced from third party suppliers. (iii) Circulation pump A circulation pump is used to supply diluted chlorine solution into the chlorine dipping tank from the chlorine storage tank. The circulation pumps are sourced from third party suppliers.

Components	Descriptions
	(iv) Temperature controller A temperature controller is used in chlorine storage tank to control the temperature of the diluted chlorine solution in order to ensure that optimum temperature is achieved and maintained during the chlorination process. The temperature controllers are sourced from third party suppliers.
Chlorination gas system	A chlorination gas system stores and injects chlorine gas into the chlorine dipping tank through vacuum regulator, flowmeter and injector, and it mainly comprises: (i) Chlorine drum A chlorine drum is used to contain pressurised chlorine gas to produce diluted chlorine solution for gloves dipping in the chlorine dipping tank. (ii) Vacuum regulator A vacuum regulator is used to regulate the pressure of the chlorine gas to prevent pressurisation to ensure the safety of the system. (iii) Flowmeter A flowmeter is used to control the amount of chlorine gas to be injected into the chlorine dipping tank. (iv) Injector A injector is used to inject chlorine gas from the chlorine drum into the diluted chlorine solution in the dipping tank. The chlorination gas system is sourced from third party suppliers, who are chlorine gas specialists, while the design and integration of the chlorination gas system into our on-line chlorination system are performed in-house by our Group.
Neutraliser supply system	A neutraliser supply system stores and injects alkaline solution such as potassium hydroxide into the neutraliser dipping tank through circulation pump, and it mainly comprises: (i) Neutraliser circulation storage tank A neutraliser circulation storage tank is used to store alkaline solution and it is manufactured using FRP materials. Our neutraliser circulation storage tanks are manufactured by subcontractors while we provide them with the moulds and raw materials needed for the manufacturing works.

Components	Descriptions
	(ii) Control valve Control valves are used to control the inflow of alkaline solution and water into the neutraliser circulation storage tanks. This is to replace the lost of water resulted from evaporation or water droplets being carried along with glove formers during dipping process. The control valves are sourced from third party suppliers. (iii) Circulation pump A circulation pump is used to supply alkaline solution into the neutraliser dipping tank from the neutraliser circulation storage tank. The circulation pumps are sourced from third party suppliers. (iv) pH controller A pH controller is used to measure the pH value of the alkaline solution. It provides instructions to the control valves to release alkaline solution and water into the neutraliser circulation storage tank to ensure optimum pH value is achieved and maintained during the chlorination process. The pH controllers are sourced from third party suppliers.
Scrubber system	A scrubber system is used to filter and neutralise chlorine content from the fumes produced from the chlorination process prior to discharging it to the environment, and it mainly comprises: (i) Scrubber tower A cylindrical tower where chlorine fumes are channelled in and the scrubbing of chlorine fumes are carried out. The treated air which is free of chlorine is then discharged to the environment. Our scrubber towers are manufactured using FRP materials by subcontractors while we provide them with the moulds and raw materials needed for the manufacturing works. (ii) Centrifugal fan A centrifugal fan is used to draw chlorine fumes produced from the chlorination process into the scrubber tower. Our centrifugal fans are designed and manufactured in-house using FRP materials. (iii) Chimney A chimney is used to channel and release treated air from the scrubber tower to the environment at elevated height. Our chimneys are manufactured using FRP materials by subcontractors while we provide them with the moulds and raw materials needed for the manufacturing works.

Components	Descriptions
	(iv) Circulation pump A circulation pump is used to circulate neutralising solution through the scrubber tower via spray nozzles. The neutralising solution will react with chlorine fumes in the scrubber tower and neutralises the fumes prior to being discharged into the environment. The circulation pumps are sourced from third party suppliers. (v) Ducting Ducting is used to channel chlorine fumes produced from the chlorination process from the process tanks to the scrubber tower. These ductings are manufactured using FRP materials by subcontractors while we provide them with the moulds and raw materials needed for the manufacturing works. We also sell scrubber system on a standalone basis, mainly to glove manufacturers and glove-dipping line manufacturers. It is used to facilitate the removal of acidic fumes from the cleaning area of glove formers to prevent acidic fumes from leaking into the environment.
Control panel system	Control panel system is used to monitor and control the operation of the entire on-line glove chlorination process. The control panel systems are sourced from third party suppliers.

Further, we also sell off-line glove chlorination systems; storage tanks and process tanks that are used for other purposes on a standalone basis; and provide FRP lining services to customers, with details as follows:

Others	Descriptions
Off-line glove chlorination systems 	Our off-line glove chlorination systems are standalone glove chlorination systems that are not installed onto glove-dipping lines. As such, gloves have to be removed from the formers on the glove-dipping lines and transferred manually to the off-line glove chlorination systems to undergo chlorination process. Our off-line glove chlorination systems are used to perform glove chlorination process on batches of manufactured gloves that have been set aside for quality control testing; or for the manufacturing of surgical gloves as the inner and outer layers of surgical gloves have to undergo the chlorination process. On-line glove chlorination systems are used to provide chlorination on the inner layers of gloves. Our off-line glove chlorination systems are sold to glove manufacturers and glove-dipping line manufacturers. They are designed and manufactured in-house.

Others	**Descriptions**
Storage tanks 	Besides being an essential component of the glove chlorination systems (e.g. chlorine storage tanks and neutraliser circulation storage tanks), the storage tanks that we design and sell on a standalone basis can also be used to store raw materials or chemicals used in the glove manufacturing processes, such as latex and other acid and alkaline solutions. Further, the storage tanks can also be used as mixing tanks to mix the materials or chemicals needed for the glove manufacturing process. Our storage tanks are manufactured using FRP materials or FRP-lined mild steel materials to prevent chemical corrosion. Our storage tanks are mainly sold to glove manufacturers, but can be used in the general industry as well. They are manufactured by our subcontractors, while we provide them with the moulds and raw materials needed, except for mild steel, for the manufacturing works.
Process tanks 	These process tanks are similar to those that are used in our on-line glove chlorination systems. We design and sell these process tanks to our customers on a standalone basis for the usage in other processes in a glove manufacturing process such as to contain acid or alkaline solutions to clean the glove formers prior to the commencement of a new production cycle, or to contain hot water for leaching process. Our process tanks are manufactured using FRP materials and are mainly sold to glove manufacturers and glove-dipping line manufacturers. They are manufactured by our subcontractors, while we provide them with the moulds and raw materials needed for the manufacturing works.
FRP lining services	FRP materials are coated on trenches, pits and floors of glove manufacturing plants and machinery, as well as in water treatment plants, to increase chemical resistance levels and prevent corrosion and damage caused by chemicals. FRP lining services are mainly provided to glove manufacturers and water treatment plant operators through our subcontractors, while we provide them with the raw materials needed.

6.6.3 Warranty

We provide our customers with a warranty period of 1 to 3 years for manufacturing and installation defects of our glove chlorination systems, storage tanks, process tanks and scrubber systems as well as defects from our FRP lining services. During the warranty period, we will rectify and/or replace any faulty or damaged parts at our cost.

We also provide our customers with a warranty period of 1 year for monitoring and control instruments sourced from third party suppliers on a back-to-back agreement with our suppliers, whereby any defective monitoring and control instruments will be sent back to our third party suppliers for rectification and/or replacement. Further, consumables and wear and tear parts are covered with a warranty period of 3 months on a back-to-back agreement with third party suppliers.

For the past 3 FYEs, FPE 2020 and up to the LPD, we have not incurred any warranty claim from our customers.

6.6.4 Geographic and activity segmentation

The breakdown of our Group's revenue segmentation by principal activities is as follow:

	Audited					
	FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%
Glove chlorination systems	19,150	64.04	34,708	71.83	31,310	62.82
Repair, refurbishment and maintenance	3,691	12.34	3,728	7.71	1,978	3.97
Trading of replacement parts	3,245	10.85	3,300	6.83	2,658	5.33
Storage and process tanks	1,962	6.56	3,981	8.24	9,967	20.00
Other products and services*	1,854	6.21	2,605	5.39	3,926	7.88
	29,902	**100.00**	**48,322**	**100.00**	**49,839**	**100.00**

	Unaudited		Audited	
	FPE 2019		FPE 2020	
	RM'000	%	RM'000	%
Glove chlorination systems	23,135	65.93	20,378	58.21
Repair, refurbishment and maintenance	1,605	4.57	1,547	4.42
Trading of replacement parts	2,150	6.13	2,431	6.94
Storage and process tanks	5,556	15.83	7,438	21.25
Other products and services*	2,647	7.54	3,213	9.18
	35,093	**100.00**	**35,007**	**100.00**

Note:

* Other products and services including FRP lining services and scrubber systems.

For the past 3 FYEs 2017 to 2019 and FPE 2020, the sale of glove chlorination systems was the largest revenue contributor to our Group as it contributed 64.04%, 71.83%, 62.82% and 58.21% to our total Group revenue respectively.

The breakdown of our Group's revenue segmentation by principal markets is as follows:

	Audited					
	FYE 2017		FYE 2018		FYE 2019	
Countries	RM'000	%	RM'000	%	RM'000	%
Local						
Malaysia	24,464	81.81	37,721	78.06	33,982	68.18
Overseas						
Vietnam	2,602	8.70	8,798	18.21	10,344	20.75
Thailand	2,704	9.04	1,695	3.51	5,371	10.78
Indonesia	130	0.43	58	0.12	93	0.19
Sri Lanka	2	0.02	50	0.10	49	0.10
	5,438	18.19	10,601	21.94	15,857	31.82
	29,902	**100.00**	**48,322**	**100.00**	**49,839**	**100.00**

	Unaudited		Audited	
	FPE 2019		FPE 2020	
Countries	**RM'000**	**%**	**RM'000**	**%**
Local				
Malaysia	21,954	62.56	30,203	86.28
Overseas				
Vietnam	8,389	23.91	1,535	4.38
Thailand	4,643	13.23	3,060	8.74
Indonesia	67	0.19	23	0.07
Sri Lanka	40	0.11	186	0.53
	13,139	37.44	4,804	13.72
	35,093	**100.00**	**35,007**	**100.00**

For the past 3 FYEs 2017 to 2019 and FPE 2020, our revenue was mainly derived from Malaysia. However, the percentage contribution in revenue from Malaysia has been decreasing over the past 3 FYEs, due to the increase in our overseas revenue which accounts for 18.19%, 21.94% and 31.82% to our revenue for the past 3 FYEs 2017 to 2019, respectively. In our effort to diversify our geographical revenue source, we increased our marketing efforts, primarily through direct approach, to secure overseas customers. Resulting from this effort, we secured and recorded an increase in sales to customers from Vietnam, namely Ever Global (Vietnam) Enterprise Corporation and Thailand, namely Sri Trang Group for the past 3 FYEs.

In the FPE 2020, we recorded a higher percentage contribution in revenue from Malaysia at 86.28% of our revenue as compared to 62.56% in FPE 2019. This was due to the completion of the majority of overseas projects during FYE 2019. In addition, there was an increase in rubber glove manufacturing activities in Malaysia arising from the Covid-19 pandemic and as such, glove manufacturers expanded their glove production capacity. Hence, this led to an increase in demand for glove-dipping lines and consequently, the demand for our products and services from customers in Malaysia. Nevertheless, we secured new projects from customers in Thailand and Vietnam amounting to RM41.09 million during FPE 2020, also arising from the expansion of glove production capacity in these countries. Most of the revenue from these new projects shall be recognised after FPE 2020 and therefore, the percentage contribution from overseas revenue in the FPE 2020 was lower at 13.72%. Of the RM41.09 million worth of projects secured from customers in Thailand and Vietnam during the FPE 2020, RM2.30 million was recognised in the FPE 2020; RM8.67 million was recognised between October 2020 and December 2020; and RM27.87 million and RM2.25 million are expected to be recognised in the financial years ending 2021 and 2022 respectively.

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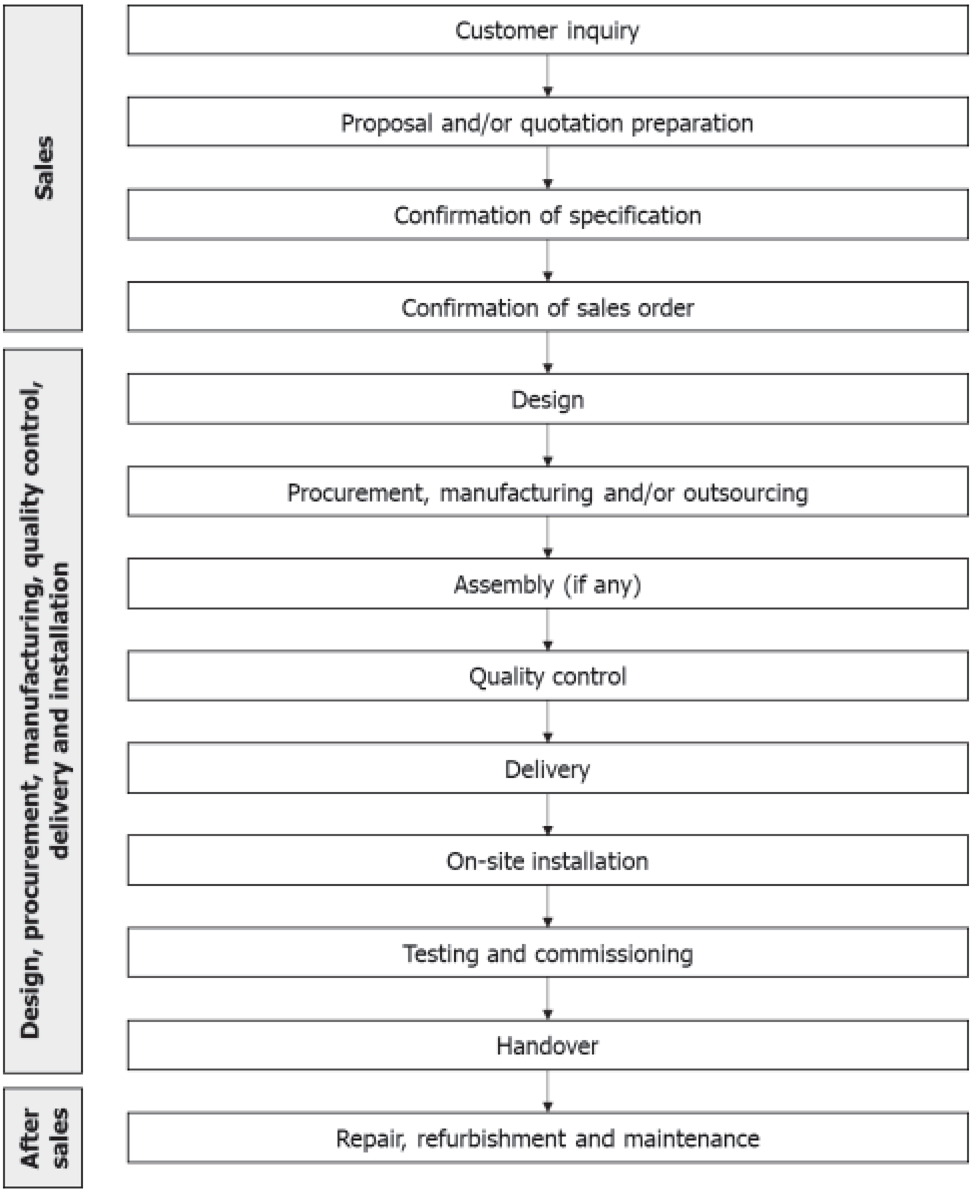
6.7 DESCRIPTION OF OUR BUSINESS

6.7.1 Our business processes

The process flow for our Group's business is depicted below:



(a) Sales

Upon receipt of inquiry on our products and services from existing or potential customers, we will prepare a proposal and/or quotation comprising the product and service specifications and price for our customers' considerations. For the sale of glove chlorination systems, storage tanks, process tanks, and scrubber systems, we will confirm the product specifications with our potential customers prior to the confirmation of sales order with them.

Upon the confirmation of sales order, our customers will issue purchase orders to us and we generally collect project deposits of between 15% – 30% of our order value from our customers. The lead time for our sales orders (from confirmation of sales orders to handover to our customers) typically ranges from 3 months to 12 months. Nevertheless, there are circumstances where our customers place orders with us while their manufacturing plants are yet to be completed or are under construction. In such cases, the installation, commissioning and handover of our systems can only be carried out after their manufacturing plants are completed, and our lead time will exceed 12 months.

(b) Design, procurement, manufacturing, quality control, delivery and installation

Upon the confirmation of sales order, we will proceed with the design, procurement, manufacturing, quality control, delivery and installation of our products, where applicable.

(i) Glove chlorination systems

For an on-line glove chlorination system, our engineers will design the on-line glove chlorination system according to our customer's requirements, in terms of, amongst others, system layouts, operational capacities and operational speed. On-site assessment will be carried out at our customer's project site to enhance the customisation of the on-line glove chlorination system onto the customer's glove-dipping line.

Upon completing the design and receiving approval from our customers, we will procure the raw materials and monitoring and control instruments from third party suppliers. As part of our design and engineering expertise, we will design and/or manufacture the required moulds for the parts and components of the on-line glove chlorination system, which will then be provided to our subcontractors together with the raw materials needed for the manufacturing works. Further, we will manufacture the centrifugal fans in-house, according to the specifications of the on-line glove chlorination system.

Once all the parts and components, and monitoring and control instruments, are ready, we will assemble them to form various sections of the on-line glove chlorination system. The assembly of the various sections of the on-line glove chlorination system will be fully performed in-house, for both local and overseas projects. Subsequently, we will carry out factory acceptance tests on these sections to ensure that they conform to the specifications required by our customers. Upon completing the test, we will deliver the pre-formed sections, and monitoring and control instruments, to our customers' project site for installation and integration to form the on-line glove chlorination system.

Upon completing the installation process, we will begin testing and commissioning the on-line glove chlorination system. Our engineers will carry out installation qualification tests on each section, including the chlorine circulation system, neutraliser supply system, scrubber system and chlorination gas system, to ensure that all systems are fully functional and are in accordance with the specifications and requirements of our customers. This process will be performed in the presence of our customers for acceptance and confirmation purposes.

Upon successful installation and commissioning, the on-line glove chlorination system will then be handed over to our customer, along with the list of replacement parts and instructions manual. We will also issue a handover letter to our customer, upon request. We will perform the installation and commissioning works in-house for all our local and overseas on-line glove chlorination system projects.

For an off-line glove chlorination system, we will manufacture and assemble the machinery at our premises and deliver it to our customer's project site, followed by on-site installation and commissioning of the system.

(ii) Storage tanks, process tanks and scrubber systems

Our engineers will design the storage tanks, process tanks and scrubber systems according to our customers' requirements, in terms of, amongst others, sizes, thickness and materials used. Thereafter, we will procure the raw materials from third party suppliers. As part of our design and engineering expertise, we will design and/or manufacture the required moulds for our storage tanks, process tanks and scrubber systems, which will then be forwarded to our subcontractors together with the raw materials needed for the manufacturing works. For FRP-lined mild steel storage tanks, our subcontractors will source for the steel materials themselves for the manufacturing works while we will provide them with the FRP materials.

Once the manufacturing works have been completed by our subcontractors, we will perform quality checks to ensure that our storage tanks, process tanks and scrubber systems conform to our customers' requirements. The storage tanks, process tanks and/or scrubber systems will then be delivered to customers' project site and we will install them upon request by our customers.

(c) After-sales (repair, refurbishment and maintenance)

Upon the confirmation of sales order for our repair, refurbishment and maintenance services, we will request for the required parts from our inventory team; or procure from third party suppliers if they are not available in our inventory. Thereafter, we will deliver the replacement parts to our customer's factory and our engineers and/or production workers will carry out the repair, refurbishment, and/or maintenance work on our customer's glove chlorination system.

(d) Trading of replacement parts

For the sale of replacement parts, we will check for the availability of the required replacement parts in our inventory. If the replacement parts are available, the replacement parts will be packed and sent for delivery to our customers. If the required replacement parts are not available, our procurement team will source from third party suppliers and subsequently deliver the replacement parts to our customers.

6.7.2 Operating capacities and output

Our Group outsources the manufacturing of on-line glove chlorination systems, storage tanks, process tanks and scrubber systems to our subcontractors. Nevertheless, we retain the in-house manufacturing of centrifugal fans, which is a critical part of our on-line glove chlorination systems and scrubber systems; as well as the in-house manufacturing of off-line glove chlorination systems.

Centrifugal fans are selected for the calculation of our operating capacities and utilisation rate as centrifugal fans are the primary product that we manufacture in-house. Our Group manufactures off-line glove chlorination systems as and when requested and hence, the calculation of operating capacities and utilisation rate is not applicable for our off-line glove chlorination systems.

Our annual capacity, actual production and utilisation rates for the FYE 2017, FYE 2018, FYE 2019 and FPE 2020, based on centrifugal fans are as follows:

	Annual capacity (1) (unit)	**Actual production (unit)**	**Utilisation rate (2)**
FYE 2017	18 (3)	15	83.33%
FYE 2018	12 (4) 17.5 (5)	11 (4) 13 (5)	81.36% (6)
FYE 2019	30 (7)	27.5 (8)	91.67%
FPE 2020	22.5 (9)	21	93.33%

Notes:

(1) The annual capacity of our in-house manufacturing activities is calculated based on the number of centrifugal fans that can be manufactured in a year based on the size of the production space that has been allocated in our factory. The allocated production space for the manufacturing of centrifugal fans excludes designated space for office, machines, mould fabrication and storage, research and development ("R&D") and walkways. The estimated production area required to manufacture 1 centrifugal fan is 1,000 sq ft and the average time required to manufacture 1 centrifugal fan is 1 month.

(2) Computed by dividing the actual production against the annual capacity.

(3) In the FYE 2017, we operated from our rented factory in Banting and a production space of 1,500 sq ft was allocated for the manufacturing of centrifugal fans. With 1,500 sq ft of production space available, our monthly capacity was 1.5 centrifugal fans and our annual capacity was 18 centrifugal fans for the FYE 2017.

(4) In the FYE 2018, we operated from our rented factory in Banting for a period of 8 months from January 2018 to August 2018, and a production space of 1,500 sq ft was allocated for the manufacturing of centrifugal fans. With 1,500 sq ft of production space available, our monthly capacity was 1.5 centrifugal fans and our capacity for the period of 8 months from January 2018 to August 2018 was 12 centrifugal fans.

(5) In the FYE 2018, we moved our operations to our Banting Factory and we began our operations at our Banting Factory in June 2018. A production space of 2,500 sq ft was allocated for the manufacturing of centrifugal fans. With 2,500 sq ft of production space available, our monthly capacity was 2.5 centrifugal fans and our capacity for the period of 7 months from June 2018 to December 2018 was 17.5 centrifugal fans. For the period between June 2018 and August 2018, we operated simultaneously in both factories before we ceased our operations in our rented factory by end of August 2018.

(6) Computed by taking an average of the utilisation rates in our rented factory in Banting (91.67%) and our Banting Factory (74.29%).

(7) In the FYE 2019, we operated from our Banting Factory and a production space of 2,500 sq ft was allocated for the manufacturing of centrifugal fans. With 2,500 sq ft of production space available, our monthly capacity was 2.5 centrifugal fans and our annual capacity was 30 centrifugal fans for the FYE 2019.

(8) The decimal of 0.5 is due to the partial completion of a centrifugal fan for the FYE 2019. The partially completed centrifugal fan was taken into consideration for the calculation of the utilisation rate as its manufacturing process occupied our production area for 2 weeks prior to 31 December 2019.

(9) With 2,500 sq ft of production space available, our monthly capacity was 2.5 centrifugal fans and our capacity was 22.5 centrifugal fans for the FPE 2020.

Our Group's ability to fulfil orders for our on-line glove chlorination systems is not limited by our manufacturing capacity for centrifugal fans. In the event of operating at maximum capacity, we are able to temporary rearrange the space in our factory to increase our production area for the manufacturing of additional centrifugal fans.

In the circumstances where our factory space cannot be rearranged to cater for increased orders, we will outsource the manufacturing works for centrifugal fans to our subcontractors. However, as centrifugal fan is a critical part of our on-line glove chlorination systems, we will undertake extra quality control checks on the centrifugal fans manufactured by our subcontractors to ensure the quality of the centrifugal fans manufactured. Further, we are in the process of acquiring 2 new factories which will provide us with additional space for production.

In the FYE 2017, FYE 2018, FYE 2019 and FPE 2020, our Group manufactured 4 units, 3 units, 8 units and 4 units of off-line glove chlorination systems respectively. Our off-line glove chlorination systems are manufactured as and when requested, and there is no fixed production line as we source for the relevant components and assemble them to form off-line glove chlorination systems.

6.7.3 Key machinery and equipment

A summary of the key machinery and equipment owned and used by our Group to facilitate our daily business operations are set out below:

Machinery and equipment	**Function**	**No. of units**	**Average lifespan[(1)] (years)**	**Average age[(2)] (years)**	**NBV as at 30 September 2020 (RM'000)**
Cranes, winches and related accessories	To hook, lash, lift and carry heavy products and components	12	10	3.5	312
Forklifts and pallet trucks	To carry heavy products and components on a pallet over a distance	8	10	3.1	166

6. INFORMATION ON OUR GROUP *(Cont'd)*

Machinery and equipment	Function	No. of units	Average lifespan[(1)] (years)	Average age[(2)] (years)	NBV as at 30 September 2020 (RM'000)
Moulds	To be used for the manufacturing of our products and components	58	10	3.6	102
Air compressors	To produce compressed and high pressurised air	3	10	2.7	41
Generators	To generate and supply electricity at customers' project sites when the electricity at the project sites has not been ready	2	10	2.0	20
Resins spraying machine	To shred fibre glass into thin loose fibres and mix with plastic resins before spraying the mixtures for FRP lining	1	10	7.0	17
Slurry pump	To collect fibre dust that are produced from the cutting of fibreglass	1	10	1.0	17
Power injection gun	To propel abrasive materials on rough surfaces under high pressure to smoothen the surfaces	1	10	2.0	18
Welding machines and related accessories	To join various parts of our products and components by heating the joining parts to create a fusion between the joining parts	6	10	3.7	11
Dust collectors	To collect dust produced during manufacturing process	4	10	2.8	6
Container	To serve as a storage area for parts and components	1	10	2.0	6
Inspection and measurement equipment	To perform inspection on machinery and measurement of our products	3	10	4.3	3
Cutting and drilling machines	To cut, saw and drill products and components into desired shapes	14	10	8.3	2
					721

Notes:

(1) Average lifespan of the machinery and equipment is computed based on the average lifespan of 10 years, which is consistent with the computation of depreciation for equipment adopted by our Group's accounting policy.

(2) Average age of the machinery and equipment is computed since the year of purchase and up to the LPD.

6.7.4 Interruptions to business and operations

(a) Impact on our business operations

(i) Malaysia operations

Our business and operations faced temporary interruption pursuant to the outbreak of the Covid-19 virus in the countries we operate in and transact. The imposition of the MCO throughout Malaysia from 18 March 2020 to 3 May 2020 by the Government of Malaysia to curb the spread of virus has resulted in mandatory closure of all government and private premises, except those involved in essential services, unless written permission is obtained from MITI. The imposition of the MCO had caused our operations to be closed since 18 March 2020. Further, the operations of our subcontractors were closed since 18 March 2020.

Our Group had, on 20 April 2020, obtained an approval letter from MITI to operate our business and as such, we resumed operations on 21 April 2020 but at a capacity of 50% of our Group's total workforce as per the standard operating procedures set out by MITI.

Save for Pembinaan Kim Choi Sdn Bhd where our Group does not have any subcontracted manufacturing works with during the period of the MCO, all our subcontractors obtained the approval to operate from MITI and as such, our subcontractors also resumed their operations between 20 April 2020 and 24 April 2020 with 50% of their total workforce. Hence, we did not experience substantial delays in receiving our subcontracted products as our subcontractors resumed their operations within the same week as our Group.

On 1 May 2020, the Government of Malaysia announced a conditional MCO starting from 4 May 2020 to 9 June 2020 and allowed more businesses to operate under a set of strict standard operating procedures. Upon the implementation of the conditional MCO, we began to operate at full capacity on 4 May 2020 onwards. Our subcontractors also resumed their operations at full capacity on 4 May 2020 onwards. As such, there was no material adverse impact to our procurement activities for raw materials, monitoring and control instruments, and subcontracted manufacturing services.

On 7 June 2020, the Government of Malaysia announced a recovery MCO starting from 10 June 2020 to 31 August 2020 with further easing of regulations with interstate travel and various recreational activities allowed. Subsequently from 1 September 2020 and up to January 2021, the Government of Malaysia had re-imposed various stages of the MCO nationwide, such as the conditional MCO, recovery MCO or enhanced MCO that are targeted at specific areas, depending on the severity of the Covid-19 infections. Nevertheless, since 4 May 2020 up to the LPD, our Group has been allowed to operate at full workforce capacity and as such, we did not experience any disruptions to our business operations since then.

As a majority of our in-house manufacturing works and our subcontracted manufacturing works for our on-going projects have been completed ahead of project schedule before the imposition of the MCO, we were not materially impacted by the temporary closure of operations. In addition, we did not face any major disruptions for the supply of raw materials as well as monitoring and control instruments from our suppliers.

However, there were some delays in carrying out installation and commissioning works as we were unable to resume work immediately at some of our customers' premises before our customers complete the setup of preventive measures and procedures to prevent the spread of Covid-19 virus at their premises, as required by the Government of Malaysia. This had subsequently delayed our project delivery schedules and billing schedules in the second and third quarter of 2020. Nevertheless, such delays will not result in our customers initiating penalty claims against our Group as we do not have clauses relating to penalty claims in the purchase orders. For the past 3 FYEs and FPE 2020, we have not received any claims from our customers due to delays in our project delivery schedules. While it is our Group's standard practice to inform our customers on any potential delay in project delivery schedule beforehand, there can be no assurance that these customers will not penalise our Group by imposing late delivery charges.

Further, we did not receive any cancellation or variation of orders from our customers as a result of the MCO and conditional MCO. In addition, we managed to secure several new purchase orders for our storage tank, process tanks and scrubber system, as well as orders for our glove chlorination systems during the Covid-19 pandemic period.

Following the resurgence of Covid-19 cases in Malaysia, the MCO was re-imposed in all federal territories and most of the states in Malaysia for different durations since January 2021. In Selangor in which our Banting Factory is located at, MCO was re-imposed effective from 13 January 2021 to 4 March 2021. Nevertheless, there has been no disruption to our operations as our business is categorised under essential services by MITI, and we have obtained approval from MITI to operate our business as usual with SOP in place. Further, all our subcontractors have also obtained approval from MITI to operate as usual, and we have not faced any major disruptions for the supply of raw materials as well as monitoring and control instruments from our suppliers. In addition, we have not encountered any major issues in the collection of our trade receivables, and we have not received any project cancellations since the re-imposition of the MCO. Premised on the above considerations and coupled with several additional orders received from our existing customers during the re-imposed MCO period, our Group does not expect any impact to our business and operations arising from the imposition of the second MCO should the restrictions under the second MCO remain.

However, should the restrictions under the second MCO tighten which result in mandatory closure of our operations, there can be no assurance that our business operations will not be materially impacted and that we will be able to complete our projects in a timely manner. These disruptions to our business operations will in turn delay our project delivery schedule and our billing schedule, which may consequently result in adverse impact on our financial performance.

(ii) Thailand operations

In Thailand, the government has also declared an Emergency Situation involving nationwide curfews and travel bans, as well as control measures for businesses to observe, effective from 26 March 2020 to 28 February 2021. Nevertheless, the operations of Flexidynamic Thailand were not affected as factories in Thailand were allowed to operate during the period of the Emergency Situation while complying with the control measures issued by the Ministry of Industry, Thailand.

Over the period of the declared Emergency Situation, in compliance with the control measures issued, Flexidynamic Thailand continued to provide repair, refurbishment and maintenance services for our customer's glove chlorination systems in Thailand. In July 2020, we secured 3 contracts for glove chlorination system from Sri Trang Group from Thailand, of which the revenue from 1 contract shall be partially recognised during FYE 2020 and financial year ending 2021 and the other 2 contracts shall be recognised during financial year ending 2022.

(b) Impact on our business cash flows, liquidity, financial position and financial performance

The interruption to our business operations from 18 March 2020 to 3 May 2020 had affected our project delivery schedules and billing schedules for some of our existing projects in the second and third quarter of 2020. Nevertheless, we have completed the scheduled deliveries of these projects by the fourth quarter of 2020 and thus, it did not affect our billing schedule for these projects for the FYE 2020. Hence, we do not foresee any material impact to our revenue recognition for the FYE 2020 as a result of the MCO, conditional MCO and recovery MCO. Further, during the MCO periods (including the re-imposed MCO in Selangor since 13 January 2021), there was no material impact on the collectability of our trade receivables arising from business interruptions as our customers are mainly glove manufacturers who are deemed as essential services and were allowed to operate during the MCO periods.

During the MCO when our operations were fully halted between 18 March 2020 and 20 April 2020, we incurred an estimated total expense of RM0.50 million.

As at the LPD, we have:

(a) cash and bank balances of approximately RM10.21 million; and
(b) banking facilities (excluding lease liabilities) up to a limit of RM13.63 million, of which RM11.38 million has been utilised. Details of banking facilities are as follows:

Type of facilities	Amount authorised RM'000	Amount utilised RM'000	Balance available RM'000
Bankers' acceptance	2,250	915	1,335
Term loan	11,378	10,467	911
	13,628	**11,382**	**2,246**

Our Board is confident that, after taking into account our cash and bank balances as well as the banking facilities currently available to our Group, our working capital will be sufficient for our capital/operating expenditure and to sustain our business.

We did not receive any claw back or reduction in the banking facilities limit granted to us by our lenders. In addition, we do not anticipate any financial difficulties in meeting our debt obligations in the foreseeable future. We do not expect any material impairment to our assets, inventories or receivables.

Based on the above, we do not expect any material impact to our cash flows, liquidity, financial position and financial performance.

(c) Impact to our business and earning prospects

According to the IMR Report, as a result of the on-going Covid-19 pandemic, Malaysian glove manufacturers have faced a surge in global demand for rubber gloves as rubber gloves are a means of protective and preventive gear against diseases. The increase in demand due to Covid-19 has led to rising utilisation rates to nearly 100% of production capacity among glove manufacturers.

Due to the increase of rubber glove manufacturing activities in Malaysia, glove manufacturers will need to expand their glove production capacity. This will lead to an increasing demand for glove-dipping lines and consequently, demand for glove chlorination systems.

Since the outbreak of Covid-19 virus in many countries in early 2020 which led to a surge in demand for gloves, several glove manufacturers in Malaysia have announced plans to expand production capacity to capture the opportunities arising from the surge in rubber glove demand. Some of our customers have announced expansion of production capacity and/or are venturing into the glove manufacturing business including Hartalega Group, Kossan Group, Riverstone Group, HLT Global Berhad, Sri Trang Group and Ever Global (Vietnam) Enterprise Corporation. Among these customers, our Group secured orders of glove chlorination systems from HLT Global Berhad, Sri Trang Group, Kossan Group, Riverstone Group and Ever Growth (Vietnam) Co Ltd between July 2020 and October 2020. In addition, our Group has also secured orders of glove chlorination systems from a new customer, namely GETS Global Berhad, a company listed on the Main Market of Bursa Securities (through its subsidiary, Onetexx Sdn Bhd) which has announced a business diversification into glove manufacturing.

However, as the establishment of new glove-dipping lines and new manufacturing plant generally take some time, the new projects secured will take place gradually over the next 2 years. As at the LPD, we have secured total order book amounting to RM84.63 million, of which RM4.85 million of the secured total order book has been billed as at LPD. RM62.30 million is expected to be recognised as revenue for the financial year ending 31 December 2021. The remaining RM17.48 million is expected to be recognised during 2022.

Premised on the above, we do not expect any material impact to our business and earning prospects.

(d) Strategy and steps taken to address the impact of Covid-19

In response to the Covid-19 pandemic, our Group has established an Emergency Response Protocol committee to oversee the adherence of infection control measures based on the guidelines and standard operating procedures issued by MITI. The infection control measures include amongst others:

(i) Wearing of face masks in work places;
(ii) Daily taking and recording of body temperature before entering the work places;
(iii) Sanitising hands before entering work places and all employees are encouraged to sanitise and wash their hands with soap and water frequently throughout the day;
(iv) Sanitising all common areas of work places 3 times a day (i.e. before commencement of work, after lunch and after close of business);
(v) Practising 1 metre social distancing at work places;
(vi) Avoidance of unnecessary travels and face-to-face meetings, where possible; and
(vii) Implementation of social distancing and daily sanitising measures in foreign workers' dormitories made available by our Group.

Similar infection control measures are also adopted for our operations in Thailand, in compliance with the control measures issued by the Ministry of Industry, Thailand. While our Group has incurred additional costs in adhering to the infection control measures as per the standard operating procedures issued by MITI and control measures issued by the Ministry of Industry, Thailand, the costs are not material.

In view of the spike in Covid-19 cases among foreign workers in Malaysia, our Group has also undertaken strict measures to prevent our foreign workers from coming into contact with foreign workers that are not under the supervision of our Group, whereby they are not allowed to socialise with other foreign workers; and our foreign workers are only allowed to commute between work and their dormitories where transportation will be provided by our Group, except when the foreign workers have to leave their dormitories for daily necessities such as for the purchase of groceries.

Notwithstanding the above, our Group has put in place a business contingency plan in the event of any infection cases at our business premise, which is summarised as follows:

(i) Employee relief plan

Each employee has been assigned with a relief person for their tasks. Both personnel in-charge are not allowed to make any external appointments or business trips together to mitigate the risk of infection.

(ii) Production back-up plan

To mitigate the risk of infection, our foreign workers have been divided into project-based teams and each project-based team stays in separate dormitories. We have also undertaken measures to minimise interactions between each team of foreign workers by dividing our factory into several designated areas for each team of workers. In the event that any of our foreign workers are infected, the particular project-based teams of the infected foreign worker(s) will be quarantined and we may utilise foreign workers from other teams to overcome any manpower shortages.

In addition, the Government has announced mandatory screening for all foreign workers in Malaysia to be completed by February 2021, starting with several states and federal territories, namely Kuala Lumpur, Selangor, Negeri Sembilan, Penang, Sabah and Labuan which was enforced on 1 January 2021. Further, our customers have also mandated all personnel who are to carry out on-site installation and commissioning works at the customer's site to undergo Covid-19 tests. Following which, in December 2020 and January 2021, our employees who were assigned to carry out on-site installation and commissioning works at the customer's site, and all our 26 foreign workers in Malaysia, underwent Covid-19 test under the expense of our Group and all were tested negative. Further, the remaining 6 of our foreign workers are on a work break and they have returned to their respective countries prior to the implementation of the MCO in March 2020. Since then, the Government of Malaysia has imposed restrictions on the entry of foreign workers into Malaysia. As such, these 6 foreign workers are not allowed to enter Malaysia until further notice. Our Group will make the necessary arrangement to facilitate the return of these 6 foreign workers to Malaysia when the travel restriction is uplifted.

Following the Covid-19 incidents set out in Section 6.7.4(e) of this Prospectus and the spike in Covid-19 cases in Malaysia, our Group will conduct Covid-19 tests for all our employees based at our Banting Factory bi-weekly (i.e. once every 2 weeks) to ensure the safety of our employees; as well as to ensure early detection of Covid-19 cases and to better control the spread of the virus, if any. As at the LPD, the bi-weekly Covid-19 testing plan is scheduled to be in place until our employees are vaccinated or until the Covid-19 situation in Malaysia improves. To facilitate this, our Group has appointed a third party private service provider to conduct the bi-weekly tests at our Banting Factory. The testing costs to be incurred by our Group are estimated to be approximately RM0.02 million per month, which is not material to our Group. For employees who are not based at our Banting Factory (i.e. employees who are outstation or based at our customers' sites), our Group is in the midst of identifying suitable third party private service provider(s) to conduct Covid-19 tests for these employees, also on a bi-weekly basis.

Further, our Group will continue to communicate closely with our subcontractors to constantly urge them to comply strictly to the infection control measures in placed in their operations. This is aimed to prevent the occurrence of Covid-19 infection cases among our subcontractors' workers which may disrupt their business operations, affect the completion and delivery of our orders and ultimately may lead to delays in our project delivery schedules to our customers.

(e) Covid-19 incidents related to our employees

(i) Local employees

Despite having the abovementioned infection control measures in place, on 16 December 2020 and 18 December 2020 respectively, 2 of our key senior management were tested positive for Covid-19 and were absent from work for approximately 2 weeks, which was the period in which they were sent to the designated hospital and quarantine centre. On 28 December 2020, they returned to work.

Upon confirmation of the positive test results, all close contacts to them, including our employees and business associates such as subcontractors and suppliers, were immediately notified to undergo Covid-19 tests, and all of these close contacts were tested negative. Further, disinfection has been carried out by third party service providers at our Banting Factory and our office in Puchong. Notwithstanding the incidents above, they were tested positive with mild symptoms whereby they were still able to carry out management duties during the quarantine periods through tele- and video-conferencing. Further, with the above business contingency plans in place and with the collective support from our key senior management, our operations were not affected by the absence of them during their quarantine periods. Save for the testing costs and disinfection costs which amounted to RM0.02 million, there was no impact to our business and operations.

(ii) Foreign workers

On 29 January 2021, 7 of our foreign workers involved in installation and commissioning works at our customer's site were notified that they were close contacts of an outbreak at the customer's site. These 7 foreign workers underwent Covid-19 tests immediately on the same day, and 3 out of the 7 foreign workers were confirmed to be positive on 30 January 2021. Upon confirmation of the positive test results, our employees who are deemed close contacts of these 3 foreign workers underwent Covid-19 tests on 1 February 2021 and all were tested negative.

The 3 foreign workers who were tested positive had been quarantined and isolated from other foreign workers at their dormitories before they were sent to the designated quarantine centre on 3 February 2021 and were subsequently discharged on 8 February 2021; whereas the remaining 4 foreign workers who were tested negative had been quarantined at their dormitories and with their health conditions observed regularly until 4 February 2021 when 1 of them developed mild symptoms. Following which, the 4 remaining foreign workers underwent Covid-19 tests immediately, and 3 of them were confirmed to be positive on 5 February 2021. These 3 foreign workers had been quarantined and isolated from other foreign workers at their dormitories before they were sent to the designated quarantine centre on 10 February 2021 and were subsequently discharged on 13 February 2021; whereas the remaining 1 foreign worker who was tested negative has been quarantined at his dormitory and with his health condition observed regularly until 19 February 2021. The 6 foreign workers who were tested positive returned to work upon discharge from the designated quarantine centre.

Disinfection at the dormitories of the 6 foreign workers who were tested positive has been carried out internally, and disinfection at the specific work area in which our foreign workers based at our customer's site has been carried out by our appointed third party service provider as requested by the customer.

Pursuant to the outbreak at our customer's site, our customer had temporarily closed its site for around 1 week from 24 January 2021 and re-opened gradually since 1 February 2021. Following which, the customer's site was re-opened and our foreign workers have gradually resumed the installation and commissioning works at the site upon discharge from the designated quarantine centre or upon completion of the 14-day quarantine period at dormitory. While this incident has led to a slight delay in our project delivery and billing schedule for this project, the delay is not material and is not expected to lead to any impact to our financial performance for the FYE 2021. Further, it is not expected to result in our customer initiating penalty claims against our Group as the incident was due to the outbreak at their site.

Save for the testing costs and disinfection costs which amounted to RM0.02 million, there was no further impact to our business and operations.

Despite the temporary closure of our operations in Malaysia during the first MCO period as a result of the Covid-19 pandemic, there was no material impact to our Group's business and operations. Save for the above, our Group had not experienced any other interruptions in our operations which had a significant effect on our operations during the past 12 months preceding the LPD.

6.8 COMPETITIVE STRENGTHS

6.8.1 We have an established track record of notable customers in the glove manufacturing and glove-dipping line industries

Since the inception of our business in 2012, we have secured various notable glove manufacturers and glove-dipping line manufacturers as our customers, including Hartalega Group (through Hartalega Sdn Bhd, Hartalega NGC Sdn Bhd and Hartalega Research Sdn Bhd), Riverstone Group (through Riverstone Resources Sdn Bhd and Eco Medi Glove Sdn Bhd), Kossan Group (through Ideal Quality Sdn Bhd, Kossan Latex Industries (M) Sdn Bhd, Perusahaan Getah Asas Sdn Bhd and Wear Safe (Malaysia) Sdn Bhd), HL Advance Technologies (M) Sdn Bhd (a subsidiary of HLT Global Berhad) and Central Medicare Sdn Bhd.

Malaysia is a major producer of rubber gloves and is the world's largest glove exporter. The aforementioned companies are among the notable glove manufacturers and glove-dipping line manufacturer (HLT Global Berhad) in Malaysia. Our ability in securing these companies as our customers is attributed to our ability in enhancing and customising our on-line glove chlorination system to provide optimal glove chlorination solutions to meet our customers' requirements. In addition, it also demonstrates our capability in providing glove chlorination solutions that meets the standards of major glove manufacturers and glove-dipping line manufacturers.

With an established track record of notable customers in the glove manufacturing and glove-dipping line industries, we have a strong reputation in the glove chlorination industry, which will in turn attract more business opportunities and continue to enhance our financial performance.

6.8.2 Our design and engineering expertise gives us the flexibility to provide product customisation to our customers

As our customers' glove-dipping lines may differ in terms of design, layouts and processes, they may require different specifications for their on-line glove chlorination system and hence, all our on-line glove chlorination system is customised to fit our customers' manufacturing requirements. By understanding and assessing our customers' needs on the specifications of their on-line glove chlorination system, coupled with our design and engineering expertise, our Group is able to provide customised on-line glove chlorination system to our customers.

We design the entire on-line glove chlorination system according to our customers' requirements in terms of the system layouts, operational capacities and operational speed, amongst others. Our capabilities in designing and engineering customised on-line glove chlorination system are backed by our experienced engineering team, which is currently led by our Executive Director, Liew Heng Wei, who has over 24 years of working experience in the glove chlorination industry. He is supported by a team of 6 engineers. Further, as part of our design and engineering expertise, we retain the manufacturing of moulds for the parts and components of our on-line glove chlorination system, in-house, in order to ensure that the on-line glove chlorination system is manufactured according to the required specifications.

Our ability to provide customisation allows us to design and offer glove chlorination systems that suit our customers' glove manufacturing processes and fulfil our customers' requirements on their glove chlorination process. Further, our adaptability and flexibility in customising glove chlorination systems also enable us to retain our customers and contribute to the sustainability of our Group.

6.8.3 We have an experienced management team

We have an experienced management team with operational expertise and in-depth knowledge in the glove chlorination industry in Malaysia. Our founder and Managing Director, Tan Kong Leong, is responsible for the overall strategic direction and business development of our Group, and has over 20 years of related working experience.

Tan Kong Leong is supported by the following key senior management personnel:

		Years of relevant working experience	
Name	**Designation**	**In their respective work scope**	**In the glove chlorination industry**
Liew Heng Wei	Executive Director	24	24
Lion Suk Chin	Executive Director	19	8
Wong Feng Lung	Chief Financial Officer	28	2
Sin Kuo Wei	General Manager	7	7

The knowledge and experience of our key senior management will continue to contribute to the growth of our Group.

6.8.4 We have an established industry network within the glove manufacturing and glove-related industries

Our founders, Tan Kong Leong and Liew Heng Wei, have been in the glove-related industry for over 21 and 24 years respectively. Through Tan Kong Leong and Liew Heng Wei, our Group has established an industry network with industry players in the glove manufacturing and glove-related industries, whereby such network has continued to develop along with the growth of our business.

Further, our participation in the networking events held among the glove manufacturing and glove-related industries players allows us to build business relationships with industry players from different segments of the industry value chain, such as glove manufacturers, glove-dipping line manufacturers, suppliers and subcontractors. It is also a platform for us to strengthen industry connections and develop rapport to grow our circle of influence within the glove manufacturing and glove-related industries. In addition, we are also able to explore new sales opportunities and secure new suppliers.

We are registered as an Associate Member under Malaysian Rubber Glove Manufacturers Association ("MARGMA"). As a member of MARGMA, our Group has access to potential customers which could lead to potential sales opportunities to our Group, as MARGMA members are primarily glove manufacturing companies, and this is in line with our business strategies to expand our customer base and market share in Malaysia. Please refer to Section 6.19.2 for further details of our business strategies. Having an established industry network is a key factor that drives the success of our business, and will provide our Group with a foundation to continue with our business expansion in the future.

6.8.5 We are well-positioned to capitalise on the growth in the rubber glove manufacturing activities in Malaysia

Glove chlorination systems are essential component in the rubber glove manufacturing processes and hence, we see the opportunity to leverage and grow along with the growth in the rubber glove manufacturing industry in Malaysia. With the increase in rubber glove manufacturing activities in Malaysia, glove manufacturers may continue to expand their glove production capacity, which will lead to an increasing demand for glove-dipping lines and consequently, demand for glove chlorination systems. As such, we expect to leverage on this to capitalise on the growth in the rubber glove manufacturing activities in Malaysia. We believe that our revenue stream from glove chlorination systems is sustainable.

According to the IMR Report, the sales value of rubber gloves manufactured in Malaysia increased from RM12.69 billion in 2017 to RM44.22 billion in 2020, at a CAGR of 51.61%. Malaysia also remained the world's largest exporter of rubber gloves, with increasing exports from 719.70 kilotonnes of rubber gloves valued at RM15.86 billion in 2017 to 994.91 kilotonnes valued at RM35.26 billion in 2020, registering a CAGR of 11.40% in terms of export volume. From 2016 to 2019, Malaysia's share of rubber gloves exports increased from 57.03% to 58.88% globally.

As a leading industry player supporting the rubber glove manufacturing activities in Malaysia, the growth in rubber glove manufacturing activities will provide our Group with opportunities for future growth and enable our Group to continue on our long term expansion.

6.9 SEASONAL OR CYCLICAL EFFECTS

Our operations are not significantly affected by seasonal/cyclical effects as our products and services are mainly provided to glove manufacturers and glove-dipping line manufacturers, and these manufacturers generally operate throughout the year, albeit marginal slowdowns during festive periods due to higher number of workforce going on leave for festive celebration. Nevertheless, the impact of the marginal slowdown is not significant to our Group.

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6. INFORMATION ON OUR GROUP *(Cont'd)*

6.10 TYPES, SOURCES AND AVAILABILITY OF SUPPLIES

Our purchases comprise subcontractor fees; raw materials consumed in-house by our Group and provided to our subcontractors to undertake manufacturing works; and monitoring and control instruments. The breakdown of our purchases during the past 3 FYEs 2017 to 2019 and FPE 2020 are as follows:

		Audited					
		FYE 2017		FYE 2018		FYE 2019	
Category	**Source**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Subcontractor fees	Local	3,160	16.69	6,793	20.91	9,676	29.26
Raw materials		7,432	39.26	13,017	40.07	10,419	31.51
- Plastic resins	Local and overseas	2,872	15.17	6,550	20.16	5,033	15.22
- FRP materials [(i)] and FRP grating	Local and overseas	1,214	6.41	2,464	7.59	2,065	6.24
- PVC pipes and fittings, PP and PVC sheets	Local	2,199	11.62	2,765	8.51	2,317	7.01
- Mild steel	Local	563	2.97	1,069	3.29	898	2.72
- Sawn timber	Local	584	3.09	169	0.52	106	0.32
Monitoring and control instruments		7,309	38.61	11,138	34.29	11,098	33.56
- Chlorination gas system and related parts	Local	2,588	13.67	2,585	7.96	2,752	8.32
- Circulation pumps, gears and motors and related parts	Local and overseas	1,741	9.20	3,181	9.79	3,010	9.10
- Control panel system, control valves and pressure transmitter and gauge	Local	1,775	9.38	3,209	9.88	3,756	11.36
- Titanium coil	Overseas	1,021	5.39	1,823	5.61	1,238	3.74
- Bolts and nuts and electric chain hoist	Local	184	0.97	340	1.05	342	1.04
Others [(ii)]	Local	1,029	5.44	1,538	4.73	1,873	5.67
Total purchases		**18,930**	**100.00**	**32,486**	**100.00**	**33,066**	**100.00**

6. INFORMATION ON OUR GROUP *(Cont'd)*

		Unaudited		Audited	
		FPE 2019		FPE 2020	
Category	**Source**	**RM'000**	**%**	**RM'000**	**%**
Subcontractor fees	Local	6,991	28.81	8,867	34.55
Raw materials		8,053	33.18	7,178	27.97
- Plastic resins	Local and overseas	3,740	15.41	3,263	12.71
- FRP materials [(i)] and FRP grating	Local and overseas	1,627	6.70	1,606	6.26
- PVC pipes and fittings, PP and PVC sheets	Local	1,883	7.76	1,658	6.46
- Mild steel	Local	719	2.96	556	2.17
- Sawn timber	Local	84	0.35	95	0.37
Monitoring and control instruments		8,100	33.37	7,947	30.96
- Chlorination gas system and related parts	Local	2,007	8.27	2,447	9.53
- Circulation pumps, gears and motors and related parts	Local and overseas	2,203	9.07	2,291	8.93
- Control panel system, control valves and pressure transmitter and gauge	Local	2,574	10.61	2,099	8.18
- Titanium coil	Overseas	1,042	4.29	855	3.33
- Bolts and nuts and electric chain hoist	Local	274	1.13	255	0.99
Others [(ii)]	Local	1,126	4.64	1,673	6.52
Total purchases		**24,270**	**100.00**	**25,665**	**100.00**

Notes:

(i) FRP materials comprise chop strand mat, roving, additives and synthetic surface veil and tissue mat.

(ii) Others comprise bearings, couplings, mould release wax and polycarbonate sheet.

6. INFORMATION ON OUR GROUP *(Cont'd)*

Our main purchase of raw materials in the past 3 FYEs 2017 to 2019 and FPE 2020 was plastic resins where it accounted for 15.17%, 20.16%, 15.22% and 12.71% of our total purchases respectively. Our main purchase of monitoring and control instruments for FYE 2017 and FPE 2020 was chlorination gas system and related parts (13.67% and 9.53% of our total purchases respectively), for FYE 2018 and FYE 2019 was control panel system, control valves and pressure transmitter and gauge (9.88% and 11.36% of our total purchases respectively).

The raw materials and monitoring and control instruments that we use are readily available and can be sourced from local and overseas suppliers. The prices of our raw materials such as plastic resins and mild steel may fluctuate during the financial years under review as a result of demand and supply conditions. Please refer to Section 8.1.6 for additional details on the impact of the fluctuation in prices of raw materials.

Notwithstanding certain raw materials and monitoring and control instruments are readily available, we generally take into account supplier lead time (i.e. time required for the suppliers to process our orders and to deliver the orders to our premises which is subject to the logistics arrangement that varies from supplier to supplier) to prevent potential major disruptions to our production. All selected suppliers are evaluated in terms of pricing, production capacities, range and technical specifications of supplies, ability to meet our quality requirements and timeliness of delivery.

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6.11 MARKETING AND DISTRIBUTION CHANNELS

As at the LPD, our sales and marketing team comprises our Managing Director and 3 dedicated sales and marketing personnel (i.e. 1 dedicated sales and marketing personnel and 2 sales engineers), who are responsible for the sales and marketing of our products and services to support our local and overseas businesses.

Our sales and marketing activities include:

(a) Direct approach

We secure new customers through direct contact with potential customers. Our sales and marketing team constantly keep themselves abreast with industry updates through fairs and exhibitions and collecting market information in order to identify any potential customers. Thereafter, our sales and marketing team will approach these potential customers to promote our expertise and capabilities in providing glove chlorination solutions as well as other products and services.

(b) Referrals from business associates

We also secure new customers through referrals from our business associates. We regularly obtain feedback from our customers to better understand latest market trends and customer preferences.

(c) Industry network

We participate in networking events held among glove manufacturing and glove-related industries players which allow us to meet industry players from different segments of the industry value chain. Through participation in these activities, we identify potential customers and new sales opportunities; as well as engage and maintain business relationships with our existing customers. In addition, being a member under MARGMA allows us to broaden our exposure to industry players within the glove manufacturing and glove-related industries, which includes potential customers.

(d) Corporate website

We have established our corporate website at *http://www.flexidynamic.com* which provides immediate searchable information on our Group and details of our products and services.

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6.12 INTELLECTUAL PROPERTIES

Save for the trademarks disclosed below, we have not registered any brand names, patents, industrial design or other intellectual property rights with the Intellectual Property Corporation of Malaysia:

Trade mark no.	Design/Mark	Registered owner	Class	Status
2014011730	FD FLEXIDYNAMIC	Flexidynamic Engineering	Class 7: Online chlorination machine, machine and machine tools; motors and engines (except for land vehicles); machine coupling and transmission components (except for land vehicles); all included in class 7	**Filing/ Application date:** 21 October 2014 **<u>Expiry date:</u>** 21 October 2024
2014011731	FLEXIDYNAMIC	Flexidynamic Engineering	Class 7: Online chlorination machine, machine and machine tools; motors and engines (except for land vehicles); machine coupling and transmission components (except for land vehicles); all included in class 7	**Filing/ Application date:** 21 October 2014 **<u>Expiry date:</u>** 21 October 2024

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6.13 LICENCES AND PERMITS

Save as disclosed below, there are no other licences and permits which our Group is materially dependent on for our business or profitability as at the LPD:

	Licencee / Issuing authority / Registration no.	Date of issue / Date of expiry	Nature of approval or licences	Material conditions imposed	Compliance status
(a)	Flexidynamic Engineering / MITI / Licence No. A021915	13 August 2019 / Not applicable	Flexidynamic Engineering is licenced to act as a licenced manufacturer effective 14 February 2019[(1)] at the place of manufacturing at No. 7, Jalan 1/1, Kawasan Perusahaan Olak Lempit, 42700 Banting, Selangor Darul Ehsan for the manufacture of: (i) "*Chlorination system for Rubber Glove industry"; and* (ii) *"Storage tank and related module including Fibre glass-reinforced plastic ("FRP") dipping tank and FRP compounding tank".*	(a) Notification shall be made to MITI and MIDA of any change in the shareholding of Flexidynamic Engineering;	Complied
				(b) Flexidynamic Engineering is required to train Malaysians in order for the transfer of skills and technology to be circulated throughout every level of the workforce;	Complied
				(c) Flexidynamic Engineering needs to adhere to the conditions of Capital Investment Per Employee ("CIPE") of at least RM140,000.00;	Complied
				(d) The total number of additional full-time workers of the Company MUST comprise at least 80% Malaysian citizens. The wages of the foreign workers including outsourced funded foreign workers is subjected to policies from time to time; and	Complied
				(e) The employees of Flexidynamic Engineering shall consist of at least 80% Malaysians by the year 2020. The salaries of foreign employees including that of outsourced workers are subject to the prevailing policies, laws and regulations.	Refer to note (2) below.

	Licencee / Issuing authority / Registration no.	Date of issue / Date of expiry	Nature of approval or licences	Material conditions imposed	Compliance status
(b)	Flexidynamic Engineering / CIDB / Registration No. 0120191117-WP035554 [(3)]	18 November 2019 / 17 November 2021	This certificate is to certify that Flexidynamic Engineering has been registered with CIDB as a contractor pursuant to Section VI of the CIDB Act and is subject to the terms and conditions set out in the certificate for the following:	(a) The certificate cannot be transferred	Noted
				(b) Renewal of the certificate must be made 60 days prior to the expiry date.	Noted
				(c) The registration will be cancelled, suspended or revoked if: • the contractor does not comply with any requirements of the law; • winding-up petition has been served on the contractor; • the contractor does not comply with CIDB Act; and • the contractor abandons any construction work without any reasonable reasons.	Noted
				(d) Grades and tender limits table:	Complied

Grade	*Category*	*Specification*
G3	*B*	*B04*
G3	*CE*	*CE21*

Grade	Ability to tender (RM)
G7	No limit
G6	Not > 10 million
G5	Not > 5 million
G4	Not > 3 million
G3	Not > 1 million
G2	Not > 500,000.00
G1	Not > 200,000.00

Notes:

(1) Previously, Flexidynamic Engineering was operating at a rented factory located at Banting where it held a manufacturing licence no. A020979 from MITI that was issued on 27 July 2017.

However, when Flexidynamic Engineering began its operations in Banting Factory in June 2018, it was not aware that it required a separate manufacturing licence for its new location. Subsequently, when Flexidynamic Engineering became aware of this requirement, it submitted its application to MIDA for a new manufacturing licence on

12 February 2019. Hence, between June 2018 to 14 February 2019, there was no licence issued by MITI for the Banting Factory.

We have obtained verbal confirmation from MIDA that it is unlikely for our Group to be subject to any repercussions/retrospective sanctions from MITI as a result of operating without MITI licence at the Banting Factory during the said period.

(2) MITI had vide its letter dated 7 January 2020 extended the compliance date for the condition to up to 31 December 2022. As such, this condition has yet to take effect and is to be complied by 31 December 2022. As at the LPD, 43.24% of the employees of Flexidynamic Engineering are foreign workers.

(3) We received a compound from the CIDB of RM0.03 million. The groundwork for the installation of our glove chlorination systems often begins during the construction of our customer's glove manufacturing factory. As such, we will begin the installation of glove chlorination systems while our customers' factory building is being constructed. On 24 April 2019, a routine inspection was carried out by officers from the CIDB on one of our customer's factory which was being built. At that point in time, our employees were in the midst of installing the glove chlorination systems. However, CIDB was of the view that as we were working within a construction site, we require a CIDB license. This is notwithstanding the fact that we are installing the glove chlorination systems and were not involved in the construction of the factory.

We were then issued a compound for RM0.03 million, which we paid. We then applied and obtained a license from CIDB on 18 November 2019 in order to avoid the occurrence of such incident for future projects.

6.14 RESEARCH AND DEVELOPMENT

Our R&D activities primarily focus on enhancing efficiency and improving functionalities, such as cost and energy efficiency of our products based on our customers' requirements. Owing to the nature of our business, our R&D activities are carried out based on customer's needs and requirements, either by request or through our market research and feedback. We design, customise and improve our glove chlorination systems, storage tanks and process tanks to meet the requirements and standards set by our customers, while at the same time complying with the relevant safety standards.

Through our R&D initiatives, we have improved the functionalities of our glove chlorination systems. Some of the improvements made are as follows:

New or enhanced product developed	Description/ improvement	Year commenced development	Completion year
Past R&D Achievements			
Centrifugal fan	• Developed a new impeller and housing design for FRP centrifugal fans with high operating efficiency to reduce operating costs and to save energy • Estimated energy savings of 21.50% to 53.70% in a year	2014	2015

New or enhanced product developed	Description/ improvement	Year commenced development	Completion year
Dipping tank flow optimisation version 1 ("Dipping Tank v1")	• Designed with optimal shapes and profiles to optimise the flow of glove formers through the dipping tanks (i.e. process tanks) and to reduce turbulence	2015	2016
FRP-lined mild steel storage tank	• Developed a cheaper alternative to epoxy coated /stainless steel storage tanks which are primarily used for the storage of latex	2017	2018
Automated compounding system	• Developed a new control system to automate the mixing of chemicals for glove manufacturing processes. The automated compounding system is then linked to the storage tanks, which complements our storage tanks business	2016	2020
Dipping tank flow optimisation version 2 ("Dipping Tank v2")	• An advanced version of Dipping Tank v1 • Redesign of dipping tanks (i.e. process tanks) with optimal shapes and profiles to further optimise the flow of glove formers through the tanks. New materials and techniques are used to manufacture dipping tanks with smoother surface and higher durability	2018	2020

As at the LPD, our Group is not undertaking any development of new or enhanced products. For the past 3 FYEs 2017 to 2019 and FPE 2020, the expenses for our R&D activities amounted to 0.14%, 0.03%, 0.24% and 0.07% of our Group's revenue respectively.

6.15 TECHNOLOGY USED

Our Group uses the following technologies for our business operations:

Software/equipment	No. of units	Description
Autodesk AutoCAD LT	6	A computer-aided design software application with 2-dimensional modelling functions, which is used for the design and engineering, including electrical and mechanical design, of our glove chlorination systems, storage tanks, process tanks and scrubber systems. The subscription cost to the software application is not material to our Group
3-dimensional printer	1	A machine used to produce prototypes for parts and components designed by our Group for R&D purposes

6.16 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 during the past 3 FYEs 2017 to 2019, FPE 2020 and up to the date of this Prospectus:

(a) Shareholders' agreement dated 19 March 2018 entered into between (1) Tan Kong Leong; (2) Liew Heng Wei (both to be known as "Existing Shareholders"); (3) Sin Kuo Wei; (4) Loh Wei Keat; (5) Tan Lui Ken; (6) Chong Chee Keong; (7) Lim Khin Choong; (8) Wong Fook Loong; (9) Phitchaya Arsangku ("New Shareholders"); and (10) Flexidynamic Engineering to regulate the relationship between the Existing Shareholders and the New Shareholders ("Shareholders' Agreement").

(Existing Shareholders, New Shareholders and Flexidynamic Engineering are collectively referred as "Parties").

The salient terms of the Shareholders' Agreement are as follows:

(i) None of the New Shareholders shall, during the term of the Shareholders' Agreement either sell, transfer, charge, encumber, grant options over or otherwise dispose of any legal or beneficial interest in any of the said shares now owned or subsequently acquired by it in Flexidynamic Engineering under or pursuant to the Shareholders' Agreement or by virtue of its shareholding in Flexidynamic Engineering;

(ii) The Shareholders' Agreement shall cease to be effective in the event of the following:

(aa) successful IPO of Flexidynamic Engineering at any time after the expiry of 3 years from 19 March 2018;

(bb) Flexidynamic Engineering is dissolved or otherwise cease to exist as a legal entity;

(cc) the Shareholders' Agreement is terminated by mutual consent of all the Parties; and

(dd) Either party have acquired the entire shareholding of the other party in Flexidynamic Engineering in accordance with the Shareholders' Agreement;

(iii) The Parties expressly and irrevocably agree that unless otherwise decided by the Existing Shareholders from time to time, the board shall comprise solely Directors nominated by the Existing Shareholders;

(iv) In respect of the shareholder's loan (if any), the Existing Shareholders shall advance into Flexidynamic Engineering in the form of shareholder's loan and the shareholders hereby agree that their shareholder's advances into Flexidynamic Engineering, whether before or after the date of this agreement, shall be free of interest and shall not be recalled unless otherwise agreed unanimously by all the shareholders;

(v) If any of the New Shareholders commit or suffers an event of default, then the New Shareholders (non-defaulting shareholders) shall be entitled in their discretion to require the defaulting shareholder to sell all (but not part only) of the shares held or beneficially owned by the defaulting shareholder to the non-defaulting shareholder in accordance to their respective proportion of the shareholding in Flexidynamic Engineering by providing written notice to the defaulting shareholder;

(vi) The termination of the Shareholders' Agreement for any reason shall not release any party from any liability which at the time of termination has already accrued to the other Parties or which thereafter may accrue in respect of any act or omission prior to such termination; and

(vii) That the issued share capital of Flexidynamic Engineering shall be held by the Parties in the following proportions:

Tan Kong Leong	:	56.5%
Liew Heng Wei	:	25.5%
Sin Kuo Wei	:	4.0%
Loh Wei Keat	:	4.0%
Tan Lui Ken	:	2.0%
Chong Chee Keong	:	2.0%
Lim Khin Choong	:	2.0%
Wong Fook Loong	:	1.0%
Phitchaya Arsangku	:	3.0%

On 9 December 2020, we completed the Acquisition of Flexidynamic Engineering which resulted in Flexidynamic Holdings being the sole shareholder of Flexidynamic Engineering. Upon completion of the Listing, the Shareholders' Agreement shall cease to be effective in accordance with sub-paragraph (ii)(aa) above.

(b) Sale and purchase agreement dated 30 August 2019 entered into between Flexidynamic Engineering (as purchaser) and Klangcapital Development Sdn Bhd (as vendor) for the purchase of unit No. 12 of an industrial building under the project of a light industrial development comprising semi-detached factories known as "Excellent Technology Park IV" to be constructed on a sub-divided building lot (semi-detached factory comprising 2-storey office) with a built-up area measuring about 14,659.60 sq ft for a total purchase price of RM4.55 million. The agreement is pending completion as at the LPD.

(c) Sale and purchase agreement dated 30 August 2019 entered into between Flexidynamic Engineering (as purchaser) and Klangcapital Development Sdn Bhd (as vendor) for the purchase of unit No. 12A of an industrial building under the project of a light industrial development comprising semi-detached factories known as "Excellent Technology Park IV" to be constructed on a sub-divided building lot (semi-detached factory comprising 2-storey office) with a built-up area measuring about 14,659.60 sq ft for a total purchase price of RM4.56 million. The agreement is pending completion as at the LPD.

(d) Shareholders' agreement dated 14 May 2020 entered into between (1) Boonjing Boongrajang ("Boonjing") and (2) Naphatson Santibun ("Naphatson") and (3) Flexidynamic Engineering (Collectively, "Flexidynamic Thailand Shareholders") and (4) Flexidynamic Thailand to regulate the relationship between the Flexidynamic Thailand Shareholders ("Thailand SA").

The salient terms of the Thailand SA are as follows:

(i) That the issued share capital of Flexidynamic Thailand shall be held by the Flexidynamic Thailand Shareholders in the following proportions:

Boonjing Boongrajang	:	50.0%
Naphatson Santibun	:	1.0%
Flexidynamic Engineering	:	49.0%

(ii) For as long as any Flexidynamic Thailand Shareholders hold the Shares in Flexidynamic Thailand, and unless otherwise determined by the Flexidynamic Thailand Shareholders in writing, the Board will consist of a maximum of 3 Directors; and Boonjing shall be entitled to nominated 1 Director while Flexidynamic Engineering will be entitled to nominate all the 2 persons as Directors. Both Boonjing and Flexidynamic Engineering shall have the right to remove, replace, or substitute any person so appointed;

(iii) The Flexidynamic Thailand Shareholders shall adopt a dividend policy in accordance with the relevant provisions of the Thailand Civil and Commercial Code;

(iv) Subject to Thailand SA becoming effective in accordance with the date of the agreement, the Thailand SA shall continue in full force and effect until:

(aa) an effective resolution is passed to wind up Flexidynamic Thailand or if a liquidator is otherwise appointed (but without prejudice to any rights which may have accrued to a party against another); or

(bb) all of the Flexidynamic Thailand Shareholders have agreed to mutually terminate the Thailand SA in writing; or

(cc) there is an occurrence of an event of default as contained in the Thailand SA.

