NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF VOLCANO BERHAD ("VOLCANO" OR "COMPANY") DATED 16 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, TA Securities Holdings Berhad ("**TA 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 Forms are 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, TA Securities and Volcano 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 16 March 2021 and will close at **5.00 p.m.** on 24 March 2021. In the event the Closing Date is extended, Volcano will advertise the notice of the extension in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia prior to the original Closing Date.

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.

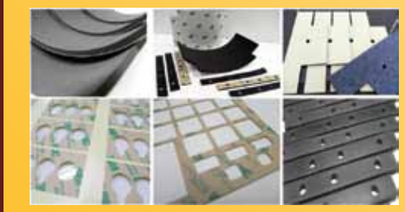
Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted

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.











VOLCANO

VOLCANO BERHAD
(Registration No. 201801004790 (1266804-D))
(Incorporated in Malaysia under the Companies Act 2016)

1411, Jalan Perusahaan,
Kawasan Perusahaan Perai 1,
13600 Perai, Penang
Tel: (04) 399 1200
Fax: (04) 390 1200
E-Mail: corporate@volcano.com.my
Website: www.volcano.com.my
www.volcano.co.th



VOLCANO BERHAD ▮ PROSPECTUS

VOLCANO

VOLCANO BERHAD

(Registration No. 201801004790 (1266804-D))
(Incorporated in Malaysia under the Companies Act 2016)

INITIAL PUBLIC OFFERING IN CONJUNCTION WITH THE LISTING OF VOLCANO BERHAD ("VOLCANO") ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING: -

(A) PUBLIC ISSUE OF 25,000,000 NEW ORDINARY SHARES IN VOLCANO ("SHARES") IN THE FOLLOWING MANNER: -

(i) 8,250,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;

(ii) 8,250,000 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, KEY SENIOR MANAGEMENT PERSONNEL, EMPLOYEES AND BUSINESS ASSOCIATES (INCLUDING ANY OTHER PERSONS WHO HAVE CONTRIBUTED TO OUR SUCCESS); AND

(iii) 8,500,000 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED INVESTORS; AND

(B) OFFER FOR SALE OF 35,000,000 SHARES IN THE FOLLOWING MANNER: -

(i) 14,375,000 SHARES BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED INVESTORS; AND

(ii) 20,625,000 SHARES BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY ("MITI");

AT AN ISSUE/OFFER PRICE OF RM0.35 PER SHARE, PAYABLE IN FULL ON APPLICATION

Principal Adviser, Sponsor, Underwriter and Placement Agent

TA SECURITIES
A MEMBER OF THE TA GROUP

TA SECURITIES HOLDINGS BERHAD
(Registration No.: 197301001467 (14948-M))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

THE ACE MARKET 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 SC UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007.

THIS PROSPECTUS IS DATED
16 MARCH 2021

PROSPECTUS



NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER SIX (6) MONTHS FROM THE DATE OF THIS PROSPECTUS.

INVESTORS 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 170.

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 OUR COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

IMPORTANT NOTICE

RESPONSIBILITY STATEMENTS

The Directors, Promoters and Selling Shareholders (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 there is no false or misleading statement or other facts which if omitted, would make any statement herein false or misleading.

TA Securities Holdings Berhad ("**TA Securities**"), being our Principal Adviser, Sponsor, Underwriter and Placement Agent 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 on our initial public offering ("**IPO**").

STATEMENTS OF DISCLAIMER

Approval has been obtained from Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for our Shares (as defined herein). Admission to the Official List 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, together with the Application Form (as defined herein), has also been lodged with the Registrar of Companies, who takes no responsibility for its contents.

OTHER STATEMENTS

Investors should note that they 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 the Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectus or the conduct of any other person in relation to our Company.

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

Investors should note that any agreement by the Underwriter named in this Prospectus to underwrite our Shares is not to be taken as an indication of the merits of our Shares being offered.