(v) An event of default situation in the Thailand SA, amongst others shall include:

(aa) a material breach by any of the Flexidynamic Thailand Shareholders under the Thailand SA;

(bb) any of the Flexidynamic Thailand Shareholders is prohibited from being a shareholder by a change of any law;

(cc) any individual Flexidynamic Thailand Shareholders died or suffer from a mental incapacity;

(dd) an administrator or receiver is appointed over the assets or undertaking of any of the Flexidynamic Thailand Shareholders;

(ee) any of the Flexidynamic Thailand Shareholders disposes any of Flexidynamic Thailand shares in breach of Flexidynamic Thailand articles of association or the Thailand SA;

(ff) subject to any scheme of amalgamation or reconstruction or initial public offering, there is a change in control of any of Flexidynamic Thailand Shareholders, a "change in control" shall be deemed to have occurred if any person having previously controlled the relevant person, through the possession (directly or indirectly) of the power to direct or cause the direction of the management policies of a person, whether through the ownership of voting shares, by contract, as trustee or executor, or otherwise, ceases to do so or if any person acquires control of the relevant person; and

(gg) any of the Flexidynamic Thailand Shareholders ceases or threatens to cease carrying on a substantial portion of its business otherwise than for the purpose of an amalgamation or reconstruction which has the prior written consent of the others or based on such directive by any relevant authorities.

(vi) If an event of default occurs in respect of any Flexidynamic Thailand Shareholders (the "Defaulting Party/Parties"), the non-defaulting Flexidynamic Thailand Shareholders(s) (the "Terminating Party") may (but is not obliged to) apply at any time within 60 days, first coming to the attention of the occurrence of an event of default on the Defaulting Party, with copies of such notice given to all the other Flexidynamic Thailand Shareholders to either purchase all of the Defaulting Party shares in Flexidynamic Thailand or require that the Defaulting Party to purchase (or procure the purchase by a nominee all of the respective Terminating Party's shares in Flexidynamic Thailand). If the Terminating Party decides to dispose all of their shares in Flexidynamic Thailand, the Defaulting Party shall be obligated to purchase all of the Terminating Party's shares. If there is more than one Defaulting Party, all the Defaulting Parties shall be obligated to purchase all the respective Terminating Party's shares based on each of the Defaulting Parties' shareholdings proportion of shares in Flexidynamic Thailand;

(vii) In the event that any of the Shareholders wish to sell, transfer or dispose all or any of their shares in the Company (referred to as the "Selling Party"), the Selling Party shall first offer its shares to the other Shareholders on a pro rata basis (if there is more than 2 Shareholder in the Company); and

(viii) The Thailand SA will be subject to and construed in all respects in accordance with the laws of Thailand and shall submit exclusively to the courts of Thailand.

(e) The share sale agreement dated 5 June 2020 entered into between our Company and the Vendors for the Acquisition of Flexidynamic Engineering. The Acquisition of Flexidynamic Engineering, which was completed on 9 December 2020.

(f) The underwriting agreement dated 25 January 2021 entered into between our Company and M&A Securities for an underwriting of 18,453,000 Issue Shares as set out in Section 4.11.1 of this Prospectus. Please refer to Section 4.12 of this Prospectus for the salient terms of the Underwriting Agreement.

6.17 MATERIAL PROPERTIES OF OUR GROUP

6.17.1 Property owned by our Group

Details of the property owned by us as at the LPD are as follows:

(a) Banting Factory

Particulars of title	:	Lot 226, Seksyen 2, Pekan Bukit Changgang, District of Kuala Langat, State of Selangor held under Geran 124476
Registered proprietor	:	Flexidynamic Engineering
Land area based on titles	:	45,746 sq ft
Tenure / land use	:	Freehold / Industrial
Description, existing use and age of building	:	The property comprises a single-storey detached factory annexed with 3-storey office block identified as Factory No. 7 with a guard house and a refuse chamber. The factory has a built-up area of 18,720 sq ft. As at the LPD, it is used as a factory and office.
NBV	:	RM6,075,843 as at 30 September 2020
Certificate of fitness for occupation / Certificate of Completion and Compliance	:	**Date of certificate**: 3 September 2014 **Certificate no.**: LAM/S/NO.11853
Encumbrances	:	Charged to Public Bank Berhad

As at the LPD, the above property is not in breach of any land use condition or permissible land use.

6. INFORMATION ON OUR GROUP *(Cont'd)*

6.17.2 Properties rented by our Group

Details of properties rented by us as at the LPD are set out below:

No.	Description	Owner / Tenant	Existing Use	Built-up area	Period of tenancy / Rental per annum
1.	Office located in a single floor office unit at No. A-3A-28, IOI Boulevard Jalan Kenari 5, Bandar Puchong Jaya, 47170 Puchong, Selangor	ZYL Dynamic Sdn Bhd (1) / Flexidynamic Engineering	Head Office of Flexidynamic Engineering	2,271 sq ft	1 March 2021 to 28 February 2022 / RM66,000
2.	Warehouse located in a semi-detached factory lot at 27 Jalan Menglembu Impiana 34, I Park Menglembu, 31450, Ipoh, Perak	Lim Khin Choong (2) / Flexidynamic Engineering	Warehouse	4,050 sq ft	1 September 2020 to 31 August 2021 / RM36,000
3.	Office located in a 4-storey shop lot at No. 86/220, Moo 10, Tambol Khlong Neung, Amphur Klong Luang, Pathumthani Province, Thailand	Phitchaya Arsangku (3) / Flexidynamic Thailand	Thailand office	861 sq ft	5 January 2021 to 4 January 2022 / THB180,000 or equivalent to approximately RM24,059*

Notes:

* Based on the exchange rate of RM13.3662/THB100 as at the LPD.

(1) Tan Kong Kee is the Director and shareholder of ZYL Dynamic Sdn Bhd. He is the brother of Tan Kong Leong, our Promoter, substantial shareholder and Managing Director.

(2) Lim Khin Choong, holds 4,173,200 Shares, representing 2.0% equity interest in our Company as at the LPD.

(3) Phitchaya Arsangku is our Promoter, Director of Flexidynamic Thailand and wife of Tan Kong Leong, our Promoter, substantial shareholder and Managing Director. She holds 6,259,800 Shares, representing 3.0% equity interest in our Company as at the LPD.

The rental of the above-mentioned properties are deemed related party transactions. Our Directors have reviewed the above related party transactions and are of the view that the transactions were conducted on an arm's length basis and on competitive commercial terms not more favourable to the related parties and were not to the detriment of our minority shareholders.

As at the LPD, the above rented properties are not in breach of any land use condition or permissible land use.

6.18 REGULATORY REQUIREMENTS AND ENVIRONMENTAL ISSUES

The defects and/or malfunctions of our glove chlorination systems could lead to the discharge of chlorine gas to the environment which may jeopardise the health of factory personnel as well as the public at large. Such incidents may cause our customers to be fined or have lawsuits initiated against them for their negligence and the hazard created. This may subsequently affect our Group as any form of unfavourable publicity regarding our glove chlorination systems or other negative events occurring such as litigations initiated against us could harm our reputation. Such negative publicity could also adversely affect our future engagement with new customers and the loyalty of our existing customers, which could adversely affect our financial position and in turn affect our business. Kindly refer to Section 8.1.10 for details.

The following is an overview of the regulatory requirements governing our Group which are material to our business operations:

(a) Industrial Co-Ordination Act 1975 ("ICA")

Pursuant to the ICA, no person shall engage in any manufacturing activity unless he is issued a licence in respect of such manufacturing activity. The ICA defines "manufacturing activity" as the "making, altering, blending, ornamenting, finishing or otherwise treating or adapting any articles or substance with a view to its use, sale, transport, delivery or disposal and includes the assembly of parts and ship repairing but shall not include any activity normally associated with retail or wholesale trade". Manufacturing companies with shareholders' funds of RM2.5 million and above or engaging 75 or more full-time paid employees are required to apply for a manufacturing licence.

However, when Flexidynamic Engineering began its operations in Banting Factory in June 2018, it was not aware that it required a separate manufacturing licence for its new location. Subsequently, when Flexidynamic Engineering became aware of this requirement, it submitted its application to MIDA for a new manufacturing licence on 12 February 2019. Hence, between June 2018 to 14 February 2019, there was no licence issued by MITI for the Banting Factory.

We have obtained verbal confirmation from MIDA that it is unlikely for our Group to be subject to any repercussions/retrospective sanctions from MITI as a result of operating without MITI licence at the Banting Factory during the said period.

As at the LPD, our subsidiary, Flexidynamic Engineering, which carries out the manufacturing activity holds a valid manufacturing licence issued by the MITI.

(b) Construction Industry Development Board Act Malaysia 1994 ("CIDB Act")

The CIDB Act which applies throughout Malaysia, regulates the establishment of the CIDB, and provides for its function relating to the construction industry and for matters connected therewith.

Pursuant to the CIDB Act, a contractor is a person who carries out or completes or undertakes to carry out or complete any construction works and for the purpose of the CIDB Act, any person who has been awarded or executed any contracts for construction works, or has undertaken to carry out, manage or complete any construction works, or has carried out, managed or completed any construction works, shall be deemed to be a contractor unless proven otherwise.

In Malaysia, a contractor must register with the CIDB and hold a valid certificate of registration issued by the CIDB under the CIDB Act in order to carry out or complete, undertake to carry out or complete any construction works or hold himself as a contractor. Failure to register with the CIDB constitutes an offence and on conviction, the party in breach of the CIDB Act may be liable to a fine of not less than RM10,000.00 but not more than RM100,000.00.

We received a compound from the CIDB of RM0.03 million. The groundwork for the installation of our glove chlorination systems often begins during the construction of our customer's glove manufacturing factory. As such, we began the installation of glove chlorination systems while our customers' factory building was being constructed.

On 24 April 2019, a routine inspection was carried out by officers from the CIDB on one of our customer's factory which was being built. At that point in time, our employees were in the midst of installing the glove chlorination systems. However, CIDB was of the view that as we were working within a construction site, we required a CIDB license. This is notwithstanding the fact that we were installing the glove chlorination systems and were not involved in the construction of the factory.

We were then issued a compound for RM0.03 million, which we paid. We then applied and obtained a license from CIDB on 18 November 2019 in order to avoid the occurrence of such incident for future projects.

As at the LPD, our subsidiary, Flexidynamic Engineering holds and maintains a valid CIDB license issued by the CIDB.

(c) Workers' Minimum Standards of Housing and Amenities Act 1990

Pursuant to the Worker's Minimum Standards of Housing and Amenities (Amendment) Act 2019, which amended the Worker's Minimum Standards of Housing And Amenities Act 1990 and the Employees' Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralized Accommodation) Regulations 2020 that came into force on 1 September 2020 ("WMSHA 2019"), employers must comply with the WMSHA 2019, which includes providing minimum space requirement for workers' accommodation, basic facilities as well as safety and hygiene standards.

The WMSHA 2019 further provides that no employer or centralised accommodation provider shall use any buildings as accommodation if the building is unfit for human habitation in accordance with the relevant written laws. The employer or centralised accommodation provider shall ensure that every accommodation provided for employees complies with the minimum standards required under WMSHA or any regulations made thereunder. As at the LPD, our accommodation complies with the minimum standards required under WMSHA 2019.

Pursuant to the WMSHA 2019, no accommodation shall be provided to an employee unless certified with a Certificate for Accommodation. WMSHA 2019 provides that an employer who contravenes the WMSHA 2019 commits an offence and shall, on conviction, be liable to a fine not exceeding RM50,000.

Our subsidiary, Flexidynamic Engineering provides accommodation to our employees at rented terrace houses located within the vicinities of Perak and Selangor. As such, the Certificate for Accommodation is required to be obtained by Flexidynamic Engineering.

Flexidynamic Engineering had between 20 January 2021 and 21 January 2021 submitted 7 applications for the Certificate for Accommodation for the foreign workers' accommodation located within the vicinities of Perak (2 locations) and Selangor (5 locations) to the Department of Labour Peninsular Malaysia. As at the LPD, the issuance of Certificate for Accommodation is still pending. We will provide updates on the status of issuance of the Certificate for Accommodation via announcements to be made to Bursa Securities.

If we fail to obtain the Certificate for Accommodation, on conviction, we shall be liable to a fine not exceeding RM50,000 for each location. In addition, our operations may be temporarily affected as we will be required to relocate our foreign workers to new accommodation locations. In addition, we are also required to obtain the Certificate for Accommodation for the new accommodation locations.

Please refer to Section 8.1.4 of this Prospectus for further details of the risks arising from our failure to obtain a Certificate for Accommodation.

6.19 BUSINESS STRATEGIES AND PROSPECTS

6.19.1 We intend to enhance our in-house manufacturing capability in anticipation of the increase in demand for our products and to reduce our reliance on subcontractors, which is in line with our business growth and expansion

Since the commencement of our business, we have focused on the design and engineering of on-line glove chlorination systems, storage tanks, process tanks and scrubber systems; and have been involved in the manufacturing of off-line glove chlorination systems, and centrifugal fans which is a critical part of our on-line glove chlorination systems.

Our Group intends to enhance our manufacturing capability by undertaking the manufacturing of long and cylindrical products in-house such as the manufacturing of storage tanks, scrubber towers, chimneys and ductings. This is in preparation to cater to the increase in projects, as we anticipate to secure more projects in the future as we continue to grow and expand our business. Further, as we undertake more manufacturing activities in-house, we expect to reduce our reliance on subcontractors for the manufacturing of parts and components of our on-line glove chlorination system. In anticipation of future business growth and expansion, this will enable us to take on opportunities arising from increased demand, which will contribute to our financial performance.

We had acquired 2 new factories which are under construction as at the LPD, we intend to purchase additional machinery to support our in-house manufacturing works, as follows:

(a) Acquisition of 2 new factories

We entered into 2 sale and purchase agreements on 30 August 2019 to purchase 2 adjoining semi-detached factory units located behind our Banting Factory, which are, as at the LPD, under construction. The 2 factory units will have a built-up area of approximately 14,660 sq ft each. The new factories will be installed with new machinery and equipment used to carry out in-house manufacturing works for long and cylindrical parts and components of our on-line glove chlorination systems such as storage tanks, scrubber towers, chimneys and ductings. This is in line with our plan to undertake more manufacturing activities in-house.

Our Group is involved in the design and engineering of the entire glove chlorination systems including the associated parts and components, as well as manufacturing of centrifugal fans. The process and skill sets required for the manufacturing of centrifugal fans and long and cylindrical products are similar. Premised on our design, engineering and manufacturing expertise, we have the necessary expertise and skillsets in-house to undertake the additional manufacturing activities of aforementioned long and cylindrical products. However, at this juncture, we are unable to undertake the manufacturing activities as these long and cylindrical products are manufactured using discontinuous filament winding machine that occupies a large production area, which our Banting Factory is unable to accommodate. We also plan to hire additional workers to undertake these manufacturing activities. The new workers will be trained by our experienced workers upon hiring.

As at the LPD, the 2 new factories are still under construction. The construction of the 2 factory units are expected to be completed by May 2021. Upon completion of construction and handover to our Group, minor renovations will be carried out for approximately 3 months prior to installation of machines. We expect to commence operations in the third quarter of 2021.

The total cost of the 2 factory units is RM7.54 million (after including discount of RM1.57 million given by the developer) which was financed via internally generated funds of RM1.16 million and bank borrowings of RM6.38 million. We plan to allocate a total of RM6.80 million from our IPO proceeds to repay the bank borrowings (RM6.38 million) and to fund the renovation (RM0.42 million). Any unutilised proceeds will be used to fund our working capital, whereas any insufficient funds to repay the bank borrowings and to fund the renovation will be funded through internally generated funds.

(b) Acquisition of new machinery and equipment

We also plan to acquire the following new machinery and equipment to be installed at our new factories:

Details		**No. of units**	**RM'000**
(i)	Discontinuous filament winding machine and mould	1	650
(ii)	Pultrusion machine and moulds	1	350
(iii)	Material handling equipment		
	- Crane, winches and related accessories	1	130
	- Lorry crane	1	400
	- Forklift	1	100
			1,630

(i) Discontinuous filament winding machine and mould

Discontinuous filament winding machine is an automated machine used to manufacture long and cylindrical products such as storage tanks, scrubber towers, chimneys and ductings. A discontinuous filament winding machine has a horizontal axis that is fitted with cylindrical moulds, for the laying of FRP films. The rotation of the horizontal axis aids in the continuous laying of FRP films.

We plan to purchase 1 unit of discontinuous filament winding machine together with a mould, which is estimated to cost RM0.65 million in total and we plan to fully fund this purchase from our IPO proceeds. The discontinuous filament winding machine will be placed at our new factories for in-house manufacturing of long and cylindrical products. The purchase of this machine will reduce our reliance on subcontractors for the manufacturing of long and cylindrical products. With this filament winding machine, we expect to achieve cost savings ranging between 1.5% to 5.9% for each storage tank/scrubber tower manufactured, and cost savings ranging between 6.1% and 34.7% for each chimney/ducting manufactured. The difference in the percentage of cost savings is due to different specifications of storage tanks, scrubber towers, chimneys and ductings.

It is estimated that we are able to produce a maximum of 2 units of storage tanks/scrubber towers/chimneys/ductings in a day using the discontinuous filament winding machine. Taking into consideration that our factory operates 6 days a week, we will be able to manufacture 624 units of the said products in a year (based on the assumption that we will manufacture products upon the receipt of purchase orders and hence, ready products can be shipped out immediately and space constraints will not be a limiting factor). Further, the new discontinuous filament winding machine has higher level of automation and is expected to reduce manual labour needed for the manufacturing works. The reduced manual labour required is expected to reduce our labour cost.

(ii) Pultrusion machine and moulds

Pultrusion machine is an automated machine used to produce FRP profiles using FRP materials such as chop strand mat, roving and tissue mat with plastic resins. The FRP profiles produced will be used as structural support for amongst others, storage tanks, process tanks, scrubber towers and chimneys.

As at the LPD, we do not own any pultrusion machine and as such, FRP profiles are produced manually. We plan to purchase 1 unit of pultrusion machine together with some moulds, which is estimated to cost RM0.35 million and we plan to fully fund this purchase from our IPO proceeds. The pultrusion machine will be placed at our new factories to support the manufacturing of FRP profiles. It is expected to reduce manual labour needed for our manufacturing works.

The manufacturing of FRP profiles is highly customised and as such, the estimation of capacity for pultrusion machine is not applicable.

(iii) Material handling equipment

Material handling equipment such as cranes, winches and related accessories as well as forklifts and pallet trucks are used to carry heavy products and components.

We plan to purchase 1 unit of overhead crane together with the related accessories, 1 unit of lorry crane and 1 unit of forklift, which are estimated to cost RM0.63 million and we plan to fully fund this purchase using our IPO proceeds. The new material handling equipment will be placed at our new factories to support our manufacturing works.

The cost to purchase the abovementioned machines are estimated to be RM1.63 million, which will be funded from our IPO proceeds. We aim to purchase these machines within 3 months upon the completion and handover of the new factory units. In addition, we will also hire additional production workers to operate these machines along with the anticipated increase in manufacturing activities.

By undertaking more manufacturing activities in-house, our Group will need to carry out additional operational tasks including arranging periodic maintenance for the new machinery and equipment as well as planning production schedule. Further, we may incur a number of additional costs including increased depreciation charges, machinery maintenance costs and staff costs, as set out in Section 8.1.5. Despite the above, this is expected to reduce our reliance on subcontractors for the manufacturing of parts and components of our on-line glove chlorination systems as well as enable us to improve gross margin by reducing our subcontractor cost, which will contribute to our financial performance.

6.19.2 We plan to continue expanding our customer base within the glove manufacturing and glove-related industries

Since the inception of our business in 2012, we have secured various major and notable glove manufacturers and glove-dipping line manufacturers in Malaysia as our customers. Among the major and notable glove manufacturers and glove-dipping line manufacturers that we have served over the years are Hartalega Group (through Hartalega Sdn Bhd, Hartalega NGC Sdn Bhd and and Hartalega Research Sdn Bhd), Riverstone Group (through Riverstone Resources Sdn Bhd and Eco Medi Glove Sdn Bhd), Kossan Group (through Ideal Quality Sdn Bhd, Kossan Latex Industries (M) Sdn Bhd, Perusahaan Getah Asas Sdn Bhd and Wear Safe (Malaysia) Sdn Bhd), HL Advance Technologies (M) Sdn Bhd (a subsidiary of HLT Global Berhad) and Central Medicare Sdn Bhd.

According to the IMR Report, Malaysia is a major producer of rubber gloves with approximately 69 rubber glove manufacturing companies and is the world's largest rubber glove exporter with a global share of rubber gloves exports of 58.88% in 2019. Apart from our existing customer base, there are many other glove manufacturing and glove-related industries players in Malaysia who require glove chlorination systems, storage tanks, process tanks, and/or scrubber system and this presents us the opportunity to capture the demand from these industry players. In addition to securing new customers within Malaysia, we also plan to continue to grow our glove chlorination business in Thailand and Vietnam by securing local glove manufacturers as our new customers, and supporting our existing customers as they set up or expand their production plant in overseas.

In line with our business expansion plan, we had in September 2020 hired 2 sales engineers to carry out sales and marketing activities. Hence, our current sales and marketing team comprises our Managing Director and 3 sales and marketing personnel (i.e. 1 dedicated sales and marketing personnel and 2 sales engineers). We hire sales engineers to carry out sales and marketing activities, as the sale of our products requires a certain level of technical knowledge and expertise. Our sales and marketing team will carry out sales and marketing activities in Malaysia, Thailand and Vietnam as follows:

(a) Actively approach new customers within the glove manufacturing and glove-related companies;

(b) Actively engage and build business relationships with our existing customers and business associates for referrals;

(c) Continuously participate in networking and marketing events held among glove manufacturing and glove-related companies; such as the International Rubber Glove Conference and Exhibition that will be held in Kuala Lumpur in August 2021, to enhance our market presence. This event is organised by MARGMA and co-hosted by the Malaysian Export Promotion Council, in association with the Thai Rubber Glove Manufacturers Association and the Indonesian Rubber Glove Manufacturers Association, and will be attended by industry stakeholders from Malaysia and overseas. The participation fees and expenses in setting up booths in the exhibition will be funded via internally generated funds.

These sales and marketing activities will allow us to expand our customer base in the glove manufacturing and glove-related industries which may in turn increase our market share in the glove chlorination manufacturing industry. With this, we will be able to strengthen our market position and reputation as well as enhance our financial performance.

6.19.3 Prospects of our Group

According to the IMR Report, the glove chlorination manufacturing industry grows in tandem with the glove manufacturing industry as the establishment of new and/or expansion and/or upgrading of glove manufacturing facilities by glove manufacturers are the main determinant of the demand for glove chlorination systems.

Due to the on-going Covid-19 pandemic, glove manufacturers have faced a surge in demand for rubber gloves as rubber gloves are a means of protective and preventive gear against diseases. Smith Zander estimates global demand for rubber gloves to have reached approximately 369 billion pieces in 2020, an increase of 24.66% from 2019. In tandem with the spike in the global demand for rubber gloves, Malaysia's export of rubber gloves to reach 994.91 kilotonnes in 2020, an increase of 26.29% from 2019. Further, MARGMA forecasts the global demand for rubber gloves to reach 420 billion pieces in 2021, an increase of 13.82% from 2020. Following this, Smith Zander forecasts Malaysia's export of rubber gloves to reach 1,159.45 kilotonnes in 2021, an increase of 16.54% from 2020. Similarly, exports of rubber gloves in Thailand and Vietnam are expected to spike in 2020 and further increase in 2021 due to the demand for rubber gloves arising from the Covid-19 pandemic.

With the availability of vaccines for the Covid-19 virus, the usage of rubber gloves among healthcare professionals may gradually decrease from levels recorded in 2020 and 2021 at the peak of the pandemic. Nevertheless, the demand for rubber gloves are expected to remain high which is premised on the continuous usage of medical gloves among healthcare professionals worldwide during mass vaccination, especially in the near term as countries have made arrangements to procure Covid-19 vaccines; and in the longer term, it will be continuously driven by heightened awareness of the usage of rubber gloves as a protection against virus and diseases due to the Covid-19 pandemic, as well as the increase in demand for healthcare services due to various factors including growing accessibility to healthcare services, rising population and growing ageing population, and rising prevalence of chronic and other contagious diseases. As such, Smith Zander forecasts global demand for rubber gloves to increase to approximately 615 billion pieces in 2025, at a CAGR of 10.00% from 2021 to 2025. With this anticipated growth in global demand, there will be continuous establishment of new and/or expansion and/or upgrading of glove manufacturing facilities, which creates demand for glove chlorination systems.

Accordingly, Smith Zander forecasts that Malaysia's export of rubber gloves to increase to 1,526.76 kilotonnes in 2025, at a CAGR of 7.12% from 2021 to 2025. The exports of rubber gloves in Thailand and Vietnam are also expected to grow in the longer term. Smith Zander forecasts Thailand's exports of rubber gloves to increase to 398.99 kilotonnes in 2025, at a CAGR of 11.57% from 2019 to 2025. Smith Zander forecasts Vietnam's exports of rubber gloves to increase to 26.87 kilotonnes in 2025, at a CAGR of 6.52% from 2019 to 2025.

Notwithstanding the above, the growth in global demand for rubber gloves, as well as exports of rubber gloves from Malaysia, Thailand and Vietnam, may be higher should Covid-19 infection rates remain high globally after 2020. Premised on the above, global demand for rubber gloves is expected to continue demonstrating growth post Covid-19, albeit at slower rates than in 2020 and 2021, driven mostly by heightened awareness of the usage of rubber gloves as a result of the Covid-19 pandemic.

As such, the prospects of our Group, remain positive in tandem with the growth in the glove manufacturing industry as a result of continuous growth in global demand for rubber gloves.

6.20 EMPLOYEES

As at the LPD, we have a total workforce of 94 employees, of which 62 are permanent employees and 32 are contractual workers. The following depicts the number of employees in our Group according to department and geographical location as at the LPD:

	Permanent		Contract/temporary		
Department	**Local**	**Foreign**	**Local**	**Foreign**	**Total employee**
Directors	3	2	-	-	5
Key senior management	2	-	-	-	2
Administration, Finance and Human Resources	3	1	-	-	4
Sales and Marketing	1	-	-	-	1
Engineering / R&D	7	1	-	-	8
Purchasing	2	-	-	-	2
Quality Control	4	-	-	2	6
Store	5	-	-	2	7
Production	15	16	-	28	59
TOTAL	**42**	**20***	**-**	**32**	**94**

	Permanent		Contract/temporary		
Countries	**Local**	**Foreign**	**Local**	**Foreign**	**Total employee**
Malaysia	42	-	-	32	74
Thailand	-	20	-	-	20
TOTAL	**42**	**20***	**-**	**32**	**94**

Note:

* These employees are Thai nationals.

As at the LPD, Malaysian employees accounted for approximately 44.68% of our total workforce while the remaining 55.32% were foreign workers. As at the LPD, we have 52 foreign workers. All our foreign workers working in Malaysia have valid working permits. None of our employees belong to any labour union. During the past FYEs 2017 to 2019, FPE 2020 and up to the LPD, there is no major industrial dispute pertaining to our employees.

We have in place a management succession plan to identify key competencies and requirements of managers and higher ranking personnel, to take positive approach towards addressing talent management to ensure our Group has talent readily available from a capability perspective to undertake leadership positions and to frequently train our middle management to ensure they are well equipped with all the necessary knowledge to succeed at senior management positions in the future in our Group.

6.21 MAJOR CUSTOMERS

Our customers are mainly glove manufacturers and glove-dipping line manufacturers. Our order book depends on our customers' respective manufacturing and expansion plans, which are driven by the anticipated demand for gloves worldwide.

Our top 5 major customers for each of the past 3 FYEs 2017 to 2019 and FPE 2020 are as follows:

FYE 2017

No.	Customers [(1)]	Country	Business activities	Category of products / services sold [(2)]	Revenue contribution in FYE 2017 RM'000	Revenue contribution in FYE 2017 %	Length of relationship as at the LPD Years
1.	Hartalega Group	Malaysia	Manufacturing of gloves	(a), (c), (d) and (e)	10,157	33.97	8
2.	Central Medicare Sdn Bhd	Malaysia	Manufacturing of gloves	(a), (b), (c), (d) and (e)	4,280	14.31	5
3.	Kossan Group	Malaysia	Manufacturing of gloves	(a), (c), (d) and (e)	3,809	12.74	8
4.	Sri Trang Group	Thailand	Manufacturing of gloves	(a), (d) and (e)	2,677	8.95	9
5.	Riverstone Group	Malaysia	Manufacturing of gloves	(a), (b), (c), (d) and (e)	2,667	8.92	9
				Sub-total	**23,590**	**78.89**	
				Total	**29,902**	**100.00**	

FYE 2018

No.	Customers [(1)]	Country	Business activities	Category of products / services sold [(2)]	Revenue contribution in FYE 2018 RM'000	Revenue contribution in FYE 2018 %	Length of relationship as at the LPD Years
1.	Hartalega Group	Malaysia	Manufacturing of gloves	(a), (c), (d) and (e)	15,354	31.78	8
2.	Ever Global (Vietnam) Enterprise Corporation	Vietnam	Manufacturing of gloves	(a)	7,928	16.40	4
3.	Central Medicare Sdn Bhd	Malaysia	Manufacturing of gloves	(a), (b), (c), (d) and (e)	5,819	12.04	5
4.	Kossan Group	Malaysia	Manufacturing of gloves	(a), (c), (d) and (e)	4,471	9.25	8
5.	YTY Group	Malaysia	Manufacturing of gloves	(a), (b), (c), (d) and (e)	3,927	8.13	8
				Sub-total	**37,499**	**77.60**	
				Total	**48,322**	**100.00**	

6. INFORMATION ON OUR GROUP *(Cont'd)*

FYE 2019

No.	Customers [1]	Country	Business activities	Category of products / services sold [2]	Revenue contribution in FYE 2019 RM'000	Revenue contribution in FYE 2019 %	Length of relationship as at the LPD Years
1.	Hartalega Group	Malaysia	Manufacturing of gloves	(a), (b), (c), (d) and (e)	20,388	40.91	8
2.	Ever Global (Vietnam) Enterprise Corporation	Vietnam	Manufacturing of gloves	(a) and (e)	10,182	20.43	4
3.	Sri Trang Group	Thailand	Manufacturing of gloves	(a), (c), (d) and (e)	5,258	10.55	9
4.	Kossan Group	Malaysia	Manufacturing of gloves	(a), (c), (d) and (e)	4,680	9.39	8
5.	Riverstone Group	Malaysia	Manufacturing of gloves	(a), (b), (c), (d) and (e)	2,729	5.47	9
				Sub-total	**43,237**	**86.75**	
				Total	**49,839**	**100.00**	

FPE 2020

No.	Customers [1]	Country	Business activities	Category of products / services sold [2]	Revenue contribution in FPE 2020 RM'000	Revenue contribution in FPE 2020 %	Length of relationship as at the LPD Years
1.	Hartalega Group	Malaysia	Manufacturing of gloves	(a), (b), (c), (d) and (e)	11,196	31.98	8
2.	Central Medicare Sdn Bhd	Malaysia	Manufacturing of gloves	(a), (b), (c), (d) and (e)	7,439	21.25	5
3.	YTY Group	Malaysia	Manufacturing of gloves	(a), (b), (c), (d) and (e)	6,100	17.43	8
4.	Sri Trang Group	Thailand	Manufacturing of gloves	(a), (c), (d) and (e)	2,611	7.46	9
5.	Kossan Group	Malaysia	Manufacturing of gloves	(a), (c), (d) and (e)	1,586	4.53	8
				Sub-total	**28,932**	**82.65**	
				Total	**35,007**	**100.00**	

Notes:

(1) The companies within our customer grouping are as follows:

Customer grouping	Companies
Hartalega Group	Hartalega Sdn Bhd, Hartalega NGC Sdn Bhd and Hartalega Research Sdn Bhd
Kossan Group	Kossan Latex Industries (M) Sdn Bhd, Ideal Quality Sdn Bhd, Perusahaan Getah Asas Sdn Bhd and Wear Safe (Malaysia) Sdn Bhd
Riverstone Group	Riverstone Resources Sdn Bhd and Eco Medi Glove Sdn Bhd
Sri Trang Group	Premier System Engineering Co Ltd, Sri Trang Gloves (Thailand) Co Ltd (previously known as Siam Sempermed Corp Ltd) and Sri Trang Gloves (Thailand) Public Co Ltd
YTY Group	Green Prospect Sdn Bhd and YTY Industry Sdn Bhd

(2) Categories of products / services sold:

(a) Glove chlorination systems
(b) Storage tanks
(c) Process tanks
(d) FRP lining services and/or scrubber systems
(e) Trading of replacement parts

In the past 3 FYEs 2017 to 2019 and FPE 2020, our largest customer was Hartalega Group which contributed to 33.97%, 31.78%, 40.91% and 31.98% to our revenue respectively. Hartalega Group has been our major customer since 2013. Despite the absence of long term contract, we believe that our long term relationship with Hartalega Group has allowed us to continue to secure new orders from Hartalega Group. This is also demonstrated by the increase in orders from Hartalega Group for the past 3 FYEs and FPE 2020 which is in line with the Hartalega Group's plan to expand their production capacity.

Since our commencement in 2012, we have secured business from foreign customers from Vietnam, Thailand, Indonesia and Sri Lanka. For the past 3 FYEs, we recorded an increase in our foreign sales from RM5.44 million in FYE 2017 to RM15.86 million in FYE 2019. Foreign sales represent between 18.19% and 31.82% of our total sales. Our foreign revenue for the past 3 FYEs were mainly contributed by Sri Trang Group (Thailand) and Ever Global (Vietnam) Enterprise Corporation. In FPE 2020, our foreign sales decreased from RM13.14 million or 37.44% in FPE 2019 to RM4.80 million or 13.72% in FPE 2020 due to the completion of the majority of overseas projects during FYE 2019. Nevertheless, we have secured new projects from customers in Thailand and Vietnam amounting to RM41.09 million during FPE 2020 and most of the revenue from these new projects shall be recognised after FPE 2020. Of the RM41.09 million worth of projects secured from customers in Thailand and Vietnam during the FPE 2020, RM2.30 million was recognised in the FPE 2020; RM8.67 million was recognised between October 2020 and December 2020; and RM27.87 million and RM2.25 million are expected to be recognised in the financial years ending 2021 and 2022 respectively.

6. INFORMATION ON OUR GROUP *(Cont'd)*

We are dependent on our major customers as their collective revenue contributions were 78.89%, 77.60%, 86.75% and 82.65% in the past 3 FYEs 2017 to 2019 and FPE 2020 respectively. If any one or more of our major customers cease to purchase our products and services, we may experience reduction in purchase orders which could result in a loss of revenue, given that we may not be able to replace these customers with new customers or with additional orders from existing customers in a timely manner. Further, we do not have any long-term agreements or arrangements with our customers as our Group's sales are based on purchase orders whereby our customers purchase our products/services on a project-to-project basis or on an as-needed basis, which may result in uncertainties over our overall financial performance.

The demand for our Group's glove chlorination systems by our major customers in the past 3 FYEs and FPE 2020 is primarily driven by our established track record in the glove chlorination industry; design and engineering expertise that gives us the flexibility to provide product customisation; and experienced management team, as set out in Section 6.8.

Based on our management's understanding, the need by our major customers to purchase glove chlorination systems is based on their decision to expand their glove manufacturing lines, which are primarily driven by growth in the demand for gloves as a result of:

- Growth in the global and domestic healthcare industry;
- Growth in the other global and domestic end-user industries that use gloves in daily operations such as manufacturing and food industry; and
- Growth in the hygiene awareness and changes in healthcare requirements in emerging markets.

Further, the need by our major customers to purchase glove chlorination systems are also driven by the need to replace their existing glove chlorination systems to improve efficiency.

Moving forward, we expect these major customers to continue contributing to our Group's revenue as we have maintained good business relationships with our customers over the years, and we believe that this will provide our Group with assurance for business sustainability as well as a strong platform for business growth and expansion. In the past 3 FYEs 2017 to 2019, FPE 2020 and up to the LPD, we have not encountered any major issues in dealing with our customers.

In the FYE 2017, FYE 2018, FYE 2019 and FPE 2020, our Group had 39 companies, 40 companies, 39 companies and 37 companies as our customers respectively. According to the IMR Report in Section 7 of this Prospectus, there are 69 rubber glove manufacturing companies in Malaysia and in the FPE 2020, out of the 37 companies who were our customers, our Group secured 18 glove manufacturing companies in Malaysia. Given that there are still 51 glove manufacturing companies in Malaysia yet to be our customers which presents us the opportunity to capture the demand from these companies, we have a positive prospect of acquiring new customers. In addition to securing new customers within Malaysia, as part of our business strategies set out in Section 6.19.2, we also plan to continue to grow our glove chlorination business in Thailand and Vietnam, as Thailand is the world's second largest rubber glove exporter after Malaysia while Vietnam is also a producer of rubber gloves. To facilitate this, as part of our business strategies, we hired 2 sales engineers to focus on sales and marketing activities of our products and services to expand our customer base within the glove manufacturing and glove-related industries primarily in Malaysia. Our sales and marketing team will also continue to grow our glove chlorination business in Thailand and Vietnam through a series of sales and marketing activities set out in Section 6.19.2. This is expected to reduce our sales concentration risk on our major customers.

6. INFORMATION ON OUR GROUP *(Cont'd)*

6.22 MAJOR SUPPLIERS

Our major suppliers comprise the following:

(a) Subcontractors

The manufacturing of on-line glove chlorination systems, storage tanks, process tanks and scrubber systems are outsourced to our subcontractors. Nevertheless, we are involved in the design and/or manufacturing of moulds for the parts and components of our on-line glove chlorination systems, storage tanks, process tanks and scrubber systems. For the manufacturing of parts and components of our on-line glove chlorination systems, storage tanks, process tanks and scrubber systems using FRP materials, we supply the required raw materials to our subcontractors for the manufacturing works. For FRP-lined mild steel storage tanks, our subcontractors will source for the steel materials for the manufacturing works while we will supply the FRP materials. For the past 3 FYEs 2017 to 2019 and FPE 2020, we have only outsourced our manufacturing works to 4 subcontractors.

Our subcontractors for each of the past 3 FYEs 2017 to 2019 and FPE 2020 are as follows:

<u>FYE 2017</u>

No.	Subcontractors	Country of origin	Services sourced	Value of purchases in FYE 2017 RM'000	Value of purchases in FYE 2017 %	Length of relationship as at the LPD Years
1.	Chong Chee Keong [(1)]	Malaysia	Subcontracted manufacturing works for metal moulds as well as long and cylindrical products	1,978	10.45	8
2.	L & S Advance Sdn Bhd [(2)]	Malaysia	Subcontracted manufacturing works for process tanks	820	4.33	6
3.	Fook Loong Engineering [(3)]	Malaysia	Subcontracted manufacturing works for long and cylindrical products	257	1.36	8
4.	Pembinaan Kim Choi Sdn Bhd	Malaysia	Subcontracted manufacturing works for metal moulds and mild steel storage tanks	105	0.55	5
			Sub-total	**3,160**	**16.69**	
			Total	**18,930**	**100.00**	

6. INFORMATION ON OUR GROUP *(Cont'd)*

FYE 2018

No.	Subcontractors	Country of origin	Services sourced	Value of purchases in FYE 2018 RM'000	Value of purchases in FYE 2018 %	Length of relationship as at the LPD Years
1.	L & S Advance Sdn Bhd [(2)]	Malaysia	Subcontracted manufacturing works for process tanks	2,578	7.94	6
2.	Chong Chee Keong [(1)]	Malaysia	Subcontracted manufacturing works for metal moulds as well as long and cylindrical products	2,204	6.78	8
3.	Pembinaan Kim Choi Sdn Bhd	Malaysia	Subcontracted manufacturing works for metal moulds and mild steel storage tanks	1,421	4.37	5
4.	Fook Loong Engineering [(3)]	Malaysia	Subcontracted manufacturing works for long and cylindrical products	590	1.82	8
			Sub-total	**6,793**	**20.91**	
			Total	**32,486**	**100.00**	

FYE 2019

No.	Subcontractors	Country of origin	Services sourced	Value of purchases in FYE 2019 RM'000	Value of purchases in FYE 2019 %	Length of relationship as at the LPD Years
1.	Pembinaan Kim Choi Sdn Bhd	Malaysia	Subcontracted manufacturing works for metal moulds and mild steel storage tanks	3,762	11.38	5
2.	L & S Advance Sdn Bhd [(2)]	Malaysia	Subcontracted manufacturing works for process tanks	2,488	7.52	6
3.	CCK Engineering Sdn Bhd [(1)]	Malaysia	Subcontracted manufacturing works for metal moulds as well as long and cylindrical products	2,221	6.72	8
4.	Fook Loong Engineering Founder Sdn Bhd [(3)]	Malaysia	Subcontracted manufacturing works for long and cylindrical products	1,205	3.64	8
			Sub-total	**9,676**	**29.26**	
			Total	**33,066**	**100.00**	

6. INFORMATION ON OUR GROUP *(Cont'd)*

FPE 2020

No.	Subcontractors	Country of origin	Services sourced	Value of purchases in FPE 2020 RM'000	Value of purchases in FPE 2020 %	Length of relationship as at the LPD Years
1.	Pembinaan Kim Choi Sdn Bhd	Malaysia	Subcontracted manufacturing works for metal moulds and mild steel storage tanks	3,496	13.62	5
2.	Fook Loong Engineering Founder Sdn Bhd [3]	Malaysia	Subcontracted manufacturing works for long and cylindrical products	2,132	8.31	8
3.	L & S Advance Sdn Bhd [2]	Malaysia	Subcontracted manufacturing works for process tanks	1,772	6.90	6
4.	CCK Engineering Sdn Bhd [1]	Malaysia	Subcontracted manufacturing works for metal moulds as well as long and cylindrical products	1,466	5.71	8
			Sub-total	**8,866**	**34.54**	
			Total	**25,665**	**100.00**	

Notes:

(1) Chong Chee Keong, the shareholder of CCK Engineering Sdn Bhd, holds 4,173,200 Shares, representing 2.0% equity interest in our Company as at the LPD. In 2019, CCK Engineering Sdn Bhd was incorporated and since then, we have been transacting with CCK Engineering Sdn Bhd.

(2) Lim Khin Choong, the shareholder of L&S Advance Sdn Bhd, holds 4,173,200 Shares, representing 2.0% equity interest in our Company as at the LPD.

(3) Wong Fook Loong, the shareholder of Fook Loong Engineering Founder Sdn Bhd, holds 2,086,600 Shares, representing 1.0% equity interest in our Company as at the LPD. In 2019, Fook Loong Engineering Founder Sdn Bhd was incorporated and since then, we have been transacting with Fook Loong Engineering Founder Sdn Bhd.

We are dependent on our subcontractors to manufacture our products as well as parts and components. We rely on our subcontractors, Pembinaan Kim Choi Sdn Bhd for the manufacturing of metal moulds and mild steel storage tanks; L&S Advance Sdn Bhd for the manufacturing of process tanks; CCK Engineering Sdn Bhd (which we previously transacted with Chong Chee Keong, a sole proprietorship, prior to the incorporation of CCK Engineering Sdn Bhd), for the manufacturing of metal moulds as well as long and cylindrical products; and Fook Loong Engineering Founder Sdn Bhd (which we previously transacted with Fook Loong Engineering, a sole proprietorship, prior to the incorporation of Fook Loong Engineering Founder Sdn Bhd) for the manufacturing of long and cylindrical products. Even though we do not have any long-term agreements or arrangements with our subcontractors, we have not faced any material disruptions or delays from our subcontractors in the past 3 FYEs and FPE 2020.

Nevertheless, we are involved in the design and/or manufacturing of moulds for parts and components of our on-line glove chlorination systems, storage tanks, process tanks and scrubber systems. Hence, as we are in control of the design and/or manufacturing of moulds for our products, we believe that we will be able to identify and secure other suitable subcontractors for the manufacturing works if any of our existing subcontractors cease to provide their services to our Group.

While the manufacturing works of our products can be undertaken by other subcontractors, our Group maintains the current arrangement with the existing 4 subcontractors due to their technical expertise and experience in the manufacturing of our Group's products as well as our long term relationship with these subcontractors.

(b) Other suppliers

Raw materials purchased are consumed in-house by our Group and provided to our subcontractors to undertake manufacturing works. We purchase raw materials such as plastic resins, FRP materials, PVC pipes and fittings, and mild steel. In addition, we also purchase monitoring and control instruments such as chlorination gas systems and related parts, circulation pumps, gears and motors and related parts and control panel systems, amongst others.

Our top 5 major suppliers (excluding subcontractors) for each of the past 3 FYEs 2017 to 2019 and FPE 2020 are as follows:

FYE 2017

No.	Suppliers	Country of origin	Products sourced	Value of purchases in FYE 2017 RM'000	%	Length of relationship as at the LPD Years
1.	Usaha Pammek Sdn Bhd	Malaysia	Chlorination gas systems and related parts	2,588	13.67	8
2.	Formalchem Sdn Bhd	Malaysia	Plastic resins	1,617	8.54	8
3.	Sintech Engineering Sdn Bhd	Malaysia	Control panel systems, and electrical and wiring works	1,560	8.24	8
4.	Tri Win Trading & Services [(1)]	Malaysia	PVC pipe and fittings	1,171	6.19	7
5.	East-Trader (Shanghai) Co Ltd	China	Titanium coils	1,021	5.39	8
			Sub-total	**7,957**	**42.03**	
			Total	**18,930**	**100.00**	

6. INFORMATION ON OUR GROUP *(Cont'd)*

FYE 2018

No.	Suppliers	Country of origin	Products sourced	Value of purchases in FYE 2018 RM'000	Value of purchases in FYE 2018 %	Length of relationship as at the LPD Years
1.	Luxchem Trading Sdn Bhd	Malaysia	Plastic resins and FRP materials	3,598	11.08	8
2.	Sintech Engineering Sdn Bhd	Malaysia	Control panel systems, and electrical and wiring works	2,909	8.95	8
3.	Usaha Pammek Sdn Bhd	Malaysia	Chlorination gas systems and related parts	2,585	7.96	8
4.	East-Trader (Shanghai) Co Ltd	China	Titanium coils	1,823	5.61	8
5.	Swancor Highpolymer Co Ltd	Taiwan	Plastic resins	1,679	5.17	3
			Sub-total	**12,594**	**38.77**	
			Total	**32,486**	**100.00**	

FYE 2019

No.	Suppliers	Country of origin	Products sourced	Value of purchases in FYE 2019 RM'000	Value of purchases in FYE 2019 %	Length of relationship as at the LPD Years
1.	Luxchem Trading Sdn Bhd	Malaysia	Plastic resins and FRP materials	3,467	10.49	8
2.	Sintech Engineering Sdn Bhd	Malaysia	Control panel systems, and electrical and wiring works	3,414	10.32	8
3.	Usaha Pammek Sdn Bhd	Malaysia	Chlorination gas systems and related parts	2,752	8.32	8
4.	Rotating Engineering & Services	Malaysia	Circulation pumps and related parts	1,589	4.81	8
5.	East-Trader (Shanghai) Co Ltd	China	Titanium coils	1,238	3.74	8
			Sub-total	**12,460**	**37.67**	
			Total	**33,066**	**100.00**	

6. INFORMATION ON OUR GROUP *(Cont'd)*

FPE 2020

No.	Suppliers	Country of origin	Products sourced	Value of purchases in FPE 2020 RM'000	Value of purchases in FPE 2020 %	Length of relationship as at the LPD Years
1.	Usaha Pammek Sdn Bhd	Malaysia	Chlorination gas systems and related parts	2,280	8.88	8
2.	Sintech Engineering Sdn Bhd	Malaysia	Control panel systems, and electrical and wiring works	1,811	7.06	8
3.	Luxchem Trading Sdn Bhd	Malaysia	Plastic resins and FRP materials	1,715	6.68	8
4.	Swancor Ind (M) Sdn Bhd	Malaysia	Plastic resins	1,618	6.30	3
5.	Rotating Engineering & Services	Malaysia	Circulation pumps and related parts	1,252	4.88	8
			Sub-total	**8,676**	**33.80**	
			Total	**25,665**	**100.00**	

Note:

(1) Lim Khin Choong and Wong Fook Loong, the shareholders of Tri Win Trading & Services, our major supplier, holds 4,173,200 Shares and 2,086,600 Shares, representing 2.0% and 1.0% equity interest respectively in our Company as at the LPD.

Even though we do not have any long-term agreements or arrangements with our major suppliers, we have not faced any material supply disruptions or delays from our major suppliers in the past 3 FYEs and FPE 2020.

Our supplies are sourced from local and overseas manufacturers and suppliers, selected based on pricing, production capacities, range and technical specifications of supplies, ability to meet our quality requirements and ability to deliver in a timely manner. We are not dependent on any suppliers in sourcing raw materials and monitoring and control instruments, as there are other suppliers in the market who sell similar raw materials and monitoring and control instruments at similar prices.

In 2018, Chong Chee Keong (shareholder of CCK Engineering Sdn Bhd), Lim Khin Choong (shareholder of Tri Win Trading & Services and L&S Advance Sdn Bhd) and Wong Fook Loong (shareholder of Tri Win Trading & Services and Fook Loong Engineering Founder Sdn Bhd) became our shareholders, holding a total of 5.0% equity interest in our Group as at the LPD. While several of our subcontractors and/or suppliers are our shareholders, they do not have any influence over the pricing of our Group's products and services. The pricing for their products and/or services sold to our Group are quoted based on prevailing market rates offered by other subcontractors and suppliers for similar products and services.

6.23 EXCHANGE CONTROLS

(1) MALAYSIA

The Financial Services Act 2013 and Islamic Financial Services Act 2013 are the principal legislations which govern, amongst others, exchange control in Malaysia. The governing authority for Foreign Exchange Administration in Malaysia is Bank Negara Malaysia ("BNM").

Pursuant to Notice 4 of the current foreign exchange notice ("FE") issued by BNM, a resident is allowed to make or receive payment in RM in Malaysia to or from a non-resident for, amongst others, settlement of trade in goods and services.

In relation to payment in foreign currency, Notice 4 of the FE allows a resident to make or receive payment to or from a non-resident for any purposes excluding the transactions listed as follows:

(i) a foreign currency denominated derivative offered by a resident unless approved by BNM under Notice 5 of the FE or approved by BNM;

(ii) a foreign currency-denominated derivative offered by a non-resident except for transactions listed in paragraph 5(2) of Notice 4 of the FE; and

(iii) a derivative which is derived from, reference to or based on RM unless approved by BM under Part B of Notice 5 of the FE or otherwise approved writing by BNM.

As at the LPD, we comply with the exchange control requirement in relation to our settlement of payments with foreign customers and suppliers. In view of the above, foreign exchange control does not have an impact on the ability of cash and cash equivalents for us by our Group and the remittance of dividends, interest or other payments to our shareholders.

(2) THAILAND

(a) Repatriation of Funds

Under the laws of Thailand, repatriation of funds to foreign investors may be done in the following manner:

(i) Capital reduction whereby a Flexidynamic Thailand may reduce its capital by reducing the par value of each share or by reducing the number of its shares down to not less than 25% of its capital. The capital reduction must be approved by a special resolution passed at an extraordinary general meeting of its shareholders (Sections 1224 and 1225 of the Thailand Civil and Commercial Code (the "CCC")).

(ii) Distribution of dividend whereby dividends distributed by Flexidynamic Thailand must be made from the profits of the company in proportion to the paid-up share capital of each share.

(iii) Payment of principal and interest of loan whereby any existing loan (if any) owing by Flexidynamic Thailand to Flexidynamic Engineering can be repaid in kind by goods or other property if the lender accepts the amount of the debt will be extinguished at the amount equal to the market value of the goods or other property at the time and place of delivery (Section 656 of the CCC).

(iv) Distribution of capital or benefits on a winding-up procedure whereby the capital of a company can be divided amongst the shareholders upon its liquidation but only if the company has sufficient assets or funds to pay all its debts or perform all its obligations (Section 1269 of the CCC).

(b) Distribution of Dividends

The laws of Thailand also provide that the matters mentioned in Section 6.23(2)(a)(ii) above shall be subject to the following:

(i) The declaration of dividends must be approved by a resolution passed at an annual general meeting or an extraordinary general meeting of the shareholders of Flexidynamic Thailand. An interim dividend payment can be declared from time to time if it appears to the BOD that the Company has profits justified to be paid to its shareholders (Sections 1200 and 1201 of the CCC).

(ii) Flexidynamic Thailand must reserve funds at each distribution of dividend of at least 5% of its profits until its reserve funds reaches 10% of its capital or more (Section 1202 of the CCC and Article 18 of the articles of association of Flexidynamic Thailand).

(c) Withholding Tax

In relation to taxation, the repatriations of funds abroad from Flexidynamic Thailand to Flexidynamic Engineering mentioned in Section 6.23(2)(a) are subject to the following withholding taxes:

(i) The capital reduction amount of Flexidynamic Thailand payable to Flexidynamic Engineering is a taxable/assessable income of Flexidynamic Engineering but only for the amount which does not exceed the total amount of the profits and the reserve funds of the Company and it is subject to the withholding tax at the rate of 15% (Sections 40(4)(d) and 70 of the Thailand Revenue Code). The capital reduction amount that exceeds the total amount of the profits and the reserve funds of the Flexidynamic Thailand is not a taxable/assessable income.

(ii) The dividend of the Flexidynamic Thailand payable to Flexidynamic Engineering is a taxable/assessable income and it is subject to withholding tax at the rate of 10% (Sections 40(4)(b) and 70 of the Thailand Revenue Code).

(iii) The principal of the loan repaid to Flexidynamic Engineering is not a taxable/assessable income of Flexidynamic Engineering and it is not subject to the withholding tax. Only the interest on the loan paid to Flexidynamic Engineering is a taxable/assessable income and it is subject to withholding tax at the rate of 15% (Sections 40(4)(a) and 70 of the Thailand Revenue Code).

(iv) The capital of Flexidynamic Thailand payable to Flexidynamic Engineering due to the winding-up of Flexidynamic Thailand is not a taxable/assessable income and it is not subject to the withholding tax. Only the benefits payable to Flexidynamic Engineering due to the winding-up of Flexidynamic Thailand that exceed the capital of the Flexidynamic Thailand is a taxable/assessable income and it is subject to the withholding tax at the rate of 15% pursuant to Sections 40(4)(a) and 70 of the Thailand Revenue Code).

When Flexidynamic Thailand repatriates funds to Flexidynamic Engineering, Flexidynamic Thailand is required to withhold applicable withholding taxes mentioned above from the funds payable and remit the taxes withheld to the Thai Revenue Department (Sections 50(2)(a) and (e), 52 and 70 of the Thailand Revenue Code).

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SMITH ZANDER

Date: 17 February 2021

The Board of Directors
FLEXIDYNAMIC HOLDINGS BERHAD
Level 15-2
Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

Dear Sirs/ Madams,

Independent Market Research ("IMR") Report on the Glove Chlorination Manufacturing Industry in Malaysia, Thailand and Vietnam ("IMR Report")

This IMR Report has been prepared by SMITH ZANDER INTERNATIONAL SDN BHD ("SMITH ZANDER") for inclusion in the Prospectus in conjunction with the listing of Flexidynamic Holdings Berhad on the ACE Market of Bursa Malaysia Securities Berhad.

The objective of this IMR Report is to provide an independent view of the industry and market(s) in which Flexidynamic Holdings Berhad and its subsidiaries ("Flexidynamic Group") operate and to offer a clear understanding of the industry and market dynamics. As Flexidynamic Group is principally involved in the design, engineering, installation and commissioning of glove chlorination systems, as well as the design and installation of storage tanks and process tanks for the glove manufacturing industry, the scope of work for this IMR Report will thus address the following areas:

(i) The glove chlorination manufacturing industry in Malaysia, which is the industry in which Flexidynamic Group operates in;
(ii) The drivers and risk factors of the glove chlorination manufacturing industry in Malaysia;
(iii) The competitive overview of the glove chlorination manufacturing industry in Malaysia; and
(iv) The glove chlorination manufacturing industry in Thailand and Vietnam, which are the key export markets of Flexidynamic Group.

The research process for this study has been undertaken through secondary or desktop research, as well as detailed primary research when required, which involves discussing the status of the industry with leading industry participants and industry experts. Quantitative market information could be sourced from interviews by way of primary research and therefore, the information is subject to fluctuations due to possible changes in business, industry and economic conditions.

SMITH ZANDER has prepared this IMR Report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this IMR Report presents a balanced view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an "overall industry" perspective and may not necessarily reflect the performance of individual companies in this IMR Report. SMITH ZANDER shall not be held responsible for the decisions and/or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in this report.

For and on behalf of SMITH ZANDER:

DENNIS TAN
MANAGING PARTNER

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The research for this IMR Report was completed on 16 February 2021.

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About SMITH ZANDER INTERNATIONAL SDN BHD

SMITH ZANDER is a professional independent market research company based in Kuala Lumpur, Malaysia, offering market research, industry intelligence and strategy consulting solutions. SMITH ZANDER is involved in the preparation of independent market research reports for capital market exercises, including initial public offerings, reverse takeovers, mergers and acquisitions, and other fund-raising and corporate exercises.

Profile of the signing partner, Dennis Tan Tze Wen

Dennis Tan is the Managing Partner of SMITH ZANDER. Dennis Tan has 23 years of experience in market research and strategy consulting, including over 18 years in independent market research and due diligence studies for capital markets throughout the Asia Pacific region. Dennis Tan has a Bachelor of Science (major in Computer Science and minor in Business Administration) from Memorial University of Newfoundland, Canada.

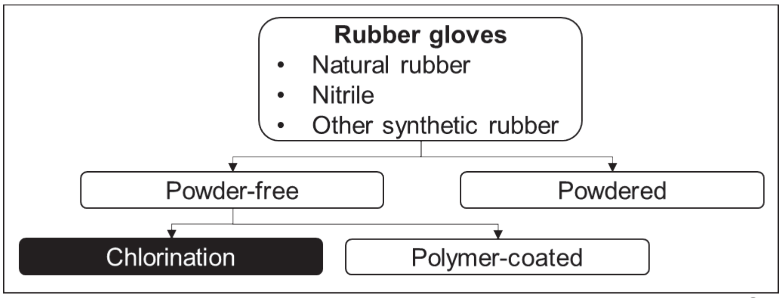
1 GLOVE CHLORINATION MANUFACTURING INDUSTRY IN MALAYSIA

Introduction

A glove chlorination system is a system used in the manufacturing of rubber gloves. Investments in glove chlorination systems is a form of capital expenditure for glove manufacturing companies.

A glove chlorination system carries out the chlorination process during the manufacturing of rubber gloves, which include both natural rubber gloves (i.e. produced using natural liquid latex) and synthetic rubber gloves (i.e. produced using synthetic liquid latex such as nitrile rubber and polyurethane). The chlorination process is carried out to lubricate rubber gloves for easy donning and to prevent the gloves from sticking to other gloves. The chlorination process is a substitute process of the powdering process (i.e. application of corn starch powder), and thus it is used in the manufacturing of a type of powder-free rubber gloves, namely chlorinated rubber gloves. It is also a substitute process of the polymer-coating process which produces another type of powder-free rubber gloves, namely polymer-coated rubber gloves.

Types of rubber gloves



Source: SMITH ZANDER

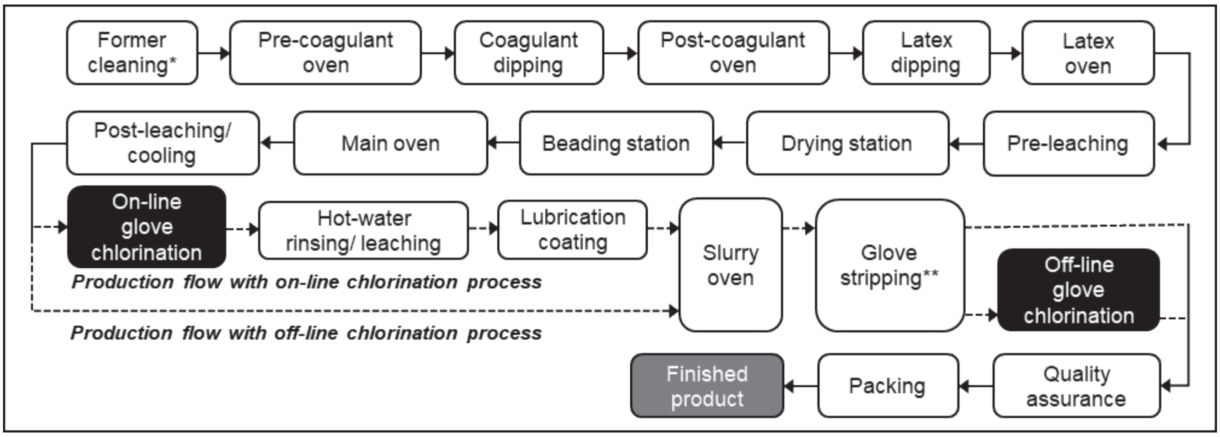
Flexidynamic Group is involved in the design, engineering, installation and commissioning of complete glove chlorination systems in glove-dipping lines, which is used to produce chlorinated rubber gloves. As such, this IMR Report focuses on the glove chlorination manufacturing industry, the industry in which Flexidynamic Group operates in, as shown above.

Through the chlorination process, rubber gloves are washed in a diluted chlorine solution which will harden the surface of the gloves, thus reducing friction of the inner surface of the glove. Thereafter, the gloves will be rinsed in an alkaline solution, typically potassium hydroxide or ammonium hydroxide to neutralise excessive chlorine solution. This is followed by the washing of rubber gloves with water to remove any chlorine residue. As a result of the chlorination process, rubber gloves can be easily donned without the use of powder. Rubber gloves may also undergo double chlorination in order to receive treatment on both the inner and outer surfaces. For the manufacturing of natural rubber gloves, chlorination breaks down and reduces the level of extractable latex proteins which may cause latex allergic reactions to the wearer.

Glove chlorination system manufacturers design and manufacture glove chlorination systems according to customer requirements such as system layout, production capacity and rubber glove specifications. These systems are supplied to glove manufacturers to be integrated in their glove manufacturing lines, known as glove-dipping lines. Glove chlorination systems are also supplied to glove-dipping line manufacturers. The glove chlorination systems sourced by glove-dipping line manufacturers are included as part of their glove-dipping lines sold to glove manufacturers.

There are two types of glove chlorination systems, namely on-line glove chlorination system and off-line glove chlorination system. An on-line glove chlorination system is installed directly onto a glove-dipping line, providing continuous and uninterrupted chlorination process. Off-line glove chlorination is a chlorination process performed after rubber gloves are removed from the glove-dipping line, using a separate off-line glove chlorination system.

Glove chlorination system in a glove-dipping line and the overall manufacturing of chlorinated rubber gloves



Notes:
- ** denotes the start of the glove-dipping line and ** denotes the end of the glove-dipping line.*
- *Flexidynamic Group is involved in the design, engineering, installation and commissioning of on-line and off-line glove chlorination systems.*

Source: SMITH ZANDER

On-line glove chlorination system

On-line glove chlorination systems chlorinate rubber gloves as they are still moving along the glove-dipping line. The inner surface of the rubber gloves will be dipped into the chlorine solution while they are fitted on hand-shaped moulds, known as formers, under stretching conditions. This is to ensure an even chlorination of the glove surface.

An on-line glove chlorination system typically comprises process tanks, which are integrated directly on the glove-dipping line, and supporting systems namely, chlorination gas system, chlorine circulation system, neutraliser supply system, air pollution control system and control panel. These components are described as follows:

Components	Description
Process tanks	Rubber gloves will be dipped into process tanks which include a chlorine dipping tank, neutraliser dipping tank and soak rinse dipping tank such as follows: (i) Chlorine dipping tank A chlorine dipping tank contains a diluted chlorine solution which rubber gloves are dipped in to be coated with a layer of chlorine. (ii) Neutraliser dipping tank A neutraliser dipping tank contains an alkaline solution to wash rubber gloves and neutralise the excess chlorine on the surface of the gloves. (iii) Soak rinse dipping tank A soak rinse dipping tank contains water to rinse off chlorine residue from rubber gloves.
Chlorination gas system	A chlorination gas system is used to inject the chlorine gas into the water in the chlorine dipping tank to produce a chlorine solution.
Chlorine circulation system	A chlorine circulation system is used to store and circulate a chlorine solution from and into the chlorine dipping tank through a circulation pump.

Components	Description
Neutraliser supply system	A neutraliser supply system is used to store and inject an alkaline solution into the neutraliser dipping tank through a circulation pump.
Air pollution control system (scrubber system)	An air pollution control system, typically a scrubber system, is used to filter the gas stream produced during the chlorination process and remove chlorine fumes prior to discharging it into the environment.
Control panel	A control panel is used to monitor and control the overall on-line glove chlorination process.

Off-line glove chlorination system

Off-line glove chlorination systems chlorinate rubber gloves which have been removed from the glove-dipping line. Through off-line glove chlorination, rubber gloves are washed with a diluted chlorine solution in a standalone machine. The gloves will then be washed with an alkaline solution and subsequently, with water in the same machine. An off-line chlorination system typically chlorinates rubber gloves by batches.

Rubber gloves go through the off-line glove chlorination process to treat their inner surface in the absence of an on-line glove chlorination system. Besides that, rubber gloves which are subject to double chlorination will typically receive treatment for their outer surface through an off-line glove chlorination system, after receiving treatment for its inner surface either through the same off-line glove chlorination process or on-line glove chlorination system.

FRP as a Material for Chlorination Systems in Glove-Dipping Lines

As chlorine is a corrosive and harmful substance, the process tanks, scrubber systems and other components in a glove-dipping line must be structurally durable and anti-corrosive. Therefore, fibreglass reinforced plastics ("FRP") is a material commonly used to manufacture glove chlorination systems in glove-dipping lines. Besides the glove chlorination process, a large amount of chlorine is also used in various other industrial processes such as, bleaching, water treatment, material or product treatment, production of chemicals, separation of metals and pharmaceutical formulations.

FRP is a composite material of thermosetting resin and glass fibre. The combination of resin such as polyester, vinyl ester or epoxy, which acts as a binder, and glass fibre which is typically flattened into a sheet (known as a chopped strand mat), randomly arranged or woven into a fabric, forms the FRP structural laminate of a piece of equipment or infrastructure.

FRP is a material that is resistant to chemical, temperature and environmental corrosion, has a high strength-to-weight ratio, a long life cycle, is low maintenance and can be used to form complex structures. Due to these characteristics, FRP is commonly used as a material for industrial process equipment such as chemical storage tanks, ducts and scrubbers.

Industry Performance, Size and Growth

The glove chlorination manufacturing industry comprises companies whose business activities include the design, engineering, installation and commissioning of complete glove chlorination systems. The key industry players in the glove chlorination manufacturing industry in Malaysia are as shown in Section 3 of this IMR Report.

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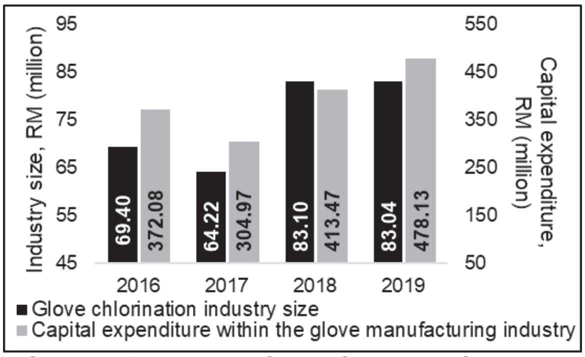
In the absence of information on the segmental revenue for all key industry players (save for Flexidynamic Group), the size of the glove chlorination manufacturing industry is measured based on the total revenues of key industry players in Malaysia (inclusive of other businesses) and the segmental revenue for glove chlorination systems of Flexidynamic Group. Based on the latest available data, the glove chlorination manufacturing industry in Malaysia grew from RM69.40 million in 2016 to RM83.04 million in 2019, at a compound annual growth rate ("CAGR") of 6.16%, albeit with a slight decline in 2017 and 2019. In 2017, the industry declined by 7.46% but nevertheless recovered strongly with a 29.40% growth in 2018. In 2019, the industry remained relatively constant with a slight decline of 0.07%.

Industry performance (Malaysia), 2016-2019



Sources: Flexidynamic Group, Companies Commission of Malaysia ("CCM"), annual reports of public listed glove manufacturing companies in Malaysia, SMITH ZANDER analysis

From 2016 to 2018, the performance of the glove chlorination manufacturing industry demonstrated a similar trend with capital expenditure for plant and machinery within the glove manufacturing industry in Malaysia. The capital expenditure for plant and machinery within the glove manufacturing industry in Malaysia, represented by the aggregate plant and machinery capital expenditure of glove manufacturers listed on Bursa Malaysia Securities Berhad[1], declined from RM372.08 million in 2016 to RM304.97 million in 2017, at a negative growth rate of 18.04%. This was then followed by an increase in 2018 to RM413.47 million, at a 35.58% growth. In 2019, such capital expenditure increased to RM478.13 million, at a 15.64% growth. From 2016 to 2019, the capital expenditure for plant and machinery within the glove manufacturing industry in Malaysia grew at a CAGR of 8.72%.

Notwithstanding the above, there are glove manufacturers that source components of glove chlorination systems from companies which fabricate and supply such components, and install and commission the glove chlorination systems in-house. The companies which fabricate and supply such components do not manufacture complete glove chlorination systems. The revenues related to the glove manufacturers' in-house installation and commissioning of glove chlorination systems and revenues of companies which fabricate and supply components are not publicly available, and are therefore, excluded from the computation of the industry size.

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[1] *Glove manufacturers listed on Bursa Malaysia Securities Berhad comprise Top Glove Corporation Bhd, Hartalega Holdings Berhad, Kossan Rubber Industries Berhad, Supermax Corporation Berhad, Rubberex Corporation (M) Berhad, Comfort Gloves Berhad, Careplus Group Berhad and CE Technology Berhad.*

2 DRIVERS AND RISK FACTORS OF THE GLOVE CHLORINATION MANUFACTURING INDUSTRY IN MALAYSIA

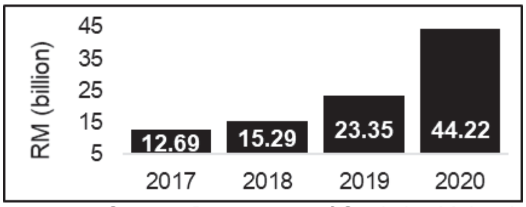
Industry drivers

► The growth in rubber glove manufacturing activities

Malaysia is a major producer of rubber gloves with approximately 69[2] rubber glove manufacturing companies. The manufacturing activities of rubber gloves have been increasing to cater to increasing global demand for rubber gloves. The sales value of rubber gloves manufactured in Malaysia increased from RM12.69 billion in 2017 to RM44.22 billion in 2020, at a CAGR of 51.61%.