IMPORTANT NOTICE *(cont'd)*

This Prospectus has been prepared in the context of an IPO under the laws of Malaysia. It does not 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 of any jurisdiction other than Malaysia.

This Prospectus is published solely in connection with our IPO. Our Shares being offered in the IPO are offered solely on the basis of the information contained and representations made in this Prospectus. Our Company, the Promoter, Selling Shareholders, Principal Adviser, Sponsor, Underwriter and Placement Agent have not authorised anyone to provide any information or to make any representation not contained in this Prospectus. Any information or representation not contained in this Prospectus must not be relied upon as having been authorised by our Company, the Promoter, Selling Shareholders, Principal Adviser, Sponsor, Underwriter and Placement Agent, or any of their respective directors or any other persons involved in our IPO.

The distribution of this Prospectus and our IPO are subject to the laws of Malaysia. This Prospectus will not be distributed outside Malaysia. Our Company, the Promoter, Selling Shareholders, Principal Adviser, Sponsor, Underwriter and Placement Agent named in this Prospectus have not authorised and take no responsibility for the distribution of this Prospectus outside of Malaysia. No action has been taken to permit a public offering of our Shares in any jurisdiction other than Malaysia based on this Prospectus. Accordingly, this Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase any Shares offered under our IPO in any jurisdiction or in any circumstance in which such an offer is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. The distribution of this Prospectus and the sale of our Shares offered under our IPO in certain jurisdictions may be restricted by law. Prospective investors who may be in possession of this Prospectus are required to inform themselves and to observe such restrictions.

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 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 to ensure that your application for our IPO would be in compliance with the terms of our IPO as stated in this Prospectus and the Application Form 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 subject 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.

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 we nor our Principal 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 also be viewed or downloaded from Bursa Securities website at http://www.bursamalaysia.com.

The contents of the Electronic Prospectus are as per the contents of the copy of this Prospectus registered with the SC. A copy of this Prospectus so registered is available from the websites of Malayan Banking Berhad at http://www.maybank2u.com.my, CGS-CIMB Securities Sdn Bhd at http://www.eipocimb.com, CIMB Bank Berhad at http://www.cimbclicks.com, Affin Bank Berhad at http://www.affinonline.com, Public Bank Berhad at http://www.pbebank.com and RHB Bank Berhad at http://www.rhbgroup.com.

Investors are advised to note that the internet is not a fully secure medium and that your Internet Share Application (as defined herein) is subject to the risks of problems occurring during 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 doubt the validity or the integrity of an Electronic Prospectus, you should immediately request from us, our Principal Adviser or the Issuing House, a paper/printed copy of the Prospectus. If there is any discrepancy between the contents of the Electronic Prospectus and the contents of the paper/printed copy of this Prospectus, 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. The Electronic Prospectus submitted to the SC and Bursa Securities is the same as the registered paper printed copy.

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 Principal Adviser do not endorse and are not affiliated in any way to the Third Party Internet Sites and are not responsible for the availability of, or the content or any data, files or other material provided on the Third Party Internet Sites. You bear all risks associated with the access to or use of the Third Party Internet Sites;

(b) we and our Principal Adviser are not responsible for the quality of products or services in the Third Party Internet Sites referred to in this Prospectus, for fulfilling any of the terms of your agreements with the Third Party Internet Sites. We are also not responsible for any loss or damage or cost 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 on any data, information, files or other material provided by such parties; and

(c) any data, information, files or other material downloaded from the Third Party Internet Sites is done at your own discretion and risk. We and our Principal 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 websites 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 content of the Electronic Prospectus on the web servers of the Internet Participating Financial Institutions which may be viewed via your web browser or other relevant software. The Internet Participating Financial Institutions are not responsible in any way for the integrity of the contents of an Electronic Prospectus which has been downloaded or obtained from the web servers of the Internet Participating Financial Institutions and subsequently, communicated or disseminated in any manner to other parties; and

IMPORTANT NOTICE *(cont'd)*

(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 because the internet is not a fully secure medium.

The Internet Participating Financial Institutions are not 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 websites 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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TENTATIVE TIMETABLE

The indicative timing of events leading to the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities is set out below: -

Events	Dates
Issuance of Prospectus/Opening of applications for the IPO	16 March 2021/ 10.00 a.m.
Closing date of the IPO	24 March 2021/ 5.00 p.m.
Tentative date for balloting of applications	26 March 2021
Tentative date for allotment of IPO Shares to successful applicants	2 April 2021
Tentative listing date	6 April 2021

Should the closing date of the application be extended, the dates for the balloting, allotment of the IPO Shares, and the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities would be extended accordingly. Any change to the closing date of the application will be advertised in widely circulated English and Bahasa Malaysia newspapers in Malaysia.

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DEFINITIONS

Unless otherwise indicated, the following definitions shall apply throughout this Prospectus: -

Acquisition of VNP	:	Acquisition by Volcano of the entire issued share capital of VNP comprising 2,000,000 Shares from the Vendors for a total consideration of RM69,999,900 satisfied entirely via issuance of 699,999,000 new Shares in accordance with the SSA
Act	:	Companies Act, 2016 as amended from time to time and any re-enactment thereof
ADA	:	Authorised Depository Agent
ADA Code	:	ADA (Broker) Code
Admission	:	Admission of our Shares to the Official List of the ACE Market of Bursa Securities
Application	:	The application for the Public Issue Shares by way of Application Form, Electronic Share Application and/or Internet Share Application
Application Form	:	The printed application form for the application of the Public Issue Shares accompanying this Prospectus
ATM	:	Automated Teller Machine
Authorised Financial Institution	:	The authorised financial institution participating in the Internet Share Application with respect to payments for the Public Issue Shares
Board	:	Board of Directors
BOI	:	Board of Investment of Thailand
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (198701006854(165570-W))
Bursa Securities	:	Bursa Malaysia Securities Berhad (200301033577(635998-W))
CCC	:	Certificate of completion and compliance
CCM	:	Companies Commission of Malaysia
CDS	:	Central Depository System
CF	:	Certificate of Fitness for Occupation
Co-Founder(s)	:	Datuk Ch'ng Huat Seng, Gan Yew Thiam, Yeap Guan Seng and Dato' Wong Tze Peng
CMSA	:	Capital Markets and Services Act, 2007 as amended from time to time
Constitution	:	The constitution of our Company
Covid-19	:	Coronavirus

DEFINITIONS *(cont'd)*

Deposited Security	:	A security in the Company standing to the credit of a Securities Account of a Depositor subject to the provision of the Securities Industry (Central Depositories) Act, 1991 and the Rules
Depositor	:	A holder of a Securities Account
Director(s)	:	A natural person who holds a directorship in an executive or non-executive capacity in any company in the Volcano Group
Donaldson Thailand	:	Donaldson Filtration (Thailand) Ltd
E&E	:	Electrical and Electronics
Electrolux Thailand	:	Electrolux Thailand Co. Ltd
Electronic Prospectus	:	A copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium, including but not limited to CD-ROMs
Electronic Share Application	:	Application for the Public Issue Shares through a participating financial institution's ATM
Eligible Person(s)	:	Employee(s) or Director(s) of our Group who meets the criteria of eligibility for participation in the ESOS as set out in By-Law 6 of the ESOS By-Law(s) contained in Section 14 of this Prospectus
EPS	:	Earnings per share
ESOS	:	Employees' share option scheme of up to thirty (30%) percent of the total number of issued Shares of Volcano (excluding treasury shares, if any) at any one time for the Eligible Person(s)
ESOS By-Law(s)	:	The rules, terms and conditions of the ESOS
ESOS Committee	:	The committee appointed from time to time by the Board pursuant to By-Law 17 of the ESOS By-Law(s) to administer the ESOS
ESOS Option(s)	:	Option(s) granted/to be granted under the ESOS to subscribe for new Shares
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
EPF	:	Employees' Provident Fund
Financial Years Under Review	:	FYE 2018, FYE 2019 and FYE 2020
Fisher & Paykel Thailand	:	Fisher & Paykel Appliance (Thailand) Co. Ltd
FYE(s)	:	Financial year(s) ended/ending, as the case may be, 31 December