The Malaysian export volume of rubber gloves increased by 12.49% from 719.70 kilotonnes valued at RM15.86 billion in 2017 to 809.59 kilotonnes valued at RM17.82 billion in 2018. In 2019, the Malaysian export volume of rubber gloves decreased by 2.69% to 787.79 kilotonnes valued at RM17.56 billion. In 2020, the Malaysian export volume of rubber gloves increased by 26.29% to 994.91 kilotonnes valued at RM35.26 billion. From 2017 to 2020, the Malaysian export volume of rubber gloves registered a CAGR of 11.40%. Malaysia is the world's largest exporter of rubber gloves. Based on the latest available data, from 2016 to 2019, Malaysia's share of exports of rubber gloves globally increased from 57.03% to 58.88%.

Sales value of rubber glove production (Malaysia), 2017-2020



Source: Department of Statistics Malaysia

Rubber glove exports (Malaysia), 2017-2020

Year	Quantity (kilotonnes)	Value (RM billion)
2017	719.70	15.86
2018	809.59	17.82
2019	787.79	17.56
2020	994.91	35.26
CAGR	**11.40%**	**30.51%**

Sources: Department of Statistics Malaysia, SMITH ZANDER analysis

Top exporters of rubber gloves (Global), 2016 and 2019

2016			2019		
Country	Quantity (kilotonnes)	Percentage share of export quantity (%)	Country	Quantity (kilotonnes)	Percentage share of export quantity (%)
Malaysia	672.95	57.03	Malaysia	787.79	58.88%
Thailand	170.03	14.41	Thailand	206.84	15.46%
China	93.04	7.88	China	124.86	9.33%
Indonesia	53.64	4.55	Indonesia	56.37	4.21%
Belgium	45.28	3.84	Germany	34.24	2.56%
World	**1,180.03**	**100.00**	**World**	**1,338.05**	**100.00**

Sources: UN Comtrade, SMITH ZANDER analysis

The growth of rubber glove manufacturing activities in Malaysia is attributed to low production costs, easy access to raw materials and stringent testing to meet international standards, making Malaysian-produced rubber gloves reliable and cost-effective. Further, rubber glove manufacturing activities in Malaysia grows significantly during epidemic and pandemic disease outbreaks such as Severe Acute Respiratory Syndrome (SARS) in 2003, Ebola virus disease (Ebola) in 2014-2016, Middle East Respiratory Syndrome (MERS) in 2015 and the recent coronavirus disease ("Covid-19") in 2020, as demand for rubber gloves primarily in the healthcare industry, rises substantially during these times. As a result of the on-going Covid-19 pandemic, Malaysian glove manufacturers have faced a surge in global demand for rubber gloves as rubber gloves are

[2] *Sources: Malaysian Rubber Glove Manufacturers Association ("MARGMA"), SMITH ZANDER analysis*

a means of protective and preventive gear against diseases. The increase in demand due to the Covid-19 pandemic has led to rising utilisation rates to nearly 100% of production capacity among glove manufacturers[3].

Due to the increase in rubber glove manufacturing activities in Malaysia, glove manufacturers may need to expand their glove production capacity. This will lead to an increasing demand for glove-dipping lines and consequently, demand for glove chlorination systems.

► **Continuous technological upgrades in glove manufacturing and development of glove chlorination systems**

Glove manufacturers and glove-dipping line manufacturers seek continuous technological upgrades of glove manufacturing processes and glove-dipping lines to meet improved efficiencies such as time, speed, quality, energy usage and cost of glove manufacturing. The need for continuous upgrades of glove-dipping lines grows with increasing demand for rubber gloves. As a result, this creates demand for glove chlorination systems as it is a part of the overall glove manufacturing process.

One of the aspects of technological upgrades in glove manufacturing activities is the increase in automation of glove-dipping lines. Increased automation during the manufacturing of gloves will speed up production, therefore increasing the production volume of gloves manufactured in a given time. In line with the increase in automation, on-line glove chlorination systems will automate the chlorination process of rubber gloves, thus reducing manual labour which is required to transfer gloves from the glove-dipping line into an off-line glove chlorination machine. Further, the continuous development of glove chlorination systems will enhance the rubber glove manufacturing process, thus rendering more demand from glove manufacturers. Such developments include efficient usage of chlorine and decreasing emissions of residual chlorine gas.

In order to enhance the efficiency of the glove manufacturing processes, glove manufacturers invest in plant and machinery. Capital expenditure for plant and machinery includes upgrading and increasing the capacity of glove-dipping lines and glove chlorination systems. From 2017 to 2019, the capital expenditure for plant and machinery within the glove manufacturing industry in Malaysia, represented by the aggregate plant and machinery capital expenditure of glove manufacturers listed on Bursa Malaysia Securities Berhad[1], grew from RM304.97 million to RM478.13 million[4], at a CAGR of 25.21%. As such, the growth in investments for machinery in the glove manufacturing industry is expected to contribute to growing demand for glove chlorination systems as it increases automation and efficiency of rubber glove manufacturing processes.

► **Preference for powder-free rubber gloves in healthcare services**

Over the years, there has been growing awareness of the usage of powder-free rubber gloves as opposed to powdered rubber gloves in healthcare services. This has, and will continue to, contribute to the demand for glove chlorination systems in glove-dipping lines for the manufacturing of powder-free rubber gloves. Powder-free rubber gloves reduce potential allergic reactions as they do not undergo the application of corn starch powder, which may bind with airborne latex proteins from the rubber gloves. In fact, the chlorination process breaks down latex proteins. Therefore, rubber gloves which undergo the chlorination process are easy to don and the occurrence of potential allergic reactions is eliminated. Due to the concern for allergic reactions and increasingly stringent healthcare requirements, powder-free rubber gloves are typically used as surgical and examination gloves in healthcare services.

Global and national healthcare services have been growing over the years and are expected to continuously increase, particularly to combat the current Covid-19 pandemic. Based on the latest data available, the global healthcare services industry grew, in terms of health expenditure per capita, from USD1,020.71 (RM4,231.56)[5] in 2016 to USD1,110.82 (RM4,482.49)[6] in 2018[7]. Total healthcare expenditure in Malaysia increased from RM56.68 billion in 2017 to RM64.31 billion in 2019[8], registering a CAGR of 6.52%. The growth of the global

[3] *Sources: The Star, New Straits Times, The Edge Markets, Nikkei Asian Review*

[4] *Sources: Annual reports of public listed glove manufacturing companies in Malaysia*

[5] *Exchange rate from USD to RM in 2016 was converted based on average annual exchange rates in 2016 extracted from published information from Bank Negara Malaysia at USD1 = RM4.1457*

[6] *Exchange rate from USD to RM in 2018 was converted based on average annual exchange rates in 2018 extracted from published information from Bank Negara Malaysia at USD1 = RM4.0353*

[7] *Source: World Bank*

[8] *Source: Ministry of Health, Malaysia*

and domestic healthcare services industry will lead to an increasing need for powder-free rubber gloves to protect medical workers and patients from viral infections and bacterial contamination. As such, the growth of the global and domestic healthcare industry will lead to continuous demand for powder-free rubber gloves, thus resulting in a positive impact on the demand for glove chlorination systems.

Industry Risk Factors

► **Exposure to sudden crises, such as the current Covid-19 pandemic, cause disruptions in business operations**

Unexpected crises such as political crisis, natural disasters and disease outbreaks, amongst others, restrict movement of people and supplies, which may temporarily disrupt the supply chain of glove chlorination systems. Any prolonged extension of disruptions may adversely affect the financial performance of glove chlorination industry players.

To curb the spread of Covid-19, the Government of Malaysia imposed a Movement Control Order ("MCO") throughout Malaysia from 18 March 2020 to 3 May 2020 which prohibited mass movements and gatherings across Malaysia and imposed the closure of all business premises (save for businesses that are involved in the provision of essential services or as approved by MITI). Subsequently, a conditional MCO was implemented from 4 May 2020 to 9 June 2020 where most business activities were allowed to operate, subject to compliance with the standard operating procedures imposed by the Government. A recovery MCO was then implemented effective 10 June 2020 to 31 March 2021 with further easing of movement control restrictions. Nonetheless, due to a surge in Covid-19 cases in Malaysia, a conditional MCO and MCO were reimposed in most states and federal territories for different durations from 13 October 2020 up to 4 March 2021 to curb the spread of the virus. Despite the reimposition of conditional MCO and MCO, glove chlorination manufacturing services are allowed to operate subject to standard operating procedures.

As a result, the operations of glove chlorination system manufacturers were completely halted until the receipt of approval from MITI to operate. This has impacted the business and operations of glove chlorination system manufacturers, resulting in the inability to fulfil the delivery of projects and services, which may eventually adversely affect the financial performance of glove chlorination system manufacturers.

Due to the Covid-19 pandemic, the production of raw materials or intermediary products locally and overseas were disrupted due to the imposition of movement and business operation restrictions in respective countries, and logistics networks faced disruptions due to closure of airports and other transportation hubs, causing delays in delivery of supplies. Consequently, the operations of glove chlorination system manufacturers in Malaysia may have been affected due to the delay in receiving supplies.

► **Alternative method to the chlorination process**

The purpose of the glove chlorination system is to replace the powdering process and break down latex proteins during the manufacturing of rubber gloves. As such, chlorination is a method to produce powder-free rubber gloves which still maintains the characteristics of powdered rubber gloves (i.e. easy to don by the wearer and does not stick to other gloves).

The glove chlorination manufacturing industry faces risk arising from an alternative method used to produce powder-free rubber gloves, namely polymer-coating process. In the polymer-coating process, polymer is coated on the inner and/or outer surfaces of rubber gloves. However, wearers may prefer chlorinated rubber gloves as compared to polymer-coated rubber gloves due to the characteristics of chlorinated rubber gloves. As such, any developments in improving the quality of the polymer-coating process may result in improved polymer-coated rubber glove quality and characteristics. This may lead to increasing demand for polymer-coated rubber gloves which may result in increasing adoption of polymer-coating process when glove manufacturers expand their manufacturing lines.

► **Dependency on the glove manufacturing industry and glove-dipping line manufacturing industry**

The glove chlorination manufacturing industry grows in tandem with the glove manufacturing industry and the glove-dipping line manufacturing industry. Hence, glove chlorination system manufacturers are dependent on the growth of both industries as glove chlorination system manufacturers supply to both glove manufacturers and glove-dipping line manufacturers. However, the growth of the glove manufacturing industry is the main determinant of the demand for glove chlorination systems as it affects the demand for glove-dipping lines and glove chlorination systems. The glove manufacturing industry is in turn dependent on the growth of the healthcare industry and demand from other end-user industries. Any downturns in the glove manufacturing industry and/or material decreases in the demand for rubber gloves, both globally as well as in Malaysia, may have an adverse impact on the performance of glove chlorination manufacturers.

3 COMPETITIVE OVERVIEW OF THE GLOVE CHLORINATION MANUFACTURING INDUSTRY IN MALAYSIA

Industry players in the glove chlorination manufacturing industry design and manufacture glove chlorination systems based on the requirements of their customer's glove-dipping lines. Due to the specialised nature of the industry, the competitive landscape in Malaysia comprises less than 10 key manufacturers, making the industry moderately competitive. Industry players generally compete on technical expertise, product quality, customer service levels and pricing.

Industry players are also typically involved in the manufacturing of other products which use similar technologies and/or materials as glove chlorination systems, namely gas scrubber systems and/or FRP respectively. Other products which may be manufactured by industry players are air pollution control systems which utilises similar gas scrubber technologies and other FRP products such as ducts, piping and tanks, due to the technical expertise and engineering capabilities of these industry players. In addition, industry players may also be involved in the manufacturing of the entire glove-dipping line, whereby glove chlorination systems are manufactured in-house as part of the glove-dipping lines or offered to customers as standalone products.

Key Industry Players

A total of 7 companies have been identified as key industry players in the glove chlorination manufacturing industry. The basis for selection is that the business activities of these companies include the design engineering, installation and commissioning of complete glove chlorination systems. Nevertheless, some of these companies may also be involved in other business segments such as glove-dipping lines, air pollution control systems, ducts, piping and tanks, amongst others.

This list of key industry players in the glove chlorination manufacturing industry in Malaysia are shown as follows:

Company name	Type of glove chlorination system (On-line/ Off-line)	Other products and services	Latest available financial year	Revenue [a] (RM million)
Flexidynamic Group (glove chlorination systems segment)	- On-line - Off-line	- FRP storage tanks and process tanks - FRP lining and coating	31 December 2019	31.31
Polydamic Group Berhad	- On-line - Off-line	- Air pollution control systems	30 June 2020	11.78
RIPCOL Industries Sdn Bhd	- On-line - Off-line	- Glove-dipping lines - Air pollution control systems - FRP engineering and fabrication	31 December 2019	17.20
Process Dynamics Engineering Sdn Bhd	- On-line	- Air pollution control systems - Metal fabrication - FRP products - Process piping water systems	31 December 2019	7.33
Cubictech Systems Sdn Bhd	- On-line	- Water and wastewater treatment systems - Industrial process pumps and equipment	30 September 2019	9.58
Dynamic Venture Solutions Sdn Bhd	- Off-line	- Air pollution control systems - Other engineering systems [b]	31 December 2019	0.92
MPMT Industries Sdn Bhd	- Off-line	- Glove-dipping lines - Condom-dipping lines - Balloon-dipping lines	31 December 2019	0.75

Notes:

- *Latest available as at 16 February 2021.*
- *The key glove chlorination manufacturing industry players include all industry players that were identified by SMITH ZANDER based on sources available, such as the internet, published documents and industry directories. However, there may be companies that have no online and/or published media presence, or are operating with minimal public advertisement, and hence SMITH ZANDER is unable to state conclusively that the list of industry players is exhaustive.*

[a] *Revenue of all key industry players (save for Flexidynamic Group) may be derived from other businesses, and countries outside Malaysia, as segmental revenue is not publicly available from the CCM. Revenue of Flexidynamic Group is derived from the glove chlorination systems segment, including from countries outside Malaysia.*

[b] *Other engineering systems may comprise ventilation and exhaust system, water and wastewater treatment engineering, and electroplating line engineering system.*

Sources: Various company websites, Flexidynamic Group, CCM, SMITH ZANDER analysis

Industry players may also face competition from companies which fabricate and supply components of glove chlorination systems (e.g. FRP storage tanks for the chlorine circulation system and neutraliser supply system, and scrubber systems) but who do not manufacture complete glove chlorination systems. These companies may also fabricate and supply general products which can be used by various industries, therefore they are not deemed as key industry players in the glove chlorination manufacturing industry. Examples of companies which provide storage tanks and/or scrubber systems for glove chlorination systems include Win-fung Fiberglass Sdn Bhd, G-FRP Industries Sdn Bhd, Yunku FRP Sdn Bhd and Cradotex (M) Sdn Bhd.

The barriers to entry for new entrants in this industry are high as industry players compete in terms of technical expertise which includes the design and engineering of complete glove chlorination systems, amongst other factors such as industry track record and reputation, product quality, customer service levels and pricing. As such, it is essential for industry players to be able to demonstrate strong credentials in the aforementioned factors to enter and/or maintain their competitive footing in the glove chlorination manufacturing industry in Malaysia.

Estimated Market Share

In 2019, the glove chlorination manufacturing industry size in Malaysia, computed based on revenues of key industry players in Malaysia, was approximately RM83.04 million. The segmental revenue of Flexidynamic Group, derived from the design, engineering, installation and commissioning of glove chlorination systems was RM31.31 million for the FYE 31 December 2019, and thereby, Flexidynamic Group captured a market share of 37.70% in 2019.

In the absence of information on the segmental revenue for all key industry players (save for Flexidynamic Group), the industry size has taken into account the total revenues of key industry players in Malaysia (inclusive of other businesses) and the segmental revenue for glove chlorination systems of Flexidynamic Group which is derived from the design, engineering, installation and commissioning of glove chlorination systems. Flexidynamic Group's market share is computed based on its segmental revenue derived from the design, engineering, installation and commissioning of glove chlorination systems against the aggregated revenues of key industry players.

As stated in Section 1 of this IMR Report, this IMR Report focuses on the glove chlorination manufacturing industry, and excludes other segments of the glove manufacturing industry such as polymer-coated rubber gloves and powdered rubber gloves. Further, as also stated in Section 1 of this IMR Report, there are glove manufacturers that source components of glove chlorination systems from companies which fabricate and supply such components, and install and commission the glove chlorination systems in-house. The companies which fabricate and supply such components do not manufacture complete glove chlorination systems. The revenues related to the glove manufacturers' in-house installation and commissioning of glove chlorination systems and revenues of companies which fabricate and supply components are not publicly available, and are therefore, excluded from the computation of the industry size and market share.

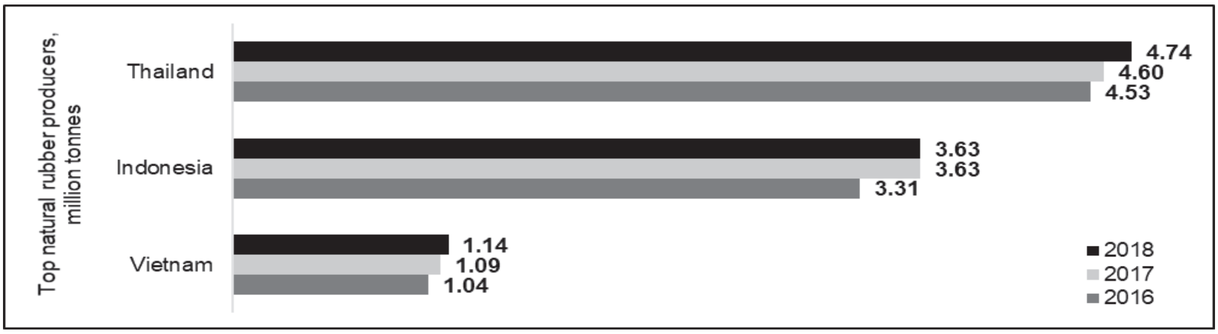
As such, the market share of Flexidynamic Group refers to its market share amongst key industry players involved in design engineering, installation and commissioning of complete glove chlorination systems.

4 THE GLOVE CHLORINATION MANUFACTURING INDUSTRY IN THAILAND AND VIETNAM

Thailand

Thailand is the world's largest producer of natural rubber. From 2016 to 2018, Thailand has consistently emerged as the country with the highest production of natural rubber, which increased from 4.53 million tonnes to 4.74 million tonnes, at a CAGR of 2.29%.

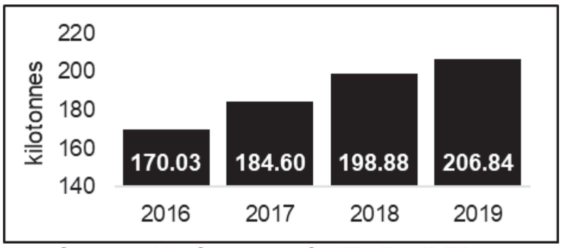
Top natural rubber producers (Global), 2016-2018



Source: UNdata

Due to the availability of raw materials, Thailand is a major rubber glove producer. In 2019, Thailand was the second largest exporter of rubber gloves after Malaysia, representing 15.47% of global rubber glove exports. Thailand's export of rubber gloves grew from 170.03 kilotonnes in 2016 to 206.84 kilotonnes in 2019, at a CAGR of 6.75%. The availability of raw materials in Thailand has encouraged local and foreign glove manufacturers to set up rubber glove production facilities in Thailand.

Rubber glove exports (Thailand), 2016-2019



Sources: UN Comtrade, SMITH ZANDER analysis

International glove manufacturers which are present in Thailand through their local entities include Top Glove Medical (Thailand) Co Ltd, Ansell (Thailand) Co Ltd and Cardinal Health 222 (Thailand) Ltd. Further, local glove manufacturers in Thailand include Sri Trang Gloves (Thailand) Public Co Ltd and Shun Thai Rubber Gloves Industry Public Co Ltd.

In Thailand, glove chlorination systems are supplied to glove manufacturers as separate components by local component manufacturers (e.g. manufacturers of FRP storage tanks for chlorine circulation systems and neutraliser supply systems and scrubber systems). The local component manufacturers of glove chlorination systems in Thailand include Gencon Engineering Co Ltd, Thai Kyowa Kako Co Ltd, Thai Polymer & Engineering Co Ltd and GRE Composites Co Ltd. Glove chlorination systems are also supplied as whole systems by foreign glove chlorination system manufacturers, including from Malaysia. Glove chlorination system manufacturers in Malaysia that supply to Thailand include Flexidynamic Group and Polydamic Group Berhad. Glove manufacturers in Thailand also source glove chlorination systems from local and foreign glove-dipping line manufacturers as part of complete glove manufacturing lines.

The demand for glove chlorination systems in Thailand is expected to be driven by glove manufacturing activities in the country, where the establishment of new and/or expansion and/or upgrading of glove manufacturing facilities is expected to drive capital expenditure in plant and machinery, which includes glove chlorination systems.

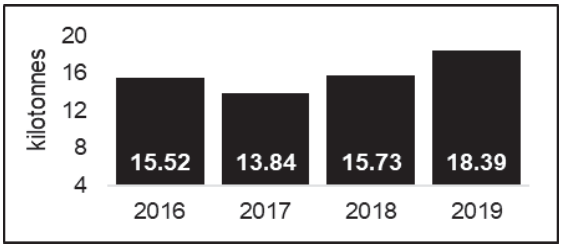
Due to the Covid-19 pandemic, the Government of Thailand declared an Emergency Situation involving nationwide curfews, travel bans and control measures effective 26 March 2020 to 28 February 2021. Although factories in Thailand are allowed to operate during the Emergency Situation by complying with the control measures set out by the Government, any sudden changes to the policies relevant to the control and prevention of the spread of Covid-19 may impact the business and operations of glove chlorination system manufacturers, such as the inability to fulfil delivery of projects and services, which may eventually adversely affect the financial performance of glove chlorination system manufacturers.

Vietnam

Vietnam is the world's third largest producer of natural rubber. From 2016 to 2018, Vietnam has maintained its position as the third largest producing country of natural rubber whereby its production grew from 1.04 million tonnes to 1.14 million tonnes, at a CAGR of 4.70%.

Due to its supply of raw materials, Vietnam is also a producer of rubber gloves. Vietnam's export of rubber gloves grew from 15.52 kilotonnes in 2016 to 18.39 kilotonnes in 2019, at a CAGR of 5.82%, albeit with a decline in 2017.

Rubber glove exports (Vietnam), 2016-2019



Source: UN Comtrade

In 2017, Vietnam's export of rubber gloves declined by 10.82% but nevertheless recovered with a 13.66% growth in 2018. In 2019, Vietnam's export of rubber gloves further grew by 16.91%.

The availability of raw materials in Vietnam has encouraged local and foreign glove manufacturers to set up rubber glove production facilities in Vietnam. Rubber glove production in Vietnam includes local and foreign glove manufacturers. International glove manufacturers which have set up rubber glove production facilities in Vietnam through their local entities include Ansell Vina Corp, Ever Global (Vietnam) Enterprise Corp and Sunmax Vietnam Co Ltd. Further, local glove manufacturers in Vietnam include Nacol Industrial Co Ltd, VRG Khai Hoan JSC and Nam Long Co Ltd.

In Vietnam, glove chlorination systems are supplied to glove manufacturers as separate components by local component manufacturers (e.g. manufacturers of FRP storage tanks for chlorine circulation systems and neutraliser supply systems, and scrubber systems). The local component manufacturers of glove chlorination systems in Vietnam include Ace Vietnam Co Ltd, Minh Toan Trading & Engineering Co Ltd, Luong Hai Hung Co Ltd and Dai Viet Co Ltd. Glove chlorination systems are also supplied as whole systems by foreign glove chlorination system manufacturers, including from Malaysia. Glove chlorination system manufacturers in Malaysia that supply to Vietnam include Flexidynamic Group. Glove manufacturers in Vietnam also source glove chlorination systems from foreign glove-dipping line manufacturers as part of complete glove manufacturing lines.

The demand for glove chlorination systems in Vietnam is expected to be driven by glove manufacturing activities in the country, where the establishment of new and/or expansion and/or upgrading of existing glove manufacturing facilities is expected to drive capital expenditure in plant and machinery, which includes glove chlorination systems.

Due to the Covid-19 pandemic, the Government of Vietnam imposed a nationwide social isolation or lockdown effective 1 April 2020 to 15 April 2020, which was extended to 22 April 2020 in 12 provinces. A resurgence of Covid-19 cases in July 2020 had led to localised lockdowns in affected areas for different durations. Further, localised lockdowns are being continuously implemented in certain areas and provinces in Vietnam following the recent surge in Covid-19 cases since January 2021. Despite the lifting of the nationwide lockdown, the Government has continued to impose nationwide control measures. Although factories in Vietnam have been allowed to operate since the social isolation by complying with the control measures set out by the Government, any sudden changes to the policies relevant to the control and prevention of the spread of Covid-19 may impact the business and operations of glove chlorination system manufacturers, such as the inability to fulfil delivery of projects and services, which may eventually adversely affect the financial performance of glove chlorination system manufacturers.

5 PROSPECTS AND OUTLOOK

The glove chlorination manufacturing industry grows in tandem with the glove manufacturing industry as the establishment of new and/or expansion and/or upgrading of glove manufacturing facilities by glove manufacturers are the main determinant of the demand for glove chlorination systems.

Prior to the outbreak of Covid-19, the global demand for rubber gloves increased from 233 billion pieces in 2017 to 296 billion pieces in 2019, at a CAGR of 12.71%[9]. Export of rubber gloves for Malaysia, Thailand and Vietnam were recorded as follows:

- Malaysia's export of rubber gloves increased by 12.49% from 719.70 kilotonnes in 2017 to 809.59 kilotonnes in 2018. In 2019, Malaysia's export of rubber gloves decreased by 2.69% to 787.79 kilotonnes. From 2017 to 2019, Malaysia's export of rubber gloves registered a CAGR of 4.62%;
- Thailand's export of rubber gloves grew from 170.03 kilotonnes in 2016 to 206.84 kilotonnes in 2019, at a CAGR of 6.75%; and
- Vietnam's export of rubber gloves grew from 15.52 kilotonnes in 2016 to 18.39 kilotonnes in 2019, at a CAGR of 5.82%, albeit with a decline in 2017. In 2017, Vietnam's export of rubber gloves declined by 10.82% but nevertheless recovered with a 13.66% growth in 2018. In 2019, Vietnam's export of rubber gloves further grew by 16.91%.

Due to the on-going Covid-19 pandemic, glove manufacturers have faced a surge in demand for rubber gloves as rubber gloves are a means of protective and preventive gear against diseases. SMITH ZANDER estimates global demand for rubber gloves to have reached approximately 369 billion pieces in 2020, an increase of 24.66% from 2019. In tandem with the spike in the global demand for rubber gloves, Malaysia's export of rubber gloves reached 994.91 kilotonnes in 2020, an increase of 26.29% from 2019. Further, MARGMA forecasts the global demand for rubber gloves to reach 420 billion pieces in 2021, an increase of 13.82% from 2020. Following this, SMITH ZANDER forecasts Malaysia's export of rubber gloves to reach 1,159.45 kilotonnes in 2021, an increase of 16.54% from 2020. Similarly, exports of rubber gloves in Thailand and Vietnam are expected to spike in 2020 and further increase in 2021 due to the demand for rubber gloves arising from the Covid-19 pandemic.

With the availability of vaccines for the Covid-19 virus, the usage of rubber gloves among healthcare professionals may gradually decrease from levels recorded in 2020 and 2021 at the peak of the pandemic. Nevertheless, the demand for rubber gloves are expected to remain high which is premised on the continuous usage of medical gloves among healthcare professionals worldwide during mass vaccination, especially in the near term as countries have made arrangements to procure Covid-19 vaccines; and in the longer term, it will be continuously driven by heightened awareness of the usage of rubber gloves as a protection against virus and diseases due to the Covid-19 pandemic, as well as the increase in demand for healthcare services due to various factors including growing accessibility to healthcare services, rising population and growing ageing population, and rising prevalence of chronic and other contagious diseases. As such, SMITH ZANDER forecasts global demand for rubber gloves to increase to approximately 615 billion pieces in 2025, at a CAGR of 10.00% from 2021 to 2025. With this anticipated growth in global demand, there will be continuous establishment of new and/or expansion and/or upgrading of glove manufacturing facilities, which creates demand for glove chlorination systems.

Accordingly, SMITH ZANDER forecasts that Malaysia's export of rubber gloves to increase to 1,526.76 kilotonnes in 2025, at a CAGR of 7.12% from 2021 to 2025. The exports of rubber gloves in Thailand and Vietnam are also expected to grow in the longer term. SMITH ZANDER forecasts Thailand's exports of rubber gloves to increase to 398.99 kilotonnes in 2025, at a CAGR of 11.57% from 2019 to 2025. SMITH ZANDER forecasts Vietnam's exports of rubber gloves to increase to 26.87 kilotonnes in 2025, at a CAGR of 6.52% from 2019 to 2025.

The parameters for the forecast on the global demand for rubber gloves in 2025 is based on the following:

- Historical growth in the global demand for rubber gloves; and

[9] *Source: MARGMA*

- Future drivers and restraints of global demand for rubber gloves.

Further, the parameters for the forecast on the respective exports of rubber gloves in Malaysia, Thailand and Vietnam in 2025 are based on the following:

- Historical growth in the exports of rubber gloves in Malaysia, Thailand and Vietnam respectively; and
- Future drivers and restraints of rubber glove exports in Malaysia, Thailand and Vietnam.

Notwithstanding the above, the growth in global demand for rubber gloves, as well as exports of rubber gloves in Malaysia, Thailand and Vietnam, may be higher should Covid-19 infection rates remain high globally after 2021.

Premised on the above, global demand for rubber gloves is expected to continue demonstrating growth post Covid-19, albeit at slower rates than in 2020 and 2021, driven mostly by heightened awareness of the usage of rubber gloves as a result of the Covid-19 pandemic. As such, the prospects for glove chlorination manufacturers, including Flexidynamic Group, remain positive in tandem with the growth in the glove manufacturing industry as a result of continuous growth in global demand for rubber gloves.

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8. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO ALL OTHER RELEVANT INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE MAKING AN APPLICATION FOR OUR IPO SHARES.

8.1 RISKS RELATING TO OUR BUSINESS AND OUR OPERATIONS

8.1.1 Our business and operations were halted by the outbreak of the Covid-19 virus

On 11 March 2020, the Covid-19 virus, also known as the novel coronavirus, was declared a worldwide pandemic by the World Health Organisation. Our business and operations are impacted by precautionary measures taken by the Government of Malaysia, particularly the imposition of the MCO.

In view of the imposition of the MCO, our operations were fully halted between 18 March 2020 and 20 April 2020. During this period, we incurred an estimated total expense of RM0.50 million. Our Group had, on 20 April 2020, obtained an approval letter from MITI to operate our business. As such, we resumed operations on 21 April 2020 but at a capacity of 50% of our Group's total workforce as per the standard operating procedures set out by MITI, until 3 May 2020. At the same time, the delivery of our subcontracted works was also affected as our subcontractors were not operating or were operating at reduced capacity during this period. Additional details on our subcontractors' operations are set out in Section 6.7.4.

While our subcontractors and our operations resumed at full capacity on 4 May 2020, we were unable to resume works immediately at some of our customers' premises before our customers complete the setup of preventive measures and procedures to prevent the spread of Covid-19 virus at their premises, as required by the Government of Malaysia. This delay had delayed our project delivery schedules and billing schedules for some of our existing projects in the second and third quarter of 2020. Nevertheless, we have completed the scheduled deliveries of these projects by the fourth quarter of 2020 and thus, it did not affect our billing schedule for these projects for the FYE 2020. Hence, there was no material adverse impact to our financial performance for the financial year ending 31 December 2020 as a result of the MCO, conditional MCO and recovery MCO resulting from the delay in resuming work at some of our customers' premises.

In December 2020, 2 of our key senior management were both tested positive for Covid-19 and were absent from work for approximately 2 weeks, which was the period in which they were sent to the designated hospital and quarantine centre. Additional details on this incident are set out in Section 6.7.4(e)(i). Notwithstanding that our Group is dependent on our key senior management as set out in Section 8.1.7, our operations were not affected during their absence as they were tested positive with mild symptoms whereby they were still able to carry out management duties during the quarantine periods through tele- and video-conferencing. Save for the testing costs and disinfection costs which amounted to RM0.02 million, there was no impact to our business and operations.

On 29 January 2021, 7 of our foreign workers involved in installation and commissioning works at our customer's site were notified that they were close contacts of an outbreak at the customer's site. These 7 foreign workers underwent Covid-19 tests immediately on the same day, and 3 out of the 7 foreign workers were confirmed to be positive on 30 January 2021. The 3 foreign workers who were tested positive had been quarantined and isolated from other foreign workers at their dormitories before they were sent to the designated quarantine centre on 3 February 2021 and were subsequently discharged on 8 February 2021; whereas the remaining 4 foreign workers who were tested negative had been quarantined at their dormitories and with their health conditions observed regularly until 4 February 2021 when 1 of them developed mild symptoms. Following which, the 4 remaining foreign workers underwent Covid-19 tests immediately, and 3 of them were confirmed to be positive on 5 February 2021. These 3 foreign workers had been quarantined and isolated from other foreign workers at their dormitories before they were sent to the designated quarantine centre on 10 February 2021 and were subsequently discharged on 13 February 2021; whereas the remaining 1 foreign worker who was tested negative has been quarantined at his dormitory and with his health condition observed regularly until 19 February 2021. Additional details on this incident are set out in Section 6.7.4(e)(ii). Save for the testing costs and estimated disinfection costs which amounted to RM0.02 million, there was no further impact to our business and operations.

In Thailand, the government has also declared an Emergency Situation involving nationwide curfews and travel bans, as well as control measures for businesses to observe, effective from 26 March 2020 to 28 February 2021. Although factories in Thailand are allowed to operate during the period of the Emergency Situation, Flexidynamic Thailand is required to comply with the control measures issued by the Ministry of Industry, Thailand. Any changes to the Emergency Situation policy which may lead to disruptions to our business operations will affect our ability to fulfil the delivery of projects and to secure new projects. Thus, it may eventually affect our financial performance adversely.

Notwithstanding that our Group had undertaken necessary precautionary measures and steps in response to the Covid-19 situation, there can be no assurance that neither our workers nor the workers of our subcontractors will not be infected by the Covid-19 virus. Should all or a portion of our employees or our subcontractors' employees be quarantined as a result of potential infection, our business operations may be affected due to a temporary shortage of workers. Notwithstanding the above, as part of our business contingency plan, our foreign workers have been divided into project-based teams and each project-based team stays in separate dormitories. We have also undertaken measures to minimise interactions between each team of foreign workers by dividing our factory into several designated areas for each team of workers. In the event that any of our foreign workers are infected, the particular project-based teams of the infected foreign worker(s) will be quarantined and we may utilise foreign workers from other teams to overcome any manpower shortages.

Following the imposition of the second MCO in Selangor effective from 13 January 2021 to 4 March 2021, there has been no impact to our current operations, supply of raw materials and subcontracted services. Further, our Group does not foresee any impact on the above matters if the second MCO is extended further, given that the restrictions imposed remain. As such, our Group does not expect any impact to our financial performance for the financial year ending 2021 arising from the imposition of the second MCO. Nevertheless, should the the restrictions under the second MCO tighten which result in mandatory closure of our operations and/or the operations of our suppliers and subcontractors, there can be no assurance that our business operations will not be materially impacted and that we will be able to complete our projects in a timely manner. These disruptions to our business operations will in turn delay our project delivery schedule and our billing schedule, which may consequently result in adverse impact on our financial performance.

Additional details on interruptions to our business operations are set out in Section 6.7.4.

8.1.2 We are dependent on a few major customers who contribute substantially to our revenue

For the past 3 FYEs and FPE 2020, our major customers contributed between 77.60% and 86.75% of our revenue. Our major customers for the past 3 FYEs and FPE 2020 are as follows:

No.	Major customers for the past 3 FYEs and FPE 2020	Country
1.	**Hartalega Group** Hartalega Sdn Bhd, Hartalega NGC Sdn Bhd and Hartalega Research Sdn Bhd	Malaysia
2.	**Kossan Group** Kossan Latex Industries (M) Sdn Bhd, Ideal Quality Sdn Bhd, Perusahaan Getah Asas Sdn Bhd and Wear Safe (Malaysia) Sdn Bhd	Malaysia
3.	**Riverstone Group** Riverstone Resources Sdn Bhd and Eco Medi Glove Sdn Bhd	Malaysia
4.	**Sri Trang Group** Premier System Engineering Co Ltd, Sri Trang Gloves (Thailand) Co Ltd (previously known as Siam Sempermed Corp Ltd) and Sri Trang Gloves (Thailand) Public Co Ltd	Thailand
5.	**YTY Group** Green Prospect Sdn Bhd and YTY Industry Sdn Bhd	Malaysia
6.	Central Medicare Sdn Bhd	Malaysia
7.	Ever Global (Vietnam) Enterprise Corporation	Vietnam

Additional information on our major customers is set out in Section 6.21.

All of the above customers are involved in the glove industry. The products and services sold to these customers comprise glove chlorination systems, process tanks, storage tanks, FRP lining services, scrubber systems and/or replacement parts.

Any loss of these major customers and our inability to replace these customers with new customers or with additional orders from existing customers in a timely manner, could result in a loss of revenue and will have an adverse impact on our financial performance. Further, even though we may be able to secure new customers, there is no assurance that we will be able to achieve the same level of sales value and maintain and/or improve our profit margins. If such adverse events occur, our financial performance will be adversely affected.

8.1.3 We rely on our subcontractors for the manufacturing of our products as well as parts and components of our products

Our Group is mainly involved in the design and engineering of glove chlorination systems, storage tanks, process tanks and scrubber systems for the glove industry. Most of the manufacturing works of our products are outsourced to our subcontractors, except for the manufacturing of off-line glove chlorination systems and centrifugal fans where we will manufacture in-house.

For the past 3 FYEs and FPE 2020, we have only outsourced our manufacturing works to 4 subcontractors and total subcontractor fees engaged by us are between 16.69% and 33.80% of our total purchases. Our subcontractors are as follows:

No.	Subcontractors	Services sourced
1.	Pembinaan Kim Choi Sdn Bhd	Subcontracted manufacturing works for metal moulds and mild steel storage tanks
2.	L & S Advance Sdn Bhd	Subcontracted manufacturing works for process tanks
3.	CCK Engineering Sdn Bhd (formerly Chong Chee Keong, a sole proprietorship)	Subcontracted manufacturing works for metal moulds as well as long and cylindrical products
4.	Fook Loong Engineering Founder Sdn Bhd (formerly Fook Loong Engineering, a sole proprietorship)	Subcontracted manufacturing works for long and cylindrical products

Additional information on our subcontractors is set out in Section 6.22(a).

As we are accountable to our customers on the quality of our products and services, our Group will manage the overall project planning, management of subcontracted works, and the procurement of supplies. While our Group focuses on the design and engineering of these products, our subcontractors are engaged to carry out most of the manufacturing works. As such, we are dependent on our subcontractors to manufacture our products as well as parts and components while having to adhere to the project schedule. In the event the products manufactured by our subcontractors are not in accordance with our requirements, we are entitled to reject the products and require our subcontractors to rectify and/or re-manufacture those products at their cost and expense.

Notwithstanding the long term business relationships with our subcontractors, there are no formal agreements or contracts signed with these subcontractors, and engagements with our subcontractors are based on purchase orders. In the event where these subcontractors are not able to accept our purchase orders, we will need to engage other subcontractors to carry out such services. Any unsuccessful attempt to engage other subcontractors for the manufacturing works may result in delays in project deliverables, which will consequently affect our industry reputation. In addition, we may experience cost overruns due to having to engage new subcontractors at higher cost. Further, should our subcontractors face any disruptions to their business operations resulting in a delay in the manufacturing of our products, it may subsequently cause a delay to our project delivery schedule.

Save for the imposition of the MCO as set out in Section 8.1.1, in the past 3 FYEs, FPE 2020 and up to the LPD, we have not experienced any other major disruptions to our business operations as a result of our dependence on subcontractors. Nevertheless, there is no assurance that we will always be able to procure such manufacturing services in a timely manner for our future projects, that our financial performance and business operations will not be adversely affected due to need to change subcontractors, and that there will not be any delays in our project delivery caused by prolonged unexpected delays by our subcontractor to deliver the manufactured products to us.

8.1.4 We are subject to regulatory requirements for our business operations

Our business is subject to various laws, rules and regulations. Save for the Certificate for Accommodation (as set out below), we have obtained the necessary licences and approvals from various governmental authorities for our business, as set out in Section 6.18.

The licences and approvals are subject to compliance with relevant conditions, laws and regulations under which they were issued. In the event of non-compliance, these licences and approvals may be revoked or may not be renewed upon expiry. Similarly, any breach of these conditions, laws and regulations can result in penalties, fines, potential prosecution against us and/or our directors, restrictions on operations and/or remedial liabilities.

Pursuant to Section 24D(1) of the WMSHA 2019, no accommodation shall be provided to an employee unless certified with a Certificate for Accommodation. Our subsidiary, Flexidynamic Engineering provides such accommodation to our foreign workers at rented terrace houses located within the vicinities of Perak and Selangor. As such, the Certificate for Accommodation is required to be obtained by Flexidynamic Engineering. Section 24D(3) of the WMSHA 2019 provides that an employer who contravenes Section 24D(1) of the WMSHA 2019 commits an offence and shall, on conviction, be liable to a fine not exceeding RM50,000.

Flexidynamic Engineering had between 20 January 2021 and 21 January 2021 submitted 7 applications for the Certificate for Accommodation for the foreign workers' accommodation located within the vicinities of Perak (2 locations) and Selangor (5 locations) to the Department of Labour Peninsular Malaysia. As at the LPD, the issuance of Certificate for Accommodation is still pending.

If we fail to obtain the Certificate for Accommodation, on conviction, we shall be liable to a fine not exceeding RM50,000 for each location. In addition, our operations may be temporarily affected as we will be required to relocate our foreign workers to new accommodation locations.

8.1.5 We will continue to be exposed to existing business risks arising from manufacturing of products in-house, such as storage tanks, scrubber towers, chimneys and ductings

As part of our business expansion plan, our Group intends to enhance our manufacturing capability by undertaking the manufacturing of long and cylindrical products in-house, comprising storage tanks, scrubber towers, chimneys and ductings. Additional information on our business strategies and prospects is set out in Section 6.19.

Upon commencement of our in-house manufacturing of storage tanks, scrubber towers, chimneys and ductings, we will continue to be exposed to existing business risks such as shortage of raw materials, disruption in supply and/or other unforeseen risks. Any occurrence of such risks and/or other unforeseen circumstances may have a material adverse impact effect on our Group's operations and financial performance if we are unable to supply the products to our customers in a timely manner.

Further, our business expansion plan involves a number of cost-related risks, including but not limited to, increased depreciation charges, machinery maintenance costs and staff costs. The increase in such expenditures will consequently increase our Group's overall operational cost, including overhead costs and cost of goods sold, which may adversely affect our financial performance if we are unable to secure sufficient sales to cover for such increase in costs.

8.1.6 We are subject to the volatility in prices of our raw materials

While we outsource majority of the manufacturing works to our subcontractors, we purchase the required supplies for our subcontractors. The major supplies needed for the manufacturing works are raw materials such as plastic resins, FRP materials and PVC pipes and fittings; as well as monitoring and control instruments such as chlorination gas system, circulation pumps, gears and motors and control panel systems.

Raw materials constitute between 27.97% and 40.07% of our total purchases for the past 3 FYEs and FPE 2020 as follows:

	FYE 2017		FYE 2018		FYE 2019		FPE 2020	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Raw materials	7,432	39.26	13,017	40.07	10,419	31.51	7,178	27.97

Additional information on our purchases of raw materials is set out in Section 6.10.

The prices of certain raw materials such as plastic resins and mild steel are subject to fluctuations as a result of global demand and supply conditions. As such, any material increase in the prices of the abovementioned raw materials may result in substantial increase in our cost of sales, thus affecting our financial performance should we fail to pass the increase in cost to our customers. For the past 3 FYEs and FPE 2020, we had not encountered any substantial increase in raw materials prices that have had a material adverse impact on our financial performance which requires us to pass on the substantial increase in cost to our customers.

Further, our Group receives purchase orders on project basis and hence, we only purchase and store minimal raw materials in advance prior to confirmation of purchase orders. Thus, the cost involved in purchasing these raw materials is largely dependent on the market prices of supplies upon the confirmation of purchase orders.

8.1.7 We are dependent on our Executive Directors and key senior management for continued success and the loss of their continued services may affect our business

Our continued and future success largely depends on the continuing contribution of our Executive Directors and key senior management, namely Tan Kong Leong, Liew Heng Wei, Lion Suk Chin, Wong Feng Lung and Sin Kuo Wei, for the strategic direction, leadership, business planning and development, management and monitoring of the day-to-day business operations of our Group. Our Executive Directors and key senior management play a pivotal role in our day-to-day operations as well as charting, formulating and implementing strategies to drive the future growth of our Group. Further, having a team of strong Executive Directors and key senior management is vital to maintain the quality of our Group's products and services whilst retaining the business confidence of our customers.

The loss of any of our Executive Directors and key senior management, and our inability to find suitable replacements in a timely manner, may create an unfavourable or material impact on our Group's operations, and may eventually affect our ability to maintain and/or improve our business performances.

8.1.8 The lack of long-term contracts may result in the fluctuation of our Group's performance

We have not entered into any long-term contracts with our customers as our Group's sales are derived based on purchase orders whereby our customers will purchase our products/services on a project-to-project basis or on an as-needed basis. The lack of long-term contracts is mainly due to the nature of our business and the prevailing customer practices where the demand for our products and services are subject to our customers' needs as and when required, which could arise from our customers' decisions for the expansion of their glove manufacturing lines or replacement of worn out glove chlorination systems.

The absence of long-term contracts may result in the fluctuation of our Group's sales and result in uncertainties over our overall financial performance. While our Group continuously seeks to maintain and strengthen existing business relationships and establish relationships with new customers to expand our clientele base, any adverse economic conditions, or slowdowns in the glove manufacturing industry, may negatively impact our sales, which will subsequently result in a decline in our financial performance.

8.1.9 We are exposed to the risk that our R&D efforts may be unsuccessful in adapting to the latest requirement or technology for glove chlorination systems

Our business is susceptible to changes in technology. With the advancement of technology in the glove chlorination process focusing on, amongst others, enhancing efficiency and improving functionalities such as operational, cost and energy efficiency of our products and production speed of our glove chlorination systems, customers may request for glove chlorination systems with more advanced design and specifications from time to time. Although we continuously employ R&D efforts to improve our glove chlorination systems, there is no assurance that our R&D efforts in glove chlorination systems will be successful in adapting to the latest requirement or technology.

We compete with our competitors to design and develop glove chlorination systems with more advanced specifications when specified by customers. Should our competitors be ahead of us in developing such systems with more advanced specifications, we may lose business opportunities to our competitors, which could in turn adversely affect our financial performance.

8.1.10 We may be adversely affected by product defects, and this may lead to liability claims and may result in negative perception towards our products and/or our Group

Our glove chlorination systems, as with all manufactured products, are subject to product defects. While measures to prevent the occurrence of product defects and system malfunction incidents have been taken, there can be no assurance that our glove chlorination systems will not have any defects or malfunction that may lead to disruption of our customers' glove manufacturing line. In such events, our customers may file complaints and/or claim for compensation against our Group for losses incurred from operational disruptions caused by the defects and/or malfunctions of our glove chlorination systems. Further, malfunctions of glove chlorination systems may also occur in the event that the maintenance of glove chlorination systems is not conducted routinely by industry players with expertise in the field as incidents such as inappropriate pipe fittings and detection of potential leakages may be overlooked, and this may lead to disruption of customers' glove manufacturing line.

On a worst-case scenario, the defects and/or malfunctions of our glove chlorination systems could lead to the discharge of chlorine gas to the environment which may jeopardise the health of factory personnel as well as the public at large. Such incidents may cause our customers to be fined or have lawsuits initiated against them for their negligence and the hazard created. This may subsequently affect our Group as any form of unfavourable publicity regarding our glove chlorination systems or other negative events occurring such as litigations initiated against us could harm our reputation. Such negative publicity could also adversely affect our future engagement with new customers and the loyalty of our existing customers, which could adversely affect our financial position and in turn affect our business.

For the past 3 FYEs, FPE 2020 and up to the LPD, we have not encountered any incidents of product defects or system malfunction that resulted in negative perception towards our products and/or our Group which had adversely affected our industry reputation.

8.1.11 We are subject to foreign exchange fluctuation risks which may impact the profitability of our Group

Some of our raw materials such as plastic resins, FRP materials, FRP gratings; as well as monitoring and control instruments such as circulation pumps, gears and motors and related parts and titanium coils are sourced from overseas and are mainly denominated in USD. In addition, plastic resins which are sourced from local suppliers are also subject to foreign currency fluctuation as it may be imported by our local suppliers.

For the past 3 FYEs and FPE 2020, our purchase of supplies is as follows:

	Audited					
	FYE 2017		FYE 2018		FYE 2019	
Purchases in:	RM'000	%	RM'000	%	RM'000	%
RM	17,187	90.79	27,931	85.98	29,689	89.79
USD	1,726	9.12	4,448	13.69	3,198	9.67
VND	17	0.09	103	0.32	170	0.51
THB	-	-	4	0.01	9	0.03

	Unaudited		Audited	
	FPE 2019		FPE 2020	
Purchases in:	RM'000	%	RM'000	%
RM	21,368	88.04	24,234	94.42
USD	2,755	11.35	1,375	5.36
VND	147	0.60	56	0.22
THB	*	*	*	*

Note:

* Negligible.

In the FYE 2019 and FPE 2020, our purchases of supplies from our overseas suppliers amounted to RM3.38 million and RM1.43 million respectively. For illustration, assuming the fluctuation of RM against the currencies such as USD, VND and THB is 5% and such foreign exchange fluctuations is not passed on to customers by way of selling price changes, this will result in an increase or decrease in our GP for the FYE 2019 and FPE 2020 by RM0.17 million and RM0.07 million respectively, depending on the direction of the foreign exchange movement between RM and said currencies.

Further, 18.19%, 21.94% and 31.82% of our total revenue were denominated in USD for the past 3 FYEs 2017, 2018 and 2019, respectively. In FYE 2019 and FPE 2020, the sales denominated in USD amounted to RM15.86 million and RM4.80 million respectively. For illustration, assuming the fluctuation of RM against the USD is 5%, this will result in an increase or decrease in our GP for the FYE 2019 and FPE 2020 by RM0.79 million and RM0.24 million respectively, depending on the direction of the foreign exchange movement between RM and USD.

Our Group does not hedge our exposure to fluctuations in foreign currency exchange rates. As at the LPD, we have not entered into any foreign exchange contracts. As such, we are subject to foreign exchange fluctuation risk for the purchase of our supplies and revenue from our foreign sales. A depreciation of the RM against the USD will lead to higher costs of supplies for our Group. In the event that we are unable to pass the increase in cost to our customers in a timely manner, our financial performances may be adversely affected due to the reduced GP margin from higher cost of supplies.

There is an average lead time of approximately 12 months between project award and project completion, depending on the size of the project. This exposes us to foreign exchange fluctuation risks as we are unable to accurately price in all possible future depreciation of RM which may cause the revenue to be received from sales to be less than originally anticipated.

8.1.12 Our past PAT margins do not reflect our future PAT margins

Flexidynamic Engineering was entitled to pioneer status incentives for small scale companies under the Promotion of Investments Act, 1986 (Amendment) to produce on-line chlorination system and the profit derived from these activities is 100% exempted from tax for a total relief period of 5 years from manufacturing date, i.e. from 10 May 2013 to 9 May 2018. The tax savings had reduced our effective tax rate for FYE 2017 and FYE 2018 and had a positive effect on our PAT margins.

Since the expiration of our pioneer status on 10 May 2018, our Group no longer benefit from tax savings. As a result, our effective tax rate in FYE 2018 had increased to 17.88%. Our effective tax rate for FYE 2019 was 27.14% and 29.93%, which is higher than the statutory tax rate for the year of 24.00%.

Our taxation, effective tax rate and PAT margin for the 3 FYEs 2017 to 2019 and FPE 2020, are as follows:

	Audited			Unaudited	Audited
	FYE 2017	**FYE 2018**	**FYE 2019**	**FPE 2019**	**FPE 2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Taxation	213	962	1,712	774	1,139
Effective tax rate (%)	4.60	17.88	27.14	27.46	29.93
Statutory tax rate (%)	24.00	24.00	24.00	24.00	24.00
PAT margin (%)	14.79	9.14	9.22	5.83	7.62

Based on the above, we wish to highlight that our past PAT margins recorded does not reflect our future PAT margins in view that the pioneer status had expired.

8.1.13 We may be subject to impairment loss or bad debts

We generally grant our customers credit periods between 30 and 90 days. In the event that payment is not received within the credit period or there is a default in payment by our customers, we may provide impairment loss on trade receivables or write off trade receivables as bad debts, which will adversely affect our financial performance.

Our allowances for impairment loss for the financial years/period under review are as follows:

	FYE 2017	FYE 2018	FYE 2019	FPE 2020
	RM'000	RM'000	RM'000	RM'000
Allowance for expected credit loss	-	-	559	-

In FYE 2019, we have provided for RM559,212 as allowance for expected credit loss due to the delay in payment from 3 customers, namely Smart Glove Corporation Sdn Bhd, Sigma Glove Industries Sdn Bhd and GX Corporation Sdn Bhd.

We recorded a reversal on impairment loss of financial asset of RM0.56 million due to the collection of amount due from Smart Glove Corporation Sdn Bhd of RM1.33 million in FPE 2020. The amount due from Sigma Glove Industries Sdn Bhd and GX Corporation Sdn Bhd of RM0.02 million was collected subsequent to FPE 2020. As at the LPD, trade receivables past due but not impaired amounted to RM3.44 million or 29.78% of our total receivables.

8.1.14 We face competition from other industry players and new market entrants

According to the IMR report, there are 6 other industry players with similar expertise and are involved in providing glove chlorination solutions to glove manufacturers and glove-dipping line manufacturers. Companies in the glove chlorination industry compete in terms of track record, reputation, product quality, ability to provide relevant solutions, delivery period and pricing. Competitive pressures may also result in competitive pricing in order to secure a project, which may affect our financial performance. As such, we face competition from existing industry players for the provision of glove chlorination solutions.

For new market entrants, it is essential for these industry players to be able to demonstrate strong credentials in terms of technical expertise which includes the design and engineering of a complete glove chlorination system, in order to enter and compete in the glove chlorination industry. While the barriers to entry for new entrants in this industry are high, we may still face competition from new entrants who are capable of offering similar solutions. Whilst we strive to remain competitive, there can be no assurance that any changes in the competitive environment would not have any material and adverse impact on our business and financial performance.

8.1.15 Our business is exposed to unexpected interruptions or delays caused by equipment failures, fire, as well as environmental factors (including natural disaster and outbreak of diseases), some of which may be beyond our control, which may lead to interruptions in our operations

While we outsource most of the manufacturing works to our subcontractors, we are involved in the manufacturing of off-line glove chlorination systems and centrifugal fans. We rely on machinery and equipment such as welding machines, overhead cranes and filament winding machines, amongst others, to conduct our manufacturing activities. These machinery and equipment may, on occasion, be out of service as a result of unanticipated failures or damages sustained during operations.

Further, our business operations may also be affected in the event of unexpected circumstances such as floods or fires which may result in the damage to, or destruction of all or part of our factory, machinery and equipment, or manufactured products. Any prolonged interruptions to our manufacturing activities due to such factors will affect our ability in adhering to our project timeline which could have an adverse impact on our business operations, relationship with customers, financial performance and industry reputation. For the past 3 FYEs and FPE 2020, our Group had not experienced any unexpected interruptions or delays caused by equipment failures, fire as well as environmental factors which may be beyond our Group's control.

8.1.16 Our insurance coverage may not be adequate to cover all losses or liabilities that may arise in connection with our operations

We maintain insurance at levels that are customary in our industry to protect against various losses and liabilities.

As at LPD, the Group has taken up the following insurance policies:

(a) Fire policies, collectively up to an aggregate sum insured of RM10.08 million; and

(b) Project insurance, with an aggregate sum insured of RM7.55 million.

However, our insurance may not be adequate to cover all losses or liabilities that might be incurred in our operations. For example, while we are insured against losses resulting from fires, we do not maintain insurance against losses at our factory as a result of burglary and natural disasters.

Moreover, we will be subject to the risk that, in the future, we may not be able to maintain or obtain insurance of the type and amount desired at reasonable rates. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our business, financial condition and results of operations.

8.2 RISKS RELATING TO OUR INDUSTRY

8.2.1 We are dependent on the glove industry for our success and growth

The performance of our Group is largely dependent on the glove industry as we primarily serve glove manufacturers and glove-dipping line manufacturers. Thus, our financial performance is likely to move in tandem with the performance of the glove industry. Growth in the glove industry generally depends on the global and domestic demand for gloves which lie in various factors, such as the following:

(a) Epidemic and pandemic disease outbreaks such as the Covid-19, Middle East Respiratory Syndrome (MERS), Ebola virus disease and Severe Acute Respiratory Syndrome (SARS);

(b) Growth in the global and domestic healthcare industry;

(c) Growth in the other global and domestic end-user industries that use gloves in daily operations such as manufacturing and food industry; and

(d) Growth in the hygiene awareness and changes in healthcare requirements in emerging markets.

As such, a decline in the global and domestic demand for gloves by end-users may lead to a slowdown in the glove industry, which will eventually have an adverse impact on our financial performance.

8.2.2 We rely on foreign workers in the manufacturing of our products

Although we engage subcontractors for most of the manufacturing works of our products, we retain in-house the manufacturing of off-line glove chlorination systems and centrifugal fans, where these in-house manufacturing activities are mainly carried out by foreign workers.

Manufacturing works are labour intensive. As at LPD, we have 32 foreign workers (for our Malaysia operations), representing 43.24% of the employees of Flexidynamic Engineering and all of them have valid working permits, which are renewed annually. As a result of limited supply of local labour, we are dependent on foreign workers mainly from Nepal and Bangladesh. Costs of foreign labour may continue to increase in the future as the Government continues to revise the relevant policies. In November 2018, pursuant to the release of Budget 2019, the Government announced a revision of minimum wages for all domestic and foreign workers to RM1,100 per month nationwide, from RM1,000 per month in Peninsular Malaysia and RM920 per month in East Malaysia, which was effective from 1 January 2019. The latest changes in minimum wages were announced through Budget 2020 whereby the minimum wages were raised to RM1,200 per month in major cities effective from 1 January 2020. Although this latest changes do not affect us as we are not located in the selected major cities, there is no assurance that we will not be affected by other future changes to the minimum wage policy in the country. In addition, our Group's business strategies which will involve the expansion of in-house manufacturing capabilities at our 2 new factories, would require a corresponding increase in labour force.

Hence, any increase in the levy rate and minimum wages for foreign workers will increase our cost of labour which may negatively affect our financial performance should we fail to pass on the increase in cost to our customers in a timely manner. Further, any changes in the policies in relation to the foreign labour which will affect the hiring of foreign workers and may exert a negative impact on our financial performance.

8.2.3 We are subject to risk relating to the economic, political and/or legal environment in the markets in which we operate

Notwithstanding that we principally operate in Malaysia, we derive an increasing portion of our revenue from foreign sales to various countries including Vietnam, Thailand, Indonesia and Sri Lanka. In the past 3 FYEs 2017 to 2019 and FPE 2020, our foreign sales accounted for 18.19%, 21.94%, 31.82% and 13.72% of our total revenue respectively.

As we continue to expand our business, our financial performance and results of operations are expected to be affected by the economic, political and/or legal conditions in the countries where we operate, transact business or have interests, making us increasingly susceptible to the operational risks caused by these conditions.

Conducting business in other markets also requires us to comply with foreign laws and regulations covering many aspects of our operations, including trade laws and licensing regulations, and these laws and regulations may change, or may be updated and amended, from time to time. Much of the above changes are beyond our control. Whilst we practise prudent financial management and efficient operating procedures, there can be no assurance that any adverse economic, political and/or legal developments will not materially affect the financial performance of our Group.

8.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES

8.3.1 There has been no prior market for our Shares

Prior to our Listing, there was no public trading for our Shares. Accordingly, there can be no assurance that an active market for our Shares will develop upon our Listing or, if developed, that such market will be sustained. Our IPO Price was determined after taking into consideration a number of factors including but not limited to our historical earnings, our competitive strengths, our business strategies and prospects as well as our financial and operating history. There can be no assurance that our IPO Price will correspond to the price at which our Shares will be traded on the ACE Market upon or subsequent to our Listing or that an active market for our Shares will develop and continue upon or subsequent to our Listing.

The price at which our Shares will trade on the ACE Market may be influenced by a number of factors including, amongst others, the depth and liquidity of the market for our Shares, investors' individual perceptions of our Group, market and economic conditions.

8.3.2 Our Listing is exposed to the risk that it may be aborted or delayed

Our Listing is exposed to the risk that it may be aborted or delayed on the occurrence of any one or more of the following events:

(a) The selected investors fail to subscribe for the IPO Shares;

(b) Our Underwriter in exercising its rights pursuant to the Underwriting Agreement discharges itself from its obligations therein; and

(c) We are unable to meet the public shareholding spread requirement as determined by Bursa Securities, whereby at least 25.00% of our total number of Shares for which listing is sought must be held by a minimum number of 200 public shareholders each holding not less than 100 Shares upon the completion of our IPO and at the point of our Listing.

In this respect, we will exercise our best endeavours to comply with the various regulatory requirements, including, amongst others the public shareholding spread requirement in paragraph (c) above for our successful Listing. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or non-implementation of our Listing.

Upon the occurrence of any of these events, investors will not receive any Shares and we will return in full without interest, all monies paid in respect of any application for our Shares within 14 days, failing which the provisions of sub-sections 243(2) and 243(6) of the CMSA will apply accordingly and we will be liable to repay the monies with interest at the rate of 10.0% per annum or such other rate as may be prescribed by the SC upon expiration of that period until full refund is made.

In the event our Listing is aborted and/or terminated, and our Shares have been allotted to the shareholders, a return of monies to all holders of our Shares can only be achieved by way of cancellation of share capital as provided under the Act and its related rules. Such cancellation requires, among others, the sanction of our shareholders by special resolution in a general meeting and consent of our creditors (if required). There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

8.3.3 The trading price of our Shares following our Listing may be volatile

The trading price of our Shares could be subject to fluctuations in response to various factors, some of which are not within our control and may be unrelated or disproportionate to our operating results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

In addition, the performance of Bursa Securities is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiments are also largely driven by internal factors such as economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility witnessed on Bursa Securities, thus adding risks to the market price of our listed shares.

8.4 OTHER RISKS

8.4.1 Our Promoters will be able to exert significant influence over our Company

Our Promoters will collectively hold 62.48% of our enlarged share capital upon Listing. Because of the size of their shareholdings, our Promoters will have significant influence on the outcome of certain matters requiring the vote of our shareholders unless they are required to abstain from voting by law and/or as required by the relevant authorities.

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9. RELATED PARTY TRANSACTIONS

9.1 RELATED PARTY TRANSACTIONS

Save as disclosed below, we have not entered into any related party transactions with our Directors, substantial shareholders, key senior management personnel and/or persons connected with them for the past 3 FYEs 2017 to 2019, FPE 2020 and up to the LPD.

Transacting parties	Interested persons	Nature of transaction	Value of transactions					
			FYE 2017		FYE 2018		FYE 2019	
			RM	%	RM	%	RM	%
Phitchaya Arsangku and Flexidynamic Thailand	(i) Tan Kong Leong, our Promoter, substantial shareholder and Managing Director, is the husband of Phitchaya Arsangku	Rental of Thailand office by Phitchaya Arsangku to Flexidynamic Thailand (iii) (3)	-	-	-	-	21,138 (or THB 157,773)	(i) 0.43
	(ii) Phitchaya Arsangku, our Promoter and Director of Flexidynamic Thailand, is the wife of Tan Kong Leong	Rental of vehicle from Phitchaya Arsangku to Flexidynamic Thailand (iii)	45,581 (or THB 360,000)	(ii) 0.21	44,976 (or THB 360,000)	(ii) 0.12	48,231 (or THB 360,000)	(ii) 0.13
ZYL Dynamic Sdn Bhd ("ZYL") and Flexidynamic Engineering	(i) Tan Kong Kee, the Director and shareholder of ZYL, is the brother of Tan Kong Leong, our Promoter, substantial shareholder and Managing Director	Rental of office located at Puchong by Flexidynamic Engineering from ZYL (3)	54,000	(i) 1.73	64,000	(i) 1.36	66,000	(i) 1.33
	(ii) Chin Nyuk Fong, the Director and shareholder of ZYL, is the sister-in-law of Tan Kong Leong							

9. RELATED PARTY TRANSACTIONS *(Cont'd)*

Transacting parties	Interested persons	Nature of transaction	Value of transactions					
			FYE 2017		FYE 2018		FYE 2019	
			RM	%	RM	%	RM	%
		Maintenance fees paid to ZYL in relation to maintenance services for factory equipment	96,000	(i) 3.08	50,000	(i) 1.06	-	-
		Rental of storage space located at Ipoh by Flexidynamic Engineering from ZYL	30,000	(i) 0.96	23,000	(i) 0.49	-	-
Tan Kong Kee and Flexidynamic Engineering	Tan Kong Kee, the brother of Tan Kong Leong, our Promoter, substantial shareholder and Managing Director	Rental of factory located at Banting by Flexidynamic Engineering from Tan Kong Kee [(2)]	228,000	(i) 7.31	226,000	(i) 4.80	-	-
Mega Surplus Sdn Bhd ("Mega Surplus") and Flexidynamic Engineering	The Directors and shareholders of Mega Surplus, namely: (i) Tan Eng Cheong is the father of Tan Kong Leong, our Promoter, substantial shareholder and Managing Director; and (ii) Tan Kong Wee and Tan Kon How are the brothers of Tan Kong Leong	Purchase of sawn timber for manufacture of wooden mould and general use from Mega Surplus [(3)] [(4)]	584,085	(ii) 2.72	168,978	(ii) 0.47	105,600	(ii) 0.29

9. RELATED PARTY TRANSACTIONS *(Cont'd)*

Transacting parties	Interested persons	Nature of transaction	Value of transactions FYE 2017 RM	FYE 2017 %	FYE 2018 RM	FYE 2018 %	FYE 2019 RM	FYE 2019 %
Tan Kong Leong, Phitchaya Arsangku, Malinee Arsangku and Flexidynamic Engineering	(i) Tan Kong Leong is our Promoter, substantial shareholder and Managing Director and husband of Phitchaya Arsangku (ii) Phitchaya Arsangku is our Promoter and Director of Flexidynamic Thailand and wife of Tan Kong Leong (ii) Malinee Arsangku is the sister of Phitchaya Arsangku and sister-in-law of Tan Kong Leong	Sale of Flexidynamic Thailand Shares by Tan Kong Leong, Phitchaya Arsangku and Malinee Arsangku to Flexidynamic Engineering	-	-	189,128 (iv) (or USD 45,300)	-	-	-

Transacting parties	Interested persons	Nature of transaction	Value of transactions FPE 2020 RM	FPE 2020 %	From 1 October 2020 up to the LPD RM	From 1 October 2020 up to the LPD %
Phitchaya Arsangku and Flexidynamic Thailand	(i) Tan Kong Leong, our Promoter, substantial shareholder and Managing Director, is the husband of Phitchaya Arsangku	Rental of Thailand office by Phitchaya Arsangku to Flexidynamic Thailand (iii) (3)	18,074 (or THB 135,000)	(i) 0.45	10,128 (or THB 75,000)	(i) 0.41

9. RELATED PARTY TRANSACTIONS *(Cont'd)*

Transacting parties	Interested persons	Nature of transaction	Value of transactions FPE 2020 RM	FPE 2020 %	From 1 October 2020 up to the LPD RM	From 1 October 2020 up to the LPD %
	(ii) Phitchaya Arsangku, our Promoter and Director of Flexidynamic Thailand, is the wife of Tan Kong Leong	Rental of vehicle from Phitchaya Arsangku to Flexidynamic Thailand (iii)	12,049 (or THB 90,000)	(ii) 0.04	-	-
ZYL and Flexidynamic Engineering	(i) Tan Kong Kee, the Director and shareholder of ZYL, is the brother of Tan Kong Leong, our Promoter, substantial shareholder and Managing Director (ii) Chin Nyuk Fong, the Director and shareholder of ZYL, is the sister-in-law of Tan Kong Leong	Rental of office located at Puchong by Flexidynamic Engineering from ZYL (3)	49,500	(i) 1.23	27,500	(i) 1.11
Mega Surplus and Flexidynamic Engineering	The Directors and shareholders of Mega Surplus, namely: (i) Tan Eng Cheong is the father of Tan Kong Leong, our Promoter, substantial shareholder and Managing Director; and (ii) Tan Kong Wee and Tan Kon How are the brothers of Tan Kong Leong	Purchase of sawn timber for manufacture of wooden mould and general use from Mega Surplus (3) (4)	94,657	(ii) 0.35	41,160	(ii) 0.22

9. RELATED PARTY TRANSACTIONS *(Cont'd)*

Notes:

(i) Calculated based on our Group's administrative expenses for each of the respective financial years/period and as at the LPD.

(ii) Calculated based on our Group's cost of sales for each of the respective financial years/period and as at the LPD.

(iii) Calculated based on the following exchange rates:

Year/period	**RM/THB100**
FYE 2017	12.6616
FYE 2018	12.4935
FYE 2019	13.3975
FPE 2020	13.3879
LPD	13.5045

(iv) Calculated based on the exchange rate as at 17 November 2018 of RM4.175:USD1.00.

(1) This related party transaction is not on arm's length basis as the rental is approximately 40% above the market rate. This rental has ceased effective March 2020.

(2) Flexidynamic Engineering ceased renting from Tan Kong Kee in August 2018 after relocating to Banting Factory.

(3) These related party transactions are expected to recur after the Listing.

(4) The purchase of sawn timber from Mega Surplus decreased over the FYEs as manufacturing of wooden moulds has been reduced over the FYEs. The wooden moulds are only manufactured as and when required.

As at the LPD, there are no related party transactions entered into but not yet effected.

Save as disclosed above, our Directors are of the view that the above related party transactions were conducted on an arm's length basis and on competitive commercial terms not more favourable to the related parties and were not to the detriment of our minority shareholders.

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9. RELATED PARTY TRANSACTIONS *(Cont'd)*

Moving forward, if there are potential related party transactions, the related parties must first inform our Audit and Risk Management Committee on their interests in the transaction and the nature of the transaction before the transaction is entered into.

Our Audit and Risk Management Committee is responsible for the review of all related party transactions to ensure that there is no conflict of interest. Our Audit and Risk Management Committee shall deliberate and determine if the related party transactions (if any) are undertaken on arm's length basis and on normal commercial terms, we have established the following procedures:

(a) Recurrent related party transactions

(i) At least 2 other contemporaneous transactions with third parties for similar products and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered by all related parties are fair and reasonable and comparable to those offered by third parties; or

(ii) In the event that quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on those offered by third parties for substantially similar type of transaction to ensure that the recurrent related party transactions are not detrimental to us.

Our Board shall seek mandate from shareholders to enter into any recurrent related party transactions at general meetings of our Company. Due to its time-sensitive nature, the shareholders' mandate will enable us to enter into such recurrent transactions which are transacted in our ordinary course of business without having to convene numerous general meetings to approve such recurrent transactions as and when they are entered into.

(b) Other related party transactions

(i) Whether the terms of the related party transaction are fair and on arm's length basis to our Group and would apply on the same basis if the transaction did not involve a related party;

(ii) The rationale for our Group to enter into the related party transaction and the nature of alternative transactions, if any; and

(iii) Whether the related party transaction would present a conflict of interest between our Group and the related parties, taking into account the size of the transaction and nature of the related parties' interest in the transaction.

Where required under the Listing Requirements, a related party transaction may require prior approval of shareholders at a general meeting to be convened. An independent adviser may be appointed to comment as to whether the related party transaction is fair and reasonable so far as the shareholders are concerned; and whether the transaction is to the detriment of minority shareholders. In such instances, the independent adviser shall also advise minority shareholders on whether they should vote in favour of the transaction.

For related party transaction that requires prior approval of shareholders, the Directors, major shareholders and/or persons connected to them, 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 transaction, the Director or major shareholder concerned will also abstain from voting in respect of his direct and/or indirect shareholdings.

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit and Risk Management 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 regards to any related party transaction entered into by us.

9.2 OTHER TRANSACTIONS

(a) Transactions which are unusual in their nature or conditions

There were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party during the financial years/period under review and up to the LPD.

(b) Loans and guarantees

Save as disclosed below, there were no outstanding loans and guarantees made to/by us to or for the benefit of any related party for the past 3 FYEs, FPE 2020 and up to the LPD:

(i) Personal guarantees

Our Promoters, namely Tan Kong Leong and Liew Heng Wei had extended guarantees for banking facilities extended to our Group as at the LPD. In conjunction with the Listing, the respective banks had agreed to discharge the said personal guarantees upon the completion of the Listing.

(ii) Advances to related parties

The following advances were made by Flexidynamic Thailand to Tan Kong Leong, our Promoter, substantial shareholder and Managing Director as well as Phitchaya Arsangku, our Promoter and Director of Flexidynamic Thailand during the past 3 FYEs, FPE 2020 and up to the LPD:

	FYE 2017	FYE 2018	FYE 2019	FPE 2020	As at LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Amount due from Tan Kong Leong	-	180	-	-	-
Amount due from Pritchaya Arsangku	-	215	-	-	-

Advances amounting to RM0.40 million were made by Flexidynamic Thailand to Tan Kong Leong (RM0.18 million) and Phitchaya Arsangku (RM0.22 million) in FYE 2018 for personal use. These advances do not carry any interest and the amount has been repaid in FYE 2019.

(c) Financial assistance provided for the benefit of a related party

There were no financial assistance provided by us for the benefit of any related party for the past 3 FYEs, FPE 2020 and up to the LPD.

10. CONFLICT OF INTERESTS

10.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CUSTOMERS AND OUR SUPPLIERS

As at the LPD, 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 our Group; or

(b) Customers and/or suppliers of our Group.

It is our Director's fiduciary duty to avoid conflict, and they are required to attend courses which provide them guidelines on their fiduciary duties. In order to mitigate any possible conflict of interest situation in the future, our Directors will declare to our Nomination Committee and our Board their interests in other companies at 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 gives rise to a potential conflict of interest situation with our Group's business. If our Directors are involved in similar business as our Group or business of our customers and our suppliers, our Nomination Committee shall inform our Audit and Risk Management Committee of such involvement. When a determination has been made that there is a conflict of interest of a Director, our Nomination Committee will:

(aa) Immediately inform our Board of the conflict of interest situation after deliberating with the Audit and Risk Management Committee;

(bb) Make recommendations to our Board to direct the conflicted Director to:

- (i) Withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an Executive Director); and
- (ii) Abstain from all Board deliberation and voting in the matter that has given rise to the conflict of interest.

In relation to (bb) above, the conflicted Director shall abstain from any Board discussion relating to the recommendation of our Nomination Committee and the conflicted Director shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however at the request of the Chairman of the Board, be present at the Board meeting for the purposes of answering any questions.

10.2 DECLARATIONS OF CONFLICT OF INTERESTS 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 Wong Beh & Toh 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 Grant Thornton Malaysia PLT 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) Smith Zander International Sdn Bhd 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.

11. FINANCIAL INFORMATION

11.1 HISTORICAL AND PRO FORMA FINANCIAL INFORMATION

Our audited combined financial statements throughout the FYEs 2017 to 2019 and FPE 2020 have been prepared in accordance with MFRS and IFRS. Our audited combined financial statements for the FYEs 2017 to 2019 and FPE 2020 under review were not subject to any audit qualifications.

11.1.1 Historical financial information

The following summary 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 and the Accountants' Report set out in Section 12.

(a) Historical combined statements of profit or loss and other comprehensive income

The following table sets out a summary of our historical audited combined statements of profit or loss and other comprehensive income for the FYEs 2017 to 2019 and FPE 2020:

	Audited			Unaudited	Audited
	FYE 2017	**FYE 2018**	**FYE 2019**	**FPE 2019**	**FPE 2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	29,902	48,322	49,839	35,093	35,007
Cost of sales	(21,447)	(36,331)	(35,883)	(27,080)	(27,306)
GP	8,455	11,991	13,956	8,013	7,701
Other income	51	129	306	252	612
Change in fair value of equity investments	553	243	(535)	(319)	-
(Allowance)/Reversal for expected credit loss	-	-	(559)	-	559
Selling and distribution expenses	(606)	(910)	(848)	(645)	(385)
Administrative expenses	(3,118)	(4,710)	(4,957)	(3,691)	(4,011)
Other expenses	(643)	(1,249)	(989)	(738)	(629)
Profit from operation	4,692	5,494	6,374	2,872	3,847
Finance costs	(90)	(157)	(127)	(92)	(61)
Finance income	34	42	60	39	19
PBT	4,636	5,379	6,307	2,819	3,805
Tax expense	(213)	(962)	(1,712)	(774)	(1,139)
PAT	**4,423**	**4,417**	**4,595**	**2,045**	**2,666**
PAT attributable to:					
- Owners of the Company	4,396	4,289	4,605	2,019	2,705
- Non-controlling interest	27	128	(10)	26	(39)
	4,423	**4,417**	**4,595**	**2,045**	**2,666**
EBIT (1)	4,692	5,494	6,374	2,872	3,847
EBITDA (1)	5,170	6,049	7,007	3,333	4,400
GP margin (%)	28.28	24.81	28.00	22.83	22.00
PBT margin (%)	15.50	11.13	12.65	8.03	10.87
PAT margin (%)	14.79	9.14	9.22	5.83	7.62
Effective tax rate (%)	4.60	17.88	27.14	27.46	29.93
EPS (sen) (2)	2.11	2.06	2.21	0.97	1.30
Diluted EPS (sen) (3)	1.55	1.51	1.62	0.71	0.95

Notes:

(1) EBIT and EBITDA are calculated as follows:

	Audited			Unaudited	Audited
	FYE 2017	**FYE 2018**	**FYE 2019**	**FPE 2019**	**FPE 2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
PAT	4,423	4,417	4,595	2,045	2,666
Less:					
Interest income	(34)	(42)	(60)	(39)	(19)
Add:					
Finance costs	90	157	127	92	61
Taxation	213	962	1,712	774	1,139
EBIT	**4,692**	**5,494**	**6,374**	**2,872**	**3,847**
Add:					
Depreciation and amortisation	478	555	633	461	553
EBITDA	**5,170**	**6,049**	**7,007**	**3,333**	**4,400**

(2) Calculated based on our PAT attributable to owners of the Company divided by the share capital of 208,660,200 Shares before our IPO.

(3) Calculated based on our PAT attributable to owners of the Company divided by the enlarged share capital of 283,891,200 Shares after our IPO.

(b) Historical combined statements of financial position

The following table sets out our historical combined statements of financial position as at 31 December 2017, 2018 and 2019 as well as 30 September 2019 and 2020:

	Audited			Unaudited	Audited
	31 December			30 September	
	2017	**2018**	**2019**	**2019**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
ASSETS					
Non-current assets					
Property, plant and equipment	7,663	8,728	12,402	9,340	15,274
Investment in equity instruments	2,292	2,660	2,823	3,038	-
Deferred tax asset	-	700	122	-	2,888
Other receivables	-	402	291	339	190
Total non-current assets	**9,955**	**12,490**	**15,638**	**12,717**	**18,352**
Current assets					
Inventories	1,662	2,818	4,195	3,451	4,807
Trade receivables	7,375	14,465	11,757	8,754	22,907
Other receivables	359	1,042	1,311	2,000	1,819
Amount due from a Director	-	180	-	274	-
Amount due from a shareholder	-	215	-	-	-
Tax recoverable	4	-	26	746	-
Fixed deposits with a licensed financial institution	1,124	1,160	-	1,187	-
Cash and bank balances	6,201	5,164	3,930	3,379	11,827
Total current assets	**16,725**	**25,044**	**21,219**	**19,791**	**41,360**
TOTAL ASSETS	**26,680**	**37,534**	**36,857**	**32,508**	**59,712**

	Audited			Unaudited	Audited
	31 December			30 September	
	2017	2018	2019	2019	2020
	RM'000	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	515	617	734	734	734
Capital reserve	-	631	631	631	631
Foreign exchange reserve	6	17	56	56	46
Retained earnings	12,737	16,126	19,772	17,486	21,777
NA	13,258	17,391	21,193	18,907	23,188
Non-controlling interest	121	368	288	325	238
Total equity	**13,379**	**17,759**	**21,481**	**19,232**	**23,426**
LIABILITIES					
Non-current liabilities					
Bank borrowings	4,537	4,224	6,177	3,944	8,623
Lease liabilities	295	313	494	559	751
Deferred tax liabilities	10	-	-	142	-
Total non-current liabilities	**4,842**	**4,537**	**6,671**	**4,645**	**9,374**
Current liabilities					
Trade payables	5,919	8,954	6,515	7,019	8,916
Other payables and accruals	1,301	1,175	386	418	286
Contract liabilities	762	3,401	692	24	13,002
Bank borrowings	174	730	893	940	1,131
Lease liabilities	168	144	219	230	287
Tax payable	135	834	-	-	3,290
Total current liabilities	**8,459**	**15,238**	**8,705**	**8,631**	**26,912**
TOTAL LIABILITIES	**13,301**	**19,775**	**15,376**	**13,276**	**36,286**
TOTAL EQUITY AND LIABILITIES	**26,680**	**37,534**	**36,857**	**32,508**	**59,712**

(c) Historical audited combined statements of cash flows

The following table sets out our audited combined statements of cash flows for the FYEs 2017 to 2019 and FPE 2020:

	Audited			Unaudited	Audited
	FYE 2017	FYE 2018	FYE 2019	FPE 2019	FPE 2020
	RM'000	RM'000	RM'000	RM'000	RM'000
Operating Activities					
PBT	4,636	5,379	6,307	2,819	3,805
Adjustments for:					
Depreciation of property, plant and equipment	478	555	633	461	553
Allowance/(Reversal) for expected credit losses on trade receivables	-	-	559	-	(559)
Finance costs	90	157	127	92	61
Finance income	(34)	(42)	(60)	(39)	(19)

	Audited			Unaudited	Audited
	FYE 2017	**FYE 2018**	**FYE 2019**	**FPE 2019**	**FPE 2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Gain on disposal of property, plant and equipment	(27)	(12)	(84)	(83)	-
Unrealised loss/(gain) on foreign exchange	9	(59)	(131)	(93)	(147)
Dividend income	(23)	(55)	(56)	(41)	-
Loss/(Gain) on disposal of investment in equity instruments	-	15	(34)	(34)	(305)
Property, plant and equipment written off	*	380	1	1	*
Fair value (gain)/loss on investment in equity instruments	(553)	(243)	535	319	-
Employee benefits through transfer of the Company share to employees	-	631	-	-	-
Operating profit before working capital changes	**4,576**	**6,706**	**7,797**	**3,402**	**3,389**
Changes in working capital:					
Inventories	(1,032)	(1,156)	(1,377)	(633)	(611)
Receivables	2,141	(8,287)	1,976	4,793	(10,963)
Payables	686	5,948	(5,937)	(6,069)	14,611
Cash generated from operations	**6,371**	**3,211**	**2,459**	**1,493**	**6,426**
Tax refunded	1	-	-	-	-
Tax paid	(124)	(974)	(2,021)	(1,513)	(589)
Net cash (used in)/from operating activities	**6,248**	**2,237**	**438**	**(20)**	**5,837**
Investing Activities					
Purchase of property, plant and equipment	(148)	(1,838)	(1,596)	(645)	(504)
Dividend received	23	55	56	41	-
Proceeds from subscription of additional shares in an existing subsidiary	-	102	117	117	-
Proceeds from subscription of additional shares in an existing subsidiary by non-controlling interest	-	106	122	122	-
Proceeds from disposal of investment in equity instruments	-	314	949	949	3,128
Purchase of investment in equity instruments, net	(64)	(453)	(1,613)	(1,613)	-
Interest received	34	42	47	39	19
Proceeds from disposal of property, plant and equipment	36	55	109	108	-
Net cash (used in)/from investing activities	**(119)**	**(1,617)**	**(1,809)**	**(882)**	**2,643**

11. FINANCIAL INFORMATION *(Cont'd)*

	Audited			Unaudited	Audited
	FYE 2017	FYE 2018	FYE 2019	FPE 2019	FPE 2020
	RM'000	RM'000	RM'000	RM'000	RM'000
Financing Activities					
Dividends paid	(600)	(1,300)	(960)	(660)	(700)
Dividends of subsidiary paid to non-controlling interest	(16)	-	(232)	(230)	-
Interest paid	(90)	(115)	(127)	(92)	(61)
(Placement)/Uplift of fixed deposits pledged with a licensed financial institution	(32)	(37)	1,160	(27)	-
Drawdown of bank borrowings	9	552	2,307	1,787	1,250
Repayment of bank borrowings	(420)	(310)	(2,476)	(1,856)	(1,073)
Repayments of lease liabilities	(169)	(209)	(188)	(112)	(103)
(Advance to)/Repayment from a Director	-	(180)	180	(94)	-
(Advance to)/Repayment from a shareholder	-	(215)	215	215	-
Net cash used in financing activities	**(1,318)**	**(1,814)**	**(121)**	**(1,069)**	**(687)**
Net increase/(decrease) in cash and cash equivalents	**4,811**	**(1,194)**	**(1,492)**	**(1,971)**	**7,793**
Effect on foreign exchange translation	10	157	258	186	104
Cash and cash equivalents at the beginning of the financial year/period	1,380	6,201	5,164	5,164	3,930
Cash and cash equivalents at the end of the financial year/period	**6,201**	**5,164**	**3,930**	**3,379**	**11,827**

Note:

* Negligible.

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, to show the effects of the Acquisition of Flexidynamic Engineering, Public Issue and utilisation of IPO proceeds.

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

	Flexidynamic Holdings	I	II	III
	As at 30 September 2020	After Acquisition of Flexidynamic Engineering	After I and after Public Issue	After II and after utilisation of IPO proceeds
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	-	15,274	15,274	18,920
Deferred tax assets	-	2,888	2,888	2,888
Other receivables	-	190	190	190
Total non-current assets	**-**	**18,352**	**18,352**	**21,998**
Current assets				
Inventories	-	4,807	4,807	4,807
Trade receivables	-	22,907	22,907	22,907
Other receivables	-	1,819	1,819	631
Cash and bank balances	*	11,827	26,873	16,631
Total current assets	*	**41,360**	**56,406**	**44,976**
TOTAL ASSETS	*****	**59,712**	**74,758**	**66,974**
EQUITY AND LIABILITIES				
EQUITY				
Share capital	*	20,866	35,912	35,312
Merger deficit	-	(20,116)	(20,116)	(20,116)
Capital reserve	-	631	631	631
Foreign exchange reserve		8	8	8
(Accumulated losses)/Retained earnings	(5)	21,784	21,784	19,384
NA	(5)	23,173	38,219	35,219
Non-controlling interest	-	(77)	(77)	(77)
Total equity	**(5)**	**23,096**	**38,142**	**35,142**
LIABILITIES				
Non-current liabilities				
Borrowings	-	8,623	8,623	3,839
Lease liabilities	-	751	751	751
Total non-current liabilities	**-**	**9,374**	**9,374**	**4,590**
Current liabilities				
Trade payables	-	8,916	8,916	8,916
Other payables and accruals	5	616	616	616
Contract liabilities	-	13,002	13,002	13,002

	Flexidynamic Holdings	I	II	III
	As at 30 September 2020	After Acquisition of Flexidynamic Engineering	After I and after Public Issue	After II and after utilisation of IPO proceeds
	RM'000	RM'000	RM'000	RM'000
Borrowings	-	1,131	1,131	1,131
Lease liabilities	-	287	287	287
Tax payable		3,290	3,290	3,290
Total current liabilities	**5**	**27,242**	**27,242**	**27,242**
TOTAL LIABILITIES	**5**	**36,616**	**36,616**	**31,832**
TOTAL EQUITY AND LIABILITIES	*****	**59,712**	**74,758**	**66,974**
Number of Shares in issue ('000)	^	208,660	283,891	283,891
Net (liabilities)/asset per share (RM)	(25.51)	0.11	0.13	0.12
Borrowings (All interest bearing debts)	-	10,792	10,792	6,008
Gearing (times) [(1)]	-	0.47	0.28	0.17
Current ratio (times) [(2)]	0.004	1.52	2.07	1.65

Notes:

* Representing RM20.00 only.
^ Representing 200 Shares only.

(1) Calculated based on the total borrowings (i.e. lease liabilities and bank borrowings) of our Group divided by the total equity of our Group.

(2) Calculated based on total current assets divided by total current liabilities of our Group.

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

The discussion of our business, financial condition and results of operations for the FYEs 2017 to 2019 and FPE 2020 refers to the historical audited combined financial information of Flexidynamic Engineering. Our audited financial statements have been prepared in accordance with MFRS and IFRS for the FYEs 2017 to 2019 and FPE 2020.

The following discussion and analysis of our Group's financial performance and results of operations should be read in conjunction with the Accountant's Report as sets out in Section 12 and the Reporting Accountant's letter on the pro forma consolidated statements of financial position as set out in Section 13.

11.2.1 Overview of our operations

Our Group is principally involved in the design, engineering, installation and commissioning of glove chlorination systems, as well as the design and installation of storage tanks and process tanks for the glove manufacturing industry. Our core business activities are as follows:

(a) Design, engineering, installation and commissioning of glove chlorination systems. This is complemented with our in-house manufacturing activities for centrifugal fans;

(b) Repairs, refurbishment and maintenance of glove chlorination systems;

(c) Trading of replacement parts for glove chlorination systems;

(d) Design and installation of storage tanks and process tanks; and

(e) Other products and services including FRP lining services and scrubber systems.

Our revenue is generated from local and overseas sales and the currency used in invoicing is RM and USD. Approximately 81.81%, 78.06%, 68.18% and 86.28% of our revenues were denominated in RM for FYEs 2017 to 2019 and FPE 2020 respectively, with the remainder denominated in USD.

The significant factors affecting our business include the following:

(i) Fluctuation of foreign exchange rate

For the past 3 FYEs 2017 to 2019 and FPE 2020, our revenue was mainly derived from Malaysia and is denominated in RM. The percentage contribution in revenue from Malaysia has been decreasing over the past FYE 2017 to FYE 2019 due to the increase in our overseas revenue, including projects in Vietnam, Thailand, Indonesia and Sri Lanka, which is transacted in USD. We recorded an increase in sales to customers from Vietnam, namely Ever Global (Vietnam) Enterprise Corporation and Thailand, namely Sri Trang Group for the past 3 FYEs.

In FPE 2020, our foreign sales decreased from RM13.14 million or 37.44% in FPE 2019 to RM4.80 million or 13.72% in FPE 2020 due to the completion of the majority of overseas projects during FYE 2019. Nevertheless, we have secured new projects from customers in Thailand and Vietnam amounting to RM41.09 million during FPE 2020 and most of the revenue from these new projects shall be recognised after FPE 2020. Of the RM41.09 million worth of projects secured from customers in Thailand and Vietnam during the FPE 2020, RM2.30 million was recognised in the FPE 2020; RM8.67 million was recognised between October 2020 and December 2020; and RM27.87 million and RM2.25 million are expected to be recognised in the financial years ending 2021 and 2022 respectively.

	Audited					
	FYE 2017		**FYE 2018**		**FYE 2019**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Sales transacted in RM	24,464	81.81	37,721	78.06	33,982	68.18
Sales transacted in USD	5,438	18.19	10,601	21.94	15,857	31.82

	Unaudited		**Audited**	
	FPE 2019		**FPE 2020**	
	RM'000	**%**	**RM'000**	**%**
Sales transacted in RM	21,954	62.56	30,203	86.28
Sales transacted in USD	13,139	37.44	4,804	13.72

Due to the significant contribution of sales transacted in USD, any appreciation or depreciation of the USD against RM will significantly affect our overall revenue.

Some of our raw materials such as plastic resins, FRP materials, FRP grating; as well as monitoring and control instruments such as circulation pumps, gears and motors and related parts and titanium coils are sourced from overseas and are mainly transacted in USD. In addition, plastic resins which are sourced from local suppliers are also subject to foreign currency fluctuation as it may be imported by our local suppliers.

	Audited					
	FYE 2017		**FYE 2018**		**FYE 2019**	
Purchases in:	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
RM	17,187	90.79	27,931	85.98	29,689	89.79
USD	1,726	9.12	4,448	13.69	3,198	9.67
VND	17	0.09	103	0.32	170	0.51
THB	-	-	4	0.01	9	0.03

	Unaudited		**Audited**	
	FPE 2019		**FPE 2020**	
Purchases in:	**RM'000**	**%**	**RM'000**	**%**
RM	21,368	88.04	24,234	94.42
USD	2,755	11.35	1,375	5.36
VND	147	0.60	56	0.22
THB	*	*	*	*

Note:

* Negligible.

Based on the above, any appreciation or depreciation of the USD against RM will significantly affect our cost of supplies.

Our Group does not hedge our exposure to fluctuations in foreign currency exchange rates. As at the LPD, we have not entered into any foreign exchange contracts. As such, we are subject to foreign exchange fluctuation risk for the purchase of our supplies and revenue from our foreign sales.

There is a lead time between project awarded to project delivery of approximately 12 months, depending on the size of the project. This exposes us to foreign exchange fluctuation risks as we are unable to accurately price in all possible future depreciation of RM which may cause the revenue to be received from sales to be less than originally anticipated.

In the event that we are unable to pass the increase in cost to our customers in a timely manner, our financial performances may be adversely affected due to the reduced GP margin from higher cost of supplies.

(ii) Fluctuation in the prices of our raw materials

The prices of certain raw materials such as plastic resins and mild steel are subject to fluctuations as a result of global demand and supply conditions. As such, any material increase in the prices of the abovementioned supplies may result in substantial increase in our cost of sales, thus affecting our financial performance should we fail to pass the increase in cost to our customers.

Nonetheless, most of our material purchases are only made upon receipt of confirmed orders from our customers which minimise the impact of any adverse price fluctuations in our raw materials. Our suppliers regularly keep us abreast of the supply condition and price trend of our raw materials so we may be prepared for any price increase.

(iii) Competition from other industry players and new market entrants

Our Group faces competition from other industry players and new market entrants who may also be capable of offering similar solutions. Whilst we strive to remain competitive, there can be no assurance that any changes in the competitive environment would not have any material and adverse impact on our business and financial performance. We believe that our Group would be able to stay competitive due to our strengths as outlined in Section 6.8.

(iv) We are dependent on our major customers and do not have long term agreements with them

We have not entered into any long-term contracts with all our customers as our Group's sales are derived based on purchase orders whereby our customers will purchase our products/services on a project-to-project basis or on an as-needed basis. Thus, we place great emphasis in developing long-term business relationships with our customers as we believe this will ensure our business continuity and growth.

For the past 3 FYEs and FPE 2020, our major customers contributed between 77.60% to 86.75% of our revenue. Our major customers for the past 3 FYEs and FPE 2020 are as follows:

No.	Major customers for the past 3 FYEs and FPE 2020	Country
1.	**Hartalega Group** Hartalega Sdn Bhd, Hartalega NGC Sdn Bhd and Hartalega Research Sdn Bhd	Malaysia
2.	**Kossan Group** Kossan Latex Industries (M) Sdn Bhd, Ideal Quality Sdn Bhd, Perusahaan Getah Asas Sdn Bhd and Wear Safe (Malaysia) Sdn Bhd	Malaysia
3.	**Riverstone Group** Riverstone Resources Sdn Bhd and Eco Medi Glove Sdn Bhd	Malaysia
4.	**Sri Trang Group** Premier System Engineering Co Ltd, Sri Trang Gloves (Thailand) Co Ltd (previously known as Siam Sempermed Corp Ltd) and Sri Trang Gloves (Thailand) Public Co Ltd	Thailand
5.	**YTY Group** Green Prospect Sdn Bhd and YTY Industry Sdn Bhd	Malaysia
6.	Central Medicare Sdn Bhd	Malaysia
7.	Ever Global (Vietnam) Enterprise Corporation	Vietnam

We have established long-term business relationships of more than 8 years with 4 of our top 5 customers for FPE 2020.

(v) Interruptions in our business operations

Our business operations could be disrupted or delayed due to unforeseeable circumstances. Such risks include, amongst others, equipment failures, fire or flood as well as environment factors (including natural disaster and outbreak of diseases).

Any prolonged interruptions to our business operations due to such factors will affect our ability in adhering to our project timeline which could have an adverse impact on our business operations, relationship with customers, financial performance and industry reputation.

Kindly refer to Sections 6.7.4 and 8.1.1 on the impact of Covid-19 virus pandemic on our Group.

11.2.2 Revenue

(i) Revenue by principal activities

	Audited					
	FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%
Glove chlorination systems	19,150	64.04	34,708	71.83	31,310	62.82
Repair, refurbishment and maintenance	3,691	12.34	3,728	7.71	1,978	3.97
Trading of replacement parts	3,245	10.85	3,300	6.83	2,658	5.33
Storage and process tanks	1,962	6.56	3,981	8.24	9,967	20.00
Other products and services	1,854	6.21	2,605	5.39	3,926	7.88
	29,902	**100.00**	**48,322**	**100.00**	**49,839**	**100.00**

	Unaudited		Audited	
	FPE 2019		FPE 2020	
	RM'000	%	RM'000	%
Glove chlorination systems	23,135	65.93	20,378	58.21
Repair, refurbishment and maintenance	1,605	4.57	1,547	4.42
Trading of replacement parts	2,150	6.13	2,431	6.94
Storage and process tanks	5,556	15.83	7,438	21.25
Other products and services	2,647	7.54	3,213	9.18
	35,093	**100.00**	**35,007**	**100.00**

(a) Sales of glove chlorination systems

Revenue from this segment is derived from our design, engineering, installation and commissioning of glove chlorination systems.

For the financial years/period under review, revenue contributed by our sale of glove chlorination systems segment was derived from our customers based in Malaysia as well as foreign countries including Vietnam, Thailand, Indonesia and Sri Lanka.

Revenue from contracts with customers is recognised at a point in time once control of the asset is transferred to the customers generally on delivery of products and customers' acceptance.

Upon the confirmation of sales order, our customers will issue purchase orders to us and we generally collect project deposits of between 15% – 30% of our order value from our customers.

The pricing of our products varies from customer to customer as they are made to customers' specifications and are generally determined based on factors such as materials used, production parameters, dimensional measurement, process complexity and logistics arrangement.

Premised on this, the number of glove chlorination systems completed by us on an annual basis may not correspond to our overall revenue or profitability for a given year as the value of order for each glove chlorination systems recognised in any given year varies from one to another depending on pricing differential due to:

(i) Quality of materials used, such as higher grade/quality FRP materials, insulation and titanium coil, which will accordingly increase the price of a glove chlorination systems; and

(ii) Logistics arrangement, where foreign orders are generally priced higher relative to local orders.

(b) Repair, refurbishment and maintenance

Revenue from this segment is derived from services comprising the provision of fault rectification, efficiency improvement and maintenance of our customers' existing chlorination systems upon request from customers. Save for the fault rectification services undertaken during the warranty period, we will charge our customers for these services.

Our charges for repair, refurbishment and maintenance will depend on the complexity of the works to be undertaken and location of our customer's system and will vary from customer to customer.

(c) Trading of replacement parts

Revenue from this segment is derived from sale of replacement parts for glove chlorination systems. We adopt a cost-plus pricing strategy for products sold under our trading segment.

(d) Sale of storage tanks and process tanks

Revenue from this segment is derived from the sale of customised storage tanks and process tanks used in the glove manufacturing process. These storage tanks and process tanks are designed by us and manufactured by our subcontractors. Our customers for storage tanks and process tanks mainly comprise glove manufacturers and glove-dipping line manufacturers.

Our storage tanks are generally made from FRP materials or mild steel (lined with FRP materials), while process tanks are solely made from FRP materials.

Upon the confirmation of sales order, our customers will issue purchase orders to us and we generally collect project deposits of between 15% – 30% of our order value from our customers.

The pricing of our storage tanks and process tanks varies from customer to customer as they are made to customers' specifications and are generally determined based on factors such as materials used, production parameters, dimensional measurement, process complexity and logistics arrangement.

(e) Other products and services

Revenue from this segment is derived from the provision of FRP lining services on trenches, pits and floors. Further, we also design and install scrubber system on a standalone basis to draw out the acid fumes from the cleaning area of glove moulds.

The FRP lining services are provided to our customers directly by us or through our subcontractors while the installation of scrubber system is provided to our customers directly by us. Our customers for FRP lining services and scrubber systems mainly comprise glove manufacturers, glove-dipping line manufacturers and water treatment plants.

The pricing of the FRP lining services is based on the surface area required to be covered by FRP materials.

The pricing of our scrubber systems varies from customer to customer as they are made to customers' specifications and are generally determined based on factors such as dimensional measurement, process complexity and logistics arrangement.

(ii) Revenue by geographical segmentation

	Audited					
	FYE 2017		FYE 2018		FYE 2019	
Countries	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Local						
Malaysia	24,464	81.81	37,721	78.06	33,982	68.18
Overseas						
Vietnam	2,602	8.70	8,798	18.21	10,344	20.75
Thailand	2,704	9.04	1,695	3.51	5,371	10.78
Indonesia	130	0.43	58	0.12	93	0.19
Sri Lanka	2	0.02	50	0.10	49	0.10
	5,438	18.19	10,601	21.94	15,857	31.82
	29,902	**100.00**	**48,322**	**100.00**	**49,839**	**100.00**

11. FINANCIAL INFORMATION *(Cont'd)*

	Unaudited		Audited	
	FPE 2019		FPE 2020	
Countries	**RM'000**	**%**	**RM'000**	**%**
Local				
Malaysia	21,954	62.56	30,203	86.28
Overseas				
Vietnam	8,389	23.91	1,535	4.38
Thailand	4,643	13.23	3,059	8.74
Indonesia	67	0.19	24	0.07
Sri Lanka	40	0.11	186	0.53
	13,139	37.44	4,804	13.72
	35,093	**100.00**	**35,007**	**100.00**

(iii) Revenue by subsidiaries

For the past 3 FYEs and FPE 2020, our Group's revenue is contributed solely from Flexidynamic Engineering. However, the assembly, installation, commissioning and maintenance of our glove chlorination systems, storage tanks and process tanks for our overseas customers are handled by Flexidynamic Thailand on behalf of Flexidynamic Engineering.

As such, all revenue recorded by Flexidynamic Thailand is from Flexidynamic Engineering and is eliminated on consolidation. Flexidynamic Thailand has not recorded any external revenue for the past 3 FYEs and FPE 2020.

(iv) Commentary on revenue

(a) Comparison between FYE 2017 and FYE 2018

Our revenue increased by RM18.42 million or 61.61% from RM29.90 million in the preceding financial year to RM48.32 million in FYE 2018. The increase was mainly contributed by sales of glove chlorination systems which comprised 71.83% of our total revenue for FYE 2018.

Sales of glove chlorination systems was our main source of revenue and was contributed by sales to the Hartalega Group (RM10.61 million) and sales to Ever Global (Vietnam) Enterprise Corporation (RM7.93 million) in FYE 2018. We recorded increase in sales of glove chlorination systems to Hartalega Group by RM5.33 million or 100.96% and to Ever Global (Vietnam) Enterprise Corporation by RM5.33 million or 204.92%, which was in line with the Hartalega Group and Ever Global (Vietnam) Enterprise Corporation's plan to expand their production capacity.

During FYE 2018, we recorded revenue from the sales of storage tanks and process tanks of RM3.98 million or 8.24% of our total revenue, which represent an increase by RM2.02 million from the preceding year. The increase was mainly due to sales to YTY Group (RM1.73 million), Central Medicare Sdn Bhd (RM0.48 million), Sama Kejuruteraan Sdn Bhd (RM0.34 million) and Smart Glove Corporation Sdn Bhd (RM0.34 million).

Revenue from other product and services includes provision of FRP lining services and scrubber systems increased by RM0.75 million or 40.32% to RM2.61 million during FYE 2018. The sales were mainly to the Hartalega Group (RM0.91 million), Riverstone Group (RM0.54 million) and YTY Group (RM0.22 million).

During FYE 2018, we recorded marginal increase in revenue recorded from repair, refurbishment and maintenance by RM0.04 million as well as marginal increase in revenue recorded from trading of replacement parts by RM0.06 million as compared to the preceding year.

Geographically, our sales contribution from Malaysia was lower at 78.06% in FYE 2018 as compared to 81.81% recorded in FYE 2017. This was due to the increase of sales to customer from Vietnam, namely Ever Global (Vietnam) Enterprise Corporation (for sale of glove chlorination systems) which contributed RM7.93 million or 16.40% of total revenue.

(b) Comparison between FYE 2018 and FYE 2019

Our revenue increased by RM1.52 million or 3.15% from RM48.32 million in FYE 2018 to RM49.84 million in FYE 2019.

Similar to the preceding financial year, our revenue was mainly contributed by sales of glove chlorination systems which amounted to 62.82% of total sales. However, we recorded a decrease in revenue from glove chlorination systems by RM3.40 million or 9.80% in FYE 2019 which was attributable to the decrease in sales to Central Medicare Sdn Bhd by RM3.12 million, the Hartalega Group by RM1.13 million and Smart Glove Corporation Sdn Bhd by RM1.00 million.

Sale of glove chlorination systems during FYE 2019 was mainly to the Hartalega Group which amounted to RM9.48 million (FYE 2018: RM10.61 million) and sales to Ever Global (Vietnam) Enterprise Corporation of RM10.15 million.

Nevertheless, the decrease in sale of glove chlorination systems was offset by an increase in sale of storage tanks and process tanks. During FYE 2019, we recorded an increase in sales of storage tanks and process tanks by RM5.99 million. This is contributed from the sale of a new product (launched in second half of FYE 2018), namely FRP-lined mild steel storage tank, amounting to RM7.96 million (FYE 2018: RM1.20 million). The sales of storage tanks and process tanks were mainly to the Hartalega Group (RM7.68 million).

The revenue from other product and services such as FRP lining services and scrubber systems increased by RM1.32 million or 50.57% which was mainly contributed by the Hartalega Group (RM0.73 million) and Ideal Quality Sdn Bhd (RM0.52 million).

During FYE 2019, revenue recorded from repair, refurbishment and maintenance as well as trading of replacement parts decreased by 46.94% and 19.45% respectively, which was mainly due to lower sales to the Hartalega Group as compared to FYE 2018 where the Hartalega Group had increased its refurbishment of on-line chlorination system. In FYE 2018, the Hartalega Group had increased its purchase of replacement parts such as PVC packing media and control valves.

We recorded a decrease in sales in Malaysia of RM3.74 million or 9.92% from RM37.72 million in FYE 2018 to RM33.98 million in FYE 2019. Sales from our overseas market has increased by RM5.26 million or 49.62% from RM10.60 million in FYE 2018 to RM15.86 million in FYE 2019 mainly due to increase in sales to customer from Vietnam, namely Ever Global (Vietnam) Enterprise Corporation (for sale of glove chlorination systems and trading of replacement parts). Sales to Thailand had also increased during FYE 2019 which was contributed by Sri Trang Group (for sale of glove chlorination systems, scrubber systems, provision of FRP lining services and trading of replacement parts).

(c) Comparison between FPE 2019 and FPE 2020

Our revenue decreased marginally by RM0.08 million or 0.23% from RM35.09 million in FPE 2019 to RM35.01 million in FPE 2020.

Similar to the preceding financial period, our revenue was mainly contributed by sales of glove chlorination systems which amounted to 58.21% of total sales. However, we recorded a decrease in revenue from glove chlorination systems by RM2.76 million or 11.93% in FPE 2020 which was attributable to the decrease in sales to Ever Global (Vietnam) Enterprise Corporation by RM6.80 million and Ideal Quality Sdn Bhd by RM2.38 million.

Sale of glove chlorination systems during FPE 2020 was mainly to Central Medicare Sdn Bhd which amounted to RM6.70 million (FPE 2019: RM0.85 million) and the Hartalega Group which amounted to RM5.60 million (FPE 2019: RM5.83 million).

Nevertheless, the decrease in sale of glove chlorination systems was offset by an increase in sale of storage tanks and process tanks. During FPE 2020, we recorded an increase in sales of storage tanks and process tanks by RM1.88 million. The sales of storage tanks and process tanks were mainly to the YTY Group of RM3.13 million and the Hartalega Group of RM1.76 million.

The revenue from other product and services such as FRP lining services and scrubber systems increased by RM0.57 million or 21.53% which was mainly contributed by the Hartalega Group (RM1.45 million) and the YTY Group (RM0.48 million).

The revenue from trading of replacement parts increased by RM0.28 million 13.02% which was mainly contributed by the Hartalega Group (RM1.15 million) and the Kossan Group (RM0.35 million).

During FPE 2020, revenue recorded from repair, refurbishment and maintenance decreased marginally by 3.61% which was mainly due to lower sales to the Hartalega Group as compared to FPE 2020 as the Hartalega Group had decreased its refurbishment of on-line chlorination system by RM0.09 million.

We recorded an increase in sales in Malaysia of RM8.25 million or 37.59% from RM21.95 million in FPE 2019 to RM30.20 million in FPE 2020. Sales from our overseas market decreased by RM8.34 million or 63.47% from RM13.14 million in FPE 2019 to RM4.80 million in in FPE 2020 mainly due to decrease in sales to customer from Vietnam, namely Ever Global (Vietnam) Enterprise Corporation (for sale of glove chlorination systems and trading of replacement parts) from RM8.28 million in FPE 2019 to RM1.48 million in FPE

2020. Sales to Thailand had also decreased during FPE 2020 which was due to decrease in sales to Sri Trang Group (for sale of glove chlorination systems, scrubber systems, provision of FRP lining services and trading of replacement parts) from RM4.54 million in FPE 2019 to RM2.61 million in FPE 2020. The decrease in foreign sales during FPE 2020 was due to the completion of the majority of overseas projects during FYE 2019. Nevertheless we have secured new projects from customers in Thailand and Vietnam during FPE 2020 and the revenue from these new projects shall be recognised after FPE 2020.

11.2.3 Cost of sales, GP and GP margin

(i) Analysis of cost of sales by cost items

The components of our cost of sales are as follows:

	Audited					
	FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%
Supplies	15,031	70.09	24,608	67.74	22,235	61.96
Subcontractor cost	3,754	17.50	7,423	20.43	10,084	28.10
Direct labour	1,773	8.27	2,390	6.58	1,843	5.14
Factory expenses	625	2.91	1,194	3.28	944	2.63
Transportation cost	126	0.59	440	1.21	330	0.92
Rental of machinery	138	0.64	276	0.76	447	1.25
	21,447	**100.00**	**36,331**	**100.00**	**35,883**	**100.00**

	Unaudited		Audited	
	FPE 2019		FPE 2020	
	RM'000	%	RM'000	%
Supplies	16,528	61.03	16,678	61.08
Subcontractor cost	7,540	27.84	8,223	30.11
Direct labour	1,712	6.32	925	3.39
Factory expenses	793	2.93	850	3.11
Transportation cost	275	1.02	393	1.44
Rental of machinery	232	0.86	237	0.87
	27,080	**100.00**	**27,306**	**100.00**

(a) Supplies

Our Group's supplies consist of raw materials consumed in-house by our Group and provided to our subcontractors for the manufacturing of parts and components used in glove manufacturing line; and monitoring and control instruments.

11. FINANCIAL INFORMATION *(Cont'd)*

The breakdown of our cost of sales (supplies) for the past 3 FYEs and FPE 2020 are as follows:

	Audited					
	FYE 2017		FYE 2018		FYE 2019	
Supplies	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Raw materials	6,960	46.30	12,605	51.22	9,117	41.00
- Plastic resins	2,701	17.97	6,351	25.81	4,440	19.97
- FRP materials [(1)] and FRP grating	1,150	7.65	2,498	10.15	1,616	7.27
- PVC pipes and fittings, PP and PVC sheets	2,057	13.68	2,508	10.19	2,518	11.32
- Mild steel	468	3.11	1,079	4.38	437	1.96
- Sawn timber	584	3.89	169	0.69	106	0.48
Monitoring and control instruments	7,003	46.59	10,410	42.30	11,234	50.53
- Chlorination gas system and related parts	2,413	16.05	2,508	10.19	2,922	13.14
- Circulation pumps, gears and motors and related parts	1,648	10.96	3,038	12.35	2,807	12.63
- Control panel system, control valves and pressure transmitter and gauge	1,758	11.70	3,140	12.76	3,791	17.05
- Titanium coil	1,002	6.67	1,386	5.63	1,375	6.18
- Bolts and nuts and electric chain hoist	182	1.21	338	1.37	339	1.53
Others [(2)]	1,068	7.11	1,593	6.48	1,884	8.47
Cost of sales (supplies)	**15,031**	**100.00**	**24,608**	**100.00**	**22,235**	**100.00**

	Unaudited		Audited	
	FPE 2019		FPE 2020	
Supplies	**RM'000**	**%**	**RM'000**	**%**
Raw materials	7,336	44.38	7,169	42.99
- Plastic resins	3,242	19.62	3,128	18.76
- FRP materials [(1)] and FRP grating	1,390	8.41	1,490	8.94
- PVC pipes and fittings, PP and PVC sheets	1,982	11.99	1,481	8.88
- Mild steel	637	3.85	976	5.85
- Sawn timber	85	0.51	94	0.56
Monitoring and control instruments	8,061	48.78	7,911	47.43
- Chlorination gas system and related parts	2,077	12.57	2,370	14.21
- Circulation pumps, gears and motors and related parts	2,023	12.24	2,303	13.81

Supplies	Unaudited FPE 2019 RM'000	Unaudited FPE 2019 %	Audited FPE 2020 RM'000	Audited FPE 2020 %
- Control panel system, control valves and pressure transmitter and gauge	2,535	15.34	2,059	12.35
- Titanium coil	1,153	6.98	1,058	6.34
- Bolts and nuts and electric chain hoist	273	1.65	121	0.72
Others (2)	1,131	6.84	1,598	9.58
Cost of sales (supplies)	**16,528**	**100.00**	**16,678**	**100.00**

Notes:

(1) FRP materials comprise chop strand mat, roving, additives and synthetic surface veil and tissue mat.

(2) Others comprise bearings, couplings, mould release wax and polycarbonate sheet.

The percentage breakdown between supplies sourced locally and overseas is as follows:

	Audited		
Source	**FYE 2017 %**	**FYE 2018 %**	**FYE 2019 %**
Local	90.79	85.98	89.79
Overseas	9.21	14.02	10.21

	Unaudited	Audited
Source	**FPE 2019 %**	**FPE 2020 %**
Local	88.04	94.42
Overseas	11.96	5.58

All our suppliers are evaluated in terms of pricing and technical specifications of supplies, ability to meet our quality requirements and ability to deliver in a timely manner. Whilst we have maintained long term business relationship with our existing suppliers, we also source for supplies from new suppliers, if the need arises.

(b) Subcontractor cost

Manufacturing works for our glove chlorination systems, storage tanks and process tanks, scrubber towers, chimneys, ductings, control panels and its electrical wiring and related equipment are outsourced to our subcontractors, except for the manufacturing of off-line glove chlorination systems, wooden moulds for subcontractors and centrifugal fans. We also employ a chlorine gas specialist for the setting up of chlorination gas systems, including the assembly and installation of its related equipment on site.

Subcontractors' charges include manufacturing charges, loading fees for delivery of products and installation fees. FRP-lined mild steel storage tanks sold are designed by us and manufactured by our subcontractors where the subcontractor charges include steel materials.

(c) Direct labour

Direct labour mainly consists of salaries, bonuses, overtime expenses and staff-related expenses for foreign workers.

(d) Factory expenses

Factory expenses consist of consumables such as tools and accessories as well as upkeep of machinery and factory.

(e) Transportation cost

Transportation cost includes the cost for the delivery of finished goods to our customers' sites for assembly/installation using our own trucks and/or third party transportation companies.

(f) Rental of machinery

Includes rental of crane for assembly/installation and forklifts.

(ii) Analysis of cost of sales by subsidiaries

	Audited					
	FYE 2017		FYE 2018		FYE 2019	
Subsidiaries	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Flexidynamic Engineering	21,050	98.15	35,746	98.39	35,091	97.79
Flexidynamic Thailand	397	1.85	585	1.61	792	2.21
	21,447	**100.00**	**36,331**	**100.00**	**35,883**	**100.00**

	Unaudited		Audited	
	FPE 2019		FPE 2020	
Subsidiaries	**RM'000**	**%**	**RM'000**	**%**
Flexidynamic Engineering	26,464	97.73	26,892	98.48
Flexidynamic Thailand	616	2.27	414	1.52
	27,080	**100.00**	**27,306**	**100.00**

The table above sets out our cost of sales by subsidiaries (after inter-company transaction eliminations) for the FYEs/FPE under review.

Flexidynamic Thailand is involved in the installation and maintenance of glove chlorination systems, storage tanks and process tanks for our overseas projects. For overseas projects, the required parts and components for our glove chlorination systems are sourced by Flexidynamic Engineering and delivered to our customers' sites overseas for installation by Flexidynamic Thailand. Cost of sales of Flexidynamic Thailand comprised mainly employees related cost and purchases such as tools and accessories.

(iii) Analysis of GP and GP margin by principal activities

Our GP and GP margin for the financial years/period under review are set out below:

	Audited		
	FYE 2017	**FYE 2018**	**FYE 2019**
	RM'000	**RM'000**	**RM'000**
Revenue	29,902	48,322	49,839
Cost of sales	(21,447)	(36,331)	(35,883)
GP	8,455	11,991	13,956
GP margin (%)	28.28	24.81	28.00

	Unaudited	**Audited**
	FPE 2019	**FPE 2020**
	RM'000	**RM'000**
Revenue	35,093	35,007
Cost of sales	(27,080)	(27,306)
GP	8,013	7,701
GP margin (%)	22.83	22.00

Our GP and GP margin for the financial years/period under review by principal activities is set out below:

	Audited					
	FYE 2017		**FYE 2018**		**FYE 2019**	
	GP	**GP margin**	**GP**	**GP margin**	**GP**	**GP margin**
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Glove chlorination systems	6,145	32.08	9,945	28.65	9,661	30.86
Repair, refurbishment and maintenance	726	19.68	373	10.01	400	20.19
Trading of replacement parts	874	26.95	633	19.20	650	24.45
Storage and process tanks	424	21.62	764	19.20	2,459	24.67
Other products and services	286	15.40	276	10.56	786	20.02
	8,455	**28.28**	**11,991**	**24.81**	**13,956**	**28.00**

	Unaudited		Audited	
	FPE 2019		FPE 2020	
	GP	GP margin	GP	GP margin
	RM'000	%	RM'000	%
Glove chlorination systems	5,461	23.60	4,444	21.81
Repair, refurbishment and maintenance	294	18.32	288	18.62
Trading of replacement parts	440	20.49	555	22.83
Storage and process tanks	1,283	23.09	1,787	24.03
Other products and services	535	20.21	627	19.51
	8,013	**22.83**	**7,701**	**22.00**

(iv) Analysis of GP and GP margin by subsidiaries

	Audited					
	FYE 2017		FYE 2018		FYE 2019	
	GP/(GL)	GP margin	GP/(GL)	GP margin	GP/(GL)	GP margin
	RM'000	%	RM'000	%	RM'000	%
Flexidynamic Engineering	8,852	29.60	12,576	26.03	14,748	29.59
Flexidynamic Thailand	(397)	*	(585)	*	(792)	*
	8,455	**28.28**	**11,991**	**24.81**	**13,956**	**28.00**

	Unaudited		Audited	
	FPE 2019		FPE 2020	
	GP/(GL)	GP margin	GP/(GL)	GP margin
	RM'000	%	RM'000	%
Flexidynamic Engineering	8,629	24.59	8,115	23.18
Flexidynamic Thailand	(616)	*	(414)	*
	8,013	**22.83**	**7,701**	**22.00**

Note:

* Not applicable due to gross loss ("GL") recorded.

Flexidynamic Engineering is the only contributor of our GP for the FYEs/FPE under review. Flexidynamic Thailand recorded gross loss after inter-company transaction eliminations as it does not generate income but incurred cost of sales for the installation and maintenance of glove chlorination systems, storage tanks and process tanks for our overseas projects secured by Flexidynamic Engineering.

(v) Commentary on cost of sales, GP and GP margin

(aa) Comparison between FYE 2017 and FYE 2018

Our cost of sales increased by RM14.88 million or 69.37% to RM36.33 million in FYE 2018, which is in tandem with the increase in our total revenue of RM18.42 million or 61.61%. Corresponding to the increase in sales, we recorded increase in supplies cost by RM9.58 million or 63.73% as we utilise more supplies in the manufacturing of glove chlorination systems.

Our subcontractor cost and direct labour increased by RM3.67 million or 97.76% and by RM0.62 million or 34.97% respectively mainly due to the increase in the sales of glove chlorination systems by RM15.56 million or 81.25% during FYE 2018.

In addition, factory expenses increased by RM0.57 million or 91.20% as we purchased a higher volume of consumables which are used in the manufacturing of our products.

In FYE 2018, our GP increased by RM3.54 million or 41.87% contributed mainly from the increase in sale of glove chlorination systems.

Nevertheless, the GP margin decreased from 28.28% in FYE 2017 to 24.81% in the FYE 2018. We recorded decrease in GP margin for all principal activities, as follows:

(a) Glove chlorination systems

The GP margin for glove chlorination systems has decreased from 32.08% in FYE 2017 to 28.65% in FYE 2018 due to the following:

(i) During FYE 2018, we recorded a 81.24% increase sales of glove chlorination systems. In order to cater to such increases, we incur:

(1) higher subcontractor cost due to an increase in overtime charges by the subcontractors; and

(2) higher direct labour due to the overtime expenses paid to the Group's workers,

(ii) Increase in price of plastic resins by 8.04% from a weighted average of RM8.83/kg in FYE 2017 to RM9.54/kg in FYE 2018. Plastic resins are used for our glove chlorination systems.

(b) Repair, refurbishment and maintenance

The GP margin for repair, refurbishment and maintenance has decreased from 19.68% in FYE 2017 to 10.01% in FYE 2018 due to the following:

(i) Increased direct labour cost as a result of overtime expenses paid to the Group's workers; and

(ii) Increase in price of plastic resins which are used in the repair, refurbishment and maintenance works.

(c) Trading of replacement parts

During FYE 2018, the products sold under the trading of replacement parts mainly consists pressure transmitters and gauges as well as control valves which carried lower GP margins, hence contributing to lower GP margin for FYE 2018 of 19.20% as compared to 26.95% in FYE 2017.

(d) Storage tanks and process tanks

The GP margin for sale of storage tanks and process tanks has decreased from 21.62% in FYE 2017 to 19.20% in FYE 2018 due to the following:

(i) During FYE 2018, we recorded a 102.91% increase in sales of storage tanks and process tanks. In order to cater to such increases, we incurred:

(1) higher subcontractors cost due to an increase in overtime charges by the subcontractors; and

(2) higher direct labour due to the overtime expenses paid to the Group's workers,

(ii) Increase in price of plastic resins which are used in the manufacturing of storage tanks and process tanks.

(e) Other products and services

The other products and services comprise provision of FRP lining services as well as design and installation of scrubber system.

The decrease in the GP margin for other product and services from 15.40% in FYE 2017 to 10.56% in FYE 2018 is due to:

(i) Increase in price of plastic resins which are used for FRP lining services and in the manufacturing of scrubber system;

(ii) Increase in labour charges for the FRP lining services and installation of scrubber system due to the overtime expenses paid to the Group's workers; and

(iii) Increase in subcontractor cost for the manufacturing of scrubber system due to an increase in overtime charges by the subcontractors.

(bb) Comparison between FYE 2018 and FYE 2019

Our cost of sales decreased by RM0.45 million or 1.24% to RM35.88 million in FYE 2019.

In FYE 2019, we recorded decrease in supplies cost by RM2.37 million or 9.63% mainly due to lower utilisation of plastic resins of RM1.91 million in FYE 2019. Plastic resins are mainly used in the manufacturing of storage tanks and process tanks which are made from FRP materials. The manufacture of these tanks are subcontracted where we supply the moulds and plastic resins while the subcontractors provide the manufacturing service. As such, due to the lower volume of FRP storage tanks sold, we recorded decrease in supplies cost.

FRP-lined mild steel storage tanks sold are designed by us and manufactured by our subcontractors where the subcontractor charges include steel materials. As such, due to the higher volume of FRP-lined mild steel storage tanks sold in FYE 2019, we recorded increase in subcontractor cost by RM2.66 million.

Our direct labour cost decreased by RM0.55 million or 23.01% as we recorded lower revenue contribution from the sale of glove chlorination systems, which is more labour intensive.

In FYE 2019, our GP increased by RM1.97 million or 16.43% which was mainly due to the increase in gross profit from sale of storage tanks and process tanks of RM1.70 million.

Our overall GP margin had improved from 24.81% in FYE 2018 to 28.00% in FYE 2019 mainly due to the following:

(i) Higher volume of FRP-lined mild steel storage tanks sold which has a higher GP margin as compared to FRP storage tanks. FRP-lined mild steel storage tanks is a new product which was launched in second half of FYE 2018; and

(ii) We were able to secure higher selling prices for our products/services for foreign sales, in particular sales to Vietnam. This is due to a lack of competitors in Vietnam, which are able to provide similar products/services. During FYE 2019, our sales to Vietnam increased from RM8.80 million to RM10.34 million.

(cc) Comparison between FPE 2019 and FPE 2020

Our cost of sales increased marginally by RM0.23 million or 0.85% to RM27.31 million in FPE 2020.

Our business operations was interrupted from 18 March 2020 to 3 May 2020 which had delayed our project delivery schedules and billing schedules for some of our existing projects from the second and third quarter of 2020 to the fourth quarter of 2020.

In order to meet the delivery timeline and complete the projects by the fourth quarter of 2020, we incurred higher subcontractor cost at RM8.22 million or 30.11% of total cost of sales (FPE 2019: RM7.54 million or 27.84% of total cost of sales) due to an increase in overtime charges charged by the subcontractors which led to a lower GP margin of 22.00% (FPE 2019: 22.83%).

Our direct labour cost decreased by RM0.79 million or 46.14% as we recorded lower revenue contribution from the sale of glove chlorination systems, which is more labour intensive.

In FPE 2020, our GP decreased by RM0.31 million or 3.87% which was mainly due to the decrease in GP from sales of glove chlorination system by RM1.02 million.

Our overall GP margin of 22.00% recorded in FPE 2020 which is lower than the GP margin of past FYEs of between 24.81% to 28.28% mainly due the following:

(i) Higher subcontractor cost due to an increase in overtime charges by the subcontractors in order to meet the delivery timeline and complete projects delayed by the MCO by the fourth quarter of 2020; and

(ii) Lower sales of glove chlorination systems to foreign customers where the GP margins are higher as compared to sales to local customers. The decrease in foreign sales during FPE 2020 was due to the completion of the majority of overseas projects during FYE 2019. Nevertheless we have secured new projects from customers in Thailand and Vietnam during FPE 2020 and the revenue from these new projects shall be recognised after FPE 2020.

11.2.4 Other income, fair value gain from equity investments and finance income

The breakdown of our other income, fair value gain from equity investments and finance income is as follows:

	Audited					
	FYE 2017		**FYE 2018**		**FYE 2019**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Other income						
Gain on disposal of property, plant and equipment	27	4.23	12	2.90	84	22.95
Gain on disposal of investment in equity instruments	-	-	-	-	34	9.29
Dividend income	23	3.60	55	13.29	56	15.30
Unrealised gain on foreign exchange	-	-	59	14.25	131	35.79
Others	1	0.16	3	0.72	1	0.28
	51	7.99	129	31.16	306	83.61
Fair value gain from equity investments (1)	553	86.68	243	58.70	-	-
Finance income						
Interests income	34	5.33	42	10.14	47	12.84
Interest cost reversal (2)	-	-	-	-	13	3.55
	34	5.33	42	10.14	60	16.39
	638	**100.00**	**414**	**100.00**	**366**	**100.00**

11. FINANCIAL INFORMATION *(Cont'd)*

	Unaudited		Audited	
	FPE 2019		FPE 2020	
	RM'000	%	RM'000	%
Other income				
Gain on disposal of property, plant and equipment	83	28.52	-	-
Gain on disposal of investment in equity instruments	34	11.68	325	27.31
Dividend income	41	14.09	-	-
Unrealised gain on foreign exchange	93	31.96	147	12.35
Others	1	0.35	140	11.77
	252	86.60	612	51.43
Fair value gain from equity investments [(1)]	-	-	-	-
Reversal for expected credit loss	-	-	559	46.97
Finance income				
Interests income	39	13.40	19	1.60
Interest cost reversal [(2)]	-	-	-	-
	39	13.40	19	1.60
	291	**100.00**	**1,190**	**100.00**

Notes:

(1) Our equity investments comprise the quoted securities as follows:

	Audited		
	FYE 2017	FYE 2018	FYE 2019
	RM'000	RM'000	RM'000
Ordinary shares quoted in Malaysia	506	275	-
Ordinary shares quoted in Singapore	1,751	2,350	2,788
Ordinary shares quoted in Austria	35	35	35
	2,292	**2,660**	**2,823**

	Unaudited	Audited
	FPE 2019	FPE 2020
	RM'000	RM'000
Ordinary shares quoted in Malaysia	-	-
Ordinary shares quoted in Singapore	3,003	-
Ordinary shares quoted in Austria	35	-
	3,038	**-**

Subsequent to FYE 2019, we had disposed the abovementioned equity investments and recorded a gain on disposal of RM0.30 million.

(2) In FYE 2018, Flexidynamic Engineering had extended an interest-free loan amounting to RM0.68 million to our employees for the acquisition of Flexidynamic Engineering Shares. Additional information is set out in Section 6.2.1(a).

Resulting from the said loan, MFRS 9 – Financial Instruments has been applied and RM0.042 million was recorded as other interest cost in FYE 2018. From FYE 2019 onwards, our Group shall record interest cost reversal amounting to RM0.013 million for the next 3 FYEs 2019 to 2021, and RM0.003 million in financial year ending 2022.

Comparison between FYE 2017 and FYE 2018

In FYE 2017, other income comprises mainly gain on disposal of property, plant and equipment and dividend income. In FYE 2018, our Group's other income increased by RM0.08 million mainly due to unrealised gain on foreign exchange of RM0.06 million. Dividend income has also increased by RM0.03 million mainly due to the dividend paid from our investments in shares quoted in Singapore and Malaysia.

We recorded fair value gain from equity investments of RM0.24 million in FYE 2018 as compared to RM0.55 million in the preceding year. The fair value gain from equity investments was mainly contributed by our investments in shares quoted in Singapore.

In FYE 2018, the higher finance income of RM0.01 million was attributable to higher interest income from fixed deposit placed with financial institutions and current account.

Comparison between FYE 2018 and FYE 2019

Our Group's other income increased by RM0.18 million to RM0.31 million for FYE 2019. The increase was mainly due to increase in unrealised gain on foreign exchange of RM0.07 million and increase in the gain on disposal of property, plant and equipment of RM0.07 million resulting from disposal of 2 company vehicles. In addition, we recorded a gain from disposal of shares quoted in Malaysia of RM0.03 million.

In FYE 2019, we recorded interest income from fixed deposit and current account totalling RM0.047 million and interest cost reversal amounting to RM0.013 million resulting from the interest-free loan extended to our employees.

Comparison between FPE 2019 and FPE 2020

Our Group's other income increased by RM0.36 million to RM0.61 million for FPE 2020. The increase was mainly due to increase in gain on disposal of investment in equity instruments of RM0.29 million where we disposed quoted shares during FPE 2020. During FPE 2020, we received benefits amounting to RM0.09 million from Pertubuhan Keselamatan Sosial (PERKESO).

In FPE 2020, we recorded a reversal on impairment loss of financial asset of RM0.56 million due to the collection of amount due from Smart Glove Corporation Sdn Bhd of RM1.33 million in FPE 2020. Amount due from Sigma Glove Industries Sdn Bhd and GX Corporation Sdn Bhd of RM0.02 million was collected subsequent to FPE 2020.

11.2.5 Selling and distribution expenses

The breakdown of our selling and distribution expenses is as follows:

	Audited					
	FYE 2017		**FYE 2018**		**FYE 2019**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Carriage outwards	50	8.25	125	13.74	176	20.76
Petrol	172	28.38	206	22.64	186	21.93
Road tax and insurance	33	5.45	33	3.62	38	4.48
Tolls and parking	50	8.25	61	6.70	62	7.31
Travelling	200	33.00	350	38.46	254	29.95
Upkeep of motor vehicles	101	16.67	135	14.84	132	15.57
	606	**100.00**	**910**	**100.00**	**848**	**100.00**

	Unaudited		Audited	
	FPE 2019		**FPE 2020**	
	RM'000	**%**	**RM'000**	**%**
Carriage outwards	118	18.29	12	3.12
Petrol	136	21.09	125	32.46
Road tax and insurance	31	4.81	28	7.27
Tolls and parking	45	6.98	38	9.87
Travelling	208	32.24	91	23.64
Upkeep of motor vehicles	107	16.59	91	23.64
	645	**100.00**	**385**	**100.00**

From FYE 2017 to FYE 2019, the selling and distribution expenses had increased mainly due to the increase in carriage outwards charges for delivery of project materials to overseas projects in particular, sales to Ever Global (Vietnam) Enterprise Corporation.

Carriage outwards charges had increased from RM0.05 million in FYE 2017 to RM0.18 million in FYE 2019 due to the shipment of higher volume of project materials to overseas. Apart from that, we recorded selling and distribution expenses including travelling cost by employees to project sites and upkeep of our motor vehicles.

In FPE 2020, the selling and distribution expenses decreased by RM0.26 million or 40.31% as compared to the preceding period. The decrease was mainly due to decrease in travelling expenses by RM0.12 million as the Government has imposed travel ban during the MCO as result of the Covid-19 virus pandemic. In addition, the carriage outwards decreased by RM0.11 million due to lower shipment of project materials to overseas in FPE 2020.

11.2.6 Administrative expenses

The breakdown of our administrative expenses is as follows:

	Audited					
	FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%
Marketing cost	96	3.08	116	2.46	216	4.36
Bank charges	7	0.21	10	0.21	17	0.34
Directors' remuneration	437	14.02	540	11.47	1,039	20.96
Staff cost (1)	1,650	52.92	3,008	63.86	2,567	51.78
Utility	129	4.14	150	3.19	98	1.98
Rental (2)	443	14.21	505	10.72	224	4.52
Professional fees (3)	90	2.89	96	2.04	269	5.43
R&D expenses	41	1.31	14	0.30	122	2.46
Upkeep of office and workers' accommodation	104	3.34	138	2.93	60	1.21
Insurance	73	2.34	42	0.89	102	2.06
Printing, stationery and postage	17	0.55	32	0.68	31	0.63
Upkeep of motor vehicles	20	0.64	27	0.57	63	1.27
Depreciation of office equipment	*	*	2	0.04	18	0.36
Stamp duty and value-added tax	1	0.03	16	0.34	61	1.23
Others (4)	10	0.32	14	0.30	70	1.41
	3,118	**100.00**	**4,710**	**100.00**	**4,957**	**100.00**

	Unaudited		Audited	
	FPE 2019		FPE 2020	
	RM'000	%	RM'000	%
Marketing cost	178	4.82	287	7.16
Bank charges	14	0.38	15	0.37
Directors' remuneration	730	19.78	879	21.92
Staff cost (1)	1,950	52.83	2,175	54.23
Utility	73	1.98	89	2.22
Rental (2)	169	4.58	167	4.16
Professional fees (3)	182	4.93	181	4.51
R&D expenses	111	3.01	23	0.57
Upkeep of office and workers' accommodation	42	1.14	34	0.85
Insurance	71	1.92	51	1.27
Printing, stationery and postage	20	0.54	14	0.35
Upkeep of motor vehicles	53	1.44	46	1.15
Depreciation of office equipment	12	0.32	19	0.47
Stamp duty and value-added tax	53	1.44	6	0.15
Others (4)	33	0.89	25	0.62
	3,691	**100.00**	**4,011**	**100.00**

Notes:

* Negligible.

(1) Includes salaries, bonuses, incentives, employees' provident fund contributions, allowances, incentives, levy and work permit as well as other staff-related expenses.

(2) Rental expenses are rental for our office in Puchong, a warehouse in Ipoh, a factory in Banting (in FYE 2017 and FYE 2018), Thailand office (FYE 2019) and accommodations for our foreign workers.

(3) Including fees paid to company secretaries, auditors, lawyers, tax agent and other professional consultants.

(4) Including advertising, filing and attestation fees, licence fees, subscription fees and other miscellaneous expenses.

Comparison between FYE 2017 and FYE 2018

During FYE 2018, administrative expenses increased by RM1.59 million or 50.99% as compared to the preceding financial year. The increase was mainly due to the following:

(a) Staff cost increased by RM1.36 million mainly due to the following reasons:

(i) Increase in bonus paid by RM0.10 million;

(ii) Expense of RM0.63 million resulting from the application of MFRS 2 – Share Based Payment as our Promoters had sold existing Flexidynamic Engineering Shares to employees at a discounted price. Kindly refer to Section 6.2.1(a) for details; and

(iii) Increase in salary by RM0.32 million as we hired 1 additional employee for our administration department and 1 additional employee for our operations as well as an annual increment for the existing employees;

(b) Directors' remuneration increased by RM0.10 million.

Comparison between FYE 2018 and FYE 2019

During FYE 2019, administrative expenses increased by RM0.25 million or 5.31% as compared to the preceding financial year, which was attributable to the following:

(a) Increase in Directors' remuneration by RM0.50 million due to appointment of 2 new Directors in FYE 2019 and annual increment for the existing Directors;

(b) Increase in marketing cost by RM0.10 million due to expenses spent on the opening ceremony of our new Banting Factory;

(c) Increase in insurance cost by RM0.06 million due to insurance for the Banting Factory;

(d) Increase in R&D expenses by RM0.11 million due to purchase of tools and equipment for R&D use; and

(e) Increase in professional fees by RM0.17 million due to the additional fees paid to our auditors in preparation for the Listing.

The increase in the administrative expenses was offset by the following:

(a) Decrease in staff cost by RM0.44 million due to the following:

(i) Lower incentives paid in FYE 2019 by RM0.10 million as compared to FYE 2018; and

(ii) We did not record any MFRS 2 – Share Based Payment expense as compared to the preceding year (FYE 2018: RM0.63 million),

The decrease was partially offset by annual increment for staff and additional staff hired during the FYE 2019 of approximately RM0.32 million.

(b) Decrease in rental expenses by RM0.28 million in FYE 2019 as we ceased the rental of our old factory and 4 staff hostels.

Comparison between FPE 2019 and FPE 2020

During FPE 2020, administrative expenses increased by RM0.32 million or 8.67% as compared to the preceding financial period, which was attributable to the following:

(a) Increase in Directors' remuneration by RM0.15 million due to annual increment for the existing Directors; and

(b) Increase in staff cost by RM0.23 million as we hired 11 additional employees for operations, 1 additional employee for engineering department and 2 sales engineers as well as an annual increment for the existing employees.

The increase in the administrative expenses was offset by the decrease in R&D expenses by RM0.09 million as we had completed our R&D projects and did not undertake any new R&D projects.

11.2.7 Other expenses

	Audited					
	FYE 2017		**FYE 2018**		**FYE 2019**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Other operating expenses						
Depreciation	467	72.63	543	43.48	581	27.89
Donation and scholarship	1	0.15	35	2.80	5	0.24
Realised loss on foreign exchange	148	23.02	223	17.86	298	14.31
Unrealised loss on foreign exchange	9	1.40	-	-	-	-
Property, plant and equipment written-off	*	*	380	30.42	1	0.05
Greetings, gift and condolences	11	1.71	37	2.96	7	0.34
Loss on disposal of investment in equity instruments	-	-	15	1.20	-	-
Government charges	*	*	12	0.96	56	2.69
Quit rent and assessment fee	7	1.09	4	0.32	13	0.62
Withholding tax expense	-	-	-	-	28	1.34
	643	100.00	1,249	100.00	989	47.48
Allowance for expected credit loss	-	-	-	-	559	26.84

	Audited					
	FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%
Other operating expenses						
Fair value loss from equity investments	-	-	-	-	535	25.68
	643	**100.00**	**1,249**	**100.00**	**2,083**	**100.00**

	Unaudited		Audited	
	FPE 2019		FPE 2020	
	RM'000	%	RM'000	%
Other operating expenses				
Depreciation	430	40.68	490	77.90
Donation and scholarship	5	0.47	5	0.79
Realised loss on foreign exchange	227	21.48	106	16.85
Unrealised loss on foreign exchange	-	-	-	-
Property, plant and equipment written-off	1	0.10	*	*
Greetings, gift and condolences	5	0.47	3	0.49
Loss on disposal of investment in equity instruments	-	-	20	3.18
Government charges	7	0.66	-	-
Quit rent and assessment fee	7	0.66	5	0.79
Withholding tax expense	56	5.30	-	-
	738	69.82	629	100.00
Allowance for expected credit loss	-	-	-	-
Fair value loss from equity investments	319	30.18	-	-
	1,057	**100.00**	**629**	**100.00**

Note:

* Negligible.