DEFINITIONS *(cont'd)*

GP	:	Gross profit
Grantee(s)	:	Any Eligible Person(s) who has accepted the Offer by the Company in accordance with the terms of the ESOS
GST	:	Goods and Services Tax
Hewlett Packard	:	Hewlett Packard group of companies
HP	:	HP PPS Asia Pacific Pte Ltd
IATF	:	International Automotive Task Force, an "ad hoc" group of automotive manufacturers and their respective trade associations, formed to provide improved quality products to automotive customers worldwide
IEAT	:	Industrial Estate Authority of Thailand
Independent Market Researcher or **Smith Zander**	:	Smith Zander International Sdn Bhd (201301028298(1058128-V))
IMR Report	:	Independent Market Research Report prepared by Smith Zander, as set out in Section 8 of this Prospectus
Internet Participating Financial Institution	:	Participating financial institution in the Internet Share Application
Internet Share Application	:	The application for the Public Issue Shares through an Internet Participating Financial Institution
IPO	:	Initial public offering comprising Public Issue and Offer for Sale
IPO Price	:	The issue/offer price of RM0.35 per IPO Share pursuant to the IPO
IPO Shares	:	Collectively, the Public Issue Shares and Offer Shares
IPQC	:	In-Process Quality Control
Issuing House	:	Tricor Investor & Issuing House Services Sdn Bhd (197101000970(11324-H))
ISO	:	International Organisation for Standardisation, a developer and publisher of international standards. International standards give the state of the art specifications for products, services and good practice, helping to make industries more efficient and effective
Listing	:	Admission to the Official List and the listing of and quotation for our entire enlarged issued share capital comprising up to 214,500,000 Shares on the ACE Market of Bursa Securities, of which includes up to 49,500,000 new Shares to be issued pursuant to the ESOS
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities, as amended or expanded from time to time
Listing Scheme	:	The Acquisition of VNP, IPO, Listing and ESOS, collectively

DEFINITIONS *(cont'd)*

LPD	:	22 February 2021, being the latest practicable date prior to the registration of this Prospectus or as otherwise stated
Malaysian Public	:	Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Market Day(s)	:	Any day between Mondays and Fridays (both days inclusive) which is not a public holiday and a day on which Bursa Securities is open for trading of securities
MCCG	:	Malaysian Code of Corporate Governance 2017
MFRS	:	Malaysia Financial Reporting Standards
MI	:	Minority interest
MIDA	:	Malaysian Investment Development Authority
MITI	:	Ministry of International Trade and Industry Malaysia
MNC(s)	:	Multinational company(ies)
MCO	:	Movement Control Order
MBSP	:	Majlis Bandaraya Seberang Perai
MT	:	Metric tonne
NA	:	Net assets
NBV	:	Net book value
NTA	:	Net tangible assets
OEM(s)	:	Original equipment manufacturer(s)
Offer	:	An offer made in writing by the ESOS Committee to a selected Eligible Person(s)
Offer for Sale	:	The invitation by the Selling Shareholders to identified investors to purchase the Offer Shares at the IPO Price, payable in full upon application, subject to the terms and conditions of this Prospectus
Offer Shares	:	The 35,000,000 existing Shares to be offered pursuant to the Offer for Sale
Official List	:	The official list of the ACE Market of Bursa Securities
Panasonic Thailand	:	Panasonic Management (Thailand) Co. Ltd
Participating Financial Institution	:	The participating financial institution for the Electronic Share Application as listed in Section 16.5 of this Prospectus
PAT	:	Profit after taxation
PBT	:	Profit before taxation