(a) Other operating expenses

Comparison between FYE 2017 and FYE 2018

During FYE 2018, other operating expenses increased by RM0.61 million or 94.87% as compared to the preceding financial year, which was due to the following:

(i) We recorded property, plant and equipment written off of RM0.38 million comprising mainly renovation cost for our old factory. During FYE 2018, we relocated to our Banting Factory;

(ii) Increase in depreciation expenses for our property, plant and equipment of RM0.08 million due to the purchase of new equipment and renovation of our Banting Factory;

(iii) Increase in realised loss on foreign exchange of RM0.08 million;

(iv) A scholarship of RM0.03 million was given to an intern to further studies in the field of engineering;

(v) We recorded loss on disposal of investment in equity instruments of RM0.02 million; and

(vi) A penalty imposed by Inland Revenue Board of Malaysia ("IRB")* of RM0.01 million as our tax payable was higher than the tax estimated provided to the IRB.

Comparison between FYE 2018 and FYE 2019

During FYE 2019, other operating expenses decreased by RM0.26 million or 20.82% as compared to the preceding financial year. The decrease in other operating expenses was due to the absence of property, plant and equipment written off recorded in FYE 2018 of RM0.38 million.

Notwithstanding the above, the decrease in other operating expenses was partially offset by the following:

(i) The increase in realised loss on foreign exchange of RM0.08 million;

(ii) Increase in depreciation expenses for our property, plant and equipment by RM0.04 million due to the addition of motor vehicles in FYE 2019;

(iii) A penalty imposed by IRB* for underestimating tax of RM0.03 million as our tax payable was higher than the tax estimated provided to the IRB.

We received a compound from the CIDB of RM0.03 million. The groundwork for the installation of our glove chlorination systems often begins during the construction of our customer's glove manufacturing factory. As such, we will begin the installation of glove chlorination systems while our customers' factory building is being constructed.

On 24 April 2019, a routine inspection was carried out by officers from the CIDB on one of our customer's factory which was being built. At that point in time, our employees were in the midst of installing the glove chlorination systems. However, CIDB was of the view that as we were working within a construction site, we require a CIDB license. This is notwithstanding the fact that we are installing the glove chlorination systems and were not involved in the construction of the factory.

We were then issued a compound for RM0.03 million, which we paid. We then applied and obtained a license from CIDB on 18 November 2019 in order to avoid the occurrence of such incident for future projects.

Note:

* The procedures in place to mitigate the recurrence of tax penalties are as follows:

(a) Our management will prepare monthly tax estimates and file the necessary tax estimate adjustments to the IRB;

(b) Our tax estimates adjustments to be submitted to the IRB shall be reviewed by our external tax agent; and

(c) Our tax estimates shall be tabled to our Audit and Risk Management Committee every quarter.

Comparison between FPE 2019 and FPE 2020

For FPE 2020, other operating expenses decreased by RM0.11 million or 14.91% which was mainly due to the decrease in realised loss on foreign exchange of RM0.12 million. The decrease was offset by the increase in depreciation by RM0.06 million which was attributable to the addition of motor vehicles in FPE 2020.

(b) Allowance for expected credit loss

During FYE 2019, we recorded an allowance for expected credit loss of RM0.56 million. The expected credit loss was provided under MFRS 9 - Financial Instruments. This was due to the delay in payment from 3 customers, namely Smart Glove Corporation Sdn Bhd (RM1.33 million), Sigma Glove Industries Sdn Bhd (RM0.01 million) and GX Corporation Sdn Bhd (RM0.01 million). The total amount owing by these customers is RM1.35 million as at FYE 2019.

A total of RM1.33 million was collected from Smart Glove Corporation Sdn Bhd during FPE 2020. Amount due from Sigma Glove Industries Sdn Bhd and GX Corporation Sdn Bhd of RM0.02 million was collected subsequent to FPE 2020.

(c) Fair value loss from equity investments

In FYE 2019, we recorded a loss from value of equity investments of RM0.54 million due to the lower fair value of investment in equity investments.

Subsequent to FYE 2019, we had disposed the abovementioned equity investments and recorded a gain on disposal of RM0.30 million.

11.2.8 Finance costs

The breakdown of our finance costs is as follows:

	Audited					
	FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%
Term loan interest	64	71.11	75	47.77	63	49.61
Bankers' acceptance interest	4	4.44	17	10.83	35	27.56
Lease liabilities	22	24.45	23	14.65	29	22.83
Other interest cost	-	-	42	26.75	-	-
	90	**100.00**	**157**	**100.00**	**127**	**100.00**

	Unaudited		Audited	
	FPE 2019		FPE 2020	
	RM'000	%	RM'000	%
Term loan interest	41	44.57	28	45.90
Bankers' acceptance interest	32	34.78	16	26.23
Lease liabilities	19	20.65	17	27.87
Other interest cost	-	-	*	*
	92	**100.00**	**61**	**100.00**

Note:

* Negligible.

We utilised bankers' acceptance to finance our working capital which includes purchase of supplies, term loan to finance the acquisition of our factories and lease liabilities for the purchase of motor vehicles.

Comparison between FYE 2017 and FYE 2018

For FYE 2018, finance costs increased by RM0.07 million as compared to the preceding financial year. The increase was mainly due to interest cost of RM0.042 million for interest-free loans given to our employees for the purpose of acquiring shares in Flexidynamic Engineering. Kindly refer to Section 6.2.1(a) for more details.

Comparison between FYE 2018 and FYE 2019

For FYE 2019, finance costs decreased by RM0.03 million as compared to the preceding financial year. The decrease was mainly due to the absence of other interest cost. However, we recorded an increase in bankers' acceptance interest from RM0.017 million in FYE 2018 to RM0.035 million in FYE 2019 due to increase in bankers' acceptance drawn for working capital purposes.

Comparison between FPE 2019 and FPE 2020

For FPE 2020, finance costs decreased by RM0.03 million as compared to the preceding financial period. The decrease was mainly due to the following:

(a) Decrease in term loan interest resulting from the lower effective interest rate of 3.27% (FPE 2019: 4.52%); and

(b) Decrease in bankers' acceptance interest as we reduced the usage of bankers' acceptance during the FPE 2020 mainly due to increase our purchase of supplies on credit terms instead of cash terms.

11.2.9 Tax expense, PBT and PAT

The following tables sets out the comparison between the statutory tax rates and our effective tax rates for the financial years/period under review:

	Audited		
	FYE 2017	**FYE 2018**	**FYE 2019**
	%	**%**	**%**
Statutory tax rate:			
- on the first RM500,000	18	18	17
- balance of chargeable income	24	24	24
Effective tax rate	4.60	17.88	27.14

	Unaudited	Audited
	FPE 2019	FPE 2020
	%	%
Statutory tax rate:		
- on the first RM500,000 (FPE 2020: RM600,000)	17	17
- balance of chargeable income	24	24
Effective tax rate	27.46	29.93

The following tables sets out the PBT, PBT margin, PAT and PAT margin for the financial years/period under review:

	Audited		
	FYE 2017	FYE 2018	FYE 2019
PBT (RM'000)	4,636	5,379	6,307
PBT margin (%)	15.50	11.13	12.65
PAT (RM'000)	4,423	4,417	4,595
PAT margin (%)	14.79	9.14	9.22

	Unaudited	Audited
	FPE 2019	FPE 2020
PBT (RM'000)	2,819	3,805
PBT margin (%)	8.03	10.87
PAT (RM'000)	2,045	2,666
PAT margin (%)	5.83	7.62

Comparison between FYE 2017 and FYE 2018

For FYE 2018, as a result of increase in revenue and GP, our PBT improved from RM4.64 million for FYE 2017 to RM5.38 million for FYE 2018. However, resulting from the decrease in GP margin, our PBT margin had also decreased from 15.50% for FYE 2017 to approximately 11.13% for FYE 2018.

Our PAT remained consistent at RM4.42 million for FYE 2017 and FYE 2018. However, our PAT margin decreased from 14.79% to 9.14% in FYE 2018 due the increase of our effective tax rate from 4.60% to 17.88%. Flexidynamic Engineering was entitled to pioneer status incentives for small scale companies under the Promotion of Investments Act, 1986 (Amendment) to produce on-line chlorination system and the profit derived from these activities is 100% exempted from tax for a total relief period of 5 years from manufacturing date, i.e. from 10 May 2013 to 9 May 2018. Subsequent to 9 May 2018, we started paying tax for the profit generated from the provision of on-line chlorination system.

Comparison between FYE 2018 and FYE 2019

For FYE 2019, as a result of increase in revenue and GP, our PBT improved from RM5.38 million for FYE 2018 to RM6.31 million for FYE 2019. In line with the higher GP margin recorded in FYE 2019, our PBT margin improved from 11.13% for FYE 2018 to 12.65% for FYE 2019.

Our PAT increased by RM0.18 million to RM4.60 million in FYE 2019 and the PAT margin recorded is 9.22%. The effective tax rate increased to 27.14% as this is the first full financial year where we were not entitled to any tax exemptions. In addition, certain expenses recorded in FYE 2019 such as expected credit loss and depreciation of certain assets are not entitled to tax deductions.

Comparison between FPE 2019 and FPE 2020

For FPE 2020, our PBT improved from RM2.82 million in FPE 2019 to RM3.81 million in FPE 2020 and our PBT margin improved from 8.03% in FPE 2019 to 10.87% in FPE 2020. This was due to the following:

(i) Reversal on impairment loss of financial asset amounting to RM0.56 million;

(ii) Net gain of RM0.30 million from the disposal of investment in equity instruments;

(iii) The absence of fair value loss from equity investments of RM0.32 million recorded in FPE 2019; and

(iv) Decrease in selling and distribution expenses by RM0.26 million.

Corresponding to the increase in PBT and PBT margin, our PAT and PAT margin improved to RM2.67 million (FPE 2019: RM2.05 million) and 7.62% (FPE 2019: 5.83%) respectively. In FPE 2020, the effective tax rate increased to 29.93% from 27.46% due to the increase in expenses that are non-tax deductible such as depreciation of certain assets and marketing cost.

Our PBT margin and PAT margin for FPE 2020 of 10.87% (FYE 2019: 12.65%) and 7.62% (FYE 2019: 9.22%) respectively is lower than PBT margin and PAT margin for FYE 2019. This was due to the lower GP margin recorded for FPE 2020 of 22.00% (FYE 2019: 28.00%). In order to meet the delivery timeline and complete the projects by the fourth quarter of 2020, we incurred higher subcontractor cost at RM8.22 million or 30.11% of total cost of sales (FPE 2019: RM7.54 million or 27.84% of total cost of sales) due to an increase in overtime charges charged by the subcontractors which led to a lower GP margin.

11.2.10 Review of financial position

(a) Assets

Our assets for the financial years/period under review comprise the following:

	Audited		
	31 December		
	2017	**2018**	**2019**
	RM'000	**RM'000**	**RM'000**
Non-current assets			
Property, plant and equipment	7,663	8,728	12,402
Investment in equity instruments	2,292	2,660	2,823
Deferred tax asset	-	700	122
Other receivables	-	402	291
Total non-current assets	**9,955**	**12,490**	**15,638**
Current assets			
Inventories	1,662	2,818	4,195

	Audited 31 December 2017 RM'000	2018 RM'000	2019 RM'000
Trade receivables	7,375	14,465	11,757
Other receivables	359	1,042	1,311
Amount due from a Director	-	180	-
Amount due from a shareholder	-	215	-
Tax recoverable	4	-	26
Fixed deposits with a licensed financial institution	1,124	1,160	-
Cash and bank balances	6,201	5,164	3,930
Total current assets	**16,725**	**25,044**	**21,219**
TOTAL ASSETS	**26,680**	**37,534**	**36,857**

	Unaudited 30 September 2019 RM'000	Audited 30 September 2020 RM'000
Non-current assets		
Property, plant and equipment	9,340	15,274
Investment in equity instruments	3,038	-
Deferred tax asset	-	2,888
Other receivables	339	190
Total non-current assets	**12,717**	**18,352**
Current assets		
Inventories	3,451	4,807
Trade receivables	8,754	22,907
Other receivables	2,000	1,819
Amount due from a Director	274	-
Amount due from a shareholder	-	-
Tax recoverable	746	-
Fixed deposits with a licensed financial institution	1,187	-
Cash and bank balances	3,379	11,827
Total current assets	**19,791**	**41,360**
TOTAL ASSETS	**32,508**	**59,712**

Comparison between as at 31 December 2017 and 31 December 2018

Non-current assets

Our non-current assets increased by RM2.54 million or 25.51% mainly due to the following:

(i) Increase in property, plant and equipment of RM1.07 million resulting from:

   (aa) Purchase of machinery which includes 2 units of cranes with 5-tonne capacity for our Banting Factory amounting to RM0.38 million and purchase of moulds amounting to RM0.06 million;

(bb) Renovation cost of RM0.64 million incurred for the renovation of our Banting Factory; and

(cc) Purchase of furniture, fittings and office equipment of RM0.58 million.

The increase was partially offset by the write-off in renovation cost for our previously rented factory amounting to RM0.57 million.

(ii) Purchase of RM0.45 million of investment in equity instruments, RM0.24 million of fair value gain recorded and disposal of investment in equity instruments of RM0.33 million;

(iii) Deferred tax asset of RM0.70 million arising from tax paid in advance for the project deposits received in FYE 2018. We received projects deposits from Hartalega NGC Sdn Bhd, Ideal Quality Sdn Bhd and Premier System Engineering Co Ltd for the projects secured but the project implementation only commenced during FYE 2019; and

(iv) RM0.40 million in interest-free loans given to our employees for the purpose of acquiring shares in Flexidynamic Engineering. Kindly refer to Section 6.2.1(a) for more details.

Current assets

Our current assets increased by RM8.32 million or 49.75% mainly due to:

(i) Increase in RM1.16 million in inventories (mainly raw materials) to cater for increasing orders;

(ii) Increase in RM7.09 million in trade receivables due to increase in revenue in FYE 2018 of RM18.42 million;

(iii) RM0.40 million arising due to advances by Flexidynamic Thailand to Tan Kong Leong and Phitchaya Arsangku. The amount was subsequently repaid during FYE 2019; and

(iv) Increase in RM0.68 million in other receivables mainly due to RM0.31 million deferred professional fees incurred for our Listing, Goods and Services Tax receivable of RM0.17 million and interest-free loans given to our employees for the purpose of acquiring shares in Flexidynamic Engineering of RM0.14 million.

The increase in current assets was partially offset by the decrease in cash and bank balances of RM1.04 million.

Comparison between 31 December 2018 and 31 December 2019

Non-current assets

Our non-current assets increased by RM3.15 million or 25.22% mainly due to:

(i) The increase in building in progress of RM3.44 million for the purchase of 2 adjoining semi-detached factory units in Banting during FYE 2019; and

(ii) Increase in investment in equity instrument of RM0.16 million arising from the purchase of RM1.61 million of investment in equity instruments but was off-set with RM0.92 million from disposals of investment in equity instruments and RM0.53 million in fair value loss on equity instruments.

The increase in non-current assets was partially offset by:

(i) Decrease in deferred tax assets due to lower deferred income recorded of RM0.17 million in FYE 2019 as compared to RM0.82 million in the preceding year as result of lower project deposits from clients as at 31 December 2019 as project implementation of majority of the project secured as at 31 December 2019 has commenced. Once a project commences, the project deposit is recognised as revenue; and

(ii) Reclassification of RM0.11 million in amount owed by employees for interest-free loans to current assets.

Current assets

Our current assets decreased by RM3.83 million or 15.29% mainly due to:

(i) Decrease of RM2.71 million in trade receivables mainly due to:

  (aa) RM0.56 million of allowance of expected credit losses recorded due to the delay in payment from 3 customers, namely Smart Glove Corporation Sdn Bhd, Sigma Glove Industries Sdn Bhd and GX Corporation Sdn Bhd; and

  (bb) Improved collection during last quarter of FYE 2019 mainly due to collection from our major customers, namely the Hartalega Group amounting to RM5.96 million and Ever Global (Vietnam) Enterprise Corporation amounting to RM3.44 million.

(ii) Decrease of RM1.16 million in fixed deposits with a licenced financial institution and decrease of RM1.23 million in cash and bank balances mainly due to purchase of 2 adjoining semi-detached factory units in Banting during FYE 2019 of which we paid a cash deposit of RM1.16 million and purchase of equity investments of RM1.61 million.

The decrease in current assets was partially offset by:

(i) Increase in inventories by RM1.38 million due to a higher amount of finished goods pending delivery as at 31 December 2019; and

(ii) Increase in other receivables by RM0.27 million. We recorded an increase in deferred professional fees of RM0.55 million, decrease in Goods and Services Tax receivable by RM0.10 million and decrease in prepayments (work permits for foreign workers) of RM0.19 million.

Comparison between 30 September 2019 and 30 September 2020

Non-current assets

Our non-current assets increased by RM5.64 million or 44.35% mainly due to the following:

(i) Increase in property, plant and equipment by RM5.93 million mainly due to the work-in-progress recorded for the purchase of 2 adjoining new semi-detached factory units in Banting amounting to RM5.80 million; and

(ii) Increase in deferred tax asset by RM2.89 million arising from tax paid in advance for the project deposits received in FPE 2020. We received projects deposits from Ever Growth (Vietnam) Co Ltd, Onetexx Sdn Bhd and Sri Trang Group for the projects secured but the project implementation only commenced after FPE 2020.

The increase in non-current assets was partially offset by the decrease in investment in equity instruments of RM3.04 million from the disposal of quoted shares during FPE 2020.

Current assets

Our current assets increased by RM21.57 million or 108.99% mainly due to the following:

(i) Increase in inventories by RM1.36 million as at 30 September 2020 as we had increased our stocking of raw materials to cater for new projects secured during FPE 2020;

(ii) Increase in trade receivables of RM14.15 million mainly due to invoices issued to Ever Growth (Vietnam) Co Ltd, Hartalega Group, YTY Group, Central Medicare Sdn Bhd and Onetexx Sdn Bhd totalling RM19.46 million from July to September 2020 but the payment has yet to be collected as at 30 September 2020; and

(iii) Increase in cash and bank balances of RM8.45 million mainly due to project deposits received from Ever Growth (Vietnam) Co Ltd, Onetexx Sdn Bhd and Sri Trang Group amounting to RM12.50 million.

The increase in current assets was partially offset by the uplift of fixed deposits pledged with a licensed financial institution of RM1.19 million.

11. FINANCIAL INFORMATION *(Cont'd)*

(b) Liabilities

Our liabilities for the financial years/period under review comprise the following:

	Audited		
	31 December		
	2017	2018	2019
	RM'000	RM'000	RM'000
Non-current liabilities			
Bank borrowings	4,537	4,224	6,177
Lease liabilities	295	313	494
Deferred tax liabilities	10	-	-
Total non-current liabilities	**4,842**	**4,537**	**6,671**
Current liabilities			
Trade payables	5,919	8,954	6,515
Other payables and accruals	1,301	1,175	386
Contract liabilities	762	3,401	692
Bank borrowings	174	730	893
Lease liabilities	168	144	219
Tax payable	135	834	-
Total current liabilities	**8,459**	**15,238**	**8,705**
TOTAL LIABILITIES	**13,301**	**19,775**	**15,376**

	Unaudited	Audited
	30 September	
	2019	2020
	RM'000	RM'000
Non-current liabilities		
Bank borrowings	3,944	8,623
Lease liabilities	559	751
Deferred tax liabilities	142	-
Total non-current liabilities	**4,645**	**9,374**
Current liabilities		
Trade payables	7,019	8,916
Other payables and accruals	418	286
Contract liabilities	24	13,002
Bank borrowings	940	1,131
Lease liabilities	230	287
Tax payable	-	3,290
Total current liabilities	**8,631**	**26,912**
TOTAL LIABILITIES	**13,276**	**36,286**

Comparison between 31 December 2017 and 31 December 2018

Non-current liabilities

Our non-current liabilities decreased by RM0.31 million or 6.40% mainly due to repayment of bank borrowings of RM0.30 million.

Current liabilities

Our current liabilities increased by RM6.78 million or 80.15% mainly due to:

(i) Increase in trade payables of RM3.04 million mainly due to increase in purchase of supplies to support our increase in sales;

(ii) Increase in contract liabilities by RM2.64 million was mainly due to project deposits received from Hartalega NGC Sdn Bhd, Ideal Quality Sdn Bhd and Premier System Engineering Co Ltd. The project deposits were received as at 31 December 2018 but the project implementation only commenced during 2019;

(iii) Increase in bank borrowings of RM0.56 million mainly due to drawdown of bankers' acceptance for the purchase of supplies to support our increase in sales and reclassification of borrowings with a maturity of less than 1 year to current liabilities; and

(iv) Increase in tax payable of RM0.70 million as a result of the expiration of the tax exemption for provision of on-line chlorination system on 9 May 2018. Subsequent to 9 May 2018, we started paying tax for the profit generated from the provision of on-line chlorination system.

Comparison between 31 December 2018 and 31 December 2019

Non-current liabilities

Our non-current liabilities increased by RM2.13 million or 46.95% mainly due to drawdown of term loan (RM2.28 million) for the purchase of the 2 adjoining new semi-detached factory and additional lease liabilities for motor vehicles of RM0.18 million.

Current liabilities

Our current liabilities decreased by RM6.53 million or 42.85% mainly due to the following:

(i) Decrease in contract liabilities by RM2.71 million due to lower project deposits received as at 31 December 2019 of RM0.69 million as compared to RM3.40 million as at 31 December 2018 as project implementation of majority of the project secured as at 31 December 2019 has commenced. Once a project implementation commences, the project billings will be issued which will offset the project deposits received, hence result in a decrease in contract liabilities; and

(ii) Decrease in trade payables by RM2.44 million mainly due to the decrease in purchases of plastic resins as well as PVC pipes and fittings. During the FYE 2019, we had sold a higher volume of FRP-lined mild steel storage tanks as compared to the storage tanks made from FRP materials of which resins is the main component.

Comparison between 30 September 2019 and 30 September 2020

Non-current liabilities

Our non-current liabilities increased by RM4.73 million or 101.83% mainly due to drawdown of bank borrowings of RM4.78 million for the purchase of the 2 adjoining new semi-detached factory units in Banting and increase in lease liabilities due to the addition of motor vehicles in FPE 2020.

Current liabilities

Our current liabilities increased by RM18.28 million or 211.79% mainly due to the following:

(i) Increase in trade payables by RM1.90 million mainly due to increase in subcontractor cost arising from an increase in overtime charges by the subcontractors in order to meet the delivery timeline and complete projects by the fourth quarter of 2020;

(ii) Increase in contract liabilities by RM12.98 million was mainly due to project deposits received amounting to RM12.50 million for the 4 contracts secured from Ever Growth (Vietnam) Co Ltd, Onetexx Sdn Bhd and Sri Trang Group during FPE 2020. The project deposits were received during the third quarter of 2020 but the project implementation of 2 contracts commenced during the fourth quarter of 2020 and remaining 2 contracts shall commence in 2021; and

(iii) Tax payable of RM3.29 million attributable to higher tax provision made during FPE 2020 arising from high project deposits received during FPE 2020.

11.2.11 Recent developments

There were no significant events subsequent to our Group's audited financial statements for FPE 2020.

11.3 LIQUIDITY AND CAPITAL RESOURCES

11.3.1 Working capital

We have been financing our operations through existing cash and bank balances, cash generated from our operations and external sources of funds. Our external sources of funds mainly comprise term loans and trade facilities such as bankers' acceptance as well as hire purchase financing.

As at 30 September 2020, we have:

(a) Cash and bank balances of approximately RM11.83 million; and

(b) Banking facilities (excluding lease liabilities) up to a limit of RM13.63 million, of which RM9.75 million has been utilised.

The interest rate of our borrowings is based on prevailing market rates. Currently, the principal use of our borrowings is for our Group's business growth and operations, for the acquisition of property, plant and equipment as well as for working capital purposes.

The decision to utilise either internally generated funds or borrowings for our business operations depends on, amongst others, our cash and bank balances, expected cash inflows, future working capital requirements, future capital expenditure requirements and the interest rate on borrowings.

Based on the pro forma consolidated statements of financial position of our Group as at 30 September 2020 (after the Acquisition of Flexidynamic Engineering but before the Public Issue), our NA position stood at RM23.17 million and our gearing level is 0.47 times. Our NA position and gearing level after the Acquisition of Flexidynamic Engineering and Public Issue (and utilisation of proceeds) are RM35.22 million and 0.17 times respectively.

As at the LPD, we have cash and bank balances of RM10.21 million and unutilised credit facilities of RM2.25 million. 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 and that our operations were not materially affected throughout the period of MCO, conditional MCO and recovery MCO, our working capital will be sufficient for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus. Kindly refer to Section 6.7.4 for more details.

At this juncture, we do not foresee any circumstances which may materially affect our liquidity. Our Group has not encountered any major disputes with our debtors. Our finance personnel work together closely with our sales and marketing staff for the collection of these outstanding balances on a monthly basis. This measure has proven to be effective while maintaining a cordial relationship with our customers.

11.3.2 Review of cash flows

(a) Cash flow summary

The table below sets out the summary of our Group's historical audited combined statements of cash flows for FYEs 2017 to 2019 and FPE 2020.

	Audited		
	FYE 2017	**FYE 2018**	**FYE 2019**
	RM'000	**RM'000**	**RM'000**
Net cash from operating activities	6,248	2,237	438
Net cash used in investing activities	(119)	(1,617)	(1,809)
Net cash used in financing activities	(1,318)	(1,814)	(121)
Net increase/(decrease) in cash and cash equivalents	**4,811**	**(1,194)**	**(1,492)**

	Unaudited	**Audited**
	FPE 2019	**FPE 2020**
	RM'000	**RM'000**
Net cash (used in)/from operating activities	(20)	5,837
Net cash (used in)/from investing activities	(882)	2,643
Net cash used in financing activities	(1,069)	(687)
Net (decrease)/increase in cash and cash equivalents	**(1,971)**	**7,793**

Commentary of cash flows

FYE 2017

Net cash from operating activities

In FYE 2017, we recorded net operating cash of RM6.25 million. We collected approximately RM34.18 million from our customers which was offset by cash payments of RM28.11 million. Such cash payments were mainly due to:

(i) Approximately RM21.67 million paid to suppliers for purchase of supplies; and

(ii) Approximately RM5.03 million paid for employees' benefit including salary.

Net cash used in investing activities

We recorded a net cash outflow of RM0.12 million in our investing activities in FYE 2017, mainly due to:

(i) Payment of renovation for our Banting Factory of RM0.04 million;

(ii) Purchase of office equipment of RM0.03 million;

(iii) Purchase of moulds of RM0.01 million; and

(iv) Investment in equity instruments of RM0.06 million.

Net cash used in financing activities

In FYE 2017, the cash used in financing activities of RM1.32 million was mainly due to:

(i) Repayment of term loans of RM0.32 million and bankers' acceptance of RM0.10 million;

(ii) Repayment of lease liabilities of RM0.17 million; and

(iii) Dividend payment of RM0.60 million.

FYE 2018

Net cash from operating activities

In FYE 2018, we recorded net operating cash of RM2.24 million. We collected approximately RM44.43 million from our customers which was offset by cash payments of RM42.40 million. Such cash payments were mainly due to:

(i) Approximately RM32.40 million paid to suppliers for purchase of supplies;

(ii) Approximately RM6.14 million paid for employees' benefit including salary; and

(iii) Income tax paid of RM0.97 million.

Net cash used in investing activities

We recorded a net cash outflow of RM1.62 million in our investing activities in FYE 2018, mainly due to:

(i) Purchase of new machines and equipment for the Banting Factory such as air compressor, dust collector and overhead crane machinery of RM0.51 million;

(ii) Payment of renovation for our Banting Factory of RM0.64 million;

(iii) Purchase of office equipment of RM0.27 million; and

(iv) Investment in equity instruments of RM0.45 million.

The net cash outflow was offset by a cash proceed from disposal of equity investments of RM0.31 million and proceeds received for the issuance of new Flexidynamic Thailand shares for RM0.21 million.

Net cash used in financing activities

In FYE 2018, the cash used in financing activities of RM1.81 million was mainly due to:

(i) Repayment of borrowings of RM0.31 million;

(ii) Repayment of lease liabilities of RM0.21 million;

(iii) Advance to a shareholder of Flexidynamic Thailand, Phitchaya Arsangku, the wife of Tan Kong Leong of RM0.22 million. The amount has been repaid in FYE 2019;

(iv) Advance to a shareholder/Director of Flexidynamic Thailand, Tan Kong Leong of RM0.18 million. The amount has been repaid in FYE 2019; and

(v) Dividend payment of RM1.30 million.

The outflow was offset by a drawdown of bank borrowings of RM0.55 million in bankers' acceptance for working capital purposes.

FYE 2019

Net cash from operating activities

In FYE 2019, we recorded net operating cash of RM0.44 million. We collected approximately RM48.33 million from our customers which was offset by cash payments of RM47.62 million. Such cash payments were mainly due to:

(i) Approximately RM39.10 million paid to suppliers for purchase of supplies;

(ii) Approximately RM6.10 million paid for employees' benefit including salary; and

(iii) Income tax paid of RM2.02 million.

In order to support our increase in sales, we increased the purchase of raw materials such as plastic resins, FRP materials and FRP grating, a substantial sum which was made during end of FYE 2018. As such in FYE 2019, we increase the payment for purchase of supplies which partly contributed to lower cash generated from operating activities.

Net cash used in investing activities

In FYE 2019, net cash used in investing activities of RM1.81 million was mainly due to:

(i) Purchase of new motor vehicles of RM0.03 million and building in progress of RM1.16 million;

(ii) Payment of renovation for the office building in Thailand of RM0.01 million; and

(iii) Investment in equity instruments of RM1.61 million.

However, we received cash proceeds from disposal of equity investments and disposal of property, plant and equipment of RM0.95 million and RM0.11 million respectively and for the issuance of new Flexidynamic Thailand Shares of RM0.24 million.

Net cash used in financing activities

In FYE 2019, the cash used in financing activities of RM0.12 million was mainly from:

(i) Repayment of bank borrowings and lease liabilities of RM2.48 million and RM0.19 million respectively;

(ii) Dividend payment to the shareholders of Flexidynamic of RM0.96 million; and

(iii) Dividend paid to the non-controlling shareholders of Flexidynamic Thailand RM0.23 million.

The net cash outflow was offset by the following:

(i) Drawdown of bank borrowings of RM2.31 million for the purchase of the 2 adjoining new semi-detached factories for the purchase of our motor vehicles and for our working capital;

(ii) Uplift of fixed deposits pledged with a licensed financial institution of RM1.16 million; and

(iii) Repayment from advances to shareholders/Director of Flexidynamic Thailand of RM0.40 million.

FPE 2020

Net cash from operating activities

In FPE 2020, we recorded net operating cash of RM5.84 million. The Group collected approximately RM36.53 million from the customers which was offset by cash payments of RM30.69 million. Such cash payments were mainly due to:

(i) Approximately RM24.72 million paid to suppliers for purchase of supplies;

(ii) Approximately RM4.17 million paid for employees' benefit including salary; and

(iii) Income tax paid of RM0.59 million.

Net cash from investing activities

In FPE 2020, the net cash from investing activities of RM2.64 million was mainly due to the cash proceeds from disposal of investment in equity instruments of RM3.13 million.

The net cash inflow was offset by the purchase of property, plant and equipment of RM0.50 million.

Net cash used in financing activities

In FPE 2020, the net cash used in financing activities of RM0.69 million was mainly due to:

(i) Repayment of bank borrowings and lease liabilities of RM1.07 million and RM0.10 million respectively; and

(ii) Dividend payment to the shareholders of Flexidynamic of RM0.70 million.

The net cash outflow was offset by the drawdown of bankers' acceptance of RM1.25 million for purchase of supplies.

11.4 BORROWINGS

We utilise credit facilities such as bankers' acceptances to finance our working capital and term loans to finance the acquisition of factories. In addition, we also utilise leases liabilities for the purchase of motor vehicles.

Our total outstanding bank borrowings (including lease liabilities) as at 30 September 2020 stood at RM10.79 million, details of which are set out below. All our bank borrowings are interest-bearing and denominated in RM.

	Purpose	Tenure	Interest rate	As at 30 September 2020
			% per annum	RM'000
Interest bearing short-term borrowings, payable within 1 year:				
Bankers' acceptance	Financing purchase of goods	4 months	2.59% - 3.63%	874
Term loan	Financing the purchase of factories	20 years	3.27%	257
Lease liabilities	Financing for the purchase of motor vehicles	5 years	2.87% - 6.38%	287
			Sub-total	**1,418**
Interest bearing long-term borrowings, payable after 1 year:				
Term loan	Financing the purchase of factories	20 years	3.27%	8,623
Lease liabilities	Financing for the purchase of motor vehicles	5 years	2.87% - 6.38%	751
			Sub-total	**9,374**
			Total borrowings	**10,792**

Pro forma gearing (times)

After Acquisition of Flexidynamic Engineering before the Public Issue[(1)]	0.47
After the Public Issue[(2)]	0.17

Notes:

(1) Computed based on the pro forma consolidated statements of financial position after the Acquisition of Flexidynamic Engineering before the Public Issue.

(2) Computed based on the pro forma consolidated statements of financial position after the Acquisition of Flexidynamic Engineering and Public Issue (and utilisation of proceeds).

Our pro forma gearing ratio is expected to decrease from 0.47 times (before the Public Issue) to 0.28 times (after the Public Issue) due to the increase in shareholders' funds arising from the issuance of new Shares pursuant to the Public Issue. Thereafter, the gearing ratio will decrease to 0.17 times (after utilisation of proceeds) as we intend to utilise RM6.38 million from our IPO proceeds to repay bank borrowings drawn/ to be drawn for the purchase of 2 adjoining semi-detached factory units in Banting.

Our bank borrowings carry the following effective interest rates for the FYEs 2017 to 2019 and FPE 2020:

	FYE 2017	**FYE 2018**	**FYE 2019**	**FPE 2020**
	% per annum			
Bankers' acceptances	-	4.06 – 4.09	3.84 – 4.09	2.59 – 3.63
Term loans	4.65	4.77	4.52	3.27
Lease liabilities	4.55 – 6.64	4.63 – 6.64	2.87 – 6.38	2.87 – 6.38

The following table sets out the maturities of our borrowings and lease liabilities:

	FYE 2017	**FYE 2018**	**FYE 2019**	**FPE 2020**
	RM'000			
Bank borrowings				
Within the next 12 months	174	730	893	1,131
After the next 12 months	4,537	4,224	6,177	8,623
Lease liabilities				
Within the next 12 months	168	144	219	287
After the next 12 months	295	313	494	751

As at the LPD, we do not have any borrowings which are non-interest bearing and/or in foreign currencies. We have not defaulted on payments of principal sums and/or interests in respect of any borrowings throughout the FYEs 2017 to 2019 and FPE 2020 as well as the subsequent financial period up to LPD.

As at the LPD, neither our Group nor our subsidiary 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.

From FYEs 2017 to 2019 and FPE 2020, we have not experienced any claw back or reduction in the facilities limit granted to us by our lenders.

11.5 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES

As at the LPD, save for our bank borrowings as disclosed in Section 11.4, we do not utilise any other financial instruments. We maintain foreign currency accounts to receive proceeds of our sales in USD.

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 borrowings as at 30 September 2020 are based on the bank's cost of funds plus a rate which varies depending on the different types of bank facilities.

The principal usages of these banking facilities are for working capital, purchase of supplies and purchase of property, plant and equipment.

11.6 MATERIAL CAPITAL COMMITMENTS, MATERIAL LITIGATION AND CONTINGENT LIABILITY

11.6.1 Material capital commitments

As at the LPD, RM0.91 million was authorised and contracted for the purchase of 2 adjoining semi-detached factory units in Banting. The total cost of the 2 factory units is RM7.54 million (after including discount of RM1.57 million given by the developer) which was financed via internally generated funds of RM1.16 million and bank borrowings of RM6.38 million.

The factory units are under construction as at the LPD and we expect to take vacant possession for both factories in May 2021. Additional information on our new factories is set out in Section 6.19.1(a).

We do not have any other material capital commitments as at the LPD.

11.6.2 Material litigation and contingent liability

We are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and there are no 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 as at the LPD.

There are no contingent liabilities incurred by us or our subsidiary, which upon becoming enforceable, may have a material effect on our financial position or our subsidiary as at the LPD.

Nevertheless, we wish to highlight the following:

(a) On 1 June 2016, Flexidynamic Engineering purchased the Banting Factory which is located at Lot 226, Seksyen 2, Pekan Bukit Changgang, District of Kuala Langat, State of Selangor, measuring approximately 4,250 sqm held under Geran no. 124476 ("Lot 226") as a sub-sale unit from WWRC Malaysia Sdn Bhd ("WWRC") ("Lot 226 SPA").

The back perimeter of Lot 226 shares a boundary with a land known as Lot 2355, Mukim Tanjong Dua Belas, District of Kuala Langat, State of Selangor held under Geran no. 154007 ("Lot 2355") which is owned by Klangcapital Development Sdn Bhd. On 9 October 2019, Flexidynamic Engineering was served with a third party notice dated 8 October 2019 and writ of summons and statement of claim dated 7 August 2019 in relation to a litigation suit involving encroachment of Lot 2355. The suit alleges that the back perimeter wall of the Lot 226 had encroached 10.2 sqm of Lot 2355.

On 15 January 2021, Flexidynamic Engineering obtained a Fourth Party Notice against WWRC. The Fourth Party Notice enables Flexidynamic Engineering to claim for indemnity and contribution from WWRC pursuant to the Lot 226 SPA.

As at the LPD, the Shah Alam High Court had fixed another case management on 1 March 2021 for the entire matter.

The litigation lawyer appointed by Flexidynamic Engineering for the suit is of the view that this suit will not bear any material impact on our Group.

Our Board is of the view that Flexidynamic Engineering being named as Third Party in this legal suit has no impact or effect on the business and operations of Flexidynamic Engineering as the alleged area of encroachment is only 10.2 sqm at the back of the Banting Factory which is a vacant area. Moreover, Flexidynamic Engineering has agreed to remove (by demolishing and rebuilding a new boundary wall) after being requested to do so by the Klangcapital Development Sdn Bhd. The demolition and rebuilding work shall commence after a decision is made by Shah Alam High Court. The estimated financial impact to us is the cost for building the back perimeter wall which is approximately RM5,000 and will take approximately 1 week to be built.

In addition, on 30 August 2019, Flexidynamic Engineering entered into 2 separate sale and purchase agreement with Klangcapital Development Sdn Bhd to acquire 2 semi-detached factories comprising of 2-storey offices with a total factory built-up area of 14,659.60 sq ft each located at No. 12 and No. 12A, Jalan 1/3, Kawasan Perusahaan Olak Lempit, 42700 Banting, Selangor Darul Ehsan, respectively, which is located on Lot 2355 and is directly behind the Banting Factory ("New Lots"). The New Lots are under a light industrial development project comprising semi-detached factories known as "Excellent Technology Park IV". The land area of the New Lots purchased by Flexidynamic Engineering covers the alleged area of encroachment by Lot 226.

The land area of the New Lots purchased by Flexidynamic Engineering covers the alleged area of encroachment by Lot 226.

As such, the abovementioned litigation will not materially or adversely affect our financial position, profitability or business operations.

11.7 KEY FINANCIAL RATIOS

The key financial ratios of our Group for FYEs 2017 to 2019 and FPE 2020 are as follows:

	Audited			
	FYE 2017	**FYE 2018**	**FYE 2019**	**FPE 2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade receivable turnover (days)(1)	103	82	96	135
Trade payable turnover (days)(2)	99	74	78	77
Inventory turnover (days) (3)	19	22	35	45
Current ratio (times)(4)	1.98	1.64	2.44	1.54
Gearing ratio (times)(5)	0.39	0.30	0.36	0.46

Notes:

(1) Computed based on the average trade receivables multiplied by 365 days for FYEs and 274 days for FPE 2020:

	Audited			
	FYE 2017	**FYE 2018**	**FYE 2019**	**FPE 2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Opening trade receivables	9,519	7,375	14,465	11,757
Closing trade receivables	7,375	14,465	11,757	22,907
Revenue	29,902	48,322	49,839	35,007
Average trade receivables turnover period (days)	103	82	96	135

(2) Computed based on the average trade payables multiplied by 365 days for FYEs and 274 days for FPE 2020:

	Audited			
	FYE 2017	**FYE 2018**	**FYE 2019**	**FPE 2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Opening trade payables	5,832	5,919	8,954	6,515
Closing trade payables	5,919	8,954	6,515	8,916
Cost of sales	21,447	36,331	35,883	27,306
Average trade payable turnover period (days)	99	74	78	77

11. FINANCIAL INFORMATION *(Cont'd)*

(3) Computed based on the average inventories multiplied by 365 days for FYEs and 274 days for FPE 2020:

	Audited			
	FYE 2017	**FYE 2018**	**FYE 2019**	**FPE 2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Opening inventories	630	1,662	2,818	4,195
Closing inventories	1,662	2,818	4,195	4,807
Cost of sales	21,447	36,331	35,883	27,306
Average inventories turnover period (days)	19	22	35	45

(4) Computed based on current assets over current liabilities as at year end of the respective financial years/period.

(5) Computed based on the total interest bearing debt (including lease liabilities) over total equity as at year end of the respective financial years/period.

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11.7.1 Trade receivables turnover

The ageing analysis of our trade receivables as at 30 September 2020 is as follows:

	Within credit period	**Exceeding credit period**				
	Neither past due nor impaired	**1 to 30 days past due but not impaired**	**31 to 60 days past due but not impaired**	**61 - 90 days past due but not impaired**	**More than 90 days past due but not impaired**	**Total**
Trade receivables (RM'000)	16,788	3,987	1,545	363	224	22,907
% of total trade receivables (%)	73.29	17.41	6.74	1.58	0.98	100.00
Subsequent collections up to the LPD (RM'000)	15,957	3,662	1,523	363	202	21,707
Trade receivables net of subsequent collections (RM'000)	831	325	22	-	22	1,200
% of trade receivables net of subsequent collections to total trade receivables net of subsequent collections (%)	69.25	27.09	1.83	-	1.83	100.00

As at the LPD, RM1.20 million of the outstanding trade receivables as at 30 September 2020 has yet to be collected. 30.75% of the total trade receivables net of subsequent collections as at LPD of RM0.37 million have exceeded the credit period. The overdue payment is mainly from 8 customers and the majority of amount outstanding is from Ideal Quality Sdn Bhd for RM0.31 million and Pembinaan Thong Lian Sdn Bhd of RM0.02 million.

Our normal trade terms are cash term and credit terms ranges between 30 to 90 days. Our credit terms to customers are assessed and approved on a case-to-case basis taking into consideration various factors such as relationship with customers, customers' payment history, credit worthiness, transaction volume, financial background, market reputation as well as the reason for the customers' inability to pay within the normal credit period. We use ageing analysis to monitor the credit quality of our trade receivables.

Our Group will assess the collectability of trade receivables on an individual customer basis and impairment will be made for those customers where recoverability is uncertain based on our past dealings with customers.

Our average trade receivables turnover period as at FYE 2017, FYE 2018, FYE 2019 and FPE 2020 were 103 days, 82 days, 96 days and 135 days.

The trade receivables turnover period in FYE 2017 of 103 days was higher than our normal credit terms granted to our customers due to delay in payments from Central Medicare Sdn Bhd of RM1.33 million, HL Advance Technologies (M) Sdn Bhd of RM0.55 million (which were subsequently repaid) as well as Smart Glove Corporation Sdn Bhd of RM0.36 million as at 31 December 2017.

Trade receivables turnover period decreased from approximately 103 days in FYE 2017 to approximately 82 days in FYE 2018 mainly due to improvement in collections and was within the normal credit terms granted to our customers of between 30 to 90 days. The improvement in collections is mainly due to collections from Central Medicare Sdn Bhd of

RM1.04 million and HL Advance Technologies (M) Sdn Bhd of RM0.55 million. The balance of RM0.29 million due from Central Medicare Sdn Bhd was collected in FYE 2019.

Trade receivables turnover period increased from approximately 82 days in FYE 2018 to approximately 96 days in FYE 2019 and has exceeded our normal credit terms granted to our customers of between 30 to 90 days. The increase in trade receivable turnover period was mainly due to the increase in amount due from the Hartalega Group of RM5.9 million (FYE 2018: RM3.7 million) and Eco Medi Glove Sdn Bhd of RM1.57 million (FYE 2018: RM0.75 million). Subsequent to the LPD, the Hartalega Group has fully repaid the amount outstanding while RM0.16 million is pending from Eco Medi Glove Snd Bhd. Nevertheless, our trade receivables turnover period is within the industry range of between 65 days to 276 days. The industry range is derived from the range of trade receivables turnover of the key industry players listed in the IMR Report, based on the respective latest available financial reports.

In addition, we recorded an allowance for expected credit loss of RM0.56 million in FYE 2019. The expected credit loss was provided under MFRS 9 - Financial Instruments. This was due to the delay in payment by 3 customers, namely Smart Glove Corporation Sdn Bhd (RM1.33 million), Sigma Glove Industries Sdn Bhd (RM0.01 million) and GX Corporation Sdn Bhd (RM0.01 million). The total amount owing by these customers is RM1.35 million as at FYE 2019. Payments amounting to RM1.33 million has been collected from Smart Glove Corporation Sdn Bhd in FPE 2020. Amount due from Sigma Glove Industries Sdn Bhd and GX Corporation Sdn Bhd of RM0.02 million was collected subsequent to FPE 2020.

Trade receivables turnover period increased to approximately 135 days in FPE 2020 and has exceeded our normal credit terms granted to our customers of between 30 to 90 days. The increase in trade receivable turnover period was mainly due to the increase in amount due from YTY Industry Sdn Bhd of RM2.28 million (FYE 2019: RM0.01 million) and Central Medicare Sdn Bhd of RM0.94 million (FYE 2019: RM0.02 million). Subsequent to FPE 2020, the Central Medicare Sdn Bhd and YTY Industry Sdn Bhd have fully repaid the amount outstanding.

11.7.2 Trade payables turnover

The ageing analysis of our trade payables as at 30 September 2020 is as follows:

		Exceeding credit period				
	Within credit term	**1 to 30 days past due**	**31 to 60 days past due**	**61 - 120 days past due**	**More than 120 days past due**	**Total**
Trade payables (RM'000)	7,237	1,373	281	25	-	8,916
% of total trade payables (%)	81.16	15.40	3.15	0.29	-	100.00
Subsequent payments up to the LPD (RM'000)	7,237	1,373	281	25	-	8,916
Trade payables net of subsequent payments (RM'000)	-	-	-	-	-	-
% of trade payables net of subsequent payments to total trade payables net of subsequent payments (%)	-	-	-	-	-	-

The normal trade terms granted to our Group by our suppliers are cash term and credit terms of up to 120 days.

Our average trade payables turnover period as at FYE 2017, FYE 2018, FYE 2019 and FPE 2020 were 99 days, 74 days, 78 days and 77 days, respectively, which is within the credit period given.

Trade payables turnover period decreased from approximately 99 days in FYE 2017 to approximately 74 days in FYE 2018 as we recorded an increase in our revenue which resulted in higher project deposits received. As such, we were able to pay our suppliers in a shorter period as compared to FYE 2018.

As at the LPD, there are no outstanding trade payables as at 30 September 2020 that has not been paid.

11.7.3 Inventories

The table below sets out a summary of our Group's inventories for the financial years/period under review:

	Audited			
	FYE 2017	**FYE 2018**	**FYE 2019**	**FPE 2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Opening inventories	630	1,662	2,818	4,195
Closing inventories	1,662	2,818	4,195	4,807
Cost of sales	21,447	36,331	35,883	27,306
Average inventories turnover period (days)	19	22	35	45

Our inventory turnover period is approximately 19 to 45 days.

Our Group's inventories consist of raw materials and finished goods. Raw materials mainly consist of, amongst others, plastic resins, FRP materials, FRP grating, PVC pipes and fittings and titanium coils. Finished goods consist of manufactured products that are ready to be delivered to our customers for installation.

	Audited			
	FYE 2017	**FYE 2018**	**FYE 2019**	**FPE 2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Closing inventory				
- Raw materials	961	2,100	1,847	2,433
- Finished goods	701	718	2,348	2,374
	1,662	**2,818**	**4,195**	**4,807**

As at 31 December 2019, we recorded an increase in finished goods from RM0.72 million to RM2.35 million for glove chlorination systems, storage tanks and process tanks where the manufacturing work was completed but pending delivery. The finished goods as at 31 December 2019 were subsequently delivered. This resulted in an increase in our inventory turnover period from 22 days to 35 days for FYE 2019.

In FPE 2020, our inventory turnover period increased further to 45 days. We recorded closing inventory comprising raw materials of RM2.43 million and finished goods of RM2.37 million which is comparably higher than our closing inventory in FYE 2019. We had increased our stocking of raw materials to cater for new projects secured during FPE 2020.

We do not have a policy for inventories and impairment on slow moving stocks as our inventories comprising raw materials and monitoring and control instruments are mostly purchased upon confirmation of a project where project deposits are also received. Notwithstanding the absence of a written policy, we conduct a monthly management meeting to review the stockholding level, inventory ageing analysis as well as slow moving stocks assessment (if required). Approval is required from authorised personnel at management level for replenishment of stocks and impairment on slow moving stocks.

For the past 3 FYEs and FPE 2020, we did not record any provision for slow moving stocks as our inventories comprising raw materials and monitoring and control instruments are mostly purchased upon confirmation of a project where project deposits are also received.

Our Group practices first-in-first-out basis in computing the cost of inventories, work-in-progress, and finished goods. The costs of raw materials include invoices value of goods purchased and expenditure incurred in acquiring the inventories. The cost of finished goods comprises supplies cost, direct labour cost and an appropriate proportion of factory expenses.

11.7.4 Current ratio

Our current ratio, current assets and current liabilities for the financial years/period under review are as follows:

	Audited			
	FYE 2017	**FYE 2018**	**FYE 2019**	**FPE 2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current assets	16,725	25,044	21,219	41,360
Current liabilities	(8,459)	(15,238)	(8,705)	(26,912)
Net current assets	**8,266**	**9,806**	**12,514**	**14,448**
Current ratio (times)	1.98	1.64	2.44	1.54

Our current ratio ranged from 1.64 times to 2.44 times for the financial years/period under review, indicating that our Group is capable of meeting our current obligations as our current assets such as inventory and trade receivables, which can be readily converted to cash, together with our cash in the bank are enough to meet immediate current liabilities.

The current ratio decreased from 1.98 times as at 31 December 2017 to 1.64 times as at 31 December 2018 due to increase in trade payables for the purchase of supplies to support the our increase in sales. We also recorded an increase in contract liabilities which are project deposits made by our customers for the initiation of projects.

The current ratio increased from approximately 1.64 times as at 31 December 2018 to approximately 2.44 times as at 31 December 2019 as we recorded lower current liabilities as at 31 December 2019 mainly due to decrease in project deposits received as at 31 December 2019 as compared to the preceding year as well as decrease in trade payables resulting from lower purchases. The current ratio decreased to 1.54 times as at 30 September 2020, which was attributable to higher current liabilities resulting from projects deposits received from Ever Growth (Vietnam) Co Ltd, Onetexx Sdn Bhd and Sri Trang Group.

11.7.5 Gearing ratio

Our gearing ratio throughout the financial years/period under review is as follows:

	Audited			
	FYE 2017	**FYE 2018**	**FYE 2019**	**FPE 2020**
Total borrowings (including lease liabilities) (RM'000)	5,174	5,411	7,783	10,792
Total equity (RM'000)	13,379	17,759	21,481	23,426
Gearing ratio (times)	0.39	0.30	0.36	0.46

Our Group's gearing ratio ranged from 0.30 times to 0.46 times for the FYEs and FPE under review.

During FPE 2020, our borrowings increased to RM10.79 million mainly due to the drawdown of term loan for the purchase of 2 adjoining semi-detached factory units in Banting. The improvement in our total equity is as a result of the PAT recorded for the past FYEs.

11.8 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES

There were no government, economic, fiscal or monetary policies or factors which have materially affected our financial performance during the financial years/period under review.

There is no assurance that our financial performance will not be adversely affected by the impact of further changes in government, economic, fiscal or monetary policies or factors moving forward. Risks relating to government, economic, fiscal or monetary policies or factors which may adversely and materially affect our operations are set out in Section 8.

11.9 IMPACT OF INFLATION

Our Group is of the view that the current inflation rate does not have a material impact on our business, financial condition or results of our operation. However, any significant increase in future inflation may adversely affect our Group's operations and performance insofar as we are unable to pass on the higher costs to our customers through increase in selling prices.

11.10 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/OR COMMODITY PRICES

11.10.1 Impact of foreign exchange rates

We are exposed to transactional currency exposure as approximately 18.19%, 21.94%, 31.82% and 13.72% of our total revenue were denominated in USD for the past 3 FYEs 2017 to 2019 and FPE 2020 respectively. Our Group's GP margin is therefore directly affected by the foreign currencies exchange rate fluctuation.

An appreciation of the RM against the USD may ultimately affect our revenue. This may adversely affect our financial performance as it would reduce our GP margin.

The prices of certain raw materials such as plastic resins and mild steel are subject to fluctuations as a result of global demand and supply conditions. Further, the prices of certain raw materials, and monitoring and control instruments that are sourced from overseas which are denominated in foreign currencies are also subject to fluctuations as a result of foreign exchange fluctuation. For the past 3 FYEs 2017 to 2019 and FPE 2020, our purchase of supplies from overseas suppliers as a percentage of total purchases are 9.21%, 14.02%, 10.21% and 5.58% respectively. Plastic resins that are sourced from local suppliers are also subject to foreign currency fluctuation as it may be imported by local suppliers.

For the past 3 FYEs 2017 to 2019 and FPE 2020, our gain and losses from the foreign exchange fluctuations are as follows:

	FYE 2017	FYE 2018	FYE 2019	FPE 2020
	RM'000	RM'000	RM'000	RM'000
Realised foreign exchange gain/(loss) [1]	(148)	(223)	(298)	(106)
Unrealised foreign exchange gain/(loss) [2]	(9)	59	131	147
Net gain / (loss)	**(157)**	**(164)**	**(167)**	**41**

Notes:

[1] Realised foreign exchange gain/(loss) is due to the following:

(i) The difference in the foreign exchange rate as at the date of our sales invoice as compared to the foreign exchange rate when the payment for the sales invoice is received.

If the foreign exchange rate as at the date of our sales invoice is higher as compared to the rate when the payment for the sales invoice is received, we will record a realised foreign exchange loss. Conversely, if the foreign exchange rate as at the date of our sales invoice is lower as compared to the rate when the payment for the sales invoice is received, we will record a realised foreign exchange gain.

(ii) The difference in the foreign exchange rate as at the date of our purchase invoice of supplies as compared to the foreign exchange rate when the payment for the supplies is made.

If the foreign exchange rate as at the date of our purchase invoice is lower as compared to the rate when the payment for the supplies is made, we will record a realised foreign exchange loss. Conversely, if the foreign exchange rate as at the date of our purchase invoice is higher as compared to the rate when the payment for the supplies is made, we will record a realised foreign exchange gain.

[2] Unrealised foreign exchange gain/(loss) represents the difference in the foreign exchange rate as at the date of our sales invoice/purchase invoice as compared to the foreign exchange spot rates as at respective FYEs and FPE.

Our Group does not hedge our exposure to fluctuations in foreign currency exchange rates. As at the LPD, we have not entered into any foreign exchange contracts. As such, we are subject to foreign exchange fluctuation risk for the purchase of our supplies and revenue from our foreign sales. A depreciation of the RM against the USD will lead to higher costs of supplies for our Group. In the event that we are unable to pass the increase in cost to our customers in a timely manner, our financial performances may be adversely affected due to the reduced GP margin from higher cost of supplies.

11.10.2 Impact of interest rates

Interest coverage ratio measures the number of times a company can make its interest payments with its profit before interest and tax. The interest coverage ratio for the past financial years/period under review is as follows:

	Audited			
	FYE 2017	**FYE 2018**	**FYE 2019**	**FPE 2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total borrowings (including lease liabilities) (RM'000)	5,174	5,411	7,783	10,792
Profit before interest and tax	4,692	5,494	6,374	3,847
Finance costs	90	157	127	61
Interest coverage ratio (times)[(1)]	52.13	34.99	50.19	63.07

Note:

(1) Computed based on profit before interest and tax over finance costs.

Our interest coverage ratio of between 34.99 to 63.07 times for the FYEs 2017 to FYE 2019 and FPE 2020 indicates that our Group has been able to generate sufficient profits before interest and tax to meet our interest serving obligations.

In FYE 2018, Flexidynamic Engineering had extended an interest-free loan amounting to RM0.68 million to our employees for the acquisition of Flexidynamic Engineering Shares. Resulting from the said loan, MFRS 9 - Financial Instruments has been applied and RM0.042 million was recorded as other interest cost in FYE 2018. As such, our interest coverage ratio for FYE 2018 was lower at 34.99 times.

Our Group's financial results for the financial years/period under review were not materially affected by fluctuations in interest rates. However, major increase in interest rates would raise the cost of borrowings and our finance costs for our purchases of raw materials, which may have an adverse effect on the performance of our Group.

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11.11 ORDER BOOK

As at the LPD, we have secured total order book amounting to RM84.63 million, of which RM4.85 million of the secured total order book has been billed as at LPD and RM79.78 million has not been billed. The details of our order book are as follows:

	Total order book as at LPD	Billed as at LPD	Unbilled amount as at LPD
	RM'000	RM'000	RM'000
Malaysia			
Glove chlorination systems	19,378	2,650	16,728
Repair, refurbishment and maintenance	406	61	345
Trading of replacement parts	857	371	486
Storage and process tanks	11,271	1,078	10,193
Other products and services	10,364	435	9,929
Overseas			
Glove chlorination systems	41,718	-	41,718
Trading of replacement parts	393	132	261
Other products and services	245	125	120
	84,632	**4,852**	***79,780**

Note:

* RM62.30 million is expected to be recognised as revenue for the financial year ending 31 December 2021. The remaining RM17.48 million is expected to be recognised during 2022.

We believe that our revenue stream is sustainable as glove chlorination systems are essential component in the rubber glove manufacturing processes and hence, we see the opportunity to leverage and grow along with the growth in the rubber glove manufacturing industry in Malaysia. With the increase in rubber glove manufacturing activities in Malaysia, glove manufacturers may expand their glove production capacity, which will lead to an increasing demand for glove-dipping lines and consequently, demand for glove chlorination systems. As such, we expect to leverage on this to capitalise on the growth in the rubber glove manufacturing activities in Malaysia.

11.12 TREND INFORMATION

Based on our track record for the past years/period under review, including our segmental analysis of revenue and profitability, the following trends are expected to continue:

(a) More than 55% of our revenue was derived from the glove chlorination systems segment. We expect the glove chlorination systems segment to continue contributing significantly to our revenue in the future;

(b) More than 60% of our revenue is derived locally. We expect the main contributor for our revenue to be from the local market. Nevertheless, we plan to continue to grow in our overseas market;

(c) Our top 5 major customers are involved in the manufacturing of gloves and contributed more than 70% of our total revenue. We expect sales to glove manufacturers to continue contributing significantly to our revenue in the future; and

(d) The main components of our cost of sales are supplies and subcontractor costs which consistently constitute more than 60.0% and 15.0% of our total cost of sales, respectively. We expect this trend to continue.

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:

(i) 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 Sections 11.2 and 11.10;

(ii) Material commitments for capital expenditure save as disclosed in Section 11.6;

(iii) 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 and 11.10;

(iv) 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 and 11.10; and

(v) 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 and 11.10.

Our Board is optimistic about the future prospects of our Group given our Group's competitive strengths set out in Section 6.8 and our Group's intention to implement the business strategies as set out in Section 6.19.

11.13 DIVIDENDS

Our Company does not have any formal 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 subsidiary, present or future. Save for compliance with the solvency requirement under the Act, which is applicable to all Malaysian companies, and consent from our financiers as set out in the respective facility agreements, there are no legal, financial, or economic restrictions on the ability of our existing subsidiary to transfer funds in the form of cash dividends, loans or advances to us. Generally, consent from the financier is required if any payment or declaration of such dividend exceeds or will exceed the PAT or a specific PAT threshold as prescribed in the respective facility agreement.

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. 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.

In respect of FYEs 2017 to 2019 and FPE 2020, dividends declared by our subsidiary were as follows:

	FYE 2017	FYE 2018	FYE 2019	FPE 2020
	RM'000	RM'000	RM'000	RM'000
Dividends declared	1,000	900	960	700

Notes:

(i) **FYE 2017**

- RM0.20 million was declared on 12 January 2017 and paid on 17 January 2017;
- RM0.20 million was declared on 18 May 2017 and paid on 28 May 2017;
- RM0.20 million was declared on 21 August 2017 and paid on 28 August 2017; and
- RM0.40 million was declared on 22 December 2017 and paid on 17 January 2018.

(ii) **FYE 2018**

- RM0.30 million was declared on 18 May 2018 and paid on 28 May 2018;
- RM0.30 million was declared on 23 August 2018 and paid on 28 August 2018; and
- RM0.30 million was declared on 17 December 2018 and paid on 17 December 2018.

(iii) **FYE 2019**

- RM0.36 million was declared on 23 April 2019 and paid on 28 April 2019;
- RM0.30 million was declared on 4 July 2019 and paid on 9 July 2019; and
- RM0.30 million was declared on 4 October 2019 and paid on 7 October 2019.

(iii) **FPE 2020**

- RM0.70 million was declared on 4 March 2020 and paid on 17 March 2020.

Subsequent to FPE 2020, Flexidynamic Engineering had on 4 January 2021 declared a dividend of RM0.30 million in respect of FYE 31 December 2020. The dividend was paid on 7 January 2021. The dividends paid are funded via internally generated funds. Our Board do not foresee that dividends paid subsequent to FPE 2020 would affect the execution and implementation of our future plans or strategies moving forward.

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11.14 CAPITALISATION AND INDEBTEDNESS

The table below summarises our capitalisation and indebtedness as at 31 January 2021 and after adjusting for the effects of the Acquisition of Flexidynamic Engineering and Public Issue including the utilisation of proceeds from the Public Issue.

	Flexidynamic Holdings	II	III
	As at 31 January 2021 [(1)]	After I and Public Issue	After II and utilisation of proceeds
	RM'000	RM'000	RM'000
Capitalisation			
Shareholders' equity	24,538	39,584	36,584
Total capitalisation	**24,538**	**39,584**	**36,584**
Indebtedness[(2)]			
Current			
Bankers' acceptance	668	668	668
Term loans	384	384	384
Lease liabilities	263	263	263
Non-current			
Term loans	9,052	9,052	3,515
Lease liabilities	531	531	531
Contingent liabilities	11,617	11,617	11,617
Total indebtedness	**22,515**	**22,515**	**16,978**
Total capitalisation and indebtedness	**47,053**	**62,099**	**53,562**
Gearing ratio [(3)](times)	**0.92**	**0.57**	**0.46**

Notes:

(1) The Acquisition of Flexidynamic Engineering was completed on 9 December 2020.

(2) All of our indebtedness are secured.

(3) Calculated based on the total indebtedness divided by the total capitalisation.

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FLEXIDYNAMIC HOLDINGS BERHAD

Registration No.: 201901010656 (1319984 - V)

(Incorporated in Malaysia)

ACCOUNTANTS' REPORT FOR THE FINANCIAL PERIODS/YEARS ENDED 30 SEPTEMBER 2020, 30 SEPTEMBER 2019, 31 DECEMBER 2019, 31 DECEMBER 2018 AND 31 DECEMBER 2017

GRANT THORNTON MALAYSIA PLT

CHARTERED ACCOUNTANTS

Member of Grant Thornton International Ltd

Grant Thornton

Date: 16 February 2021

The Board of Directors
Flexidynamic Holdings Berhad
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Bandar Puchong Jaya
47170 Puchong
Selangor Darul Ehsan

Grant Thornton Malaysia PLT
Level 11, Sheraton Imperial Court
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Dear Sirs,

Reporting Accountants' Opinion On The Financial Information Contained In The Accountants' Report Of Flexidynamic Holdings Berhad ("the Company" or "Flexi")

Opinion

We have audited the accompanying combined financial statements ("Financial Information") of Flexidynamic Holdings Berhad and its combining entities (collectively known as "the Group" or "Flexi Group") which comprises the combined statements of financial position of the Group as at 30 September 2020, 31 December 2019, 31 December 2018 and 31 December 2017, 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 financial periods/years ended 30 September 2020, 31 December 2019, 31 December 2018 and 31 December 2017, and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 83.

In our opinion, the accompanying Financial Information give a true and fair view of the combined financial position of the Group as at 30 September 2020, 31 December 2019, 31 December 2018 and 31 December 2017 and of their combined financial performance and combined cash flows for the financial periods/years then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Reporting Accountants' Responsibilities for the Audit of the Financial Information* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Audit | Tax | Advisory

Chartered Accountants
Grant Thornton Malaysia PLT [201906003682 [LLP0022494-LCA] & AF 0737] is a Limited Liability Partnership and is a member firm of Grant Thornton International Ltd (GTIL), a company limited by guarantee, incorporated in England and Wales.

Grant Thornton Malaysia PLT was registered on 1 January 2020 and with effect from that date, Grant Thornton Malaysia (AF 0737), a conventional partnership was converted to a limited liability partnership.

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Responsibilities of the Directors for the Financial Information

The Directors of the Group are responsible for the preparation of the Financial Information of the Group that give a true and fair view in accordance with the 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 Financial Information of the Group that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Information of the Group, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intent to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Reporting Accountants' Responsibilities for the Audit of Financial Information

Our objectives are to obtain reasonable assurance about whether the Financial Information of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue an accountants' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Information.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the Financial Information of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountants' report to the related disclosures in the Financial Information of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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Reporting Accountants' Responsibilities for the Audit of Financial Information (cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (cont'd):-

- Evaluate the overall presentation, structure and content of the Financial Information of the Group, including the disclosures, and whether the Financial Information of the Group represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the Financial Information of the entities or business activities within the Group to express and opinion on the Financial Information of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicated with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Other matter

The comparative information in respect of the combined statements of financial position, combined statements of profit or loss and other comprehensive income, combined statements of changes in equity, combined statements of cash flows and related notes to the combined financial statements for the financial period ended 30 September 2019 has not been audited.

This report has been prepared solely to comply with the Prospectus Guidelines – Equity issued by the Securities Commission Malaysia and for inclusion in the prospectus of Flexidynamic Holdings Berhad in connection with the listing of and quotation for the entire enlarged issued share capital of Flexidynamic Holdings Berhad on the ACE Market of Bursa Malaysia Securities Berhad and should not be relied upon for any other purposes. We do not assume responsibility to any other person for the content of this report.

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

LIAN TIAN KWEE
(NO.: 02943/05/2021 J)
CHARTERED ACCOUNTANT

Kuala Lumpur
16 February 2021

FLEXIDYNAMIC HOLDINGS BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020, 30 SEPTEMBER 2019, 31 DECEMBER 2019, 31 DECEMBER 2018 AND 31 DECEMBER 2017

	Note	Audited 30.9.2020 RM	Unaudited 30.9.2019 RM	Audited 31.12.2019 RM	Audited 31.12.2018 RM	Audited 31.12.2017 RM
ASSETS						
NON-CURRENT ASSETS						
Property, plant and equipment	5	15,274,192	9,340,168	12,401,944	8,728,173	7,663,137
Investments in equity instruments	6	-	3,038,394	2,822,778	2,659,728	2,292,360
Deferred tax assets	7	2,888,549	-	122,109	699,834	-
Other receivables	8	189,528	339,036	291,231	401,967	-
Total non-current assets		18,352,269	12,717,598	15,638,062	12,489,702	9,955,497
CURRENT ASSETS						
Inventories	9	4,806,628	3,450,633	4,195,512	2,817,658	1,661,425
Trade receivables	10	22,906,700	8,753,521	11,756,640	14,465,297	7,375,082
Other receivables	8	1,819,158	1,999,505	1,310,923	1,041,259	359,140
Amount due from a Director	11	-	274,036	-	179,923	-
Amount due from a shareholder	12	-	-	-	215,146	-
Tax recoverable		-	745,729	26,374	-	4,459
Fixed deposits with a licensed financial institution	13	-	1,187,363	-	1,160,193	1,123,785
Cash and bank balances		11,827,006	3,379,213	3,929,788	5,164,473	6,200,919
Total current assets		41,359,492	19,790,000	21,219,237	25,043,949	16,724,810
TOTAL ASSETS		59,711,761	32,507,598	36,857,299	37,533,651	26,680,307
EQUITY AND LIABILITIES						
EQUITY						
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Share capital	14	733,778	733,778	733,778	616,879	514,610
Capital reserve	15	631,154	631,154	631,154	631,154	-
Foreign exchange reserve		46,146	56,059	56,787	16,964	5,818
Retained earnings		21,776,716	17,485,559	19,771,946	16,126,206	12,737,609
Total equity attributable to owners of the Company		23,187,794	18,906,550	21,193,665	17,391,203	13,258,037
Non-controlling interest	16	237,923	325,330	288,059	367,623	121,254
TOTAL EQUITY		23,425,717	19,231,880	21,481,724	17,758,826	13,379,291
LIABILITIES						
NON-CURRENT LIABILITIES						
Bank borrowings	17	8,622,643	3,944,247	6,176,565	4,223,720	4,536,985
Lease liabilities	18	751,178	558,498	494,247	313,614	294,746
Deferred tax liabilities	7	-	142,237	-	-	10,073
Total non-current liabilities		9,373,821	4,644,982	6,670,812	4,537,334	4,841,804
CURRENT LIABILITIES						
Trade payables	19	8,916,377	7,019,000	6,515,432	8,954,303	5,918,846
Other payables and accruals	20	285,961	417,489	385,625	1,174,486	1,300,775
Contract liabilities	21	13,001,915	24,140	692,284	3,400,461	761,868
Bank borrowings	17	1,130,423	940,233	892,926	729,752	174,166
Lease liabilities	18	287,270	229,874	218,496	144,279	167,951
Tax payable		3,290,277	-	-	834,210	135,606
Total current liabilities		26,912,223	8,630,736	8,704,763	15,237,491	8,459,212
TOTAL LIABILITIES		36,286,044	13,275,718	15,375,575	19,774,825	13,301,016
TOTAL EQUITY AND LIABILITIES		59,711,761	32,507,598	36,857,299	37,533,651	26,680,307

The accompanying notes form an integral part of the combined financial statements.

FLEXIDYNAMIC HOLDINGS BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIODS/YEARS ENDED 30 SEPTEMBER 2020, 30 SEPTEMBER 2019, 31 DECEMBER 2019, 31 DECEMBER 2018 AND 31 DECEMBER 2017

	Note	Audited 1.1.2020 to 30.9.2020 RM	Unaudited 1.1.2019 to 30.9.2019 RM	← Audited 1.1.2019 to 31.12.2019 RM	Audited 1.1.2018 to 31.12.2018 RM	Audited → 1.1.2017 to 31.12.2017 RM
Revenue	22	35,006,940	35,092,807	49,838,956	48,321,841	29,902,071
Cost of sales		(27,306,436)	(27,080,074)	(35,883,190)	(36,331,131)	(21,447,190)
Gross profit		7,700,504	8,012,733	13,955,766	11,990,710	8,454,881
Other income		612,168	252,366	305,884	129,353	50,865
Changes in fair value of equity investments	6	-	(318,808)	(534,424)	242,794	552,904
Reversal/(Allowance) for expected credit losses on trade receivables	10	559,212	-	(559,212)	-	-
Selling and distribution expenses		(385,355)	(644,856)	(848,238)	(909,621)	(605,502)
Administrative expenses		(4,010,513)	(3,691,354)	(4,956,648)	(4,710,302)	(3,117,599)
Other operating expenses		(629,046)	(738,287)	(989,123)	(1,248,968)	(642,672)
Profit from operations		3,846,970	2,871,794	6,374,005	5,493,966	4,692,877
Finance costs	23	(60,879)	(92,154)	(126,743)	(157,422)	(90,156)
Finance income	23	18,679	38,918	59,849	42,370	33,646
Profit before tax	24	3,804,770	2,818,558	6,307,111	5,378,914	4,636,367
Tax expense	25	(1,139,061)	(773,712)	(1,711,721)	(961,991)	(213,354)
Profit for the financial periods/years		2,665,709	2,044,846	4,595,390	4,416,923	4,423,013
Other comprehensive income:-						
Item that will be reclassified subsequently to profit or loss						
Foreign currency translation		(21,716)	79,786	81,272	22,746	(2,292)
Other comprehensive income for the financial periods/years, net of tax		(21,716)	79,786	81,272	22,746	(2,292)
Total comprehensive income for the financial periods/years		2,643,993	2,124,632	4,676,662	4,439,669	4,420,721
Profit for the financial periods/years attributable to:-						
Owners of the Company		2,704,770	2,019,353	4,605,740	4,288,597	4,396,452
Non-controlling interest		(39,061)	25,493	(10,350)	128,326	26,561
		2,665,709	2,044,846	4,595,390	4,416,923	4,423,013
Total comprehensive income for the financial periods/years						
Owners of the Company		2,694,129	2,058,448	4,645,563	4,299,743	4,395,329
Non-controlling interest		(50,136)	66,184	31,099	139,926	25,392
		2,643,993	2,124,632	4,676,662	4,439,669	4,420,721
Earnings per share						
- Basic (sen)	26	520.35	389.86	888.45	854.34	877.14
- Diluted (sen)	26	*	*	*	*	*

* *There are no dilutive potential equity instruments that would give a diluted effect to the basic earnings per share.*

The accompanying notes form an integral part of the combined financial statements.

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

FLEXIDYNAMIC HOLDINGS BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2017, 31 DECEMBER 2018, 31 DECEMBER 2019, 30 SEPTEMBER 2019 AND 30 SEPTEMBER 2020

		Attributable to owners of the Company						
		Non - distributable			Distributable			
Audited	Note	Share capital RM	Capital reserve RM	Foreign exchange reserve RM	Retained earnings RM	Total RM	Non-controlling interest RM	Total equity RM
Balance at 1 January 2017		514,610	-	6,941	9,341,157	9,862,708	112,005	9,974,713
Profit for the financial year		-	-	-	4,396,452	4,396,452	26,561	4,423,013
Other comprehensive loss for the financial year		-	-	(1,123)	-	(1,123)	(1,169)	(2,292)
Total other comprehensive (loss)/income for the financial year		-	-	(1,123)	4,396,452	4,395,329	25,392	4,420,721
Transactions with owners:								
Dividends paid	27	-	-	-	(1,000,000)	(1,000,000)	-	(1,000,000)
Dividend of subsidiary paid to non-controlling interest		-	-	-	-	-	(16,143)	(16,143)
Total transactions with owners		-	-	-	(1,000,000)	(1,000,000)	(16,143)	(1,016,143)
Balance at 31 December 2017		514,610	-	5,818	12,737,609	13,258,037	121,254	13,379,291
Profit for the financial year		-	-	-	4,288,597	4,288,597	128,326	4,416,923
Other comprehensive income for the financial year		-	-	11,146	-	11,146	11,600	22,746
Total other comprehensive income for the financial year		-	-	11,146	4,288,597	4,299,743	139,926	4,439,669
Transactions with owners:								
Dividends paid	27	-	-	-	(900,000)	(900,000)	-	(900,000)
Issuance of ordinary shares	14	102,269	-	-	-	102,269	106,443	208,712
Employees benefit through transfer of the Group share to employees		-	631,154	-	-	631,154	-	631,154
Total transactions with owners		102,269	631,154	-	(900,000)	(166,577)	106,443	(60,134)
Balance at 31 December 2018		616,879	631,154	16,964	16,126,206	17,391,203	367,623	17,758,826
Profit/(Loss) for the financial year		-	-	-	4,605,740	4,605,740	(10,350)	4,595,390
Other comprehensive income for the financial year		-	-	39,823	-	39,823	41,449	81,272
Total other comprehensive income for the financial year		-	-	39,823	4,605,740	4,645,563	31,099	4,676,662
Transactions with owners:								
Dividends paid	27	-	-	-	(960,000)	(960,000)	-	(960,000)
Dividend of subsidiary paid to non-controlling interest		-	-	-	-	-	(232,312)	(232,312)
At date of incorporation	14	20	-	-	-	20	-	20
Issuance of ordinary shares	14	116,879	-	-	-	116,879	121,649	238,528
Total transactions with owners		116,899	-	-	(960,000)	(843,101)	(110,663)	(953,764)
Balance at 31 December 2019		733,778	631,154	56,787	19,771,946	21,193,665	288,059	21,481,724

FLEXIDYNAMIC HOLDINGS BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2017, 31 DECEMBER 2018, 31 DECEMBER 2019, 30 SEPTEMBER 2019 AND 30 SEPTEMBER 2020 (CONT'D)

		Attributable to owners of the Company						
		Non - distributable			Distributable			
	Note	Share capital	Capital reserve	Foreign exchange reserve	Retained earnings	Total	Non-controlling interest	Total equity
Audited (cont'd)		RM	RM	RM	RM	RM	RM	RM
Balance at 1 January 2020		733,778	631,154	56,787	19,771,946	21,193,665	288,059	21,481,724
Profit/(Loss) for the financial period		-	-	-	2,704,770	2,704,770	(39,061)	2,665,709
Other comprehensive loss for the financial period		-	-	(10,641)	-	(10,641)	(11,075)	(21,716)
Total other comprehensive (loss)/income for the financial period		-	-	(10,641)	2,704,770	2,694,129	(50,136)	2,643,993
Transactions with owners:								
Dividends paid	27	-	-	-	(700,000)	(700,000)	-	(700,000)
Balance at 30 September 2020		733,778	631,154	46,146	21,776,716	23,187,794	237,923	23,425,717
Unaudited								
Balance at 1 January 2019		616,879	631,154	16,964	16,126,206	17,391,203	367,623	17,758,826
Profit for the financial period		-	-	-	2,019,353	2,019,353	25,493	2,044,846
Other comprehensive income for the financial period		-	-	39,095	-	39,095	40,691	79,786
Total other comprehensive income for the financial period		-	-	39,095	2,019,353	2,058,448	66,184	2,124,632
Transactions with owners:								
Dividends paid	27	-	-	-	(660,000)	(660,000)	-	(660,000)
Dividend of subsidiary paid to non-controlling interest		-	-	-	-	-	(230,126)	(230,126)
At date of incorporation	14	20	-	-	-	20	-	20
Issuance of ordinary shares	14	116,879	-	-	-	116,879	121,649	238,528
Total transactions with owners		116,899	-	-	(660,000)	(543,101)	(108,477)	(651,578)
Balance at 30 September 2019		733,778	631,154	56,059	17,485,559	18,906,550	325,330	19,231,880

The accompanying notes form an integral part of the combined financial statements.

FLEXIDYNAMIC HOLDINGS BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIODS/YEARS ENDED 30 SEPTEMBER 2020, 30 SEPTEMBER 2019, 31 DECEMBER 2019, 31 DECEMBER 2018 AND 31 DECEMBER 2017

	Note	Audited 1.1.2020 to 30.9.2020 RM	Unaudited 1.1.2019 to 30.9.2019 RM	Audited 1.1.2019 to 31.12.2019 RM	Audited 1.1.2018 to 31.12.2018 RM	Audited 1.1.2017 to 31.12.2017 RM
OPERATING ACTIVITIES						
Profit before tax		3,804,770	2,818,558	6,307,111	5,378,914	4,636,367
Adjustments for:-						
Depreciation of property, plant and equipment		552,667	460,857	633,122	555,333	478,082
(Reversal)/Allowance for expected credit losses on trade receivables		(559,212)	-	559,212	-	-
Finance costs:-						
- Term loan interest		28,132	41,299	63,053	74,937	64,276
- Bankers' acceptance interest		16,036	31,541	35,046	17,788	3,439
- Interest on lease liabilities		16,327	19,314	28,644	22,686	22,441
- Others		384	-	-	42,011	-
Finance income:-						
- Fixed deposits with a licensed financial institution		(15,836)	(27,170)	(30,050)	(36,407)	(32,202)
- Current account		(2,843)	(11,748)	(16,875)	(5,963)	(1,444)
- Others		-	-	(12,924)	-	-
Gain on disposal of property, plant and equipment		-	(82,890)	(83,945)	(12,144)	(27,650)
Unrealised (gain)/loss on foreign exchange		(146,643)	(92,871)	(131,177)	(59,241)	8,836
Dividend income		-	(40,934)	(55,995)	(54,738)	(23,203)
(Gain)/Loss on disposal of investment in equity instruments		(304,728)	(34,267)	(34,267)	14,700	-
Property, plant and equipment written off		209	1,253	1,252	380,233	105
Fair value loss/(gain) on investment in equity instruments		-	318,808	534,424	(242,794)	(552,904)
Employee benefits through transfer of the Company share to employees		-	-	-	631,154	-
Operating profit before capital changes		3,389,263	3,401,750	7,796,631	6,706,469	4,576,143
Changes in working capital:-						
Inventories		(611,116)	(632,975)	(1,377,854)	(1,156,233)	(1,031,898)
Receivables		(10,962,585)	4,792,696	1,975,968	(8,287,278)	2,141,175
Payables		14,610,912	(6,068,621)	(5,935,909)	5,947,761	685,682
Cash generated from operations		6,426,474	1,492,850	2,458,836	3,210,719	6,371,102
Tax refunded		-	-	-	-	1,312
Tax paid		(588,850)	(1,513,265)	(2,020,748)	(973,875)	(124,661)
Net cash flows from operating activities		5,837,624	(20,415)	438,088	2,236,844	6,247,753
INVESTING ACTIVITIES						
Purchase of property, plant and equipment	A	(503,720)	(645,058)	(1,596,209)	(1,838,227)	(148,110)
Dividend received		-	40,934	55,995	54,738	23,203
Proceeds from subscription of additional shares in an existing subsidiary		-	116,899	116,899	102,269	-
Proceeds from subscription of additional shares in an existing subsidiary by non-controlling interest		-	121,649	121,649	106,443	-
Proceeds from disposal of investment in equity instruments		3,127,506	949,440	949,440	313,800	-
Purchase of investment in equity instruments, net		-	(1,612,647)	(1,612,647)	(453,074)	(63,749)
Interest received		18,679	38,918	46,925	42,370	33,646
Proceeds from disposal of property, plant and equipment		-	108,000	109,055	55,000	35,850
Net cash flows from/(used in) investing activities		2,642,465	(881,865)	(1,808,893)	(1,616,681)	(119,160)
FINANCING ACTIVITIES						
Dividends paid	C	(700,000)	(660,000)	(960,000)	(1,300,000)	(600,000)
Dividend of subsidiary paid to non-controlling interest		-	(230,126)	(232,312)	-	(16,143)
Interest paid		(60,879)	(92,154)	(126,743)	(115,411)	(90,156)
(Placement)/Uplift of fixed deposits with a licensed financial institution		-	(27,170)	1,160,193	(36,408)	(32,202)
Drawdown of bank borrowings		1,250,000	1,787,000	2,307,225	551,855	9,855
Repayment of bank borrowings		(1,072,625)	(1,855,992)	(2,476,301)	(309,534)	(420,192)
Repayment of lease liabilities		(103,033)	(111,561)	(188,654)	(209,304)	(168,698)
(Advance to)/Repayment from to a Director		-	(94,113)	179,923	(179,923)	-
Repayment from/(Advance to) a shareholder		-	215,146	215,146	(215,146)	-
Net cash flows used in financing activities		(686,537)	(1,068,970)	(121,523)	(1,813,871)	(1,317,536)

FLEXIDYNAMIC HOLDINGS BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIODS/YEARS ENDED 30 SEPTEMBER 2020, 30 SEPTEMBER 2019, 31 DECEMBER 2019, 31 DECEMBER 2018 AND 31 DECEMBER 2017 (CONT'D)

	Note	Audited 1.1.2020 to 30.9.2020 RM	Unaudited 1.1.2019 to 30.9.2019 RM	← Audited 1.1.2019 to 31.12.2019 RM	Audited 1.1.2018 to 31.12.2018 RM	Audited → 1.1.2017 to 31.12.2017 RM
CASH AND CASH EQUIVALENTS						
Net changes		7,793,552	(1,971,250)	(1,492,328)	(1,193,708)	4,811,057
Effect on foreign exchange translation		103,666	185,990	257,643	157,262	10,324
At the beginning of the financial periods/years		3,929,788	5,164,473	5,164,473	6,200,919	1,379,538
At the end of the financial periods/years	**B**	11,827,006	3,379,213	3,929,788	5,164,473	6,200,919

NOTES TO THE STATEMENT OF CASH FLOWS

A PURCHASE OF PROPERTY,PLANT AND EQUIPMENT

The Group acquired property, plant and equipment with an aggregate cost of 30.9.2020: RM3,438,658 (30.9.2019: RM1,087,098; 31.12.2019: RM4,324,808; 31.12.2018: RM2,042,727 and 31.12.2017: RM346,110) of which 30.9.2020: RM428,738 (30.9.2019: RM442,040; 31.12.2019: RM443,504; 31.12.2018: RM204,500 and 31.12.2017: RM198,000) and 30.9.2020: RM2,506,200 (30.9.2019: RMNil; 31.12.2019: RM2,285,095; 31.12.2018: RMNil and 31.12.2017: RMNil) was acquired by means of finance lease and bank borrowing arrangement. Cash payment of 30.9.2020: RM503,720 (30.9.2019: RM645,058; 31.12.2019: RM1,596,209; 31.12.2018: RM1,838,227 and 31.12.2017: RM148,110) was made to purchase of property, plant and equipment.

B CASH AND CASH EQUIVALENTS

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

	Audited 30.9.2020 RM	Unaudited 30.9.2019 RM	← Audited 31.12.2019 RM	Audited 31.12.2018 RM	Audited → 31.12.2017 RM
Cash and bank balances	11,827,006	3,379,213	3,929,788	5,164,473	6,200,919
Fixed deposits pledged with a licensed financial institution	-	1,187,363	-	1,160,193	1,123,785
	11,827,006	4,566,576	3,929,788 -	6,324,666 -	7,324,704
Less: Fixed deposits pledged with a licensed financial institution (Note 13)	-	(1,187,363)	-	(1,160,193)	(1,123,785)
Cash and bank balances	11,827,006	3,379,213	3,929,788	5,164,473	6,200,919

C DIVIDENDS PAID

The payment of dividend amounted to 30.9.2020: RM700,000 (30.9.2019: RM660,000; 31.12.2019: RM960,000; 31.12.2018: RM1,300,000 and 31.12.2017: RM600,000) of the Group are consist of interim dividend for the financial year ended 31 December 2020 and final dividend for the financial year ended 31 December 2019 amounted to RM700,000 and RMNil (30.9.2019: RM300,000 and RM360,000; 31.12.2019: RM600,000 and RM360,000; 31.12.2018: RM900,000 and RM400,000 and 31.12.2017: RM400,000 and RM200,000) respectively.

The accompanying notes form an integral part of the combined financial statements.

FLEXIDYNAMIC HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

1.1 Introduction

This report has been prepared solely to comply with the Prospectus Guidelines – Equity issued by the Securities Commission Malaysia and for inclusion in the prospectus of Flexidynamic Holdings Berhad ("the Company" or "Flexi") in connection with the listing of and quotation for the entire enlarged issued share capital of Flexi on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") (hereinafter defined as "the Listing"), and should not be relied upon for any other purposes.

1.2 Background

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office is located at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur.

The principal place of business of the Company is located at A-3A-28, IOI Boulevard, Jalan Kenari 5, Bandar Puchong Jaya, 47170 Puchong, Selangor Darul Ehsan.

1.3 Principal activities

Flexi's principal activities are investment holding and provision of management services.

Details of the combining entities of Flexi are as follows:

Name of company	Effective ownership	Principal activities	Date of incorporation	Country of incorporation
Flexidynamic Engineering Sdn Bhd	100%	Design, engineering, installation and commissioning of glove chlorination systems, as well as design and for the installation of storage tanks and process tanks for glove manufacturing industry.	1 November 2012	Malaysia

1. **GENERAL INFORMATION (CONT'D)**

1.3 **Principal activities (cont'd)**

Details of the combining entities of Flexi are as follows (cont'd) :

Name of company	Effective ownership	Principal activities	Date of incorporation	Country of incorporation
Flexidynamic Engineering Company Limited	49%	Installation and maintenance of glove chlorination systems, storage tanks and process tanks for the glove manufacturing industry	10 July 2015	Thailand

There was no significant change in the nature of the principal activities of Flexi and its combining entities since the day of incorporation.

1.4 **Acquisition**

Acquisition of Flexidynamic Engineering Company Limited

On 17 November 2018, Flexidynamic Engineering Sdn Bhd ("FESB") acquired 49% equity interest in Flexidynamic Engineering Company Limited ("FECL") comprising 9,800 ordinary shares for a total cash consideration of USD46,324.50 which equivalents to RM190,161.

Subsequent to the acquisition, FESB had on 22 February 2019, subscribed additional 9,800 newly issued ordinary shares in FECL for a total cash consideration of THB980,000 which equivalents to RM139,846. The additional subscription has no significant effect on the financial position and results of FESB.

Under Thailand's rules and regulations, foreign individual investors cannot hold more than 50%.

Although FESB owns less than half of the ownership interest and less than half of the voting power of FECL, but the Directors have determined that FESB controls the entity. FESB has power to exercise control through a casting vote given to the Managing Director of the Company who is also the Chairman of the Board of Directors of the subsidiary.

1. **GENERAL INFORMATION (CONT'D)**

1.4 **Acquisition (cont'd)**

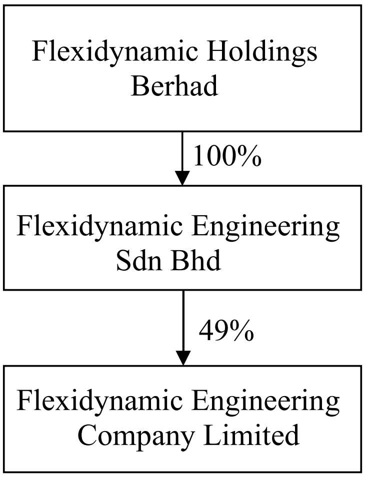
Flexi Group

The Flexi Group will be formed pursuant to the completion of acquisition of Flexidynamic Engineering Sdn Bhd by Flexi prior to the listing and quotation on the ACE Market of Bursa Malaysia Securities Berhad.

Flexi will acquire the entire issued share capital of Flexidynamic Engineering Sdn Bhd comprising 500,000 ordinary shares ("Acquisition'').

The aggregate purchase consideration for the above Acquisition is RM20,866,000 to be satisfied by the issuance of 208,660,000 new ordinary shares at its indicative value of RM0.10 per share.

Following the completion of the Acquisition, the expected group structure of Flexi Group is as follows:-



The Group is regarded as a continuing entity resulting from the Acquisition since the management of all the entities which took major part in the Acquisition which were controlled by the Directors and substantially under same major shareholders before and immediately after the Acquisition. Consequently, immediately after the Acquisition, there was a continuation of the control over entities' financial and operating policy decisions and risks and benefits to the ultimate shareholders that existed prior to the Acquisition. The Acquisition has been accounted for as an acquisition under common control in a manner similar to pooling of interests. Accordingly, the combined financial statements for the financial periods/years ended 30 September 2020, 31 December 2019, 31 December 2018, 31 December 2017 have been prepared comprise the financial statements of the combining entities which were under common control of the ultimate shareholders that existed prior to the Acquisition during the relevant periods or since their respective dates of incorporation.

No financial statements of Flexidynamic Holdings Berhad was included for the financial years ended 31 December 2018 and 31 December 2017 as Flexidynamic Holdings Berhad was only incorporated on 28 March 2019.

2. RELEVANT FINANCIAL PERIODS/YEARS

The combined financial statements of Flexi Group reflect the financial information of Flexidynamic Holdings Berhad, Flexidynamic Engineering Sdn Bhd and Flexidynamic Engineering Company Limited.

The relevant financial periods/years of the audited financial statements presented for the purpose of this report ("Relevant Financial Periods/Years") and the Auditors of the respective companies within the Group are as follows:-

Company	Relevant Financial Periods/Years	Auditors
Flexidynamic Holdings Berhad	FYE 31 December 2019 FPE 30 September 2020	Grant Thornton Malaysia PLT
Flexidynamic Engineering Sdn Bhd	FYE 31 December 2017 FYE 31 December 2018 FYE 31 December 2019 FPE 30 September 2020	Grant Thornton Malaysia PLT
Flexidynamic Engineering Company Limited	FYE 31 December 2017 FYE 31 December 2018 FYE 31 December 2019 FPE 30 September 2020	Grant Thornton Limited

The audited financial statements of Flexidynamic Holdings Berhad, Flexidynamic Engineering Sdn Bhd and Flexidynamic Engineering Company Limited for the Relevant Financial Periods/Years reported above were not subject to any qualification or modification.

3. BASIS OF PREPARATION

3.1 Statement of compliance

The combined financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs") based on the Guidance Note on 'Combined Financial Statements' issued by the Malaysian Institute of Accountants in relation to the Listing.

The combined financial statements consist of the financial statements of the combining entities ("the Group") as disclosed in Note 2 to this report, which were under common control throughout the reporting periods/years by virtue of common controlling shareholders.

The combined financial statements have been prepared using financial information obtained from the records of the combining entities during the reporting periods/years.

The financial information as presented in the combined financial statements do not correspond to the consolidated financial statements of the Group, as the combined financial statements reflect business combinations under common control for the purpose of the Listing. Consequently, the financial information from the combined financial statements do not purport to predict the financial positions, results of operations and cash flows of the combining entities during the reporting periods/years.

3. BASIS OF PREPARATION (CONT'D)

3.2 Basis of measurement

The combined financial statements of the Group are prepared under historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

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

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

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

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

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting periods/years.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

3. **BASIS OF PREPARATION (CONT'D)**

3.3 **Functional and presentation currency**

The combined financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's functional currency and all values are rounded to the nearest RM except when otherwise stated.

3.4 **Adoption of new standards/amendments/improvements to MFRSs**

The Group has consistently applied the accounting policies set out in Note 4 to all periods presented in these combined financial statements.

At the beginning of the current financial periods/years, the combining entities adopted new standards/amendments/improvements to MFRSs which have been applied using the full retrospective approach.

Initial application of the new standards/amendments/improvements to MFRSs did not have material impact on the combined financial statements of the Group.

3.5 **Standards issued but not yet effective**

The new and amended standards and interpretations that are issued, but now yet effective, up to the date of issuance of the Group's combined financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments effective for financial year beginning on or after 1 January 2020

Amendment to MFRS 3	Definition of a Business
Amendment to MFRS 7, MFRS 9 And MFRS 139	Interest Rate Benchmark Reform
Amendment to MFRS 101 and MFRS 108	Definition of Material
Conceptual Framework	Amendments to References to the Conceptual Framework in MFRS Standards

MFRS effective for financial year beginning on or after 1 January 2021

MFRS 17*	Insurance Contracts

MFRS effective for financial year beginning on or after 1 January 2022

MFRS 3	Business Combinations- Reference to the Conceptual Frame work
MFRS 101	Presentation of Financial Statement - Classification of Liabilities as Current or Non-current
MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
MFRS 137	Provision, Contingent Liabilities and Contingent Assets - Onerous Contract - Cost of Fullfilling a Contract

3. BASIS OF PREPARATION (CONT'D)

3.5 Standards issued but not yet effective (cont'd)

Amendments effective for a date yet to be confirmed

Amendment to MFRS 10 and MFRS128*	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

*Not applicable to the Group's operation

The initial application of the above standards, amendments and interpretations are not expected to have any financial impact to the financial statements.

3.6 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the combined financial statements. They affect the application of the Group's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from judgements, estimates and assumptions made by the management, and will seldom equal the estimated results.

3.6.1 Estimation uncertainty

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below:-

Useful lives of depreciable assets

Management estimates the useful lives of the property, plant and equipment to be within 5 to 50 years and reviews the useful lives of depreciable assets at end of each reporting period. At end of the reporting period, management assesses that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to change in the expected level of usage and technological developments, which resulting the adjustment to the Group's assets.

The carrying amount of the Group's property, plant and equipment at the end of the reporting date is disclosed in Note 5 to the combined financial statements.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made. The Group's core business is subject to economical factor which may cause selling prices to change rapidly, and the Group's profit to change.

The carrying amount of the Group's inventories at the end of the reporting date is disclosed in Note 9 to the combined financial statements.

3. **BASIS OF PREPARATION (CONT'D)**

3.6 **Significant accounting estimates and judgements (cont'd)**

3.6.1 **Estimation uncertainty (cont'd)**

Allowance for expected credit losses of trade receivables

The Group uses a provision matrix to calculate Expected Credit Loss ("ECL") for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECL on the Group's trade receivables is disclosed in Note 33.2(a) to the combined financial statements.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The carrying amount of the Group's deferred tax assets at the end of the reporting date is disclosed in Note 7 to the combined financial statements.

3. **BASIS OF PREPARATION (CONT'D)**

3.6 **Significant accounting estimates and judgements (cont'd)**

3.6.2 **Significant management judgement**

The following are significant management judgement in applying the accounting policies of the Group that has the most significant effect on the combined financial statements.

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:-

The Group provides the design, engineering, installation and commissioning services that are either sold separately or bundled together with sale of products to customers.

- Identifying performance obligations in the design, engineering, installation and commissioning services and bundled sale of products.

  The services are a promise to transfer services in the future and are part of the negotiated exchange between the Group with the customers.

The Group determined that both the sale of products and services are capable of being distinct. The fact that the Group regularly sell both products and services on a stand-alone basis indicate that the customer can benefit from both product and services on their own. The Group also determined that the promises to transfer the product and to provide services are distinct within the context of the contract. The product and services are not inputs to a combined item in the contract. The Group is not providing a significant integration service because the presence of the products and services together in this contract do not result in any additional or combined functionality and neither the product nor the services modify or customise the other.

In addition, the products and services are not highly interdependent or highly interrelated, because the Group would be able to transfer the products even if the customer declined services and would be able to provide services in relation to products sold by other distributors. Consequently, the Group allocated a portion of the transaction price to the products and the services based on relative stand-alone selling prices.

4. **SIGNIFICANT ACCOUNTING POLICIES**

The Group applies the significant accounting policies, as summarised below, consistently throughout all years presented in the combined financial statements.

4.1 **Business combination**

4.1.1 **Basis of business combination**

The combined financial statements comprise the financial statements of Flexidynamic Engineering Sdn Bhd and Flexidynamic Engineering Company Limited. The financial statements are prepared for the same reporting date as Flexidynamic Holdings Berhad. Consistent accounting policies are applied to like transactions and events in similar circumstances.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Business combination (cont'd)

4.1.1 Basis of business combination (cont'd)

Entities under a reorganisation does not result in any change in economic substance. Accordingly, the combined financial statements of the Group are a continuation of the Group and is accounted for as follows:

- The assets and liabilities of the acquired entity is recognised and measured in the combined financial statements at the pre-combination carrying amounts, without restatement to fair value;
- The retained earnings, and other equity balances of acquired entity immediately before the business combination are those of the Group; and
- The equity structure, however, reflects the equity structure of the Group and the differences arising from the change in equity structure of the Group will be accounted for in other reserves.

A business combination involving entities under common control is a business combination in which all the combining entities or business are ultimately controlled by same party or parties both before or after the business combination, and that control is not transitory. The acquisition of Flexidynamic Engineering Sdn Bhd resulted in a business involving common control entities since the management of all the entities which took part in the acquisition were controlled by common Directors and under common shareholders before and immediately after the acquisition, and accordingly the accounting treatment is outside the scope of MFRS 3. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the consolidated financial statements. The merger method of accounting on a retrospective basis and restated its comparative as if the consolidation had taken place before the state of the earliest period presented in the financial statements.

Under the merger method of accounting, the results of subsidiary are presented as if the merger had been effected throughout the current year. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholders at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

4.1.2 Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group.

The financial statements of suibsidiaries are included in the combined financial statements from the date that control commences until the date that control ceases.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Business combination (cont'd)

4.1.3 Acquisition of non-controlling interest

The Group accounts for all changes in ownership interest in a subsidiary that do not result in a loss of control as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

4.1.4 Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interest and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

4.1.5 Non-controlling interest

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

Losses applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interest even if that results in a deficit balance.

4.1.6 Elimination on combination

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

4.2 Property, plant and equipment

All property, plant and equipment, are measured at cost less accumulated depreciation and less any impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

4. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

4.2 **Property, plant and equipment (cont'd)**

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is recognised on the straight-line method in order to write off the cost of each asset over its estimated useful life. Freehold land with an infinite life and building in progress are not depreciated. Other property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

Computers	20%
Electrical and fittings	20%
Freehold building	2%
Furniture and fittings	10%
Machineries	10%
Motor vehicles	20%
Right of use assets – Motor vehicles	20%
Mould	10%
Office equipment	20%
Renovations	10-20%
Signboards	10%

The residual values, useful lives and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, or at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss in the financial periods/years in which the asset is derecognised.

4.3 **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

4.3.1 **Financial assets**

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Financial instruments (cont'd)

4.3.1 Financial assets (cont'd)

Initial recognition and measurement (cont'd)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with MFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Financial instruments (cont'd)

4.3.1 Financial assets (cont'd)

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade and most of other receivables, amount due from a Director, amount due from a shareholder, fixed deposits and cash and bank balances.

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group has not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

The Group's equity instruments at fair value through profit or loss includes investments in quoted equity instruments included under non-current assets.

<u>Impairment</u>

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Financial instruments (cont'd)

4.3.1 Financial assets (cont'd)

Impairment (cont'd)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each end of the reporting period. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

Equity instruments

All equity investments are subsequent measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

4.3.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Financial instruments (cont'd)

4.3.2 Financial liabilities (cont'd)

Initial recognition and measurement (cont'd)

The Group's financial liabilities include bank borrowings, trade and most of other payables and accruals.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial assets or part is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial assets are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

4.4 Offsetting of financial instruments

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Impairment of assets

4.5.1 Non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

4.6 Inventories

Inventory comprises raw materials and finished goods which is stated at the lower of cost and net realisable value.

Cost of raw material determined on a first-in-first-out basis.

Cost of finished goods include design cost, raw material, direct labour and an appropriate proportion of production overheads (based in normal operating capacity).

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and fixed deposits which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the financial position, cash and cash equivalents restricted to be used to settle a liability of 12 months or more after the reporting date are classified as non-current assets.

4.8 Equity and distribution to owners

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transactions cost.

Retained earnings include all current's profit and prior years' retained earnings.

Dividends are accounted for in shareholders' equity as an appropriation of retained earnings and recognised as a liability in the period in which they are declared.

4.9 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when 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. Provisions are not recognised for future operating losses.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provision is discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

4.10 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

4. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

4.10 **Leases (cont'd)**

4.10.1 **Group as a leasee**

The Group applies a single recognition exemption to its short -term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term lease and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

4.10.2 **Right-of-use assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Motor vehicles 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Section 4.5.1 Impairment of non-financial assets.

4.10.3 **Lease liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

4. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

4.10 **Leases (cont'd)**

4.10.4 **Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases of premises (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to lease of office equipment that are considered to be low-value. Lease payments on short-term lease and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

4.11 **Revenue from contracts with customers**

The Group is in the business of engineering and fabrication works and to develop innovative solution design in glove chlorination systems, air pollution control system, chemical and corrosion control system, process piping system and fiberglass tank.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.6.2 to the Combined Financial Statements.

4.11.1 **Sale of goods**

Revenue from sale of goods is recognised at a point in time once control of the asset is transferred to the customers generally on delivery of products and customers' acceptance.

4.11.2 **Rendering of service**

Revenue is measured based on the consideration to which our Group expects to be entitled in exchange for transferring promised services to a customer, excluding amounts collected on behalf of third parties. Revenue is recognised when our Group satisfies a performance obligation by transferring a promised service. A performance obligation may be satisfied at a point in time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

4.11.3 **Contract balances**

4.11.3.1 <u>Contract assets</u>

Contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 Revenue from contracts with customers (cont'd)

4.11.3 Contract balances (cont'd)

4.11.3.2 Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of consideration is due).

4.11.3.3 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from a customer. If a customer pays consideration before the Group transfers goods or services to the customers, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

4.11.4 Revenue from other sources

4.11.4.1 Interest income

Interest income is recognised as it accrued using the effective interest method in profit or loss.

4.11.4.2 Dividend income

Dividend income is recognised when the Group's right to receive payment is established, which is generally when shareholders approve the dividend.

4.12 Employee benefits

4.12.1 Short-term employee benefits

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

4.12.2 Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into independent entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial periods/years.

4. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

4.12 **Employee benefits (cont'd)**

4.12.2 **Defined contribution plan (cont'd)**

Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employee Provident Fund ("EPF").

4.13 **Tax expense**

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss.

4.13.1 **Current tax**

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

4.13.2 **Deferred tax**

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

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 Tax expense (cont'd)

4.13.3 Goods and service tax

Goods and services tax ("GST") is a consumption tax based on value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate. Input GST that the Group paid on purchases of business inputs can be deducted from output GST.

Revenues, expenses and assets are recognised net of the amount of GST except:-

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

- Receivables and payables that are stated with the amount of GST included.

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

The Malaysian Government has zero rated the GST effective from 1 June 2018. This mean the GST rate on the supplies of goods or services or on the importation of goods has been revived from 6% to 0%.

The GST was replaced with the Sales and Services Tax effective from 1 September 2018. The rate for sales tax is fixed at 5% or 10%, while the rate for services tax is fixed at 6%.

4.13.4 Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:-

- When the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expenses item, as applicable

- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

4.14 Borrowing costs

All the borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 Foreign currency translation and balances

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the profit or loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising in translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

4.16 Foreign operations

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combination before 1 February 2011 (the date when the Group first adopted MFRSs) which are treated as assets and liabilities of the Group. The income and expenses of foreign operations are translated to RM at exchange rates at the date of the transactions.

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

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

4. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

4.16 **Foreign operations (cont'd)**

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

4.17 **Contingencies**

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

4.18 **Related parties**

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

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

  (i) has control or joint control over the Group;
  (ii) has significant influence over the Group; or
  (iii) is a member of the key management personnel of the holding Group of the Group, or the Group.

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

  (i) the entity and the Group are members of the same Group.
  (ii) one entity is an associate or joint venture of the other entity.
  (iii) both entities are joint ventures of the same third party.
  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  (v) the entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
  (vi) the entity is controlled or jointly-controlled by a person identified in (i) above.
  (vii) a person identified in (i)(a) above has significant influence over the entity or is a member of the key management personnel of the (or of the parent of the entity); or
  (viii) the entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

4. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

4.19 **Segmental results**

4.19.1 **Operating segment**

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

4.19.2 **Intersegment transfer**

Segment revenues, expenses and result include transfers between segments. The prices charges on intersegment transactions are the same as those charged for similar goods to parties outside of the economic entity in negotiated term. These transfers are eliminated on combination.

4.20 **Earnings per share**

(i) Basic

Basic earnings per share for the year is calculated by dividing the profit for the financial periods/years attributable to common controlling shareholders by the weighted average number of ordinary shares in issue.

(ii) Diluted

Diluted earnings per share is calculated by dividing the profit for the financial periods/years attributable to common controlling shareholders by the weighted average number of ordinary shares in issue, adjusted for the dilutive effects of all potential ordinary shares to be issued. Diluted earnings per share is not applicable as the Group does not have potential dilutive equity instruments that would give a diluted effect to the basic earnings per share.

5. PROPERTY, PLANT AND EQUIPMENT

	Computers RM	Electrical and fittings RM	Freehold building RM	Freehold land RM	Furniture and fittings RM	Machineries RM	Motor vehicles RM	Right of use assets - Motor vehicles RM	Mould RM	Office equipment RM	Renovations RM	Signboards RM	Building in progress RM	Total RM
Audited														
Cost														
At 1 January 2017	47,587	18,430	3,995,331	2,386,821	5,740	333,093	794,067	495,429	20,800	63,883	564,349	10,205	-	8,735,735
Additions	7,716	-	-	-	-	2,800	4,887	255,241	14,430	25,736	35,300	-	-	346,110
Disposals	-	-	-	-	-	-	(53,000)	-	-	-	-	-	-	(53,000)
Written off	-	-	-	-	-	-	-	-	-	(698)	-	-	-	(698)
Exchange differences	-	-	-	-	-	-	(485)	-	-	(106)	-	-	-	(591)
At 31 December 2017	55,303	18,430	3,995,331	2,386,821	5,740	335,893	745,469	750,670	35,230	88,815	599,649	10,205	-	9,027,556
Additions	33,687	146,251	-	-	131,792	512,394	2,276	227,635	65,100	266,043	641,560	15,989	-	2,042,727
Disposals	-	-	-	-	-	(10,000)	-	(72,333)	-	-	-	-	-	(82,333)
Written off	(1,461)	-	-	-	-	(40,500)	-	-	-	(2,600)	(562,749)	(6,905)	-	(614,215)
Exchange differences	-	-	-	-	-	-	1,246	-	-	169	-	-	-	1,415
At 31 December 2018	87,529	164,681	3,995,331	2,386,821	137,532	797,787	748,991	905,972	100,330	352,427	678,460	19,289	-	10,375,150
Additions	13,430	-	-	-	11,927	98,390	27,000	572,878	9,070	56,338	90,956	1,900	3,442,919	4,324,808
Disposals	(2,782)	-	-	-	-	(33,800)	-	(293,639)	-	-	-	-	-	(330,221)
Written off	-	-	-	-	-	-	-	-	-	(1,599)	-	-	-	(1,599)
Exchange differences	-	-	-	-	-	-	-	9,141	-	1,427	1,720	-	-	12,288
At 31 December 2019	98,177	164,681	3,995,331	2,386,821	149,459	862,377	775,991	1,194,352	109,400	408,593	771,136	21,189	3,442,919	14,380,426
Additions	177,258	-	-	-	-	47,040	-	571,574	24,700	4,614	5,994	-	2,607,478	3,438,658
Written off	(453)	-	-	-	-	-	-	-	-	-	-	-	-	(453)
Exchange differences	-	-	-	-	-	-	-	(13,133)	-	(1,946)	(3,435)	-	-	(18,514)
At 30 September 2020	274,982	164,681	3,995,331	2,386,821	149,459	909,417	775,991	1,752,793	134,100	411,261	773,695	21,189	6,050,397	17,800,117

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Computers RM	Electrical and fittings RM	Freehold building RM	Freehold land RM	Furniture and fittings RM	Machineries RM	Motor vehicles RM	Right of use assets – Motor vehicles RM	Mould RM	Office equipment RM	Renovations RM	Signboards RM	Building in Progress RM	Total RM
Audited														
Accumulated depreciation														
At 1 January 2017	17,724	11,999	6,659	-	662	71,267	509,929	173,368	4,502	15,575	117,897	2,461	-	932,043
Charge for the financial year	10,103	3,686	79,907	-	574	33,378	155,562	119,735	2,396	15,053	56,667	1,021	-	478,082
Disposals	-	-	-	-	-	-	(44,800)	-	-	-	-	-	-	(44,800)
Written off	-	-	-	-	-	-	-	-	-	(593)	-	-	-	(593)
Exchange differences	-	-	-	-	-	-	(309)	-	-	(4)	-	-	-	(313)
At 31 December 2017	27,827	15,685	86,566	-	1,236	104,645	620,382	293,103	6,898	30,031	174,564	3,482	-	1,364,419
Charge for the financial year	13,695	12,566	79,907	-	7,032	57,438	34,409	226,113	5,942	43,494	73,335	1,402	-	555,333
Disposals	-	-	-	-	-	(2,708)	-	(36,769)	-	-	-	-	-	(39,477)
Written off	(634)	-	-	-	-	(21,592)	-	-	-	(2,448)	(206,572)	(2,736)	-	(233,982)
Exchange differences	-	-	-	-	-	-	654	-	-	30	-	-	-	684
At 31 December 2018	40,888	28,251	166,473	-	8,268	137,783	655,445	482,447	12,840	71,107	41,327	2,148	-	1,646,977
Charge for the financial year	16,117	29,530	79,905	-	14,743	82,677	19,049	223,910	10,670	75,202	79,353	1,966	-	633,122
Disposals	(487)	-	-	-	-	(10,985)	-	(293,639)	-	-	-	-	-	(305,111)
Written off	-	-	-	-	-	-	-	-	-	(347)	-	-	-	(347)
Exchange differences	-	-	-	-	-	-	1,171	2,148	-	282	240	-	-	3,841
At 31 December 2019	56,518	57,781	246,378	-	23,011	209,475	675,665	414,866	23,510	146,244	120,920	4,114	-	1,978,482
Charge for the financial period	21,933	22,136	59,931	-	11,209	66,965	12,161	223,934	8,764	60,084	63,961	1,589	-	552,667
Written off	(244)	-	-	-	-	-	-	-	-	-	-	-	-	(244)
Exchange differences	-	-	-	-	-	-	(606)	(3,171)	-	(490)	(713)	-	-	(4,980)
At 30 September 2020	78,207	79,917	306,309	-	34,220	276,440	687,220	635,629	32,274	205,838	184,168	5,703	-	2,525,925
Net carrying amounts														
At 30 September 2020	196,775	84,764	3,689,022	2,386,821	115,239	632,977	88,771	1,117,164	101,826	205,423	589,527	15,486	6,050,397	15,274,192
At 31 December 2019	41,659	106,900	3,748,953	2,386,821	126,448	652,902	100,326	779,486	85,890	262,349	650,216	17,075	3,442,919	12,401,944
At 31 December 2018	46,641	136,430	3,828,858	2,386,821	129,264	660,004	93,546	423,525	87,490	281,320	637,133	17,141	-	8,728,173
At 31 December 2017	27,476	2,745	3,908,765	2,386,821	4,504	231,248	125,087	457,567	28,332	58,784	425,085	6,723	-	7,663,137

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Computers RM	Electrical and fittings RM	Freehold building RM	Freehold land RM	Furniture and fittings RM	Machineries RM	Motor vehicles RM	Right of use assets – Motor vehicles RM	Mould RM	Office equipment RM	Renovations RM	Signboards RM	Building in Progress RM	Total RM
Unaudited														
Cost														
At 1 January 2019	87,529	164,681	3,995,331	2,386,821	137,532	797,787	748,991	905,972	100,330	352,427	678,460	19,289	-	10,375,150
Additions	10,675	-	-	-	10,641	91,790	27,000	570,818	9,070	38,744	81,836	300	246,224	1,087,098
Disposals	(2,782)	-	-	-	-	(33,800)	(293,639)	-	-	-	-	-	-	(330,221)
Written off	-	-	-	-	-	-	-	-	-	(1,599)	-	-	-	(1,599)
Exchange differences	-	-	-	-	-	-	-	11,564	-	1,766	2,580	-	-	15,910
At 30 September 2019	95,422	164,681	3,995,331	2,386,821	148,173	855,777	482,352	1,488,354	109,400	391,338	762,876	19,589	246,224	11,146,338
Accumulated depreciation														
At 1 January 2019	40,888	28,251	166,473	-	8,268	137,783	655,445	482,447	12,840	71,107	41,327	2,148	-	1,646,977
Charge for the financial period	11,975	22,148	59,930	-	11,027	61,254	7,562	163,830	7,934	55,574	58,155	1,468	-	460,857
Disposals	(487)	-	-	-	-	(10,985)	(293,639)	-	-	-	-	-	-	(305,111)
Written off	-	-	-	-	-	-	-	-	-	(346)	-	-	-	(346)
Exchange differences	-	-	-	-	-	-	3,277	-	-	285	231	-	-	3,793
At 30 September 2019	52,376	50,399	226,403	-	19,295	188,052	372,645	646,277	20,774	126,620	99,713	3,616	-	1,806,170
Net carrying amounts														
At 30 September 2019	43,046	114,282	3,768,928	2,386,821	128,878	667,725	109,707	842,077	88,626	264,718	663,163	15,973	246,224	9,340,168

5. **PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

The motor vehicles of the Group with net carrying amount of 30.9.2020: RM1,117,164 (30.9.2019: RM842,077; 31.12.2019: RM779,486; 31.12.2018: RM423,525 and 31.12.2017: RM457,567) were acquired under finance lease arrangements.

The freehold land and building of the Group with net carrying amount of 30.9.2020: RM2,386,821 (30.9.2019: RM2,386,821; 31.12.2019: RM2,386,821; 31.12.2018: RM2,386,821 and 31.12.2017: RM2,386,821) and 30.9.2020: RM3,689,022 (30.9.2019: RM3,768,928; 31.12.2019: RM3,748,953; 2018: RM3,828,858 and 2017: RM3,908,765) respectively have been pledged to bank as security for the banking facilities granted to the Group as referred to Note 17 to the financial statements.

6. **INVESTMENTS IN EQUITY INSTRUMENTS**

	Audited	**Unaudited**	←	**Audited**	→
	30.9.2020	30.9.2019	31.12.2019	31.12.2018	31.12.2017
	RM	RM	RM	RM	RM
At beginning of the financial periods/years	2,822,778	2,659,728	2,659,728	2,292,360	1,675,707
Additions from purchases	-	1,612,647	1,612,647	453,074	63,749
Fair value gain/(loss) for the financial periods/years	-	(318,808)	(534,424)	242,794	552,904
Disposals	(2,822,778)	(915,173)	(915,173)	(328,500)	-
At end of the financial periods/years	-	3,038,394	2,822,778	2,659,728	2,292,360
The equity instruments comprise:-					
Investment measured at fair value					
- Ordinary shares quoted in Malaysia	-	-	-	275,072	506,232
- Ordinary shares quoted in Singapore	-	3,003,170	2,787,554	2,349,432	1,750,904
- Ordinary shares quoted in Austria	-	35,224	35,224	35,224	35,224
	-	3,038,394	2,822,778	2,659,728	2,292,360

7. DEFERRED TAX (ASSETS)/LIABILITIES

	Audited 30.9.2020 RM	Unaudited 30.9.2019 RM	Audited 31.12.2019 RM	Audited 31.12.2018 RM	Audited 31.12.2017 RM
At beginning of the financial periods/years	(122,109)	(699,834)	(699,834)	10,073	32,294
Recognised in profit or loss (Note 25)	(2,765,874)	842,071	577,725	(579,238)	(22,221)
Over provision in prior periods/years (Note 25)	(566)	-	-	(130,669)	-
At end of financial periods/years	(2,888,549)	142,237	(122,109)	(699,834)	10,073

The components of recognised deferred tax (assets)/liabilities as at the end of the reporting date are made up of the temporary differences arising from:-

	Audited 30.9.2020 RM	Unaudited 30.9.2019 RM	Audited 31.12.2019 RM	Audited 31.12.2018 RM	Audited 31.12.2017 RM
Carrying amount of qualifying property, plant and equipment in excess of their tax base	199,442	125,793	146,768	102,059	11,663
Unrealised gain/(loss) on foreign exchange	32,469	22,289	31,482	14,218	(1,590)
Impairment of financial asset	-	(66,821)	(134,211)	-	-
Deferred income	(3,120,460)	60,976	(166,148)	(816,111)	-
	(2,888,549)	142,237	(122,109)	(699,834)	10,073

8. OTHER RECEIVABLES

	Audited 30.9.2020 RM	Unaudited 30.9.2019 RM	Audited 31.12.2019 RM	Audited 31.12.2018 RM	Audited 31.12.2017 RM
Non-current:-					
Non-trade receivables	189,528	339,036	291,231	401,967	-
Current:-					
Non-trade receivables	177,403	149,629	197,422	210,666	43,592
Accrued income	4,753	2,174	4,957	2,014	58,783
Deposits	86,965	81,210	102,388	77,689	102,116
Prepayments	108,432	236,035	67,628	257,260	139,398
Deferred expenses	1,441,560	1,437,844	859,459	312,005	-
GST/VAT receivable, net	45	92,613	79,069	181,625	15,251
	1,819,158	1,999,505	1,310,923	1,041,259	359,140
Total	2,008,686	2,338,541	1,602,154	1,443,226	359,140

9. INVENTORIES

	Audited	Unaudited	←	Audited	→
	30.9.2020	30.9.2019	31.12.2019	31.12.2018	31.12.2017
	RM	RM	RM	RM	RM
At cost:-					
Finished goods	2,373,665	1,317,404	2,348,522	717,648	700,823
Raw materials	2,432,963	2,133,229	1,846,990	2,100,010	960,602
	4,806,628	3,450,633	4,195,512	2,817,658	1,661,425
Recognised in profit or loss					
Inventories recognised at cost of sales	25,094,697	23,645,302	31,696,931	31,364,251	17,969,369

10. TRADE RECEIVABLES

	Audited	Unaudited	←	Audited	→
	30.9.2020	30.9.2019	31.12.2019	31.12.2018	31.12.2017
	RM	RM	RM	RM	RM
Trade receivables	22,906,700	8,753,521	12,315,852	14,465,297	7,375,082
Less:					
Allowance for expected credit losses	-	-	(559,212)	-	-
	22,906,700	8,753,521	11,756,640	14,465,297	7,375,082

The movement of expected credit losses during the financial periods/years is as follows:

	Audited	Unaudited	←	Audited	→
	30.9.2020=	30.9.2019	31.12.2019	31.12.2018	31.12.2017
	RM	RM	RM	RM	RM
At 1 January	559,212	-	-	-	-
(Reversal)/Allowance for expected credit losses	(559,212)	-	559,212	-	-
At 31 December	-	-	559,212	-	-

The normal trade credit term granted by the Group to the trade receivables ranging from 30 to 90 days (30.9.2019: 30 to 90; 31.12.2019: 30 to 90; 31.12.2018: 30 to 90 and 31.12.2017: 30 to 90) days. Other credit terms are assessed and approved by the management on a case-by-case basis.

11. AMOUNT DUE FROM A DIRECTOR

Amount due from a Director arising from non-trade transaction is unsecured, with interest rate of 2% per annum and repayable on demand.

12. AMOUNT DUE FROM A SHAREHOLDER

Amount due from a shareholder arising from non-trade transaction is unsecured, with interest rate of 2% per annum and repayable on demand. The outstanding amount has been fully settled on 29 April 2019.

13. FIXED DEPOSITS WITH A LICENSED FINANCIAL INSTITUTION

The fixed deposits with a licensed financial institution of the Group during the financial periods/years bore effective interest rates at 2.10% (30.9.2019: 2.95% to 3.20%; 31.12.2019: 2.95% to 3.20%; 31.12.2018: 3.20% and 31.12.2017: 2.95%) per annum.

The fixed deposits with a licensed financial institution of the Group at the end of the reporting periods/years amounted RMNil (30.9.2019: RM1,187,363; 31.12.2019: RMNil; 2018: RM1,160,193 and 2017: RM1,123,785) which has been pledged to a financial institution as security for banking facilities granted to the Group and the Company as disclosed in Note 17 to the financial statements.

14. SHARE CAPITAL

	Flexidynamic Holdings Berhad Unit	Flexidynamic Engineering Sdn Bhd Unit	Flexidynamic Engineering Company Limited Unit	Total Unit
Issued and fully paid up with no par value:-				
Number of ordinary shares:-				
At 31 December 2017	-	500,000	1,225	501,225
Issuance of ordinary shares	-	-	8,575	8,575
At 31 December 2018	-	500,000	9,800	509,800
At date of incorporation	200	-	-	200
Issuance of ordinary shares	-	-	9,800	9,800
At 30 September 2019/At 31 December 2019/30 September 2020	200	500,000	19,600	519,800

The holders of ordinary shares are entitled to receive dividends as and when declared by the Group. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Group's residual assets.

	Flexidynamic Holdings Berhad RM	Flexidynamic Engineering Sdn Bhd RM	Flexidynamic Engineering Company Limited RM	Total RM
Issued and fully paid up with no par value:-				
Number of ordinary shares:-				
At 31 December 2017	-	500,000	14,610	514,610
Issuance of ordinary shares	-	-	102,269	102,269
At 31 December 2018	-	500,000	116,879	616,879
At date of incorporation	20	-	-	20
Issuance of ordinary shares	-	-	116,879	116,879
At 30 September 2019/At 31 December 2019/30 September 2020	20	500,000	233,758	733,778

15. CAPITAL RESERVE

Capital reserve represents employees benefit through transfer of the Group share to the employees.

16. NON-CONTROLLING INTEREST

The Group's combining entities that has material non-controlling interest is as follows:-

	Audited	**Unaudited**	←	**Audited**	→
	30.9.2020	30.9.2019	31.12.2019	31.12.2018	31.12.2017
	RM	RM	RM	RM	RM
Flexidynamic Engineering Company Limited					
NCI percentage of ownership interest and voting interest (%)	51	51	51	51	51
Carrying amount of non-controlling interest (RM)	237,923	325,330	288,059	367,623	121,254
(Loss)/Profit allocated to non-controlling interest (RM)	(39,061)	25,493	(10,350)	128,326	26,561
Total comprehensive income allocated to non-controlling interest (RM)	(50,136)	66,184	31,099	139,926	25,392

The summary of financial information before intra-group elimination for the Group's subsidiaries that has material non-controlling interest ("NCI") is as below:-

	Audited	**Unaudited**	←	**Audited**	→
	30.9.2020	30.9.2019	31.12.2019	31.12.2018	31.12.2017
	RM	RM	RM	RM	RM
Flexidynamic Engineering Company Limited					
Financial position as at periods/years end					
Non-current assets	323,180	341,223	321,509	30,711	39,628
Current assets	354,875	553,099	459,759	793,325	209,373
Non-current liabilities	(104,004)	(125,403)	(97,998)	-	-
Current liabilities	(107,535)	(131,017)	(118,448)	(103,206)	(11,249)
Net assets	466,516	637,902	564,822	720,830	237,752

16. NON-CONTROLLING INTEREST (CONT'D)

	Audited	Unaudited	←	Audited	→
	30.9.2020	30.9.2019	31.12.2019	31.12.2018	31.12.2017
	RM	RM	RM	RM	RM
Flexidynamic Engineering Company Limited					
Summary of financial performance for the financial periods/years					
(Loss)/Profit for the financial periods/years	(76,590)	49,986	(20,294)	251,620	52,081
Other comprehensive (loss)/income	(21,716)	79,786	81,272	22,746	(2,292)
Total comprehensive (loss)/income	(98,306)	129,772	60,978	274,366	49,789
Included in the total comprehensive income is:					
Revenue	690,184	1,007,562	1,338,647	990,405	534,863
Summary of cash flow for the financial periods/years					
Net cash (outflow)/inflow from					
- operating activities	(107,847)	54,026	(98,611)	410,024	43,317
- investing activities	(24,335)	515,311	263,357	(1,166)	(5,459)
- financing activities	(28,583)	(199,341)	(209,400)	(189,902)	(31,654)
Net cash flow	(160,765)	369,996	(44,654)	218,956	6,204
Other information					
Dividends paid to non-controlling interest	-	230,126	232,312	-	16,143

17. BANK BORROWINGS

	Audited 30.9.2020 RM	Unaudited 30.9.2019 RM	← 31.12.2019 RM	Audited 31.12.2018 RM	→ 31.12.2017 RM
Non-current liabilities					
Secured:-					
Term loan					
- more than 1 year but less than 2 years	264,608	220,166	222,440	195,945	180,671
- more than 2 years but less than 5 years	845,693	717,730	725,200	641,087	590,650
- more than 5 years	7,512,342	3,006,351	5,228,925	3,386,688	3,765,664
	8,622,643	3,944,247	6,176,565	4,223,720	4,536,985
Current liabilities					
Secured:-					
Term loan	256,423	220,233	203,926	187,752	174,166
Bankers' acceptance	874,000	720,000	689,000	542,000	-
	1,130,423	940,233	892,926	729,752	174,166
Total bank borrowings	9,753,066	4,884,480	7,069,491	4,953,472	4,711,151

The term loan of the Group is secured by a legal charge over the Group's freehold land and building and guaranteed by the Group's Directors.

The bankers' acceptance of the Group is secured by a legal charge over the Group's freehold land and building and guaranteed by the Group's Directors.

The effective interest rates of the term loan and bankers' acceptance are 30.9.2020: 3.27% (30.9.2019: 4.52%; 31.12.2019: 4.52%; 31.12.2018: 4.77% and 31.12.2017: 4.65%) and 30.9.2020: 2.59% to 3.63% (30.9.2019: 3.84 to 4.09%; 31.12.2019: 3.84% to 4.09%; 31.12.2018: 4.06% to 4.09% and 31.12.2017: Nil) respectively per annum.

18. LEASE LIABILITIES

	Audited 30.9.2020 RM	Unaudited 30.9.2019 RM	← 31.12.2019 RM	Audited 31.12.2018 RM	→ 31.12.2017 RM
Current liabilities					
- less than 1 year	287,270	229,874	218,496	144,279	167,951
Non-current liabilities					
- more than 1 year but less than 2 years	321,149	186,663	185,769	126,784	120,367
- more than 2 years but less than 5 years	430,029	371,835	308,478	186,830	174,379
	751,178	558,498	494,247	313,614	294,746
	1,038,448	788,372	712,743	457,893	462,697

The effective interest rates are ranging from 30.9.2020: 2.87% to 6.38% (30.9.2019: 2.87% to 6.38%; 31.12.2019: 2.87% to 6.38%; 31.12.2018: 4.63% to 6.64% and 31.12.2017: 4.55% to 6.64%) per annum.

18. LEASE LIABILITIES (CONT'D)

Set out below is the movements of the lease liabilities during the financial periods/years:-

	Audited	Unaudited	←	Audited	→
	30.9.2020	30.9.2019	31.12.2019	31.12.2018	31.12.2017
	RM	RM	RM	RM	RM
At 1 January	712,743	457,893	457,893	462,697	433,395
Additions	428,738	442,040	443,504	204,500	198,000
Accretion of interest	16,327	19,314	28,644	22,686	22,441
Payment of principal and interests	(119,360)	(130,875)	(217,298)	(231,990)	(191,139)
At 30 September/31 December	1,038,448	788,372	712,743	457,893	462,697

The following are the amounts relating to lease liability recognised in profit or loss:-

	Audited	Unaudited	←	Audited	→
	30.9.2020	30.9.2019	31.12.2019	31.12.2018	31.12.2017
	RM	RM	RM	RM	RM
Interest expense on lease liabilities	16,327	19,314	28,644	22,686	22,441

19. TRADE PAYABLES

The normal credit term granted by the trade payables ranging from 30.9.2020: 30 to 120 days (30.9.2019: 30 to 120 days; 31.12.2019: 30 to 120 days; 31.12.2018: 30 to 120 days and 31.12.2017: 30 to 120 days).

20. OTHER PAYABLES AND ACCRUALS

	Audited	Unaudited	←	Audited	→
	30.9.2020	30.9.2019	31.12.2019	31.12.2018	31.12.2017
	RM	RM	RM	RM	RM
Non-trade payables	101,733	21,817	4,518	126,829	49,939
Accruals	136,291	366,458	358,912	1,026,339	842,754
Dividend payable	-	-	-	-	400,000
Withholding tax	266	27,345	724	370	5,373
Sales tax	47,671	1,869	21,471	20,948	2,709
	285,961	417,489	385,625	1,174,486	1,300,775

21. CONTRACT LIABILITIES

	Audited	Unaudited	←	Audited	→
	30.9.2020	30.9.2019	31.12.2019	31.12.2018	31.12.2017
	RM	RM	RM	RM	RM
Customer deposits	13,001,915	24,140	692,284	3,400,461	761,868

21.1 Point transactions

	Audited	Unaudited	←	Audited	→
	30.9.2020	30.9.2019	31.12.2019	31.12.2018	31.12.2017
	RM	RM	RM	RM	RM
At 1 January	692,284	3,400,461	3,400,461	761,868	24,140
Deferred during the periods/years	15,955,045	1,859,625	2,914,714	3,376,321	837,721
Recognised as revenue during the periods/years	(3,645,414)	(5,235,946)	(5,622,891)	(737,728)	(99,993)
At 30 September/31 December	13,001,915	24,140	692,284	3,400,461	761,868
Analysed as:-					
- Current	13,001,915	24,140	692,284	3,400,461	761,868

22. REVENUE

22.1 Disaggregated revenue information

	Audited	Unaudited	←	Audited	→
	1.1.2020 to 30.9.2020	1.1.2019 to 30.9.2019	1.1.2019 to 31.12.2019	1.1.2018 to 31.12.2018	1.1.2017 to 31.12.2017
	RM	RM	RM	RM	RM
Glove chlorination systems	20,378,313	23,134,435	31,310,287	34,708,023	19,149,822
Repair, refurbishment and maintenance	1,547,289	1,605,011	1,978,201	3,727,970	3,691,293
Trading of replacement parts	2,430,952	2,150,051	2,658,395	3,300,027	3,244,556
Storage and process tanks	7,437,519	5,556,156	9,966,540	3,981,305	1,962,059
Other products and services	3,212,867	2,647,154	3,925,533	2,604,516	1,854,341
	35,006,940	35,092,807	49,838,956	48,321,841	29,902,071
Timing of revenue recognition					
Goods and services transferred at a point in time	35,006,940	35,092,807	49,838,956	48,321,841	29,902,071

22. REVENUE (CONT'D)

22.2 Contract balances

	Audited	Unaudited	←	Audited	→
	30.9.2020	30.9.2019	31.12.2019	31.12.2018	31.12.2017
	RM	RM	RM	RM	RM
Contract liabilities (Note 21)	13,001,915	24,140	692,284	3,400,461	761,868

Contract liabilities include downpayment made by the customers for the initiation of the projects. The contract liabilities was mainly due to the customer deposits received which is disclosed in Note 21 to the financial statements.

23. FINANCE COSTS AND FINANCE INCOME

	Audited	Unaudited	←	Audited	→
	1.1.2020 to 30.9.2020	1.1.2019 to 30.9.2019	1.1.2019 to 31.12.2019	1.1.2018 to 31.12.2018	1.1.2017 to 31.12.2017
	RM	RM	RM	RM	RM
Finance costs:-					
-Term loan interest	28,132	41,299	63,053	74,937	64,276
-Bankers' acceptance interest	16,036	31,541	35,046	17,788	3,439
-Finance lease	16,327	19,314	28,644	22,686	22,441
-Others	384	-	-	42,011	-
	60,879	92,154	126,743	157,422	90,156
Finance income:-					
-Fixed deposit with a licensed financial institution	15,836	27,170	30,050	36,407	32,202
-Current account	2,843	11,748	16,875	5,963	1,444
-Others	-	-	12,924	-	-
	18,679	38,918	59,849	42,370	33,646

24. PROFIT BEFORE TAX

Profit before tax has been determined after charging, amongst other items, the following items:-

	Audited	Unaudited	←	Audited	→
	1.1.2020 to 30.9.2020	1.1.2019 to 30.9.2019	1.1.2019 to 31.12.2019	1.1.2018 to 31.12.2018	1.1.2017 to 31.12.2017
	RM	RM	RM	RM	RM
Auditor's remuneration					
-Current periods/years	107,172	43,010	158,400	42,874	38,646
-Under provision in prior periods/years	-	-	36,173	-	-
Expenses relating to lease of low-value assets					
-Hire of crane	126,402	185,167	296,724	228,770	101,595
-Hire of forklift	80,535	11,280	28,180	14,895	-
-Hire of lorry	19,200	21,400	74,200	993	1,398
-Hire of vehicle	-	269	270	-	421
Realised loss on foreign exchange	105,544	227,468	297,498	223,411	147,534
Rental of premises	166,981	168,540	223,650	504,846	442,742

25. TAX EXPENSE

	Audited	Unaudited	←	Audited	→
	1.1.2020 to 30.9.2020	1.1.2019 to 30.9.2019	1.1.2019 to 31.12.2019	1.1.2018 to 31.12.2018	1.1.2017 to 31.12.2017
	RM	RM	RM	RM	RM
Current tax expense:-					
- current periods/years provision	3,718,127	(195,729)	1,006,626	1,663,220	235,575
- Under provision in prior periods/years	187,374	127,370	127,370	8,678	-
	3,905,501	(68,359)	1,133,996	1,671,898	235,575
Deferred taxation (Note 7)					
- current periods/years provision	(2,765,874)	842,071	577,725	(579,238)	(22,221)
- Over provision in prior periods/years	(566)	-	-	(130,669)	-
	(2,766,440)	842,071	577,725	(709,907)	(22,221)
	1,139,061	773,712	1,711,721	961,991	213,354

The Group's income generated from one of the products, the "Glove Chlorination Systems" is not subject to tax as it has been granted the pioneer status incentive under the Promotion of Investment Act 1986. The Group enjoys full exemption from income tax on its statutory income from the pioneer activities for five years, from 10 May 2014 to 9 May 2018. The Group does not extend the exemption after the period expired on 9 May 2018.

25. TAX EXPENSE (CONT'D)

A reconciliation of income tax expenses applicable to profit before tax at the statutory tax rate to income tax expense at the effective tax rate of the Group are as follows:-

	Audited	**Unaudited**	←	**Audited**	→
	1.1.2020 to 30.9.2020	1.1.2019 to 30.9.2019	1.1.2019 to 31.12.2019	1.1.2018 to 31.12.2018	1.1.2017 to 31.12.2017
	RM	RM	RM	RM	RM
Profit before tax	3,804,770	2,818,558	6,307,111	5,378,914	4,636,367
Tax at Malaysia statutory rate of					
- 24%	913,145	676,454	1,513,707	1,290,939	1,112,728
Tax effect in respect of:-					
Non-allowable expenses	206,205	72,587	220,973	242,745	89,787
Income not subject to tax	(125,097)	2,079	(115,329)	(88,541)	(143,057)
Tax savings	(42,000)	(35,000)	(35,000)	(30,000)	(30,000)
Pioneer income exempted from taxation	-	(69,778)	-	(331,161)	(816,104)
Over provision of deferred taxation in prior periods/years	(566)	-	-	(130,669)	-
Under provision of tax in prior periods/years	187,374	127,370	127,370	8,678	-
Tax expense for the financial periods/years	1,139,061	773,712	1,711,721	961,991	213,354

26. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing profit for the financial periods/years attributable to ordinary equity holders of the Group over the weighted average number of ordinary shares in issue during the financial periods/years as follows:

	Audited	**Unaudited**	←	**Audited**	→
	1.1.2020 to 30.9.2020	1.1.2019 to 30.9.2019	1.1.2019 to 31.12.2019	1.1.2018 to 31.12.2018	1.1.2017 to 31.12.2017
	RM	RM	RM	RM	RM
Profit for the financial periods/year sattributable to ordinary equity holders of the Group (RM)	2,704,770	2,019,353	4,605,740	4,288,597	4,396,452
Weighted average number of ordinary shares in issue (unit)	519,800	517,963	518,404	501,977	501,225
Basic earnings per share (sen)	520.35	389.86	888.45	854.34	877.14

26. EARNINGS PER SHARE (CONT'D)

Diluted earnings per share

Diluted earnings per share is not applicable as the Group does not have potential dilutive equity instruments that would give a diluted effect to the basic earnings per share.

27. DIVIDENDS

During the financial periods/years, the following dividends have been paid/payable by the Group are as follows:-

	Audited	Unaudited	←	Audited	→
	1.1.2020 to 30.9.2020 RM	1.1.2019 to 30.9.2019 RM	1.1.2019 to 31.12.2019 RM	1.1.2018 to 31.12.2018 RM	1.1.2017 to 31.12.2017 RM
In respect of financial year ended 31 December 2020:-					
First interim single tier dividend of RM1.40 per ordinary share	700,000	-	-	-	-
In respect of financial year ended 31 December 2019:-					
First interim single tier dividend of RM0.60 per ordinary share	-	300,000	300,000	-	-
Second interim single tier dividend of RM0.60 per ordinary share	-	-	300,000	-	-
In respect of financial year ended 31 December 2018:-					
Final interim single tier dividend of RM0.72 per ordinary share	-	360,000	360,000	-	-
First interim single tier dividend of RM0.60 per ordinary share	-	-	-	300,000	-
Second interim single tier dividend of RM0.60 per ordinary share	-	-	-	300,000	-
Third interim single tier dividend of RM0.60 per ordinary share	-	-	-	300,000	-
In respect of financial year ended 31 December 2017:-					
First interim single tier dividend of RM0.40 per ordinary share	-	-	-	-	200,000
Second interim single tier dividend of RM0.40 per ordinary share	-	-	-	-	200,000
A final single tier dividend of RM0.80 per ordinary share	-	-	-	-	400,000
In respect of financial year ended 31 December 2016:-					
First interim single tier dividend of RM1.33 per ordinary share	-	-	-	-	-
Second interim single tier dividend of RM0.40 per ordinary share	-	-	-	-	-
A final single tier dividend of RM0.40 per ordinary share	-	-	-	-	200,000
	700,000	660,000	960,000	900,000	1,000,000

28. EMPLOYEE BENEFITS EXPENSES

	Audited	Unaudited	←	Audited	→
	1.1.2020 to 30.9.2020	1.1.2019 to 30.9.2019	1.1.2019 to 31.12.2019	1.1.2018 to 31.12.2018	1.1.2017 to 31.12.2017
	RM	RM	RM	RM	RM
Salaries and other emoluments	2,794,991	2,663,320	3,496,942	2,551,400	1,922,384
Defined contribution plan	310,355	181,055	327,775	254,716	175,632
Social security contributions	35,089	23,237	38,520	26,242	22,629
Employee insurance system	2,192	1,002	2,287	1,791	-
Other benefits*	124,350	88,487	148,148	751,930	135,617
	3,266,977	2,957,101	4,013,672	3,586,079	2,256,262

* Included in the other benefits was an amount of 30.9.2020: RMNil (30.9.2019: RMNil; 31.12.2019: RMNil; 31.12.2018: RM631,154 and 31.12.2017: RMNil) for employees benefits through transfer of the Group shares to employees.

Included in the employee benefit expenses are the Directors' remuneration as below:-

	Audited	Unaudited	←	Audited	→
	1.1.2020 to 30.9.2020	1.1.2019 to 30.9.2019	1.1.2019 to 31.12.2019	1.1.2018 to 31.12.2018	1.1.2017 to 31.12.2017
	RM	RM	RM	RM	RM
Salaries and other emoluments	768,508	643,881	885,440	454,370	393,582
Defined contribution plan	101,070	84,480	128,740	75,468	41,760
Social security contributions	1,864	1,588	2,539	1,847	1,657
Other benefits	7,671	190	22,044	8,717	-
	879,113	730,139	1,038,763	540,402	436,999

The estimated value of benefits-in-kind provided to Directors during the financial periods/years amounted to 30.9.2020: RM28,788 (30.9.2019: RM19,575; 31.12.2019: RM26,100; 31.12.2018: RM15,300 and 31.12.2017: RM15,300).

29. CONTINGENCIES

	Audited	Unaudited	←	Audited	→
	30.9.2020	30.9.2019	31.12.2019	31.12.2018	31.12.2017
	RM	RM	RM	RM	RM
Bank Guarantees					
Secured:-					
Performance guarantee extended to a customer	-	-	-	-	62,400

30. CAPITAL COMMITMENT

	Audited	Unaudited	Audited		
	30.9.2020	30.9.2019	31.12.2019	31.12.2018	31.12.2017
	RM	RM	RM	RM	RM
Authorised and contracted for:-					
- Property, plant and equipment	1,594,600	7,353,584	4,100,800	-	41,780

31. RELATED PARTY DISCLOSURES

The Group has related party relationship with its subsidiary, related parties and persons connected to the Director.

(a) Related party transactions have been entered into the normal course of business under normal trade terms. The related party transactions during the financial periods/years are as follows:-

	Audited	Unaudited	Audited		
	1.1.2020 to 30.9.2020	1.1.2019 to 30.9.2019	1.1.2019 to 31.12.2019	1.1.2018 to 31.12.2018	1.1.2017 to 31.12.2017
	RM	RM	RM	RM	RM
Dividend income received from a subsidiary	-	-	195,287	-	-
Casual labour charged by a subsidiary	501,286	911,374	1,234,558	952,777	322,187
Transportation charged by a subsidiary	26,743	73,755	82,115	39,367	26,647
Purchase from a subsidiary	40,653	8,340	8,340	34,232	70,844
Hire of crane charged by a subsidiary	9,192	-	-	-	-
Factory expenses charged by a subsidiary	-	-	-	10,408	-
Tool and accessories charged by a subsidiary	13,263	-	-	-	-
Management fee charged by a subsidiary	-	-	-	-	9,524
Rental of premises charged by a subsidiary	-	-	-	-	18,907
Travelling expenses charged by a subsidiary	-	-	-	-	20,550
Rental charged by Director's spouse	18,074	17,916	21,138	-	-

31. RELATED PARTY DISCLOSURES (CONT'D)

The Group has related party relationship with its subsidiary, related parties and persons connected to the Director (cont'd).

(a) Related party transactions have been entered into the normal course of business under normal trade terms. The related party transactions during the financial periods/years are as follows (cont'd):-

	Audited	Unaudited	←	Audited	→
	1.1.2020 to 30.9.2020	1.1.2019 to 30.9.2019	1.1.2019 to 31.12.2019	1.1.2018 to 31.12.2018	1.1.2017 to 31.12.2017
	RM	RM	RM	RM	RM
Vehicle rental charged by Director's spouse	12,049	35,833	48,231	44,976	45,581
Maintenance fee charged by related party[1]	-	-	-	50,000	96,000
Rental charged by a related party[1]	49,500	49,500	66,000	87,000	84,000
Factory rental charged by Director's elder brother	-	-	-	226,000	228,000
Purchases from a related party[2]	94,657	84,480	105,600	168,978	584,085

[1] Related party refers to an entity in which Director's brother and sister-in-law have interest.

[2] Related party refers to an entity in which Director's father and brothers have interest.

(b) Key management personnel is defined as those person having authority and responsibility for planning, directing and controlling the activities of the group either directly or indirectly and entity that provides key management personnel services to the Group.

The remuneration of key management personnel is same as the Directors' remuneration as disclosed in Note 28 to the financial statements. The Group have no other members of key management personnel apart from the Board of Directors.

32. SEGMENTAL REPORTING – GROUP

For management purposes, the Group is organised into business units based on its nature of business and has only one reportable segment, as follow:-

Engineering	-	Design, engineering, installation and commissioning of glove chlorination systems, as well as design and for the installation of storage tanks and process tanks for the glove manufacturing industry
Trading and services	-	Installation and maintenance of glove chlorination systems, storage tanks and process tanks for the glove manufacturing industry
Other	-	Investment holding

The Managing Director monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the combined financial statements.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation. Transfer prices between business segments are established on terms and conditions that are mutually agreed upon.

Business segments

	Note	Engineering RM	Trading and services RM	Other RM	Elimination RM	Combined RM
Audited 30.9.2020						
Revenue:-						
External customers		34,908,878	98,062	-	-	35,006,940
Inter-segment		-	592,122	-	(592,122)	-
Results:-						
Finance income		18,679	-	-	-	18,679
Finance costs		(57,984)	(2,895)	-	-	(60,879)
Depreciation of property, plant and equipment		(489,946)	(62,721)	-	-	(552,667)
Tax expense		(1,139,061)	-	-	-	(1,139,061)
Other non-cash expenses	(i)	1,010,374	-	-	-	1,010,374
Segment profit/(loss)		2,744,921	(76,590)	(2,622)	-	2,665,709

32. SEGMENTAL REPORTING – GROUP (CONT'D)

Business segments (cont'd)

	Note	Engineering RM	Trading and services RM	Other RM	Elimination RM	Combined RM
Audited (cont'd)						
30.9.2020 (cont'd)						
Assets:-						
Additions to non-current asset - property, plant and equipment		3,360,732	77,926	-	-	3,438,658
Segment assets		59,447,813	678,055	20	(414,127)	59,711,761
Liabilities:-						
Segment liabilities		36,536,754	211,539	5,122	(467,371)	36,286,044
Unaudited						
30.9.2019						
Revenue:-						
External customers		35,092,807	-	-	-	35,092,807
Inter-segment		-	1,007,562	-	(1,007,562)	-
Results:-						
Finance income		38,918	-	-	-	38,918
Finance costs		(91,785)	(369)	-	-	(92,154)
Depreciation of property, plant and equipment		(429,578)	(31,279)	-	-	(460,857)
Tax expense		(773,712)	-	-	-	(773,712)
Other non-cash expenses	(i)	(110,033)	-	-	-	(110,033)
Segment profit/(loss)		2,217,712	49,986	(1,750)	(221,102)	2,044,846
Assets:-						
Additions to non-current asset - property, plant and equipment		757,424	329,674	-	-	1,087,098
Segment assets		31,803,417	894,322	20	(190,161)	32,507,598
Liabilities:-						
Segment liabilities		13,207,709	256,420	1,750	(190,161)	13,275,718

32. SEGMENTAL REPORTING – GROUP (CONT'D)

Business segments (cont'd)

	Note	Engineering RM	Trading and services RM	Other RM	Elimination RM	Combined RM
Audited 31.12.2019						
Revenue:-						
External customers		49,838,956	-	-	-	49,838,956
Inter-segment		-	1,338,627	-	(1,338,627)	-
Results:-						
Finance income		55,560	4,289	-	-	59,849
Finance costs		(124,549)	(2,194)	-	-	(126,743)
Depreciation of property, plant and equipment		(581,208)	(51,914)	-	-	(633,122)
Tax expense		(1,711,721)	-	-	-	(1,711,721)
Other non-cash expenses	(i)	(845,499)	-	-	-	(845,499)
Segment profit/(loss)		4,788,142	(20,294)	(2,500)	(169,958)	4,595,390
Assets:-						
Additions to non-current asset - property, plant and equipment		3,990,543	334,265	-	-	4,324,808
Segment assets		36,422,402	781,268	20	(346,391)	36,857,299
Liabilities:-						
Segment liabilities		15,556,264	216,446	2,500	(399,635)	15,375,575

32. SEGMENTAL REPORTING – GROUP (CONT'D)

Business segments (cont'd)

	Note	Engineering RM	Trading and services RM	Other RM	Elimination RM	Combined RM
Audited 31.12.2018						
Revenue:-						
External customers		48,321,841	-	-	-	48,321,841
Inter-segment		-	990,405	-	(990,405)	-
Results:-						
Finance income		39,772	2,598	-	-	42,370
Finance costs		(157,422)	-	-	-	(157,422)
Depreciation of property, plant and equipment		(542,539)	(12,794)	-	-	(555,333)
Tax expense		(923,720)	(38,271)	-	-	(961,991)
Other non-cash expenses	(i)	(80,754)	-	-	-	(80,754)
Segment profit		4,165,303	251,620	-	-	4,416,923
Assets:-						
Additions to non-current asset - property, plant and equipment		2,039,581	3,146	-	-	2,042,727
Segment assets		36,899,776	824,036	-	(190,161)	37,533,651
Liabilities:-						
Segment liabilities		19,861,780	103,206	-	(190,161)	19,774,825

32. SEGMENTAL REPORTING – GROUP (CONT'D)

Business segments (cont'd)

	Note	Engineering RM	Trading and services RM	Other RM	Elimination RM	Combined RM
Audited 31.12.2017						
Revenue:-						
External customers		29,902,071	-	-	-	29,902,071
Inter-segment		-	534,863	-	(534,863)	-
Results:-						
Finance income		33,160	486	-	-	33,646
Finance costs		(90,156)	-	-	-	(90,156)
Depreciation of property, plant and equipment		(466,500)	(11,582)	-	-	(478,082)
Tax expense		(210,779)	(2,575)	-	-	(213,354)
Other non-cash income	(i)	571,613	-	-	-	571,613
Segment profit		4,386,443	52,081	-	(15,511)	4,423,013
Assets:-						
Additions to non-current asset:- property, plant and equipment		340,651	5,459	-	-	346,110
Segment assets		26,431,306	249,001	-	-	26,680,307
Liabilities:-						
Segment liabilities		13,289,767	11,249	-	-	13,301,016

32. SEGMENTAL REPORTING – GROUP (CONT'D)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the combined financial information:-

(i) Other material non-cash income/(expenses) consist of the following items:-

	Audited	Unaudited	←	Audited	→
	1.1.2020 to 30.9.2020 RM	1.1.2019 to 30.9.2019 RM	1.1.2019 to 31.12.2019 RM	1.1.2018 to 31.12.2018 RM	1.1.2017 to 31.12.2017 RM
Gain on disposal of property, plant and equipment	-	82,890	83,945	12,144	27,650
Unrealised gain/(loss) on foreign exchange	146,643	92,871	131,177	59,241	(8,836)
Gain/(Loss) on disposal of investments in equity instruments	304,728	34,267	34,267	(14,700)	-
Property, plant and equipment written off	(209)	(1,253)	(1,252)	(380,233)	(105)
Fair value (loss)/gain on investments in equity instruments	-	(318,808)	(534,424)	242,794	552,904
Impairment of financial asset	-	-	(559,212)	-	-
Reversal of impairment of financial asset	559,212	-	-	-	-
	1,010,374	(110,033)	(845,499)	(80,754)	571,613

32. SEGMENTAL REPORTING – GROUP (CONT'D)

Geographical segments

The Group operates in Malaysia, Vietnam, Sri Lanka, Thailand and Indonesia. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

The following table provides an analysis of the Group's revenue by geographical segment:-

	Audited	Unaudited	←	Audited	→
	1.1.2020 to 30.9.2020	1.1.2019 to 30.9.2019	1.1.2019 to 31.12.2019	1.1.2018 to 31.12.2018	1.1.2017 to 31.12.2017
	RM	RM	RM	RM	RM
Revenue from external customers					
Malaysia	30,202,750	21,953,954	33,982,500	37,720,949	24,464,464
Thailand	3,059,643	4,642,865	5,370,696	1,695,006	2,703,911
Vietnam	1,535,332	8,388,824	10,343,838	8,797,440	2,601,482
Indonesia	23,537	67,324	92,930	58,095	130,159
Sri Lanka	185,678	39,840	48,992	50,351	2,055
	35,006,940	35,092,807	49,838,956	48,321,841	29,902,071

Major customers

The following are the major customers with revenue equal or more than 10% of the Group's revenue for the financial periods/years ended 30 September 2020, 30 September 2019, 31 December 2019, 31 December 2018 and 31 December 2017.

	Audited	Unaudited	←	Audited	→
	1.1.2020 to 30.9.2020	1.1.2019 to 30.9.2019	1.1.2019 to 31.12.2019	1.1.2018 to 31.12.2018	1.1.2017 to 31.12.2017
	RM	RM	RM	RM	RM
Customer A	11,194,488	12,042,793	20,387,727	15,354,110	9,319,546
Customer B	7,438,952	8,280,662	10,181,754	7,927,464	-
Customer C	-	-	4,771,927	-	-
Customer D	-	-	-	5,819,135	4,280,358
Customer E	-	-	-	-	3,808,527
Customer F	6,099,690	-	-	-	-
Customer G	-	4,540,837	-	-	-

33. FINANCIAL INSTRUMENTS

33.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:-

i. Fair value through profit or loss classified as held for trading ("FVTPL"); and
ii. Financial assets and financial liabilities measured of amortised cost ("AC")

	Carrying amount RM	FVTPL RM	AC RM
Audited			
30.9.2020			
Financial assets			
Trade receivables	22,906,700	-	22,906,700
Other receivables	458,649	-	458,649
Cash and bank balances	11,827,006	-	11,827,006
	35,192,355	-	35,192,355
Financial liabilities			
Trade payables	8,916,377	-	8,916,377
Other payables and accruals	238,024	-	238,024
Bank borrowings	9,753,066	-	9,753,066
	18,907,467	-	18,907,467
Unaudited			
30.9.2019			
Financial assets			
Investments in equity instruments	3,038,394	3,038,394	-
Trade receivables	8,753,521	-	8,753,521
Other receivables	572,049	-	572,049
Amount due from a Director	274,036	-	274,036
Fixed deposits with a licensed financial institution	1,187,363	-	1,187,363
Cash and bank balances	3,379,213	-	3,379,213
	17,204,576	3,038,394	14,166,182
Financial liabilities			
Trade payables	7,019,000	-	7,019,000
Other payables and accruals	388,275	-	388,275
Bank borrowings	4,884,480	-	4,884,480
	12,291,755	-	12,291,755

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 Categories of financial instruments (cont'd)

The table below provides an analysis of financial instruments categorised as follows (cont'd):-

i. Fair value through profit or loss classified as held for trading ("FVTPL"); and
ii. Financial assets and financial liabilities measured of amortised cost ("AC")

	Carrying amount RM	FVTPL RM	AC RM
Audited			
31.12.2019			
Financial assets			
Investments in equity instruments	2,822,778	2,822,778	-
Trade receivables	11,756,640	-	11,756,640
Other receivables	595,998	-	595,998
Cash and bank balances	3,929,788	-	3,929,788
	19,105,204	2,822,778	16,282,426
Financial liabilities			
Trade payables	6,515,432	-	6,515,432
Other payables and accruals	363,430	-	363,430
Bank borrowings	7,069,491	-	7,069,491
	13,948,353	-	13,948,353

	Carrying amount RM	FVTPL RM	AC RM
Audited			
31.12.2018			
Financial assets			
Investments in equity instruments	2,659,728	2,659,728	-
Trade receivables	14,465,297	-	14,465,297
Other receivables	692,336	-	692,336
Amount due from a Director	179,923	-	179,923
Amount due from a shareholder	215,146	-	215,146
Fixed deposits with a licensed financial institution	1,160,193	-	1,160,193
Cash and bank balances	5,164,473	-	5,164,473
	24,537,096	2,659,728	21,877,368
Financial liabilities			
Trade payables	8,954,303	-	8,954,303
Other payables and accruals	1,153,168	-	1,153,168
Bank borrowings	4,953,472	-	4,953,472
	15,060,943	-	15,060,943

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 Categories of financial instruments (cont'd)

The table below provides an analysis of financial instruments categorised as follows (cont'd):-

i. Fair value through profit or loss classified as held for trading ("FVTPL"); and
ii. Financial assets and financial liabilities measured of amortised cost ("AC")

	Carrying amount RM	FVTPL RM	AC RM
Audited			
31.12.2017			
Financial assets			
Investments in equity instruments	2,292,360	2,292,360	-
Trade receivables	7,375,082	-	7,375,082
Other receivables	204,491	-	204,491
Fixed deposits with a licensed financial institution	1,123,785	-	1,123,785
Cash and bank balances	6,200,919	-	6,200,919
	17,196,637	2,292,360	14,904,277
Financial liabilities			
Trade payables	5,918,846	-	5,918,846
Other payables and accruals	1,292,693	-	1,292,693
Bank borrowings	4,711,151	-	4,711,151
	11,922,690	-	11,922,690

33.2 Financial risk management objectives and policies

Financial risks

The Group is exposed to financial risks arising from its operations and the use of financial instruments. Financial risk management policy is established to ensure that adequate resources are available for the development of Group's business whilst managing its credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group operates within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows:-

(a) **Credit risk**

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Group's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses of its financial assets or other financial instruments.

33. FINANCIAL INSTRUMENTS (CONT'D)

33.2 Financial risk management objectives and policies (cont'd)

Financial risks (cont'd)

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows (cont'd):-

(a) **Credit risk (cont'd)**

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the Group of counterparties whose aggregate credit exposure is significant in relation of the Group's total credit exposure. The Group's portfolio of financial instrument is broadly diversified along industry, product and geographical lines, and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group does not offer credit terms without the approval of the management.

Following are the areas where the Group is exposed to credit risk:-

(i) <u>Receivables</u>

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external rating, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed quarterly.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail, their geographic location, industry, trading history with the Group and existence of previous financial difficulties.

33. FINANCIAL INSTRUMENTS (CONT'D)

33.2 Financial risk management objectives and policies (cont'd)

Financial risks (cont'd)

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows (cont'd):-

(a) **Credit risk (cont'd)**

Following are the areas where the Group is exposed to credit risk (cont'd):-

(i) <u>Receivables</u> (cont'd)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Generally, the gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 33.2(a) to the combined financial statements. The Group and the Company do not hold collateral as security. The Group and the Company evaluate the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

			Trade receivables Days past due			
	Current	**<30 days**	**30-60 days**	**61-90 days**	**>91 days**	**Total**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
Audited						
30.9.2020						
Expected credit loss rate	-	-	-	-	-	
Estimated total gross carrying amount	16,787,974	3,987,178	1,544,575	363,013	223,960	22,906,700
Expected credit loss (collective)	-	-	-	-	-	-
Expected credit loss (individual)	-	-	-	-	-	-

33. **FINANCIAL INSTRUMENTS (CONT'D)**

33.2 **Financial risk management objectives and policies (cont'd)**

Financial risks (cont'd)

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows (cont'd):-

(a) **Credit risk (cont'd)**

Following are the areas where the Group is exposed to credit risk (cont'd):-

(i) Receivables (cont'd)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix (cont'd):

	Trade receivables Days past due					
	Current	**<30 days**	**30-60 days**	**61-90 days**	**>91 days**	**Total**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
Unaudited 30.9.2019						
Expected credit loss rate	-	-	-	-	-	
Estimated total gross carrying amount	3,779,132	2,172,272	393,016	375,793	2,033,308	8,753,521
Expected credit loss (collective)	-	-	-	-	-	-
Expected credit loss (individual)	-	-	-	-	-	-
Audited 31.12.2019						
Expected credit loss rate	-	-	-	-	33.10%	
Estimated total gross carrying amount	7,980,185	2,358,322	240,685	46,981	1,689,679	12,315,852
Expected credit loss (collective)	-	-	-	-	-	-
Expected credit loss (individual)	-	-	-	-	559,212	559,212
Audited 31.12.2018						
Expected credit loss rate	-	-	-	-	-	
Estimated total gross carrying amount	8,326,583	2,719,189	522,946	127,295	2,769,284	14,465,297
Expected credit loss (collective)	-	-	-	-	-	-
Expected credit loss (individual)	-	-	-	-	-	-
Audited 31.12.2017						
Expected credit loss rate	-	-	-	-	-	
Estimated total gross carrying amount	3,923,027	758,190	466,101	278,680	1,949,084	7,375,082
Expected credit loss (collective)	-	-	-	-	-	-
Expected credit loss (individual)	-	-	-	-	-	-

33. FINANCIAL INSTRUMENTS (CONT'D)

33.2 Financial risk management objectives and policies (cont'd)

Financial risks (cont'd)

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows (cont'd):-

(a) **Credit risk (cont'd)**

Following are the areas where the Group is exposed to credit risk (cont'd):-

(ii) Cash and cash equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

(iii) Investments in equity instruments

At the end of the reporting period, the Group and the Company have investments in in overseas and domestic securities. The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

(b) **Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due as a result of shortage of funds.

In managing its exposures to liquidity risk, the Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as and when they fall due.

The Group aims at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

The liquidity risks are principally from its trade, other payables and accruals, lease liabilities and bank borrowings.

The summary of the maturity profile based on the contractual undiscounted repayment obligation are set out as follows:-

	Carrying amount	Contractual cash flow	less than 1 year	← Non-current: 1 to 2 years	2 to 5 years	More than 5 years →
	RM	RM	RM	RM	RM	RM
Audited						
30.9.2020						
Non-derivative financial liabilities						
Trade payables	8,916,377	8,916,377	8,916,377	-	-	-
Other payables and accruals	238,024	238,024	238,024	-	-	-
Bank borrowings	9,753,066	9,821,254	384,468	384,468	1,153,404	7,898,914
Lease liabilities	1,038,448	1,067,170	258,289	352,857	456,024	-
Total undiscounted financial liabilities	19,945,915	20,042,825	9,797,158	737,325	1,609,428	7,898,914

33. FINANCIAL INSTRUMENTS (CONT'D)

33.2 Financial risk management objectives and policies (cont'd)

Financial risks (cont'd)

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows (cont'd):-

(b) **Liquidity risk (cont'd)**

The summary of the maturity profile based on the contractual undiscounted repayment obligation are set out as follows (cont'd):-

	Carrying amount	Contractual cash flow	less than 1 year	← Non-current		→
				1 to 2 years	2 to 5 years	More than 5 years
	RM	RM	RM	RM	RM	RM
Unaudited						
30.9.2019						
Non-derivative financial liabilities						
Trade payables	7,019,000	7,019,000	7,019,000	-	-	-
Other payables and accruals	388,275	388,275	388,275	-	-	-
Bank borrowings	4,884,480	7,733,434	394,323	394,323	1,182,969	5,761,819
Lease liabilities	788,372	849,710	252,668	206,810	390,232	-
Total undiscounted financial liabilities	13,080,127	15,990,419	8,054,266	601,133	1,573,201	5,761,819
Audited						
31.12.2019						
Non-derivative financial liabilities						
Trade payables	6,515,432	6,515,432	6,515,432	-	-	-
Other payables and accruals	363,430	363,430	363,430	-	-	-
Bank borrowings	7,069,491	7,733,434	394,323	394,323	1,182,969	5,761,819
Lease liabilities	712,743	772,209	246,068	203,792	322,349	-
Total undiscounted financial liabilities	14,661,096	15,384,505	7,519,253	598,115	1,505,318	5,761,819
Audited						
31.12.2018						
Non-derivative financial liabilities						
Trade payables	8,954,303	8,954,303	8,954,303	-	-	-
Other payables and accruals	1,153,168	1,153,168	1,153,168	-	-	-
Bank borrowings	4,953,472	6,481,486	394,323	394,323	1,182,969	4,509,871
Lease liabilities	457,893	498,498	163,220	138,607	196,671	-
Total undiscounted financial liabilities	15,518,836	17,087,455	10,665,014	532,930	1,379,640	4,509,871
Audited						
31.12.2017						
Non-derivative financial liabilities						
Trade payables	5,918,846	5,918,846	5,918,846	-	-	-
Other payables and accruals	1,292,693	1,292,693	1,292,693	-	-	-
Bank borrowings	4,711,151	7,198,880	394,323	394,323	1,182,969	5,227,265
Lease liabilities	462,697	501,753	186,851	131,878	183,024	-
Total undiscounted financial liabilities	12,385,387	14,912,172	7,792,713	526,201	1,365,993	5,227,265

33. **FINANCIAL INSTRUMENTS (CONT'D)**

33.2 **Financial risk management objectives and policies (cont'd)**

Financial risks (cont'd)

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows (cont'd):-

(c) **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

To mitigate the Group's exposure to foreign currency risk, the Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Group. The currencies giving rise to this risk is primarily Singapore Dollar ("SGD"), United States Dollar ("USD") and Thailand Baht ("THB").

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit for the financial periods/years to a reasonably possible change in the SGD, USD and THB exchange rates against the functional currency of the Group, with all other variables held constant.

The Group's exposures to foreign currency risk, based on carrying amounts as at the end of the reporting period was:-

	SGD RM	USD RM	THB RM
Audited			
30.9.2020			
Trade receivables	-	8,252,110	136,913
Other receivables	-	-	5,211
Cash and bank balances	-	111,848	178,339
Other payables	-	-	(50,034)
Net exposure	-	8,363,958	270,429
Unaudited			
30.9.2019			
Trade receivables	-	1,471,514	-
Other receivables	-	-	46,261
Cash and bank balances	40,373	739,572	218,473
Other payables	-	-	(65,375)
Net exposure	40,373	2,211,086	199,359
Audited			
31.12.2019			
Trade receivables	-	1,503,383	68,871
Other receivables	-	-	30,822
Cash and bank balances	5,002	140,058	353,657
Other payables	-	-	(79,191)
Net exposure	5,002	1,643,441	374,159

33. FINANCIAL INSTRUMENTS (CONT'D)

33.2 Financial risk management objectives and policies (cont'd)

Financial risks (cont'd)

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows (cont'd):-

(c) **Foreign currency risk (cont'd)**

Foreign currency sensitivity analysis (cont'd)

The Group's exposures to foreign currency risk, based on carrying amounts as at the end of the reporting period was (cont'd):-

	SGD	USD	THB
	RM	RM	RM
Audited			
31.12.2018			
Trade receivables	-	3,068,240	-
Other receivables	-	-	5,211
Cash and bank balances	61,310	420,479	370,341
Other payables	-	-	(63,214)
Net exposure	61,310	3,488,719	312,338
Audited			
31.12.2017			
Trade receivables	-	926,690	-
Other receivables	-	-	11
Cash and bank balances	13,118	263,919	144,654
Other payables	-	-	(3,167)
Net exposure	13,118	1,190,609	141,498

	Profit for the financial periods/years
	RM
Audited	
30.9.2020	
THB/RM	
- Strengthened 0.44%	1,190
- Weakened 0.44%	(1,190)
USD/RM	
- Strengthened 0.18%	15,055
- Weakened 0.18%	(15,055)
SGD/RM	
- Strengthened 0.03%	-
- Weakened 0.03%	-

33. **FINANCIAL INSTRUMENTS (CONT'D)**

33.2 **Financial risk management objectives and policies (cont'd)**

Financial risks (cont'd)

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows (cont'd):-

(c) **Foreign currency risk (cont'd)**

Foreign currency sensitivity analysis (cont'd)

The Group's exposures to foreign currency risk, based on carrying amounts as at the end of the reporting period was (cont'd):-

	Profit for the financial periods/years RM
Unaudited	
30.9.2019	
THB/RM	
- Strengthened 0.86%	1,714
- Weakened 0.86%	(1,714)
USD/RM	
- Strengthened 0.15%	3,317
- Weakened 0.15%	(3,317)
SGD/RM	
- Strengthened 0.02%	8
- Weakened 0.02%	(8)
Audited	
31.12.2019	
THB/RM	
- Strengthened 0.64%	2,395
- Weakened 0.64%	(2,395)
USD/RM	
- Strengthened 0.08%	1,315
- Weakened 0.08%	(1,315)
SGD/RM	
- Strengthened 0.02%	1
- Weakened 0.02%	(1)

33. **FINANCIAL INSTRUMENTS (CONT'D)**

33.2 **Financial risk management objectives and policies (cont'd)**

Financial risks (cont'd)

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows (cont'd):-

(c) **Foreign currency risk (cont'd)**

Foreign currency sensitivity analysis (cont'd)

The Group's exposures to foreign currency risk, based on carrying amounts as at the end of the reporting period was (cont'd):-

	Profit for the financial periods/years RM
Audited	
31.12.2018	
THB/RM	
- Strengthened 0.19%	593
- Weakened 0.19%	(593)
USD/RM	
- Strengthened 0.19%	6,629
- Weakened 0.19%	(6,629)
SGD/RM	
- Strengthened 0.02%	12
- Weakened 0.02%	(12)
Audited	
31.12.2017	
THB/RM	
- Strengthened 0.06%	85
- Weakened 0.06%	(85)
USD/RM	
- Strengthened 0.85%	10,120
- Weakened 0.85%	(10,120)
SGD/RM	
- Strengthened 0.19%	25
- Weakened 0.19%	(25)

33. FINANCIAL INSTRUMENTS (CONT'D)

33.2 Financial risk management objectives and policies (cont'd)

Financial risks (cont'd)

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows (cont'd):-

(d) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

Fixed rate borrowing is exposed to a risk of change in its fair value due to changes in interest rates. Variable rate borrowing is exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

The Group's interest rate management objective is to manage the interest expense consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group targets a mix of fixed and floating debt based on assessment of its existing exposure and desired interest rate profile.

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting date is as follows:-

	Audited	Unaudited	←	Audited	→
	30.9.2020	30.9.2019	31.12.2019	31.12.2018	31.12.2017
	RM	RM	RM	RM	RM
Fixed rate instruments					
Lease liabilities	1,038,448	788,372	712,743	457,893	462,697
Bankers' acceptance	874,000	720,000	689,000	542,000	-
Floating rate instruments					
Term loan	8,879,066	4,164,480	6,380,491	4,411,472	4,711,151

Interest rate sensitivity analysis

As at reporting date, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates. The exposure to interest rates for the Group's short-term placement is considered immaterial.

33. FINANCIAL INSTRUMENTS (CONT'D)

33.2 Financial risk management objectives and policies (cont'd)

Financial risks (cont'd)

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows (cont'd):-

(d) **Interest rate risk (cont'd)**

Interest rate sensitivity analysis (cont'd)

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rates of +/- 100 basis points ("bp"). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Profit for the financial periods/years		Equity	
	+100 bp RM	-100 bp RM	+100 bp RM	-100 bp RM
Audited				
30.9.2020	(88,791)	88,791	(88,791)	88,791
Unaudited				
30.9.2019	(41,645)	41,645	(41,645)	41,645
Audited				
31.12.2019	(63,805)	63,805	(63,805)	63,805
Audited				
31.12.2018	(44,115)	44,115	(44,115)	44,115
Audited				
31.12.2017	(47,112)	47,112	(47,112)	47,112

(e) **Equity price risk**

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than exchange or interest rates). Equity price risk arises from the Group's investments in equity securities quoted in Bursa Malaysia, Singapore Exchange and Wiener Börse.

Management of the Group monitor the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Directors of the Group.

As at 30.9.2020, the Group do not have investment in equity instruments and hence, is not exposed to equity price risk.

33. **FINANCIAL INSTRUMENTS (CONT'D)**

33.2 **Financial risk management objectives and policies (cont'd)**

Financial risks (cont'd)

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows (cont'd):-

(e) **Equity price risk (cont'd)**

This analysis assumes that all other variables remain constant the Group's equity investments moved in correlation with FTSE Bursa Malaysia KLCI ("FBMKLCI"), Straits Times Index ("STI") and Austrian Traded Index ("ATX").

Equity price risk sensitivity analysis

	Profit for the financial periods/years RM
Unaudited	
30.9.2019	
STI	
-Increased by 2.06%	61,941
-Decreased by 2.06%	(61,941)
ATX	
-Increased by 2.90%	1,020
-Decreased by 2.90%	(1,020)
Audited	
31.12.2019	
STI	
-Increased by 1.47%	41,021
-Decreased by 1.47%	(41,021)
ATX	
-Increased by 2.66%	935
-Decreased by 2.66%	(935)
Audited	
31.12.2018	
FBMKLCI	
-Increased by 0.45%	1,241
-Decreased by 0.45%	(1,241)
STI	
-Increased by 0.11%	2,593
-Decreased by 0.11%	(2,593)
ATX	
-Increased by 0.57%	201
-Decreased by 0.57%	(201)

33. FINANCIAL INSTRUMENTS (CONT'D)

33.2 Financial risk management objectives and policies (cont'd)

Financial risks (cont'd)

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows (cont'd):-

(e) **Equity price risk (cont'd)**

Equity price risk sensitivity analysis (cont'd)

	Profit for the financial periods/years RM
Audited	
31.12.2017	
FBMKLCI	
-Increased by 0.77%	3,893
-Decreased by 0.77%	(3,893)
STI	
-Increased by 1.21%	21,253
-Decreased by 1.21%	(21,253)
ATX	
-Increased by 2.14%	755
-Decreased by 2.14%	(755)

33.3 Reconciliation of liabilities arising from financing activities

	Note	1 January 2020 RM	Cash flows RM	Others RM	30 September 2020 RM
Audited					
30.9.2020					
Interest paid		-	(60,879)	60,879*	-
Dividends paid	27	-	(700,000)	700,000^	-
Lease liabilities	18	712,743	(103,033)	428,738^^	1,038,448
Bank borrowings	17	7,069,491	177,375^^^	2,506,200**	9,753,066
Total liabilities from financing activities		7,782,234	(686,537)	3,695,817	10,791,514

33. FINANCIAL INSTRUMENTS (CONT'D)

33.3 Reconciliation of liabilities arising from financing activities (cont'd)

	Note	1 January 2019 RM	Cash flows RM	Others RM	30 September 2019 RM
Unaudited					
30.9.2019					
Interest paid		-	(92,154)	92,154*	-
Dividends paid	27	-	(660,000)	660,000^	-
Dividend of subsidiary paid to non-controlling interest		-	(230,126)	230,126	-
Lease liabilities	18	457,893	(111,561)	442,040^^	788,372
Bank borrowings	17	4,953,472	(68,992)^^^	-	4,884,480
Advance to a Director	11	(179,923)	(94,113)	-	(274,036)
Advance to a shareholder	12	(215,146)	215,146	-	-
Fixed deposits with a licensed financial institution	13	(1,160,193)	(27,170)	-	(1,187,363)
Total liabilities from financing activities		3,856,103	(1,068,970)	1,424,320	4,211,453

	Note	1 January 2019 RM	Cash flows RM	Others RM	31 December 2019 RM
Audited					
31.12.2019					
Interest paid		-	(126,743)	126,743*	-
Dividends paid	27	-	(960,000)	960,000^	-
Dividend of subsidiary paid to non-controlling interest		-	(232,312)	232,312^	-
Lease liabilities	18	457,893	(188,654)	443,504^^	712,743
Bank borrowings	17	4,953,472	(169,076)^^^	2,285,095**	7,069,491
Advance to a Director	11	(179,923)	179,923	-	-
Advance to a shareholder	12	(215,146)	215,146	-	-
Fixed deposits with a licensed financial institution	13	(1,160,193)	1,160,193	-	-
Total liabilities from financing activities		3,856,103	(121,523)	4,047,654	7,782,234

33. FINANCIAL INSTRUMENTS (CONT'D)

33.3 Reconciliation of liabilities arising from financing activities (cont'd)

	Note	1 January 2018 RM	Cash flows RM	Others RM	31 December 2018 RM
Audited					
31.12.2018					
Interest paid		-	(115,411)	115,411 *	-
Dividends paid	27	-	(1,300,000)	1,300,000 ^	-
Lease liabilities	18	462,697	(209,304)	204,500^^	457,893
Bank borrowings	17	4,711,151	242,321^^^	-	4,953,472
Advance to a Director	11	-	(179,923)	-	(179,923)
Advance to a shareholder	12	-	(215,146)	-	(215,146)
Fixed deposits with a licensed financial institution	13	(1,123,785)	(36,408)	-	(1,160,193)
Total liabilities from financing activities		4,050,063	(1,813,871)	1,619,911	3,856,103

	Note	1 January 2017 RM	Cash flows RM	Others RM	31 December 2017 RM
Audited					
31.12.2017					
Interest paid		-	(90,156)	90,156 *	-
Dividends paid	27	-	(600,000)	600,000 ^	-
Dividend of subsidiary paid to non-controlling interest		-	(16,143)	16,143 ^	-
Lease liabilities	18	433,395	(168,698)	198,000^^	462,697
Bank borrowings	17	5,121,488	(410,337)^^^	-	4,711,151
Fixed deposits with a licensed financial institution	13	(1,091,583)	(32,202)	-	(1,123,785)
Total liabilities from financing activities		4,463,300	(1,317,536)	904,299	4,050,063

* Being the interest expense for the current financial periods/years.

** Being additional of bank borrowing for purchase of freehold land and building during the financial periods/years.

^ Being dividend paid for the current financial periods/years.

^^ Being additional of finance lease liabilities for purchase of motor vehicles during the financial periods/years.

^^^ Being amount net off between drawdown of bank borrowings and repayment of bank borrowings of the Group amounted to 30.9.2020: RM1,250,000 and RM1,072,625 (30.9.2019: RM1,787,000 and RM1,855,992; 31.12.2019: RM2,307,225 and RM2,476,301; 31.12.2018: RM551,855 and RM309,534 and 31.12.2017: RM9,855 and RM420,192) respectively.

33. FINANCIAL INSTRUMENTS (CONT'D)

33.4 Fair value of financial instruments

The carrying amounts of short-term receivables and payable, cash and cash equivalents and short-term borrowings, except for term loan and lease liabilities, approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their values and carrying amounts shown in the combined statements of financial position.

	Fair value of financial instruments carried at fair value Level 1 RM	Fair value of financial instruments not carried at fair value Level 3 RM	Carrying amount RM
Audited 30.9.2020			
Financial assets			
Investments in equity instruments	-	-	-
Other receivables	-	342,769	342,769
Financial liabilities			
Term loan	-	8,879,066	8,879,066
Lease liabilities	-	1,038,448	1,038,448
Unaudited 30.9.2019			
Financial assets			
Investments in equity instruments	3,038,394	-	3,038,394
Other receivables	-	456,736	456,736
Financial liabilities			
Term loan	-	4,164,480	4,164,480
Lease liabilities	-	788,372	788,372
Audited 31.12.2019			
Financial assets			
Investments in equity instruments	2,822,778	-	2,822,778
Other receivables	-	435,514	435,514
Financial liabilities			
Term loan	-	6,380,491	6,380,491
Lease liabilities	-	712,743	712,743

33. FINANCIAL INSTRUMENTS (CONT'D)

33.4 Fair value of financial instruments (cont'd)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their values and carrying amounts shown in the combined statements of financial position (cont'd).

	Fair value of financial instruments carried at fair value Level 1 RM	**Fair value of financial instruments not carried at fair value Level 3** RM	**Carrying amount** RM
Audited			
31.12.2018			
Financial assets			
Investments in equity instruments	2,659,728	-	2,659,728
Other receivables	-	545,514	545,514
Financial liabilities			
Term loan	-	4,411,472	4,411,472
Lease liabilities	-	457,893	457,893
Audited			
31.12.2017			
Financial assets			
Investments in equity instruments	2,292,360	-	2,292,360
Financial liabilities			
Term loan	-	4,711,151	4,711,151
Lease liabilities	-	462,697	462,697

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial periods/years (30.9.2019, 31.12.2019, 31.12.2018 and 31.12.2017: no transfer in either direction)

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 3 fair value

The carrying amount of floating rate term loan approximate its fair value as its effective interest rate changes according to movements in the market interest rates.

33. **FINANCIAL INSTRUMENTS (CONT'D)**

33.4 **Fair value of financial instruments (cont'd)**

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Type	Description of valuation technique and inputs used
Other receivables and lease liabilities	Discounted cash flows using a rate based on the current market rate of borrowing at the reporting date.

The estimated fair value would decrease if the interest rates were higher.

34. **CAPITAL MANAGEMENT**

Total capital managed at the Group level is the shareholders' funds as shown in the statements of financial position.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit and financially prudent capital rations in order to support its current business as well as future expansion so as to maximise the shareholders' value.

The Group manages its capital structure and makes adjustment to it, in light of changes in economic condition. To maintain and adjust capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

There were no changes in the Group's approach to capital management for the financial periods/years ended.

35. **EVENTS DURING AND AFTER REPORTING PERIOD**

On 11 March 2020, the World Health Organisation declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group operate.

The Group are significantly impacted by the COVID-19. As such, the Group have implemented several measures to weather through this current challenging time. These efforts are on-going as the Group continue to seek support from their vendors and business partners to address their cash flow requirements. The following measures had been taken, with further additional efforts to be taken:

Operations

The Group have temporary shut down its premises from 18 March 2020 in alignment with the MCO Policy. The Group's operation resumed gradually from early April 2020 with proper Standard Operating Procedures put in place and achieved full operation in early May 2020. The disruption of its operations during the financial year due to MCO and the relevant financial impact has been taken into account in the financial results of the Group.

36. EVENT AFTER THE REPORTING PERIOD

The Government of Malaysia has again imposed the Movement Control Order ("MCO") and Conditional Movement Control ("CMCO") for selected states which are severely affected by the novel coronavirus ("COVID 19- pandemic") on 11 January 2021. Besides, the Malaysia King declared state of emergency for the country until 1 August 2021 to curb the spread of Covid-19 on 12 January 2021.

The restrictions imposed have not, however, negatively impacted the Group's financial performance as our main business were allowed to operate throughout the MCO or CMCO, under guidelines set by the National Security Council, Ministry of Health and Ministry of International Trade and Industry respectively.

As at the date of authorisation of the financial statements, the COVID-19 pandemic situation is still evolving and uncertain. The Group will continue to actively monitor and manage its funds and operations to minimise any impact arising from the COVID-19 pandemic.

FLEXIDYNAMIC HOLDINGS BERHAD
Registration No.: 201901010656 (1319984-V)
(Incorporated in Malaysia)

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020

GRANT THORNTON MALAYSIA PLT

CHARTERED ACCOUNTANTS

Member Firm of Grant Thornton International Ltd.

Grant Thornton

REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Date: 16 February 2021

The Board of Directors
Flexidynamic Holdings Berhad
A-3A-28, IOI Boulevard
Jalan Kenari 5
Bandar Puchong Jaya
47170 Puchong
Selangor Darul Ehsan

Grant Thornton Malaysia PLT
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

T +603 2692 4022
F +603 2691 5229

Dear Sirs,

FLEXIDYNAMIC HOLDINGS BERHAD ("FLEXI" OR "THE COMPANY") AND ITS PROPOSED SUBSIDIARIES ("FLEXI GROUP" OR "THE GROUP")

REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION INCLUDED IN A PROSPECTUS ("REPORT")

We have completed our assurance engagement to report on the compilation of Pro Forma Consolidated Statements of Financial Position of the Group prepared by the Board of Directors of the Company. The Pro Forma Consolidated Statements of Financial Position as at 30 September 2020 together with the accompanying notes thereon, for which we have stamped for the purpose of identification. The Pro Forma Consolidated Statements of Financial Position have been prepared for inclusion in the prospectus of the Company in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Proposed Listing").

The applicable criteria on the basis of which the Board of Directors has compiled the Pro Forma Consolidated Statements of Financial Position are specified in the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and described in Note 1.2 to the Pro Forma Consolidated Statements of Financial Position ("Applicable Criteria").

The Pro Forma Consolidated Statements of Financial Position have been compiled by the Board of Directors, for illustrative purposes only, to illustrate the impact of the Proposed Listing on the financial position of the Group as at 30 September 2020 had the Proposed Listing been affected as at 30 September 2020. As part of this process, information about the Group's Consolidated Statements of Financial Position has been extracted by the Board of Directors from the Group audited consolidated financial statements for the financial period ended 30 September 2020 on which an audit report dated 16 February 2021 has been issued.

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

The Board of Directors is responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis of Applicable Criteria.

Audit | Tax | Advisory

Chartered Accountants
Grant Thornton Malaysia PLT [201906003682 [LLP0022494-LCA] & AF 0737] is a Limited Liability Partnership and is a member firm of Grant Thornton International Ltd (GTIL), a company limited by guarantee, incorporated in England and Wales.

Grant Thornton Malaysia PLT was registered on 1 January 2020 and with effect from that date, Grant Thornton Malaysia (AF 0737), a conventional partnership was converted to a limited liability partnership.

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Our Independence and Quality Control

We are independent in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board of Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our firm applies *International Standard on Quality Control ("ISQC") 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Board of Directors of the Company on the basis as described in Note 1.2 to the Pro Forma Consolidated Statements of Financial Position.

We conducted our engagement in accordance with *International Standard on Assurance Engagements (ISAE 3420), Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors of the Company have compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis as set out in Note 1.2 to the Pro Forma Consolidated Statements of Financial Position.

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

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

A reasonable assurance engagement to report on whether the 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 Board of 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 events or transactions, 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 reflects the proper application of those adjustments to the unadjusted financial information.

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Reporting Accountants' Responsibilities (cont'd)

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

Opinion

In our opinion:-

(i) The Pro Forma Consolidated Statements of Financial Position of the Group have been properly compiled on the basis as set out in the accompanying notes based on the audited consolidated financial statements of the Group for the financial period ended 30 September 2020 (which have been prepared by the Directors of Flexi Group), and in a manner consistent with both the format of financial statements and the accounting policies adopted by the Group for the financial period ended 30 September 2020 and the adoption of new accounting policy as described in Note 1.2; and

(ii) Each material adjustment made to the information used in the preparation of the Pro Forma Consolidated Statements of Financial Position of the Group is appropriate for the purpose of preparing the Pro Forma Consolidated Statements of Financial Position.

Other Matter

This report has been prepared solely for inclusion in the prospectus of the Company, in connection with the Proposed Listing. As such, this report should not be used or relied upon for any other purpose without the prior written consent from us. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Yours faithfully,

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

LIAN TIAN KWEE
(NO.: 02943/05/2021 J)
CHARTERED ACCOUNTANT

FLEXIDYNAMIC HOLDINGS BERHAD AND ITS PROPOSED SUBSIDIARIES

1. PRO FORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME

1.1 Pro Forma Group

The Pro Forma Consolidated Statements of Financial Position of Flexidynamic Holdings Berhad ("Flexi" or "the Company") and its proposed subsidiaries (collectively referred to as "Flexi Group" or "the Group") have been prepared for illustration purposes only, by the Board of Directors of the Company for inclusion in the prospectus of the Company to be issued in connection with the Initial Public Offering ("IPO") of 283,891,200 ordinary shares in the Company in conjunction with the listing of and quotation for the entire enlarged issued share capital of Flexi on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities")("Proposed Listing").

1.2 Basis of Preparation

The Pro Forma Consolidated Statements of Financial Position of the Group as at 30 September 2020 have been prepared based on the Group audited consolidated financial statements for the financial period ended 30 September 2020, which was prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and in a manner consistent with both the format of financial statements and the accounting policies adopted by the Group, and the adoption of new accounting policies below.

Merger method of accounting

The Pro Forma Consolidated Statements of Financial Position are consolidated using the merger method as these companies are under the common control by the same party both before and after the acquisition of the Group. When the merger method is used, the difference between the cost of investment recorded by Flexi and the share capital of the subsidiaries are accounted for as merger deficit in the Pro Forma Consolidated Statements of Financial Position.

The Group is regarded as a continuing entity resulting from the reorganisation exercise because the management of all the entities within the Group, which participated in the reorganisation exercise was under common control before and immediately after the reorganisation exercise. The Group has applied the merger method of accounting on a retrospective basis and restated its comparative as if the consolidation had taken place before the state of the earliest period presented in the financial statements.

The audited consolidated financial statements of the Group as at 30 September 2020 were not subject to any audit qualification.

The Pro Forma Consolidated Statements of Financial Position, because of its nature, may not reflect the actual financial position of the Group. Further, such information does not predict the future financial position of the Group.

The Pro Forma Consolidated Statements of Financial Position of the Group comprise Pro Forma Statements of Financial Position as at 30 September 2020, adjusted for the impact of the Proposed Listing as set out in Note 1.3 to the Pro Forma Consolidated Statements of Financial Position.

FLEXIDYNAMIC HOLDINGS BERHAD AND ITS PROPOSED SUBSIDIARIES

1. PRO FORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME (CONT'D)

1.3 Listing Scheme

(a) **Pro Forma I : Acquisition of Flexidynamic Engineering Sdn Bhd (''FESB'')**

Acquisition of FESB

The Company acquired the entire equity interest of FESB for a total purchase consideration of RM20,866,000 to be satisfied via issuance of 208,660,000 new ordinary shares at an issue price of RM0.10 per share.

(b) **Pro Forma II: Public Issue**

The public issue of 75,231,000 new ordinary shares in the Company ("Issue Shares") at IPO price of RM0.20 per Issue Share, representing approximately 26.50% of the enlarged number of shares of the Company. The Issue Shares shall be allocated in the following manner:

(i) 14,195,000 new Issue Shares available to the Malaysian Public;

(ii) 4,258,000 new Issue Shares available for application by our eligible employees and persons who have contributed to the success of our Group; and

(iii) 56,778,000 new Issue Shares by way of private placement to selected investors.

(collectively hereinafter referred to as "Public Issue")

(c) **Pro Forma III: Utilisation of Proceeds**

The gross proceeds from the IPO of RM15,046,200 are expected to be utilised as follows:

Details of utilisation	**Estimated timeframe for utilisation**	**RM**	**%**
Acquisition of new factories*	12 months(1)	6,800,000	45.20%
Acquisition of machinery and equipment	3 months(2)	1,630,000	10.83%
Working capital	24 months(1)	3,616,200	24.03%
Estimated listing expenses#	1 months(1)	3,000,000	19.94%
Total estimated proceeds		15,046,200	100.00%

(1) From the date of listing of Flexi shares.
(2) From the estimated completion of construction and handover of new factories in May 2021.

Notes:
* The Group plans to allocate a total of RM6.80 million from the IPO proceeds to repay the bank borrowing amounting to RM6.38 million and the balance of RM0.42 million to fund the renovation of new factories.

\# The total estimated listing expenses is RM3.00 million of which RM1.19 million has been paid as deposits and recognised in other receivables account. The said deposits will be subsequently set-off against share capital account and/or charged out to profit or loss account upon completion of IPO. The apportionment of estimated listing expenses is disclosed in Notes 3.4 and 3.6 to the Pro Forma Consolidated Statements of Financial Position.

FLEXIDYNAMIC HOLDINGS BERHAD AND ITS PROPOSED SUBSIDIARIES

1. **PRO FORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME (CONT'D)**

1.4 Auditors of Flexi Group

The Auditors of the audited financial statements of Flexi Group for the financial period ended 30 September 2020 are as follows:

Company	**Auditors**
Flexidynamic Holdings Berhad	Grant Thornton Malaysia PLT
Subsidiary of the Company	
Flexidynamic Engineering Sdn Bhd	Grant Thornton Malaysia PLT
Subsidiary of Flexidynamic Engineering Sdn Bhd	
Flexidynamic Engineering Company Limited	Grant Thornton Limited

The audited financial statements of Flexidynamic Holdings Berhad for the financial period ended 30 September 2020 were not subject to any qualification or modification.

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION *(Cont'd)*

FLEXIDYNAMIC HOLDINGS BERHAD AND ITS PROPOSED SUBSIDIARIES

2. **PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020**

The Pro Forma Consolidated Statements of Financial Position ("SOFP") as at 30 September 2020 has been prepared for illustrative purposes only to show the effects on Flexidynamic Holdings Group as at 30 September 2020 based on the Listing Scheme as set out in Note 1.3 to the Pro Forma Consolidated Statements of Financial Position had the events and transactions been effected on 30 September 2020, and should be read in conjunction with notes accompanying to the Pro Forma Consolidated Statements of Financial Position.

		Statement of Financial Position at 30 September 2020 RM	Adjustments for Acquisition RM	Pro forma I After Acquisition RM	Adjustments for Public Issue RM	Pro forma II After Pro forma I and Public Issue RM	Adjustments for Utilisation of Proceeds RM	Pro forma III After Pro forma II and Utilisation of Proceeds RM
ASSETS								
NON-CURRENT ASSETS								
Property, plant and equipment	3.1	-	15,274,192	15,274,192	-	15,274,192	3,646,600	18,920,792
Deferred tax assets		-	2,888,549	2,888,549	-	2,888,549	-	2,888,549
Other receivables		-	189,528	189,528	-	189,528	-	189,528
Total non-current assets		-	18,352,269	18,352,269	-	18,352,269	3,646,600	21,998,869
CURRENT ASSETS								
Inventories		-	4,806,628	4,806,628	-	4,806,628	-	4,806,628
Trade receivables		-	22,906,700	22,906,700	-	22,906,700	-	22,906,700
Other receivables	3.2	-	1,819,158	1,819,158	-	1,819,158	(1,188,132)	631,026
Cash and bank balances	3.3	20	11,826,986	11,827,006	15,046,200	26,873,206	(10,241,868)	16,631,338
Total current assets		20	41,359,472	41,359,492	15,046,200	56,405,692	(11,430,000)	44,975,692
TOTAL ASSETS		20	59,711,741	59,711,761	15,046,200	74,757,961	(7,783,400)	66,974,561
EQUITY AND LIABILITIES								
EQUITY								
Share capital	3.4	20	20,866,000	20,866,020	15,046,200	35,912,220	(600,000)	35,312,220
Merger deficit	3.5	-	(20,116,956)	(20,116,956)	-	(20,116,956)	-	(20,116,956)
Capital reserve		-	631,154	631,154	-	631,154	-	631,154
Foreign exchange reserve		-	7,528	7,528	-	7,528	-	7,528
(Accumulated losses)/Retained earnings	3.6	(5,122)	21,789,619	21,784,497	-	21,784,497	(2,400,000)	19,384,497
Equity attributable to equity holders of the Company		(5,102)	23,177,345	23,172,243	15,046,200	38,218,443	(3,000,000)	35,218,443
Non-controlling interest		-	(76,533)	(76,533)	-	(76,533)	-	(76,533)
TOTAL EQUITY		(5,102)	23,100,812	23,095,710	15,046,200	38,141,910	(3,000,000)	35,141,910

FLEXIDYNAMIC HOLDINGS BERHAD AND ITS PROPOSED SUBSIDIARIES

2. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020 (CONT'D)

The Pro Forma Consolidated Statements of Financial Position ("SOFP") as at 30 September 2020 has been prepared for illustrative purposes only to show the effects on Flexidynamic Holdings Group as at 30 September 2020 based on the Listing Scheme as set out in Note 1.3 to the Pro Forma Consolidated Statements of Financial Position had the events and transactions been effected on 30 September 2020, and should be read in conjunction with notes accompanying to the Pro Forma Consolidated Statements of Financial Position (cont'd).

		Statement of Financial Position at 30 September 2020 RM	Adjustments for Acquisition RM	Pro forma I After Acquisition RM	Adjustments for Public Issue RM	Pro forma II After Pro forma I and Public Issue RM	Adjustments for Utilisation of Proceeds RM	Pro forma III After Pro forma II and Utilisation of Proceeds RM
LIABILITIES								
NON-CURRENT LIABILITIES								
Borrowings	3.7	-	8,622,643	8,622,643	-	8,622,643	(4,783,400)	3,839,243
Lease liabilities		-	751,178	751,178	-	751,178	-	751,178
Total non-current liabilities		-	9,373,821	9,373,821	-	9,373,821	(4,783,400)	4,590,421
CURRENT LIABILITIES								
Trade payables		-	8,916,377	8,916,377	-	8,916,377	-	8,916,377
Other payables and accruals		5,122	610,846	615,968	-	615,968	-	615,968
Contract liabilities		-	13,001,915	13,001,915	-	13,001,915	-	13,001,915
Borrowings		-	1,130,423	1,130,423	-	1,130,423	-	1,130,423
Lease liabilities		-	287,270	287,270	-	287,270	-	287,270
Tax payables		-	3,290,277	3,290,277	-	3,290,277	-	3,290,277
Total current liabilities		5,122	27,237,108	27,242,230	-	27,242,230	-	27,242,230
TOTAL LIABILITIES		5,122	36,610,929	36,616,051	-	36,616,051	(4,783,400)	31,832,651
TOTAL EQUITY AND LIABILITIES		20	59,711,741	59,711,761	15,046,200	74,757,961	(7,783,400)	66,974,561
Number of shares in issue (unit)	3.4	200	208,660,000	280,660,200	75,231,000	283,891,200		283,891,200
Net (liability)/asset per share (RM)		(25.51)		0.11		0.13		0.12
Borrowings (RM)		-		10,791,514		10,791,514		6,008,114
Gearing (times)[(1)]		-		0.47		0.28		0.17

Notes:
[(1)] Calculated based on the total borrowings (i.e. lease liabilities and bank borrowings) of our Group divided by the total equity of our Group.

FLEXIDYNAMIC HOLDINGS BERHAD AND ITS PROPOSED SUBSIDIARIES

3. NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

3.1 Property, Plant and Equipment

The movements of the property, plant and equipment are as follows:

	Amount RM
As at 30 September 2020	-
Pursuant to Acquisition of FESB	15,274,192
As per Pro Forma I and II	15,274,192
Estimated additional drawdown of bank borrowings	1,594,600
Renovations on new factories	422,000
Acquisition of machinery and equipment	1,630,000
As per Pro Forma III	18,920,792

3.2 Other receivables – Current

The movements of the other receivables are as follows:

	Amount RM
As at 30 September 2020	-
Pursuant to Acquisition of FESB	1,819,158
As per Pro Forma I and II	1,819,158
Estimated listing expenses	(1,188,132)
As per Pro Forma III	631,026

FLEXIDYNAMIC HOLDINGS BERHAD AND ITS PROPOSED SUBSIDIARIES

3. NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

3.3 Cash and Bank Balances

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

	Amount RM
As at 30 September 2020	20
Pursuant to Acquisition of FESB	11,826,986
As per Pro Forma I	11,827,006
Pursuant to Public Issue	15,046,200
As per Pro Forma II	26,873,206
Estimated repayment of bank borrowings	(6,378,000)
Renovations on new factories	(422,000)
Acquisition of machinery and equipment	(1,630,000)
Estimated listing expenses	(1,811,868)
As per Pro Forma III	16,631,338

3.4 Share Capital

The movements of the issued share capital are as follows:

	No. of Shares	Amount RM
As at 30 September 2020	200	20
Pursuant to issuance of share for the Acquisition of FESB	208,660,000	20,866,000
As per Pro Forma I	208,660,200	20,866,020
Pursuant to Public Issue	75,231,000	15,046,200
As per Pro Forma II	283,891,200	35,912,220
Pursuant to Utilisation of Proceeds from IPO*	-	(600,000)
	283,891,200	35,312,220

*The estimated listing expenses totaling RM3,000,000 comprise brokerage, underwriting and placement fees, professional fees and miscellaneous expenses. The allocation of listing expenses to share capital of RM600,000 comprise of incremental costs that are directly attributable to issuing of new shares and apportionment of cost that are relates to shares issuance and listing on the proportion of new shares issued to the total number of enlarged share capital after IPO.

FLEXIDYNAMIC HOLDINGS BERHAD AND ITS PROPOSED SUBSIDIARIES

3. NOTES TO THE PRO FORMA CONSOLIDATE STATEMENTS OF FINANCIAL POSITION (CONT'D)

3.5 Merger Deficit

The movements of the merger deficit are as follows:

	Amount RM
As at 30 September 2020	-
Pursuant to Acquisition of FESB	(20,116,956)
As per Pro Forma I, II and III	(20,116,956)

3.6 (Accumulated losses)/Retained Earnings

The movements of the (accumulated losses)/retained earnings are as follows:

	Amount RM
As at 30 September 2020	(5,122)
Pursuant to Acquisition of FESB	21,789,619
As per Pro Forma I and II	21,784,497
Estimated listing expenses*	(2,400,000)
As per Pro Forma III	19,384,497

*The estimated listing expenses totaling RM3,000,000 comprise brokerage, underwriting and placement fees, professional fees and miscellaneous expenses. The allocation of RM2,400,000 of listing expenses of retained earnings comprise of cost that relate to the stock market listing which are neither incremental nor directly attributable to issuing of new shares.

3.7 Borrowings – Non-current

The movements of the borrowings are as follows:

	Amount RM
As at 30 September 2020	-
Pursuant to Acquisition of FESB	8,622,643
As per Pro Forma I and II	8,622,643
Estimated additional drawdown of bank borrowings	1,594,600
Estimated repayment of bank borrowings	(6,378,000)
As per Pro Forma III	3,839,243

14. STATUTORY AND OTHER INFORMATION

14.1 SHARE CAPITAL

(a) As at the date of this Prospectus, we only have 1 class of shares, namely, ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.

(b) Save for 4,258,000 Shares under the Pink Form Allocations as disclosed in Sections 4.4.1(b),

(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.

(c) Save for the new Shares issued and to be issued pursuant to the Acquisition of Flexidynamic Engineering, the Public Issue as disclosed in Sections 6.2.2 and 4.4.1 respectively and the 200 Shares subscribed by Kong Wui Chung and Au Chee Wah, no shares of our Company or our subsidiary have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past 2 years immediately preceding the date of this Prospectus.

(d) Other than our Public Issue as disclosed in Section 4.4.1, there is no intention on the part of our Directors to further issue any Shares.

(e) As at the date of this Prospectus, we do not have any outstanding convertible debt securities.

14.2 CONSTITUTION

The following provisions are extracted from our Company's Constitution. Terms defined in our Constitution shall have the same meanings when used here unless they are otherwise defined here or the context otherwise requires. The following provisions extracted from our Company's Constitution are based on the current Listing Requirements and the Act.

(1) Remuneration, voting and borrowing power of Directors

The provisions in our Constitution dealing with remuneration, voting and borrowing power of Directors are as follows:

Article 100 - Directors' remuneration

The fees any benefits payable to the Directors from time to time, be subject to annual shareholder approval at general meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, except that any Director, who shall hold office for part only of period in respect of which such fees are payable, shall be entitled only to rank in such division for proportion of the fees related to the period during which he has held office, PROVIDED ALWAYS that:

(i) Fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover. Salaries payable to executive Directors may not include a commission on or percentage of turnover.

(ii) The fees of Directors, and any benefits payable to Directors shall be subject to annual shareholders' approval at a general meeting

(iii) Salaries payable to executive Directors shall not include a commission on or percentage of turnover.

(iv) Any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of that Director.

Article 101 - Reimbursement of expenses

The Directors shall also be paid such travelling, hotel and other expenses properly and reasonably incurred by them in the execution of their duties including any such expenses incurred in connection with their attendance at meetings of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company as the Directors may determine.

Article 113 - Director may act in his professional capacity

Any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director providing that nothing herein contained shall authorise a Director or his firm to act as Auditor of the Company.

Article 126 – Alternate Director

(i) A director may appoint a person to act as his alternate provided that:

(a) Such person is not a director of the Company;

(b) Such person does not act as an alternate for more than one Director of the Company;

(c) The appointment is approved by a majority of the other members of the Board; and

(d) Any fee paid by the Company to the alternate shall be deducted from that Director's remuneration.

(ii) Any appointment of an Alternate Director may be revoked at any time by the Director appointing him.

(iii) If a Director making any such appointment as aforesaid shall cease or vacate office as a Director, the person appointed by him shall thereupon, ipso facto cease to have any power or authority to act as an Alternate Director except retirement by rotation and immediate re- election.

(iv) An alternate Director shall (except as regards power to appoint an alternate Director and remuneration) be subject in all respects to the terms and conditions existing with reference to the other Directors and shall be entitled to receive notices of all meetings of the Directors and to attend, speak and vote at any such meeting at which his appointor is not present.

(v) An Alternate Director shall not be taken into account in reckoning the minimum or maximum number of Directors allowed for the time being but shall be counted for the purpose of reckoning whether a quorum is present at any meeting of the Directors attended by him at which he is entitled to vote.

(vi) The alternate Director shall be entitled to notices of all meetings and to attend, speak and vote at any such meeting at which his appointor is not present. Any appointment so made may be revoked at any time by the appointor and any appointment or revocation under this Constitution shall be effected by notice in writing to be delivered to the Secretary of the Company. An alternate Director shall ipso facto cease to be an alternate Director if his appointor for any reason ceases to be a Director.

Article 131 – Power of Directors to establish Committees, etc

The Directors may establish any committees, local boards or agencies, comprising one or more persons for managing any of the affairs of the Company, either in Malaysia or elsewhere, and may lay down, vary or annul such rules and regulations as they may think fit for the conduct of the business thereof, and may appoint any person or persons to be the Member and Members of any such committee or local board or agency and may fix their remuneration and may delegate to any such committee or local board or agency any of the powers, authorities and discretions vested in the Directors, with power to sub-delegate, and may authorise the Member or Members of any such committee or local board or agency or any of them, to fill any vacancies therein, and to act notwithstanding vacancies, and any such appointment or delegation may be made upon such terms and subject to such conditions as the Directors may think fit, and the Directors may remove any person so appointed, and may annul any such delegation but no persons dealing in good faith and without notice of any such annulment or variation shall be affected thereby.

Article 106 – Power to maintain Pension or Fund

The Directors may establish or arrange any contributory or non- contributory pension superannuation scheme for the benefit of, or pay a gratuity, pension or emolument to any person who is or has been employed by or in the service of the Company or any subsidiary of the Company, or to any person who is or has been a Director or other officer of and holds or has held salaries employment in the Company or any such subsidiary, and the widow, family or dependents of any such person. The Directors may also subscribe to any association or fund which they consider to be for the benefit of the Company or any such subsidiary or any such persons as aforesaid and make payments for or towards any hospital or scholastic expenses and make payment for or towards any hospital or any Director holding such salaries employment shall be entitled to retain any benefit received by him hereunder subject only, where the Act requires, to proper disclosure to the Members and the approval of the Company in general meeting.

Article 105 – Directors' borrowing powers

(i) The Directors may exercise all the powers of the Company to borrow any sum or sums of money from any person, bank, firm or company (expressly including any person holding the office of Director) 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 its wholly owned subsidiaries or of any related or associated corporation. The Directors may guarantee the whole or any part of the loans or debts raised or incurred by or on behalf of the Company or any interest payable thereon with power to the Directors to indemnify the guarantors from or against liability under their guarantees by means of a mortgage or hypothecation of or charge upon any property and asset of the Company or otherwise. The Directors may exercise all the powers of the Company to guarantee and give guarantees or indemnities for the payment of money, the performance of contracts or obligations, or for the benefit or interest of the Company or of any subsidiary corporation.

(ii) The Directors shall not borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property, or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

(iii) The Directors shall cause a proper register to be kept in accordance with the Act of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the Act in regard to the registration of mortgages and charges therein specified or otherwise.

Article 120 – Disclosure of interest

Every Director shall comply with the provisions of the Act in connection with the disclosure of his shareholding and interests in the Company and his interest in any contract or proposed contract with the Company and in connection with the disclosure of the fact and the nature, character and extent of any office or possession of any property whereby whether directly or indirectly duties or interest might be created in conflict with his duty of interest as a Director of the Company. No Director shall as a Director vote in respect of any contract or arrangement in which he is so interested, and, if he does so vote, his vote shall not be counted.

Article 121 – Restriction on voting

A Director shall not vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly an interest.

Article 122 – Relaxation of restriction of voting

A Director notwithstanding his interest may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any office or place of profit under the Company or whereat the terms of any such appointment are considered, he may vote on any such matter other than in respect of his own appointment and/or the fixing of the terms thereof.

Article 123 – Power to vote

A Director may vote in respect of:

(i) Any arrangement for giving the Director himself or any other Director for any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or

(ii) 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 deposit of a security.

Article 124 – Directors may become Directors of other corporation

A Director of the Company may be or become a director or other officer of or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise or any corporation, which is directly or indirectly interested in the Company as shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefit received by him as a director or officer of, or from his interest in, such corporation unless the Company otherwise directs at the time of his appointment. The Directors may exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by them as Directors of such other corporation in such manner and in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of the Directors or other officers of such corporation) and any Director may vote in favour of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be or is about to be appointed a director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in manner aforesaid.

(2) Changes to Share Capital

The provisions in our Constitution dealing with changes to share capital and variation of class rights are as follows:

Article 3 - Share capital

The share capital of the Company is its issued share capital which shall be in Ringgit Malaysia. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto, respectively, any preferential, deferred, qualified or other special rights, privileges, conditions or restrictions as to dividend, capital, voting or otherwise.

Article 4 - Authority of Directors to allot shares

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, and subject to the provisions of the Constitution, the Act, the Central Depositories Act and to the provisions of any resolution of the Company, shares in the Company may be issued by the Directors, who may allot or otherwise dispose of such shares to such persons on such terms and conditions with such (whether in regard to dividend, voting or return of capital) preferred, deferred or other special rights, and subject to such restrictions and at such time or times as the Directors may think fit but the Directors in making any issue of shares shall comply with the following conditions:

(i) In the case of shares, other than ordinary shares, no special rights shall be attached until the same have been expressed in the Constitution or in the resolution creating the same;

(ii) No issue of shares shall be made which will have the effect of transferring a controlling interest in the Company to any person, company or syndicate without the prior approval of the Members in general meeting; and

(iii) Every Share Issuance Scheme for employees and/or Directors shall be approved by the members in general meeting and in relation to a Director such approval shall specifically detail the amount of shares or options to be issued to such Director and such Director has abstained from voting on the relevant resolution.

Article 55 - Offer of unissued shares

Subject to any direction to the contrary that may be given by the Company in general meeting any 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 an 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 in like manner dispose any such new shares or securities as aforesaid which, by reason of the ratio borne by them to the number of shares or securities held by persons entitled to such offer of new shares or securities cannot, in the opinion of the Directors be conveniently offered in the manner herein provided.

Article 7 – Repayment of preference capital

Notwithstanding Article 9 hereof the repayment of preference share capital other than redeemable preference shares or any alteration of preference shareholder rights shall only be made pursuant to a special resolution of the preference shareholders concerned PROVIDED ALWAYS that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing obtained from the holders of three-fourths (3/4) of the preference shares concerned within two (2) months of the meeting shall be as valid and effectual as a special resolution carried at the meeting.

Article 9 - Modification of class rights

Whenever the capital of the Company is divided into different classes of shares or groups the special rights attached to any class or group may subject to the provisions of the Constitution (unless otherwise provided by the terms of issue of the shares of the class), either with the consent in writing of the holders of three-quarters (3/4) of the issued shares of the class or group, or with the sanction of any special resolution passed at a separate general meeting of such holders (but not otherwise), be modified or abrogated, and may be so modified or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up, and such writing or resolution shall be binding upon all the holders of shares of the class. To every such separate general meeting all the provisions of this Constitution relating to general meetings or to the proceedings thereat shall, mutatis mutandis, apply, except that the necessary quorum shall be two persons at least holding or representing by proxy one-tenth (1/10) in nominal amount of the issued shares of the class or group (but so that if an adjourned meeting of such holders a quorum as above defined is not present those Members who are present shall be a quorum), that any holder of shares in the class present in person or by proxy may demand a poll and that the holders of shares of the class or group shall, on a poll, have one vote in respect of every share of the class or group held by them respectively.

Article 10 - 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 but in no respect in priority thereto.

Article 11 - Commission on subscription of shares

The Company may exercise the powers of paying commissions conferred by the Act to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally or procuring or agreeing to procure subscriptions, whether absolute or conditional for any shares in the Company provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act and the commission shall not exceed the rate of ten per cent (10%) of the price at which the shares in respect whereof the same is paid are issued or an amount equal to ten per cent (10%) of that price (as the case may be) and that the requirements of the Act shall be observed. Subject to the provisions of the Act, such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.

Article 13 - Trusts not to be recognised

Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or unit of share or (except only as by this Constitution or by law or by the Rules otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

Article 58 - Power to alter capital

The Company may by special resolution:

(i) Consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares; or

(ii) Divide its share capital or any part thereof into shares of smaller amount than is fixed by the Constitution 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 sub-division is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the other or any other of such shares; or

(iii) Cancel any shares which at the date of the passing of the resolution in that behalf have not been taken, agreed to be taken by any persons or shares which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

(iv) Subject to the provisions of this Constitution and the Act, convert and/or re-classify any class of shares into any other class of shares.

Article 14 - Purchase of own shares

Subject to the provisions of the Act and the Listing Requirements and the approval of the Members and any other relevant authority, if applicable, the Company shall have the power to purchase its own shares and to deal with the shares so purchased in the manner provided by the Act and the Listing Requirements or guidelines issued by the Exchange and/or any other relevant authority from time to time.

The provisions of Articles 58 and 59 hereof shall not affect the power of the Company to cancel any shares or reduce its share capital pursuant to any exercise of the Company's powers under this Article.

Article 59 - Power to reduce capital

The Company may by special resolution reduce its share capital and any capital redemption reserve fund in any manner subject to any conditions and any consent required by law. The Company shall give notice to the Registrar in accordance with Section 84 of the Act of such alteration in capital.

(3) Transfer of securities

Article 29 – Transfer of securities

The transfer of any listed security or class of listed security of the Company, shall be by way of book entry by the Depository in accordance with the Rules of the Depository and, notwithstanding sections 105, 106 or 110 of the Act, but subject to section 148(2) of the Act and any exemption that may be made from compliance with section 148(1) of the Act the Company shall be precluded from registering and effecting any transfer of the listed securities.

Article 32 - Refusal to register transfer

The Directors may decline to effect the registration of any transfer of shares if such shares are not fully paid up or the Company has a lien on them or otherwise if the transfer does not comply with the provisions of the Act, the Central Depositories Act and the Rules.

Article 36 - Death of Member

In the case of the death of a Member, the survivor or survivors where the deceased was a joint holder, and the legal representatives of the deceased where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the shares but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

Article 37 - Share of deceased or bankrupt Member

In the event of the death or bankruptcy of a Member, any person becoming entitled as a result thereof may transfer or be registered as the owner of the shares held by that Member before his death or bankruptcy or otherwise deal with the said shares in the manner allowed by law and in accordance with the Rules. The person so entitled shall notify the Depository accordingly in writing of his election whether to have the shares of the deceased or bankrupt Member to be registered under his name or otherwise to be transferred to another person and shall comply with the Rules affecting the registration and transfer of the said shares, as the case may be.

Article 39 - Transmission of Securities

Where:

(i) The securities of the Company are listed on another stock exchange; and

(ii) The Company is exempted from compliance with section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules of the Depository in respect of such securities,

the Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the Registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the Registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such securities.

(4) Rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights

The provisions in our Constitution dealing with rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights are as follows:

Article 57 - New shares to rank with original shares

Except so far as 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, transaction, forfeiture and otherwise as the original share capital and shall also be subject to the Rules.

Article 6 - Rights of preference shareholders

Subject to the Act, any preference shares may with the sanction of a special resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed and the Company shall not without the consent of the existing preference shareholders at a class meeting issue further preference shares ranking in priority above preference shares already issued but may issue preference shares ranking equally therewith.

Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and audited financial statements, and attending general meetings of the Company.

Preference shareholders must be entitled to a right to vote in each of the following circumstances:

(i) When the dividend or part of the dividend on the preference shares is in arrears for more than six (6) months;

(ii) On a proposal to reduce the Company's share capital;

(iii) On a proposal for the disposal of the whole of the Company's property, business and undertaking;

(iv) On a proposal that affects rights attached to the share;

(v) On a proposal to wind up the Company; and

(vi) During the winding up of the Company.

Article 38 - Person entitled may receive dividends

A person entitled to a share by reason of the death or bankruptcy of a Member shall be entitled to and may give a good discharge for, any dividend or other distribution in respect of the said share except that he shall not be entitled to receive notice of or to attend or vote at, meetings of the Company until and unless he has been duly registered in the Record of Depositors. The Directors may at any time give notice in writing requiring any such person to elect whether to transfer the share to himself or to another person and to comply with the Rules and any other applicable law in relation thereto and if such person fails or refuses to do so to the satisfaction of the Directors, the dividend payment or any other distribution in respect of the said share shall subject to law be withheld until the requirements of the notice have been complied with. Where two (2) or more persons are jointly entitled to any share in consequence of the death of a Member, they shall, for the purposes of this Constitution, be deemed to be joint holders of the share.

Article 52 – Participant in dividends and profits

The holders of stock shall, according to the amount of the stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters as if they held the shares from which the stock arose, but no such right, privileges or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by any such aliquot part of stock which would not, if existing in shares, have conferred that right, privilege or advantage

Article 64 - Record of Depositors

(i) The Company shall request the Depository in accordance with the Rules of the Depository, to issue a Record of Depositors to whom notices of general meetings shall be given by the Company.;

(ii) The Company shall also request the Depository in accordance with the Rules of the Depository, to issue a Record of Depositors, as at the latest date which is reasonably practicable which shall in any event be not less than 3 market days before the general meeting ("General Meeting Record of Depositors").

(iii) Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 (where applicable), a depositor shall not be regarded as a member entitled to attend any general meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors.

The Record of Depositors shall be the final and conclusive record for the purposes of determining the Depositors who shall be deemed to be the registered holders of the shares of the Company and thus eligible to attend the general meeting and to speak and vote there at.

Article 75 - Evidence of passing resolutions

At any general meeting a resolution put to the vote of the meeting resolutions shall be determined by poll. A poll shall be taken in such manner and either forthwith or after an interval or adjournment or otherwise as the Chairman directs and the result of the poll shall be the resolution of the meeting at which the poll was taken. The Company shall appoint at least one (1) scrutineer for the purposes of a poll in accordance with the Listing Requirements, and may, in addition to the power of adjourning meetings contained in Article 74 hereof adjourn the meeting to some place and time fixed for the purpose of declaring the result of the poll.

Article 78 – Voting rights and Time for objection

(i) Subject to the Constitution and to any rights or restrictions for the time being attached to any shares or classes of shares, at meetings of Members or classes of Members, each Member entitled to vote may vote in person or by proxy or by attorney. On a resolution to be decided by a poll, every Member voting in person or by proxy or by attorney shall have one (1) vote on a show of hands.

(ii) On a resolution to be decided on a show of hands, a holder of an ordinary share, and a holder of a preference share who has a right to vote shall be entitled to 1 vote.

(iii) A proxy shall be entitled to vote on a show of hands on any question at any general meeting, provided that he is the only proxy appointed by the member. There shall be no restriction as to the qualification to the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same right as the member to speak at the meeting.

(iv) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting whose decision shall be final and conclusive.

Article 80 - Shares of different monetary denominations

Where the capital of the Company consists of shares of different monetary denominations, voting rights shall be prescribed in such a manner that a unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such rights is exercisable.

Article 82 - Vote of Member of unsound mind

A Member who is of unsound mind or whose person or estate is liable to be dealt with any way under the law relating to mental disorder may vote by his committee or by such other person as properly as the management of his estate, and any such committee or other person may vote by proxy or attorney and any person entitled under the transmission Constitution to transfer any shares may vote at any general meeting in respect thereof in the same manner as if he was the registered holder of such shares provided that forty-eight (48) hours at least before the time of holding the meeting or adjourned meeting as the case may be at which he propose to vote, he shall satisfy the Directors of his right to transfer such shares unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

Article 83 - Member barred from voting while call unpaid

No member shall be entitled to be present or to vote on any question either personally or otherwise as proxy or attorney at any general meeting or appoint a proxy or be reckoned in the quorum in respect of any shares upon which calls are due and unpaid.

Article 87 - Validity of vote given under proxy

A vote given in accordance with the terms of an instrument of proxy or attorney shall be valid, notwithstanding the previous death or unsoundness of mind of the principal or revocation of the instrument or of the authority under which the instrument was executed, or the transfer of the share in respect of which the instrument is given, if no intimation in writing of such death, unsoundness of mind, revocation or transfer as aforesaid has been received by the Company at the Office before the commencement of the meeting or adjourned meeting at which the instrument is used.

Article 88 – Corporate Representative

A corporation may by resolution of its directors or other governing body, if it is a Member of the Company, authorize such person as he thinks fit to act as its representative either at a particular meeting or at all meetings of the Company or of any class of Member, and a person so authorised shall in accordance with his authority and until authority is revoked by the corporation be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual Member of the Company.

14.3 GENERAL INFORMATION

(a) Save for the purchase consideration paid to the shareholders of our subsidiary pursuant to the Acquisition of Flexidynamic Engineering as disclosed in Section 6.2, Directors' remuneration as disclosed in Section 5.2.4, dividends paid to our Promoters as disclosed in Section 11.13, no other amount or benefit has been paid or given within the past 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.

(b) Save as disclosed in Section 9.1, none of our Directors or substantial shareholders has 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 15.

(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.

14.4 CHANGES IN SHARE CAPITAL

As at the LPD, our share capital is RM20,866,020 comprising 208,660,200 Shares. The movements in our share capital since the date of our incorporation are set out below:

Date of allotment	No. of Shares allotted	Consideration RM	Cumulative share capital RM
28 March 2019	200	20	20
9 December 2020	208,660,000	20,866,000	20,866,020

As at the LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

Upon completion of our IPO, our enlarged share capital will be increased to RM35,912,220 comprising 283,891,200 Shares from the issuance of 75,231,000 Issue Shares.

The share capital of our subsidiaries is as follows.

14.4.1 Flexidynamic Engineering

As at the LPD, Flexidynamic Engineering's share capital is RM500,000.00 comprising 500,000 ordinary shares.

14. STATUTORY AND OTHER INFORMATION *(Cont'd)*

The changes in the share capital of Flexidynamic Engineering since its incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration	Cumulative share capital
		RM	RM
1 November 2012	100	100.00	100.00
17 June 2013	99,900	99,900.00	100,000.00
2 July 2013	100,000	100,000.00	200,000.00
18 December 2014	100,000	100,000.00	300,000.00
30 March 2016	200,000	200,000.00	500,000.00

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Flexidynamic Engineering. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

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14. STATUTORY AND OTHER INFORMATION *(Cont'd)*

Changes in Flexidynamic Engineering's substantial shareholders' shareholdings

The changes in Flexidynamic Engineering's substantial shareholders' respective shareholdings for the past 3 years are as follows:

	As at 31 December 2017				As at 31 December 2018				As at 31 December 2019			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Name	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Tan Kong Leong	350,000	70.0	-	-	282,500	56.5	[1] 15,000	3.0	282,500	56.5	[1] 15,000	3.0
Liew Heng Wei	150,000	30.0	-	-	127,500	25.5	-	-	127,500	25.5	-	-
Lion Suk Chin	-	-	[1] 150,000	30.0	-	-	[1] 127,500	25.5	-	-	[1] 127,500	25.5
Phitchaya Arsangku	-	-	[1] 350,000	70.0	15,000	3.0	[1] 282,500	56.5	15,000	3.0	[1] 282,500	56.5
Sin Kuo Wei	-	-	-	-	20,000	4.0	-	-	20,000	4.0	-	-
Loh Wei Keat	-	-	-	-	20,000	4.0	-	-	20,000	4.0	-	-
Tan Lui Ken	-	-	-	-	10,000	2.0	-	-	10,000	2.0	-	-
Chong Chee Keong	-	-	-	-	10,000	2.0	-	-	10,000	2.0	-	-
Lim Khin Choong	-	-	-	-	10,000	2.0	-	-	10,000	2.0	-	-
Wong Fook Loong	-	-	-	-	5,000	1.0	-	-	5,000	1.0	-	-
Flexidynamic Holdings	-	-	-	-	-	-	-	-	-	-	-	-

	As at LPD			
	Direct		Indirect	
Name	No. of Shares	%	No. of Shares	%
Tan Kong Leong	-	-	[2] 500,000	100.0
Liew Heng Wei	-	-	-	-
Lion Suk Chin	-	-	-	-
Phitchaya Arsangku	-	-	[3] 500,000	100.0
Sin Kuo Wei	-	-	-	-
Loh Wei Keat	-	-	-	-
Tan Lui Ken	-	-	-	-
Chong Chee Keong	-	-	-	-
Lim Khin Choong	-	-	-	-
Wong Fook Loong	-	-	-	-
Flexidynamic Holdings	500,000	100.0	-	-

14. STATUTORY AND OTHER INFORMATION

Notes:

(1) Deemed interested by virtue of his/her spouse's shareholdings in Flexidynamic Engineering.
(2) Deemed interested by virtue of his shareholding in Flexidynamic Holdings.
(3) Deemed interested by virtue of her spouse's shareholding in Flexidynamic Holdings.

14.4.2 Flexidynamic Thailand

As at the LPD, Flexidynamic Thailand's share capital is THB4,000,000.00 comprising 40,000 ordinary shares of THB100 each.

The changes in the share capital of Flexidynamic Thailand since its incorporation are as follows:

Date of allotment	**No. of shares allotted**	**Consideration**	**Cumulative share capital**
		THB	**THB**
10 July 2015	10,000	1,000,000	1,000,000
18 September 2017	10,000	1,000,000	2,000,000
22 February 2019	20,000	2,000,000	4,000,000

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Flexidynamic Thailand. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

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14. STATUTORY AND OTHER INFORMATION *(Cont'd)*

Changes in Flexidynamic Thailand's substantial shareholders' shareholdings

The changes in Flexidynamic Thailand's substantial shareholders' respective shareholdings for the past 3 years are as follows:

	As at 31 December 2017				As at 31 December 2018				As at 31 December 2019			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Name	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Tan Kong Leong	9,000	45.0	(1) 10,000	50.0	-	-	(3) 9,800	49.0	-	-	(3) 19,600	49.0
Phitchaya Arsangku	10,000	50.0	(1)(2) 10,000	50.0	-	-	(4) 9,800	49.0	-	-	(4) 19,600	49.0
Malinee Arsangku	1,000	5.0	(2) 10,000	50.0	-	-	-	-	-	-	-	-
Flexidynamic Engineering	-	-	-	-	9,800	49.0	-	-	19,600	49.0	-	-
Boonjing Boongrajang	-	-	-	-	10,000	50.0	-	-	20,000	50.0	-	-
Naphatson Santibun	-	-	-	-	200	1.0	-	-	400	1.0	-	-
Liew Heng Wei	-	-	-	-	-	-	(3) 9,800	49.0	-	-	(3) 19,600	49.0
Lion Suk Chin	-	-	-	-	-	-	(4) 9,800	49.0	-	-	(4) 19,600	49.0

	As at LPD			
	Direct		Indirect	
Name	No. of Shares	%	No. of Shares	%
Tan Kong Leong	-	-	(5) 19,600	49.0
Phitchaya Arsangku	-	-	(6) 19,600	49.0
Malinee Arsangku	-	-	-	-
Flexidynamic Engineering	19,600	49.0	-	-
Boonjing Boongrajang	20,000	50.0	-	-
Naphatson Santibun	400	1.0	-	-
Liew Heng Wei	-	-	-	-
Lion Suk Chin	-	-	-	-

Notes:

(1) Deemed interested by virtue of his/her spouse's shareholdings in Flexidynamic Thailand.
(2) Deemed interested by virtue of her sister's shareholdings in Flexidynamic Thailand.
(3) Deemed interested by virtue of their shareholdings in Flexidynamic Engineering.
(4) Deemed interested by virtue of her spouse's shareholdings in Flexidynamic Engineering.
(5) Deemed interested by virtue of his shareholding in Flexidynamic Holdings.
(6) Deemed interested by virtue of her spouse's shareholding in Flexidynamic Holdings.

14.5 CONSENTS

(a) The written consents of the Adviser, Sponsor, Underwriter, Placement Agent, Solicitors, Share Registrar, Company Secretary 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 IMR Report titled "IMR Report on the Glove Chlorination Manufacturing Industry in Malaysia, Thailand and Vietnam", 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 been subsequently withdrawn.

14.6 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 6 months from the date of this Prospectus:

(a) Constitution of our Company;

(b) The audited financial statements of the Flexidynamic Holdings Group for the FYEs 2017, 2018 and 2019 and FPE 2020;

(c) The Accountants' Report as set out in Section 12;

(d) The Reporting Accountants' reports relating to our pro forma consolidated statements of financial information as set out in Section 13;

(e) The IMR Report as set out in Section 7;

(f) The material contracts as set out in Section 6.16; and

(g) The letters of consent as set out in Section 14.5.

14.7 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.

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15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

15.1 OPENING AND CLOSING OF APPLICATION

OPENING OF THE APPLICATION PERIOD: 10.00 A.M. ON 9 MARCH 2021

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M. ON 16 MARCH 2021

In the event there is any change to the timetable, we will advertise the notice of the changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia.

Late Applications will not be accepted.

15.2 METHODS OF APPLICATIONS

15.2.1 Retail Offering

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Types of Application and category of investors	Application Method
Applications by our eligible employees and persons who have contributed to the success of our Group	Pink Application Form only
Applications by the Malaysian Public:	
(a) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(b) Non-Individuals	White Application Form only

15.2.2 Placement

Types of Application	Application Method
Applications by:	
(a) Selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.

Selected investors may still apply for our IPO Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

15.3 ELIGIBILITY

15.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities. The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will not be accepted for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS 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 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

15.3.2 Application by the Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

(a) You must be one of the following:

- (i) A Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or
- (ii) A corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
- (iii) A superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.

(b) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and

(c) You must submit Applications by using only one of the following methods:

(i) White Application Form;

(ii) Electronic Share Application; or

(iii) Internet Share Application.

15.3.3 Application by our eligible employees and persons who have contributed to the success of our Group

Our eligible employees and persons (including any entities, wherever established) who have contributed to the success of our Group will be provided with Pink Application Forms and letters from us detailing their respective allocation.

15.4 APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.20 for each IPO Share.

Payment must be made out in favour of **"TIIH SHARE ISSUE ACCOUNT NO. 699"** and crossed **"A/C PAYEE ONLY"** and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

(a) Despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd (Registration No. 197101000970 (11324-H))
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

(b) **DELIVER BY HAND AND DEPOSIT** in the drop-in box provided at the following address:

Customer Service Centre
Unit G-3, Ground Floor
Vertical Podium, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

so as to arrive not later than 5.00 p.m. on 16 March 2021 or by such other time and date specified in any change to the date or time for closing.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

15.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

15.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CIMB Bank Berhad, CGS-CIMB Securities Sdn Bhd, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

15.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board reserves the right to:

(a) reject Applications which:

(i) Do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or

(ii) Are illegible, incomplete or inaccurate; or

(iii) Are accompanied by an improperly drawn up, or improper form of, remittance; or

(b) Reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

(c) Bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 15.8 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at anytime within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

15.8 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

15.8.1 For applications by way of Application Forms

(a) The application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.

(b) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

(c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (a) and (b) above (as the case may be).

(d) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (b) above (as the case may be).

15.8.2 For applications by way of Electronic Share Application and Internet Share Application

(a) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.

(b) You may check your account on the 5th Market Day from the balloting date.

(c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

15.9 SUCCESSFUL APPLICANTS

If you are successful in your application:

(a) Our IPO Shares allotted to you will be credited into your CDS account.

(b) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.

(c) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued / offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.

(d) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

15.10 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of application	**Parties to direct the enquiries**
Application Form	Issuing House Enquiry Services at telephone no. 03-2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House website at https://tiih.online, 1 Market Day after the balloting date.

You may also check the status of your Application at the above website, 5 Market Days after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities.

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DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (ACCOMPANYING THE ELECTRONIC PROSPECTUS)

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

1. OPENING AND CLOSING OF APPLICATION

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 9 MARCH 2021

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 16 MARCH 2021

In the event there is any change to the timetable, we will advertise the notice of the changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia.

Late Applications will not be accepted.

2. METHODS OF APPLICATIONS

Applications must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that your Application will succeed. You agree to be bound by our Constitution.

2.1 Retail Offering

Types of Application and category of investors	Application Method
Applications by eligible employees and persons who have contributed to the success of our Group	Pink Application Form only
Applications by the Malaysian Public:	
(a) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(b) Non-Individuals	White Application Form only

2.2 Placement

Types of Application	Application Method
Applications by:	
(a) Selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.

3. ELIGIBILITY

3.1 Application by the Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

(i) You must have a CDS account. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs listed in Section 12 below.

(ii) You must be one of the following:

(a) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares with a Malaysian address; or

(b) a corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or

(c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.

(iii) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and

(iv) You must submit an Application by using only one of the following methods:

(a) White Application Form; or

(b) Electronic Share Application; or

(c) Internet Share Application.

3.2 Application by our eligible employees and persons who have contributed to the success of our Group

The eligible employees and persons who have contributed to the success of our Group will be provided with Pink Application Forms and letters from us detailing their respective allocations. The applicants must follow the notes and instructions in those documents and where relevant, of our Prospectus.

The eligible employees and persons who have contributed to the success of our Group who apply for our IPO Shares must have a CDS account and a correspondence address in Malaysia.

You agree that any application which you make for our IPO Shares is irrevocable.

4. PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORMS

Each application for our IPO Shares must be made using the correct type of Application Form. The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS 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 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

The Malaysian Public must follow the following procedures in making their applications through the White Application Form.

a) Obtain the relevant Application Form together with the Official "A" and "B" envelopes and our Prospectus.

   The **White** Application Forms together with our Prospectus, can be obtained subject to availability from M&A Securities Sdn Bhd, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia or Malaysian Investment Banking Association and the Issuing House.

b) In accordance with Section 232(2) of the CMSA, the Application Forms are accompanied by our Prospectus. You are advised to read and understand our Prospectus before making your Application.

c) Complete the relevant Application Form legibly and **STRICTLY** in accordance with the notes and instructions printed on it and in our Prospectus, including:

   (i) Ensuring that your personal particulars submitted in your Application are identical with the records maintained by Bursa Depository. You are required to inform Bursa Depository promptly of any changes to your personal particulars as the notification letter of successful allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.

   (ii) Stating your CDS account number in the space provided in the Application Form. Invalid or nominee or third party CDS accounts will **not** be accepted.

   (iii) Stating the details of your payment in the appropriate boxes provided in the Application Form.

   (iv) Stating the number of shares applied. Applications must be for at least 100 IPO Shares or multiples of 100 IPO Shares.

d) Prepare the appropriate form of payment in RM for the FULL amount payable based on the IPO Price of RM0.20 for each IPO Share.

   Payment must be made out in favour of **"TIIH SHARE ISSUE ACCOUNT NO. 699"** and crossed **"A/C PAYEE ONLY"** and endorsed on the reverse side with your name and address.

Only Banker's Draft or Cashier's Order drawn on a bank in Kuala Lumpur, Money or Postal Orders (Sabah and Sarawak only) and Guaranteed Giro Order from Bank Simpanan Nasional Malaysia Berhad will be accepted.

We will not accept Applications with excess or insufficient remittances or inappropriate forms of payment. Remittances must be completed in the appropriate boxes provided in the Application Forms.

e) Insert the relevant Application Form together with payment and a legible photocopy of your identification document (NRIC or official valid temporary identity documents issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) or certificate of incorporation or the certificate of change of name for corporate or institutional applicant (where applicable)) into the Official "A" envelope and seal it. You must write your name and address on the outside of the Official "A" and "B" envelopes.

   Affix RM1.50 stamp on the Official "A" envelope and insert the Official "A" envelope into the Official "B" envelope.

   The name and address written must be identical to your name and address as in your NRIC or official valid temporary identity documents issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) or certificate of incorporation or the certificate of change of name for corporate or institutional applicant (where applicable).

f) Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods: -

   (i) despatch by **ORDINARY POST** in the official envelopes provided to the following address:

   Tricor Investor & Issuing House Services Sdn Bhd (Registration No. 197101000970 (11324-H))
   Unit 32-01, Level 32, Tower A
   Vertical Business Suite
   Avenue 3, Bangsar South
   No. 8, Jalan Kerinchi
   59200 Kuala Lumpur

   (ii) **DELIVER BY HAND AND DEPOSIT**

   in the drop-in boxes provided at their Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur

   so as to arrive not later than 5.00 p.m. on 16 March 2021 or by such other time and date specified in any change to the date or time for closing. We will not accept late Applications.

   We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

5. APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

5.1 Participating Financial Institutions

Malaysian individuals may apply for our IPO Shares through the ATM of the following Participating Financial Institutions and their branches. The following processing fee for each Electronic Share Application will be charged by the respective Participating Financial Institutions (unless waived) as follows:

Participating Financial Institutions	Charges
Affin Bank Berhad	Free
Alliance Bank Malaysia Berhad	RM1.00
AmBank (M) Berhad	RM1.00
CIMB Bank Berhad	RM2.50
Malayan Banking Berhad	RM1.00
Public Bank Berhad	RM2.00
RHB Bank Berhad	RM2.50

Please note that these processing fees may be varied or waived from time to time at the discretion of the respective Participating Financial Institutions. Please contact the relevant Participating Financial Institutions for further enquiries.

5.2 Procedures for Electronic Share Application

The procedures for Electronic Share Application at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions

PLEASE READ THE TERMS OF OUR PROSPECTUS, THE TERMS AND CONDITIONS AND PROCEDURES FOR ELECTRONIC SHARE APPLICATIONS SET OUT BELOW AND AT THE RESPECTIVE ATM CAREFULLY PRIOR TO MAKING AN ELECTRONIC SHARE APPLICATION.

If you encounter any problems in your Application, you may refer to the respective Participating Financial Institutions.

You must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for our IPO Shares at an ATM belonging to other Participating Financial Institutions;

You are to submit at least the following information through the ATM, where the instructions on the ATM screen require you to do so:-

- Personal Identification Number ("**PIN**");
- TIIH Share Issue Account No. 699;
- Your CDS account number;

- Number of IPO Shares applied for and the RM amount to be debited from the account; and
- Confirmation of several mandatory statements as set out in Section 5.3 below.

Upon the completion of your Electronic Share Application transaction at the ATM, 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 the Issuing House. The Transaction Record is for your records and should not be submitted with any Application Form.

5.3 Terms and Conditions for Electronic Share Application

You must have a CDS account to be eligible to use the Electronic Share Application. Invalid, nominee or third party CDS accounts will not be accepted.

YOU MUST ENSURE THAT YOU USE YOUR OWN CDS ACCOUNT NUMBER WHEN MAKING AN ELECTRONIC SHARE APPLICATION. IF YOU OPERATE 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 ABOVE.

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:-

(i) The Electronic Share Application shall be made in relation to and subject to the terms of our Prospectus and our Company's Constitution.

(ii) You are required to confirm the following statements (by pressing pre-designated keys or buttons on the ATM keyboard) and undertake that the following information given are true and correct:-

   (a) You are at least 18 years old as at the date of the application for our IPO Shares;

   (b) You are a Malaysian citizen residing in Malaysia;

   (c) You have read our Prospectus and understood and agreed with the terms and conditions of the Application;

   (d) The Electronic Share Application is the only application that you are submitting for our IPO Shares offered to the Malaysian Public; and

   (e) You consent to the disclosure by the Participating Financial Institution and Bursa Depository of information pertaining to yourself and your account with the Participating Financial Institution and Bursa Depository to the Issuing House and other relevant authorities.

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, it is considered that you have confirmed each of the above statements as well as given consent in accordance with the relevant laws of Malaysia (including but not limited to Sections 133 and 134 of the Financial Services Act, 2013 and Section 45 of SICDA) to the disclosure by the relevant Participating Financial Institutions or Bursa Depository, as the case may be, of any of your particulars to the Issuing House or any relevant authorities.

(iii) You confirm that you are not applying for our IPO Shares offered to the Malaysian Public as a nominee of any other person and that the Electronic Share Application that you make is made by you as the beneficial owner. You shall only make one Electronic Share Application and shall not make any other application for our IPO Shares offered to the Malaysian Public.

(iv) You must have sufficient funds in your account with the relevant Participating Financial Institution at the time the Electronic Share Application is made, failing which the 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.

(v) You agree and undertake to subscribe for or purchase and to accept the number of IPO Shares applied for as stated in 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 a 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 keys or buttons on the ATM keyboard) of the number of IPO Shares applied for shall signify, and shall be treated as, your acceptance of the number of IPO Shares that may be allotted or allocated to you and your acceptance to be bound by our Constitution.

(vi) the Issuing House, on the authority of our Board, reserves the right to reject any Electronic Share Application or accept any Electronic Share Application in whole or in part only without the need to give any reason. 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 a liquid and adequate market for our Shares.

(vii) You request and authorise us:-

(a) to credit our IPO Shares allotted or allocated to you into your CDS account; and

(b) to issue share certificate(s) representing such IPO Shares or jumbo certificates which represent, amongst others, such IPO Shares, allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.

(viii) You acknowledge that your Electronic Share Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond our control or the control of the Issuing House, Bursa Depository or the Participating Financial Institution, and irrevocably agree that if:-

(a) our Company or the Issuing House does not receive your Electronic Share Application; or

(b) the data relating to your Electronic Share Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company or the Issuing House,

you shall be deemed not to have made an Electronic Share Application and shall not make any claim whatsoever against our Company, the Issuing House or the Participating Financial Institution for our IPO Shares applied for or for any compensation, loss or damage.

(ix) All of your particulars in the records of the relevant Participating Financial Institution at the time of making the Electronic Share Application shall be deemed to be true and correct, and our Company, the Issuing House and the relevant Participating Financial Institution shall be entitled to rely on their accuracy.

(x) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institution are correct and identical. Otherwise, your Electronic Share Application will be rejected. You must inform Bursa Depository promptly of any change in address, failing which the notification letter of successful allotment will be sent to your registered or correspondence address last maintained with Bursa Depository.

(xi) By making and completing an Electronic Share Application, you agree that:-

(a) in consideration of us agreeing to allow and accept the application for our IPO Shares through the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, your Electronic Share Application is irrevocable;

(b) we, the Participating Financial Institutions, Bursa Depository and the 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 or failure of transmission or communication facilities or to any cause beyond our or the control of any of them;

(c) notwithstanding the receipt of any payment by or on behalf of our Company, the acceptance of your offer to subscribe for and purchase our IPO Shares for which the Electronic Share Application has been successfully completed shall be constituted by the issue of notices of allotment in respect of the said IPO Shares;

(d) you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounce any instrument of transfer and other documents required for the issue or transfer of our IPO Shares allotted or allocated to you; and

(e) you agree that in relation to any legal action, proceedings or disputes arising out of or in relation to the contract between the parties and / or the Electronic Share Application and / or any terms of our Prospectus, all rights, obligations and liabilities of the parties shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies of Malaysia and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.

(xii) the Issuing House, acting on the authority of our Board reserves the right to reject Applications which do not conform to these instructions.

6. APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

6.1 Internet Participating Financial Institutions

Applications for our IPO Shares by the Malaysian Public Individuals 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 Instituition	Website address	Fees charged
Affin Bank Berhad	www.affinOnline.com	Free
Alliance Bank Malaysia Berhad	www.allianceonline.com.my	RM1.00
CGS-CIMB SECURITIES SDN BHD	www.eipocimb.com	RM2.00 for payment through CIMB Bank Berhad or Malayan Banking Berhad
CIMB Bank Berhad	www.cimbclicks.com.my	RM2.00 for applicants with CDS Accounts held with CGS-CIMB SECURITIES SDN BHD and RM2.50 for applicants with CDS Accounts with other ADAs
Malayan Banking Berhad	www.maybank2u.com.my	RM1.00
RHB Bank Berhad	www.rhbgroup.com	RM2.50
Public Bank Berhad	www.pbebank.com	RM2.00

Please note that these fees may be varied or waived from time to time at the discretion of the respective Internet Participating Financial Institutions. Please contact the relevant Internet Participating Financial Institutions for further enquiries.

PLEASE READ THE TERMS OF OUR PROSPECTUS, THE TERMS AND CONDITIONS AND PROCEDURES FOR INTERNET SHARE APPLICATIONS SET OUT BELOW AND AT THE INTERNET FINANCIAL SERVICES WEBSITE OF THE RESPECTIVE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS CAREFULLY PRIOR TO MAKING AN INTERNET SHARE APPLICATION.

If you encounter any problems in your Application, you may refer to the respective Internet Participating Financial Institutions.

6.2 Terms and Conditions for Internet Share Application

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 subject to the following terms and conditions:

(i) You can make an Internet Share Application if you fulfill all of the following:

(a) 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;

(b) You have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. You must have your user identification ("User ID") and Personal Identification Numbers ("PIN")/password for the relevant Internet financial services facilities; and

(c) 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.

(ii) An Internet Share Application shall be made on and subject to the terms of our Prospectus and our Company's Constitution.

(iii) 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 are true and correct:

(a) You are at least 18 years old as at the date of the application for our IPO Shares;

(b) You are a Malaysian citizen residing in Malaysia;

(c) You have, prior to making your Internet Share Application, received and/or have had access to a printed/electronic copy of our Prospectus, the contents of which you have fully read and understood;

(d) You agree to all the terms and conditions of the Internet Share Application as set out in our Prospectus and have carefully considered the risk factors as well as all other information and statements set out in our Prospectus, before making your Internet Share Application;

(e) Your Internet Share Application is the only application that you are submitting for our IPO Shares offered to the Malaysian Public;

(f) 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;

(g) You give express consent in accordance with the relevant laws of Malaysia (including but not limited to Sections 133 and 134 of the Financial Service Act, 2013 and Section 45 of SICDA) 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;

(h) You are not applying for our IPO Shares as a nominee of any other person and your Internet Share Application is made in your own name, as beneficial owner and subject to the risks referred to in our Prospectus;

(i) 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 information furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.

(iv) Your Application will not be successfully completed and cannot be recorded as a completed application unless you have paid for our IPO Shares through the website of the Authorised Financial Institution and 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 our 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 will be deemed to have confirmed the truth of the statements set out in Section 6.2 (iii) above. The Confirmation Screen is only a record of the completed transaction with an Internet Participating Financial Institution and not a record of the receipt of the Internet Share Application or any data relating to such an Internet Share Application by our Company or the Issuing House. The Confirmation Screen is for your record and should not be submitted with any Application Form.

(v) 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 our 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.

(vi) You irrevocably agree and undertake to subscribe for or purchase 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 or allocated to you in respect of your Internet Share Application. In the event that we decide to allot or allocate lesser number of such Shares or not to allot or allocate any IPO Shares to you, you agree to accept any such decision 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:

(a) 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

(b) Your agreement to be bound by the Constitution of our Company.

(vii) You are fully aware that multiple or suspected multiple Internet Share Applications for our IPO Shares will be rejected. **A PERSON WHO SUBMITS MULTIPLE INTERNET SHARE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS 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 10 YEARS UNDER SECTION 182 OF THE CMSA**. Our Company reserves the right to reject any Internet Share Application or accept any Internet Share Application in part only without the need to give any reason. 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 a liquid and adequate market for our Shares.

(viii) 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 reference and record purposes. Late Internet Share Applications will not be accepted.

(ix) You 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, and other events beyond the control of the Internet Participating Financial Institution, the Authorised Financial Institution, the Issuing House and our Company and irrevocably agree that if:

(a) our Company, the Issuing House, the Internet Participating Financial Institution and/or the Authorised Financial Institution do not receive your Internet Share Application and/or payment; and

(b) any data relating to your Internet Share Application or the tape or any other devices containing such data and/or payment is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever,

you will be deemed not to have made an Internet Share Application and you will not make any claim whatsoever against our Company, the Issuing House, the Internet Participating Financial Institution and/or 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.

(x) 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, the 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 must ensure that your personal particulars as recorded by both Bursa Depository and the Internet Participating Financial Institution are correct and identical. Otherwise, your Internet Share Application will be rejected. The notification letter on successful allotment will be sent to your last address maintained 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.

7. AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

Your Application will be selected in a manner to be determined by our Board. Due consideration will be given to the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants with a view to establishing a liquid and adequate market for our Shares. The Issuing House, on the authority of our Board reserves the right to:-

(i) reject Applications which:-

(a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or

(b) are illegible, incomplete or inaccurate; or

(c) are accompanied by an improperly drawn up or improper form of remittance; or

(ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

(iii) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), by

(a) ordinary post through the self-addressed and stamped Official "A" envelope which you have provided to the Issuing House;

(b) crediting into your bank account for the purposes of cash dividend / distribution if you have provided such bank account information to Bursa Depository; or

(c) ordinary / registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

8. OVER / UNDER-SUBSCRIPTION

In the event of over-subscription, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

Pursuant to the Listing Requirements we are required to have a minimum of 25% of our Company's issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public and / or eligible persons, subject to the underwriting arrangements and reallocation as set out in Section 4.11.1 of our Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

9. UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

9.1 For applications by way of Application Forms

(i) The Application monies or the balance of it, as the case may be, will be refunded to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful applications) within ten (10) Market Days from the date of the final ballot at your own risk.

(ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or official valid temporary identity documents issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (i) and (ii) above (as the case may be).

(iv) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within ten (10) Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

9.2 For applications by way of Electronic Share Application and Internet Share Application

(i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within two (2) Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited (without interest) into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institution) within two (2) Market Days after the receipt of confirmation from the Issuing House.

(ii) You may check your account on the 5^{th} Market Day from the balloting date.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than ten (10) Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within two (2) Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within two (2) Market Days after the receipt of confirmation from the Issuing House.

10. SUCCESSFUL APPLICANTS

If you are successful in your Application:-

(i) Our IPO Shares allotted to you will be credited into your CDS account.

(ii) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.

(iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued / offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.

(iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

11. ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services at telephone no. 03-2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House website at https://tiih.online, one (1) Market Day after the balloting date.

You may also check the status of your Application at the above website, five (5) Market Days after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities.

12. LIST OF ADAS

The list of ADAs and their respective addresses, telephone numbers and broker codes are as follows:

Name	Address and Telephone Number	Broker Code
KUALA LUMPUR		
AFFIN HWANG INVESTMENT BANK BERHAD	2nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel No : 03-77106688	068-009
AFFIN HWANG INVESTMENT BANK BERHAD	Mezzanine & 3rd Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03-21438668	068-018
AFFIN HWANG INVESTMENT BANK BERHAD	38A & 40A Jalan Midah 1 Taman Midah 56000 Cheras Kuala Lumpur Tel No : 03-91308803	068-021
ALLIANCE INVESTMENT BANK BERHAD	Level 17, Menara Multi-Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No : 03-26043333	076-001
AMINVESTMENT BANK BERHAD	15th Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-20782788 / 20362633	086-001
BIMB SECURITIES SDN BHD	Level 32, Menara Multi Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No : 03-26918887 / 26131600	024-001
CGS-CIMB SECURITIES SDN BHD	Level 17, Menara CIMB Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Tel No : 03-22618888	065-001

Name	Address and Telephone Number	Broker Code
FA SECURITIES SDN BHD	A-10-1 & A-10-17 Level 10, Menara UOA Bangsar No. 5, Jalan Bangsar Utama 1 59000 Kuala Lumpur Tel No : 03-22881676	021-001
HONG LEONG INVESTMENT BANK BERHAD	Level 7, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No : 03 – 21681168	066-001
HONG LEONG INVESTMENT BANK BERHAD	Level 25 & 26, Menara LGB No 1, Jalan Wan Kadir 60000, Taman Tun Dr Ismail Kuala Lumpur Tel No : 03-77236300	066-002
HONG LEONG INVESTMENT BANK BERHAD	Level 27 & 28, Menara Hong Leong No.6 Jalan Damanlela Bukit Damansara 50490 Kuala Lumpur Tel No : 03 – 20831800	066-008
INTER-PACIFIC SECURITIES SDN BHD	West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No : 03-21171888	054-001
INTER-PACIFIC SECURITIES SDN BHD	Ground Floor, 7-0-8, Jalan 3/109F Danau Business Centre, Danau Desa 58100 Kuala Lumpur Tel No : 03-79847796	054-003
INTER-PACIFIC SECURITIES SDN BHD	No. 33-1 (First Floor) Jalan Radin Bagus Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No : 03-90562921 / 90562922	054-007
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	11th-14th Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03-21710228	053-001
KENANGA INVESTMENT BANK BERHAD	Level 17, Kenanga Tower, 237 Jalan Tun Razak 50400 Kuala Lumpur Tel No : 03-21722888	073-001
KENANGA INVESTMENT BANK BERHAD	M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel No : 03-42978806	073-001

Name	Address and telephone number	Broker code
KENANGA INVESTMENT BANK BERHAD	Ground Floor West Wing ECM Libra Building 8, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No : 03-20892888	073-001
M & A SECURITIES SDN BHD	Level 1-3, No. 45 & 47 and 43-6 The Boulevard, Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel No : 03-22821820	057-002
M & A SECURITIES SDN BHD	22A-1 Jalan Kuchai Maju 1 Kuchai Entrepreneurs' Park Off Jalan Kuchai Lama 58200 Kuala Lumpur Tel No : 03-79839890	057-004
MALACCA SECURITIES SDN BHD	No 76-1, Jalan Wangsa Maju Delima 6, Pusat Bandar Wangsa Maju (KLSC) Setapak, 53300, Kuala Lumpur Tel No: 03-4144 2565	012-001
MALACCA SECURITIES SDN BHD	B-M-10, Block B Plaza Arkadia Jalan Intisari Perdana Desa Park City 52200 Kuala Lumpur Tel No: 03-2733 9782	012-001
MALACCA SECURITIES SDN BHD	B01-A-13A Level 13A, Menara 2 No. 3, Jalan Bangsar KL Eco City 59200 Kuala Lumpur Tel No : 03-2201 2100	012-001
MAYBANK INVESTMENT BANK BERHAD	Level 5, Tower C Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No : 03-22978888	098-001
MAYBANK INVESTMENT BANK BERHAD	Tingkat 27, 31 to 33 Menara Maybank 100 Jalan Tun Perak 50050 Kuala Lumpur Tel No : 03-20591888	098-007
MERCURY SECURITIES SDN BHD	L-7-2, No. 2 Jalan Solaris Solaris Mont' Kiara 50480 Kuala Lumpur Tel No : 03-62037227	093-002

Name	Address and telephone number	Broker code
MIDF AMANAH INVESTMENT BANK BERHAD	Level 9, 10, 11, 12 Menara MIDF 82, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-21738888	026-001
PM SECURITIES SDN BHD	Ground Floor,Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No : 03-21463000	064-001
PUBLIC INVESTMENT BANK BERHAD	27th Floor, Bangunan Public Bank No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No : 03-22683000	051-001
RHB INVESTMENT BANK BERHAD	Level 1, Tower 3 RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel No : 03-92873888	087-001
RHB INVESTMENT BANK BERHAD	No. 62, 62-1, 64 & 64-1, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Tel No : 03 - 62575869	087-028
RHB INVESTMENT BANK BERHAD	No. 5 & 7, Jalan Pandan Indah 4/33 Pandan Indah 55100 Kuala Lumpur Tel No : 03-42804798	087-054
RHB INVESTMENT BANK BERHAD	Ground Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No : 03-90587222	087-058
TA SECURITIES HOLDINGS BERHAD	Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No : 03-20721277	058-003
UOB KAY HIAN SECURITIES (M) SDN BHD	N3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No : 03-62056000	078-004
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 19th Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No : 03-21471888	078-010

Name	Address and telephone number	Broker code
SELANGOR DARUL EHSAN		
AFFIN HWANG INVESTMENT BANK BERHAD	Suite B 3A1, East Wing, 3Ath Floor, Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56356688	068-010
AFFIN HWANG INVESTMENT BANK BERHAD	4th Floor, Wisma Meru 1 Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No : 03-33439999	068-019
AFFIN HWANG INVESTMENT BANK BERHAD	Lot 229, 2nd Floor, The Curve 6 Jalan PJU 7/3, Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77298016	068-020
AFFIN HWANG INVESTMENT BANK BERHAD	No.79-1, Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel No : 03-33221999	068-023
AMINVESTMENT BANK BERHAD	4th Floor, Plaza Damansara Utama No. 2, Jalan SS21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03 – 77106613	086-001
CGS-CIMB SECURITIES SDN BHD	Level G, 1,2-01,3 & 6, Tropicana City Office Tower No 3 Jalan SS20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03 – 77173388	065-001
CGS-CIMB SECURITIES SDN BHD	1st Floor, 135 & 137 Jalan Sultan Abdul Samad 42700 Banting Selangor Darul Ehsan Tel No : 03 – 31811337	065-001
CGS-CIMB SECURITIES SDN BHD	No. A-07-01 & A-07-02 Level 7, Empire Office Tower Empire Subang, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03 – 56317934	065-001

Name	Address and telephone number	Broker code
CGS-CIMB SECURITIES SDN BHD	2nd Floor (No.26-2) Lorong Batu Nilam 4B Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel No : 03 – 33257105	065-001
CGS-CIMB SECURITIES SDN BHD	1st Floor (No. 11A), Jalan Kenari 1 Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No : 03 – 58916852	065-001
CGS-CIMB SECURITIES SDN BHD	1st Floor, No. 26A(F), 26A(M) & 26A(B) Jalan SJ6, Taman Selayang Jaya 68100 Batu Caves Selangor Darul Ehsan Tel No : 03 – 61371680	065-001
JF APEX SECURITIES BERHAD	6th Floor, Menara Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No : 03 – 87361118	079-001
JF APEX SECURITIES BERHAD	16th Floor Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No : 03 – 76201118	079-002
KENANGA INVESTMENT BANK BERHAD	Lot 240, 2nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77259095	073-001
KENANGA INVESTMENT BANK BERHAD	Level 1 East Wing Wisma Consplant 2 No. 7 Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56212118	073-001
KENANGA INVESTMENT BANK BERHAD	35 (Ground, 1st & 2nd Floor) Jalan Tiara 3 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No : 03-33488080	073-001

Name	Address and telephone number	Broker code
MALACCA SECURITIES SDN BHD	No. 16, Jalan SS15/4B 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56361533	012-001
MALACCA SECURITIES SDN BHD	No. 54M, Mezzanine Floor Jalan SS2/67, Petaling Jaya Selangor Darul Ehsan Tel No : 03-7876 1533	012-001
MAYBANK INVESTMENT BANK BERHAD	Wisma Bentley Music Level 1, No. 3, Jalan PJU 7/2 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77188888	098-004
MAYBANK INVESTMENT BANK BERHAD	Wisma Bentley Music Level 1, No. 3, Jalan PJU 7/2 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-7718 8888	098-004
PM SECURITIES SDN BHD	1st Floor, 157- A, Jalan Kenari 23A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No : 03-80700773	064-003
PM SECURITIES SDN BHD	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No : 03-33415300	064-001
RHB INVESTMENT BANK BERHAD	24, 24M, 24A, 26M, 28M, 28A & 30 Jalan SS 2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No : 03-78736366	087-011
RHB INVESTMENT BANK BERHAD	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No : 03-87363378	087-045
RHB INVESTMENT BANK BERHAD	First Floor, 10 & 11 Jalan Maxwell 48000, Rawang Selangor Darul Ehsan Tel No :03 - 60928916	087-047

Name	Address and telephone number	Broker code
RHB INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1½, Jalan Meru 41050 Klang, Selangor Darul Ehsan Tel No : 03-33439180	087-048
RHB INVESTMENT BANK BERHAD	Unit 1B, 2B & 3B Jalan USJ 10/1J USJ 10, 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No : 03-80221888	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 : 03-51920202	096-001
SJ SECURITIES SDN BHD	No. A-3-11 Block Alamanda 10 Boulevard Lebuhraya Sprint, PJU 6A 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77323862	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 : 03-80251880	058-005
TA SECURITIES HOLDINGS BERHAD	2nd Floor, Wisma TA 1A Jalan SS20/1, Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel no : 03 – 77295713	058-007
MELAKA		
CGS-CIMB SECURITIES SDN BHD	Ground, 1st & 2nd Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No : 06-2898800	065-001
MALACCA SECURITIES SDN BHD	No. 1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang 75250 Melaka Tel No : 06-3371533	012-001
KENANGA INVESTMENT BANK BERHAD	71 (Ground, A&B) & 73 (Ground, A&B) Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2881720	073-001

Name	Address and telephone number	Broker code
KENANGA INVESTMENT BANK BERHAD	22A & 22A-1 and 26 & 26-1 Jalan MP 10 Taman Merdeka Permai 75350 Batu Berendam Melaka Tel No : 06-3372550	073-001
MERCURY SECURITIES SDN BHD	81, 81A & 81B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2921898	093-003
PM SECURITIES SDN BHD	No 6-1, Jalan Lagenda 2, Taman 1 Lagenda, 75400 Melaka Tel No : 06-2880050	064-006
RHB INVESTMENT BANK BERHAD	579, 580 & 581, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06 – 2825211	087-026
TA SECURITIES HOLDINGS BERHAD	59, 59A, 59B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2862618	058-003
UOB KAY HIAN SECURITIES (M) SDN BHD	7-2 Jalan PPM8 Malim Business Park 75250 Melaka Tel No : 06-3352511	078-014
PERAK DARUL RIDZUAN		
AFFIN HWANG INVESTMENT BANK BERHAD	21, Jalan Stesen Ground Floor, 1, 2 & 3 34000 Taiping Perak Darul Ridzuan Tel No : 05-8066688	068-003
AFFIN HWANG INVESTMENT BANK BERHAD	2nd & 3rd Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2559988	068-015
CGS-CIMB SECURITIES SDN BHD	Ground, 1st, 2nd & 3rd Floor No. 8, 8A-C Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2088688	065-001

Name	Address and telephone number	Broker code
HONG LEONG INVESTMENT BANK BERHAD	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2530888	066-003
KENANGA INVESTMENT BANK BERHAD	Ground, 1st, 2nd & 4th Floor No. 63 Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2422828	073-022
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 25 & 25A Jalan Jaya 2, Medan Jaya 32000 Sitiawan Perak Darul Ridzuan Tel No : 05-6939828	073-031
M & A SECURITIES SDN BHD	5th, 6th Floor & Unit 8A M&A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No : 05-2419800	057-001
MALACCA SECURITIES SDN BHD	No 3, 1st Floor, Persiaran Greenhill 30450, Ipoh Perak Darul Ridzuan Tel No: 05-2541 533 / 2541577	012-013
MAYBANK INVESTMENT BANK BERHAD	B-G-04 (Ground Floor), Level 1 & 2 42 Persiaran Greentown 1 Pusat Dagangan Greentown 30450 Ipoh, Perak Tel No : 05-2453400	098-002
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 17, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6236498	087-014
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No : 05-6921228	087-016
RHB INVESTMENT BANK BERHAD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2415100	087-023

Name	Address and telephone number	Broker code
RHB INVESTMENT BANK BERHAD	Ground Floor, No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No : 05-8088229	087-034
RHB INVESTMENT BANK BERHAD	72, Ground Floor Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No : 05-4651261	087-044
RHB INVESTMENT BANK BERHAD	No 1&3, 1st Floor Jalan Wawasan Satu Taman Wawasan Jaya 34200 Parit Buntar Perak Darul Ridzuan Tel No : 05-7170888	087-052
TA SECURITIES HOLDINGS BERHAD	Ground, 1st & 2nd Floor Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No : 05-2531313	058-001
UOB KAY HIAN SECURITIES (M) SDN BHD	153A Jalan Raja Musa Aziz 30300 Ipoh Perak Darul Ridzuan Tel No : 05-2411290	078-002
PULAU PINANG		
AFFIN HWANG INVESTMENT BANK BERHAD	Level 2, 3, 4, 5, 7 & 8 Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No : 04-2636996	068-001
AFFIN HWANG INVESTMENT BANK BERHAD	No. 2 & 4, Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5372882	068-006
ALLIANCE INVESTMENT BANK BERHAD	Ground & Mezzanine Floor Bangunan Barkath 21, Lebuh Pantai 10300 Pulau Pinang Tel No: 04-2611688	076-015
AMINVESTMENT BANK BERHAD	3rd Floor, Menara Liang Court 37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2261818	086-001

Name	Address and telephone number	Broker code
CGS-CIMB SECURITIES SDN BHD	Level 2, Menara BHL, 51, Jalan Sultan Ahmad Shah, 10050 Pulau Pinang Tel No : 04-2385900	065-001
CGS-CIMB SECURITIES SDN BHD	1st Floor, 32A Jalan Mahsuri 11950 Bandar Bayan Baru Pulau Pinang Tel No : 04 – 6422287	065-001
CGS-CIMB SECURITIES SDN BHD	No. 20-1 & No. 20-2 Persiaran Bayan Indah Bayan Bay, Sungai Nibong 11900 Bayan Lepas Pulau Pinang Tel No : 04 – 6412881	065-001
CGS-CIMB SECURITIES SDN BHD	2nd Floor, No. 6160 Jalan Ong Yi How Kawasan Perindustrian Teras Jaya 13400 Butterworth Pulau Pinang Tel No : 04 – 3291112	065-001
CGS-CIMB SECURITIES SDN BHD	1st Floor, Unit 1308 & 1309 Jalan Besar, Sungai Bakap 14200 Sungai Jawi Pulau Pinang Tel No : 04 – 5821388/1368	065-001
INTER-PACIFIC SECURITIES SDN BHD	Canton Square Level 2 (Unit 1) & Level 3 No 56. Cantontment Road 10250 Pulau Pinang Tel No : 04-2268288	054-002
JF APEX SECURITIES BERHAD	368-2-5 Jalan Burmah Belissa Row 10350 Pulau Tikus Pulau Pinang Tel No : 04-2289118	079-005
KENANGA INVESTMENT BANK BERHAD	7th, 8th & 16th Floor Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2283355	073-023
M & A SECURITIES SDN BHD	332H-1 & 332G-2 Harmony Square Jalan Perak 11600 Georgetown Pulau Pinang Tel No : 04-2817611	057-005

Name	Address and telephone number	Broker code
M & A SECURITIES SDN BHD	9-1-33, Taman Kheng Tian Jalan Van Praagh, 11600, Georgetown Pulau Pinang Tel No : 04 – 2888 788	057-008
MALACCA SECURITIES SDN BHD	48 Jalan Todak 2 13700 Seberang Jaya Pulau Pinang Tel No : 04-3905669	012-001
MALACCA SECURITIES SDN BHD	No 17, 1st Floor Persiaran Bayan Indah Taman Bayan Indah 11900 Bayan Lepas Pulau Pinang Tel No : 04-6421533	012-001
MAYBANK INVESTMENT BANK BERHAD	Lot 1.02, 1st Floor, Bangunan KWSP Jalan Sultan Ahmad Shah 10050 Georgetown, Pulau Pinang Tel No : 04-2196888	098-006
MERCURY SECURITIES SDN BHD	Ground, 1st, 2nd & 3rd Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth, Seberang Perai Pulau Pinang Tel No : 04-3322123	093-001
MERCURY SECURITIES SDN BHD	2nd Floor, Standard Chartered Bank Chambers 2 Lebuh Pantai 10300 Pulau Pinang Tel No : 04-2639118	093-004
MERCURY SECURITIES SDN BHD	D'Piazza Mall 70-1-22 Jalan Mahsuri 11900 Bandar Bayan Baru Pulau Pinang Tel No : 04-6400822	093-006
PM SECURITIES SDN BHD	Level 3, Wisma Wang 251-A, Jalan Burmah 10350, Pulau Pinang Tel No : 04-2273000	064-004
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Seberang Prai Pulau Pinang Tel No : 04-3900022	087-005

Name	Address and telephone number	Broker code
RHB INVESTMENT BANK BERHAD	64 & 64-D Ground Floor-3rd Floor & 5th-8th Floor Lebuh Bishop 10200 Pulau Pinang Tel No : 04-2634222	087-033
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 15-G-5, 15-G-6, 15-1-5, 15-1-6, 15-2-5, 15-2-6 & 15-2-24 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel No : 04-6404888	087-042
TA SECURITIES HOLDINGS BERHAD	3rd Floor, Bangunan Heng Guan No 171, Jalan Burmah 10050 Pulau Pinang Tel No : 04-2272339	058-010
UOB KAY HIAN SECURITIES (M) SDN BHD	1st Floor, Bangunan Heng Guan 171 Jalan Burmah 10050 Pulau Pinang Tel No : 04-2299318	078-002
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 1st Floor No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5541388	078-003

PAHANG DARUL MAKMUR

Name	Address and telephone number	Broker code
ALLIANCE INVESTMENT BANK BERHAD	Ground, Mezzanine & 1st Floor B400, Jalan Beserah 25300 Kuantan Pahang Darul Makmur Tel No : 09-5660800	076-002
CGS-CIMB SECURITIES SDN BHD	Ground, 1st & 2nd Floor No. A-27 Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel No : 09-5057800	065-001
KENANGA INVESTMENT BANK BERHAD	A15, A17 & A19, Ground Floor Jalan Tun Ismail 2 Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel No : 09-5171698	073-001

Name	Address and telephone number	Broker code
MALACCA SECURITIES SDN BHD	P11-3, Jalan Chui Yin 28700 Bentong Pahang Darul Makmur Tel No : 09-2220993 / 014 – 9215 992	012-001
RHB INVESTMENT BANK BERHAD	B32 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No : 09-5173811	087-007
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No : 09-4914913	087-041

KELANTAN DARUL NAIM

Name	Address and telephone number	Broker code
CGS-CIMB SECURITIES SDN BHD	Level 4, Wisma TCH (fka Wisma Square Point) Jalan Pengkalan Chepa 15400 Kota Bharu Kelantan Darul Naim Tel No : 09-7419050	065-001
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 3953-H, Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No : 09-7430077	087-020
TA SECURITIES HOLDINGS BERHAD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No : 09-7432288 / 09 – 743 3388	058-004
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground &1st Floor Lot 712, Sek 9, PT 62 Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No : 09-7473906	078-004

TERENGGANU DARUL IMAN

Name	Address and telephone number	Broker code
ALLIANCE INVESTMENT BANK BERHAD	Ground & Mezzanine Floor Wisma Kam Choon 101, Jalan Kampung Tiong 20100 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6317922	076-009

Name	Address and telephone number	Broker code
RHB INVESTMENT BANK BERHAD	Tingkat bawah & Tingkat satu 9651 Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No : 09-8583109	087-027
RHB INVESTMENT BANK BERHAD	1st Floor, 59 Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6261816	087-055
UOB KAY HIAN SECURITIES (M) SDN BHD	37-B, 1st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6224766	078-016
KEDAH DARUL AMAN		
AFFIN HWANG INVESTMENT BANK BERHAD	70 A, B, C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No : 04-4256666	068-011
ALLIANCE INVESTMENT BANK BERHAD	Lot T-30, 2nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No : 04-7317088 / 731 8270	076-004
CGS-CIMB SECURITIES SDN BHD	2nd Floor, No. 102 Kompleks Persiaran Sultan Abdul Hamid Jalan Pegawai 05050 Alor Setar Kedah Darul Aman Tel No : 04-7774400	065-001
MALACCA SECURITIES SDN BHD	No. 9 Tingkat Satu Kompleks Perniagaan LITC Jalan Putra Mergong 05150 Alor Setar Kedah Darul Aman Tel No : 04-7350888	012-001
RHB INVESTMENT BANK BERHAD	35, Ground Floor, Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Tel No : 04-4964888	087-019

Name	Address and telephone number	Broker code
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor, 214-A, 214-B, 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No : 04-7209888	087-021
NEGERI SEMBILAN DARUL KHUSUS		
AFFIN HWANG INVESTMENT BANK BERHAD	1st Floor, 105, 107 & 109 Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7612288	068-007
CGS-CIMB SECURITIES SDN BHD	Level 2, Wisma Dewan Perniagaan Melayu Negeri Sembilan Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7614651	065-001
CGS-CIMB SECURITIES SDN BHD	2nd Floor, Lot 3110 Jalan Besar, Lukut 71010 Port Dickson Negeri Sembilan Darul Khusus Tel No : 06-6515385	065-001
CGS-CIMB SECURITIES SDN BHD	1st Floor, No. 21 Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No : 06-4553155	065-001
AFFIN HWANG INVESTMENT BANK BERHAD	6, Upper Level, Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No : 06-4553188	068-013
KENANGA INVESTMENT BANK BERHAD	1C & 1D, Ground & 1st Floor Jalan Tunku Munawir 70000 Seremban, Negeri Sembilan Tel No : 06-7655998	073-001
MAYBANK INVESTMENT BANK BERHAD	Wisma HM No. 43, Jalan Dr Krishnan 70000 Seremban Negeri Sembilan Tel No : 06-7669555	098-005
PM SECURITIES SDN BHD	1st-3rd Floor 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7623131	064-002

Name	Address and telephone number	Broker code
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 32 & 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7641641	087-024
RHB INVESTMENT BANK BERHAD	Tingkat Satu No.3601 Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel No : 06-4421000	087-037
<u>JOHOR DARUL TAKZIM</u>		
AFFIN HWANG INVESTMENT BANK BERHAD	Level 7, Johor Bahru City Square (Office Tower) 106-108 Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2222692	068-004
ALLIANCE INVESTMENT BANK BERHAD	No. 73, Ground & 1st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No : 07-7717922	076-006
AMINVESTMENT BANK BERHAD	2nd & 3rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4342282	086-001
AMINVESTMENT BANK BERHAD	18th Floor, Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No : 07-3343855	086-001
CGS-CIMB SECURITIES SDN BHD	Ground & 1st Floor No 73 & 73A, Jalan Kuning Dua, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3405888	065-001
CGS-CIMB SECURITIES SDN BHD	1st Floor, 101 Jalan Gambir 8 Bandar Baru Bukit Gambir 84800 Muar Johor Darul Takzim Tel No : 07-9764559	065-001
CGS-CIMB SECURITIES SDN BHD	1st Floor, No. 8A, Jalan Dedap 20 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3537669	065-001

Name	Address and telephone number	Broker code
CGS-CIMB SECURITIES SDN BHD	2nd Floor, 113 & 114 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No : 07-9311509	065-001
CGS-CIMB SECURITIES SDN BHD	1st Floor, No. 384A Jalan Simbang, Taman Perling 81200 Johor Bahru Johor Darul Takzim Tel No : 07-2329673	065-001
INTER-PACIFIC SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2231211	054-004
KENANGA INVESTMENT BANK BERHAD	Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3333600	073-004
KENANGA INVESTMENT BANK BERHAD	Ground & Mezzanine Floor 34 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No : 07-9333515	073-009
KENANGA INVESTMENT BANK BERHAD	33 & 35 (A&B), Ground Floor Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No : 07-7771161	073-010
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No : 06-9782292	073-001
KENANGA INVESTMENT BANK BERHAD	24, 24A & 24B Jalan Penjaja 3, Kim Park Centre 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4326963	073-001
KENANGA INVESTMENT BANK BERHAD	57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06-9531222	073-001

Name	Address and telephone number	Broker code
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No : 07 – 4678 885	073-001
KENANGA INVESTMENT BANK BERHAD	916, Ground Floor Jalan Bakek 82000, Pontian Johor Darul Takzim Tel : 07 – 6861 121	073-001
M & A SECURITIES SDN BHD	Suite 5.3A, Level 5, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3381233	057-003
MALACCA SECURITIES SDN BHD	31B Jalan Rahmat 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4381533	012-001
MALACCA SECURITIES SDN BHD	1735-B Jalan Sri Putri 4 Taman Putri Kulai 81000, Kulaijaya Johor Darul Takzim Tel: 07-6638877	012-001
MALACCA SECURITIES SDN BHD	Lot 880, 3 ½ Mile Jalan Salleh 84000 Muar Johor Darul Takzim Tel: 06-9536948	012-001
MERCURY SECURITIES SDN BHD	Suite 17.1, Level 17, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3316992	093-005
PM SECURITIES SDN BHD	Ground & 1st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park, Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4333608	064-001
RHB INVESTMENT BANK BERHAD	6th Floor, Wisma Tiong-Hua 8, Jalan Keris, Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No : 07-2788821	087-006

Name	Address and telephone number	Broker code
RHB INVESTMENT BANK BERHAD	53, 53-A & 53-B, Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4380288	087-009
RHB INVESTMENT BANK BERHAD	No. 33-1, 1st & 2nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06-9538262	087-025
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 119 & 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No : 07-5577628	087-006
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No : 07-9321543	087-030
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 40 Jalan Haji Manan 86000 Kluang Johor Darul Takzim Tel No : 07-7769655	087-031
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No : 07-6626288	087-006
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor, Nos. 21 & 23 Jalan Molek 1/30, Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3522293	087-006
TA SECURITIES HOLDINGS BERHAD	7A, Jalan Genuang Perdana Taman Genuang Perdana 85000 Segamat Johor Darul Takzim Tel No : 07-9435278	058-003
TA SECURITIES HOLDINGS BERHAD	15, Jalan Molek 1/5A Taman Molek 81000 Johor Bahru Tel No: 07-3647388	058-003

Name	Address and telephone number	Broker code
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 : 07-3332000	078-001
UOB KAY HIAN SECURITIES (M) SDN BHD	42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel No : 07-6635651	078-001
UOB KAY HIAN SECURITIES (M) SDN BHD	70 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3513218	078-001
UOB KAY HIAN SECURITIES (M) SDN BHD	171 Ground Floor Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim Tel No : 07-5121633	078-008
<u>SARAWAK</u>		
AFFIN HWANG INVESTMENT BANK BERHAD	282, 1st Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No : 086-330008	068-016
AFFIN HWANG INVESTMENT BANK BERHAD	Ground Floor & 1st Floor No. 1, Jalan Pending 93450 Kuching Sarawak Tel No : 082-341999	068-005
AMINVESTMENT BANK BERHAD	1st , 2nd, & 3rd Floor, No. 162, 164, 166 & 168 Jalan Abell 93100 Kuching Sarawak Tel No : 082-244791	086-001
CGS-CIMB SECURITIES SDN BHD	Ground Floor, No. 6A, Jalan Bako, Off Brooke Drive 96000 Sibu Sarawak Tel No : 084-367700	065-001

Name	Address and telephone number	Broker code
CGS-CIMB SECURITIES SDN BHD	Level 1 (North), Wisma STA No. 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching, Sarawak Tel No : 082-358688	065-001
KENANGA INVESTMENT BANK BERHAD	Lot 1866, Jalan MS 2/5 Marina Square 2 Marina Parkcity 98000 Miri Sarawak Tel No : 085-435577	073-002
KENANGA INVESTMENT BANK BERHAD	Level 2-4, Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No : 082-338000	073-003
KENANGA INVESTMENT BANK BERHAD	11-12, Ground & 1st Floor Lorong Kampung Datu 3 96000 Sibu Sarawak Tel No : 084-313855	073-012
KENANGA INVESTMENT BANK BERHAD	Ground Floor of Survey Lot No 4203 Parkcity Commerce Square Phase 6, Jalan Diwarta 97000 Bintulu Sarawak Tel No : 086-337588	073-018
MERCURY SECURITIES SDN BHD	1st Floor, 16, Jalan Getah 96100 Sarikei, Sarawak Tel No : 084- 656281	093-001
RHB INVESTMENT BANK BERHAD	Yung Kong Abell Units No. 1-10, 2nd Floor Lot 365, Section 50, Jalan Abell 93100 Kuching Sarawak Tel : 082- 250888	087-008
RHB INVESTMENT BANK BERHAD	2nd Floor, Lot 1268 & Lot 1269 Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No : 085-422788	087-012
RHB INVESTMENT BANK BERHAD	No. 102, Pusat Pedada Jalan Pedada 96000 Sibu Sarawak Tel No : 084-329100	087-008

Name	Address and telephone number	Broker code
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 221, Parkcity Commerce Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No : 086-311770	087-053
TA SECURITIES HOLDINGS BERHAD	12G, H & I Jalan Kampong Datu 96000 Sibu Sarawak Tel No : 084-319998	058-002
TA SECURITIES HOLDINGS BERHAD	Tingkat 2, Bangunan Binamas Lot 138, Section 54 Jalan Padungan 93100 Kuching Sarawak Tel No : 082-236333	058-006
UOB KAY HIAN SECURITIES (M) SDN BHD	Lot 1265, 1st Floor Centre Point Commercial Centre Jalan Melayu 98000, Miri Sarawak Tel: 085 - 324128	078-017
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 1st Floor No 16, Lorong Intan 6 96000 Sibu Sarawak Tel: 084-252737	078-018
SABAH		
AFFIN HWANG INVESTMENT BANK BERHAD	Suite 1-9-E1, 9th Floor CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu, Sabah Tel No : 088-311688	068-008
CGS-CIMB SECURITIES SDN BHD	1st & 3rd Floor Central Building Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No : 088-328878	065-001
CGS-CIMB SECURITIES SDN BHD	1st Flr, Lot 12, Block A3 Phase 2, Utama Place Mile 6 Northern Road 90000 Sandakan Sabah Tel No : 089-215578	065-001

Name	Address and telephone number	Broker code
KENANGA INVESTMENT BANK BERHAD	Level 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No : 088-236188	073-032
RHB INVESTMENT BANK BERHAD	2nd Floor 81 & 83, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No : 088-269788	087-010
UOB KAY HIAN SECURITIES (M) SDN BHD	Lot 177 & 178, Ground Floor Block 17, Phase 2, Prima Square Mile 4, North Road 90000 Sandakan Sabah Tel No : 089-218681	078-012