DEFINITIONS *(cont'd)*

PE Multiple	:	Price to earnings multiple
Pink Form Allocations	:	The 8,250,000 Public Issue Shares representing approximately 5.00% of our enlarged number of issued Shares at the IPO Price to be issued to the eligible Directors, key senior management personnel, employees and business associates (including any other persons who have contributed to our success)
Placement Agent	:	TA Securities
Prescribed Security	:	Shares of a company that are prescribed by Bursa Securities to be deposited in the CDS subject to the provision of the Central Depositories Act and the Rules
Principle Adviser, Sponsor, Underwriter and Placement Agent	:	TA Securities
Promoters	:	Datuk Ch'ng Huat Seng, Gan Yew Thiam, Yeap Guan Seng Dato' Wong Tze Peng and Khoo Boo Wui
Prospectus	:	This Prospectus dated 16 March 2021 issued by our Company in respect of our IPO
Prospectus Guidelines	:	Prospectus Guidelines issued by the SC
Public Issue	:	Public Issue of 25,000,000 new Shares, representing 15.15% of our enlarged number of issued Shares, at the IPO Price, subject to the terms and conditions of this Prospectus
Public Issue Shares	:	25,000,000 new Shares to be issued by our Company pursuant to the Public Issue
Purchase Consideration	:	Total purchase consideration of RM69,999,900 for the Acquisition of VNP
QA	:	Quality assurance
QC	:	Quality control
R&D	:	Research and development
Record of Depositors	:	A record provided by Bursa Depository to our Company under Chapter 24.0 of the Rules
Reporting Accountants or **Baker Tilly**	:	Baker Tilly Monteiro Heng PLT (201906000600(LLP0019411-LCA & AF 0117))
ROC	:	Registrar of Companies
Rules	:	The Rules of Bursa Depository
SC	:	Securities Commission Malaysia
Securities Account	:	An account established by Bursa Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor

DEFINITIONS *(cont'd)*

Selling Shareholders or **Offerors**	:	Datuk Ch'ng Huat Seng, Gan Yew Thiam, Yeap Guan Seng and Khoo Boo Wui, collectively, pursuant to the Offer for Sale. Their respective Offer Shares are as follows: -

Selling Shareholders	No. of Offer Shares	% of enlarged issued share capital
Datuk Ch'ng Huat Seng	7,000,000	4.24
Gan Yew Thiam	14,000,000	8.49
Yeap Guan Seng	10,500,000	6.36
Khoo Boo Wui	3,500,000	2.12
Total	**35,000,000**	**21.21**

Share Consolidation	:	Share consolidation on the basis of five (5) Volcano Shares into one (1) Volcano Share on 18 May 2020
Share Registrar	:	Tricor Investor & Issuing House Services Sdn Bhd (197101000970(11324-H))
Sharp Indonesia	:	Sharp Electronics Indonesia PT
SICDA	:	Securities Industry (Central Depositories) Act, 1991
SME	:	Small and medium-sized enterprise
SSA	:	Share sale agreement dated 2 March 2018 as supplemented by a supplemental agreement dated 23 March 2018 entered into between Volcano and the Vendors for the purposes of the Acquisition of VNP
SOCSO	:	Social Security Organisation
SOP	:	Standard operating procedures
Sq Ft or **sq ft**	:	Square feet
TA Securities	:	TA Securities Holdings Berhad (197301001467(14948-M))
Underwriting Agreement	:	The underwriting agreement dated 2 February 2021 entered into between Volcano and the Underwriter pursuant to the IPO
USA	:	The United States of America
UV	:	Ultraviolet
Vendors	:	Collectively, Datuk Ch'ng Huat Seng, Gan Yew Thiam, Dato' Wong Tze Peng, Yeap Guan Seng and Khoo Boo Wui pursuant to the Acquisition of VNP
Volcano or **Company**	:	Volcano Berhad (201801004790(1266804-D))
Volcano Group or **Group**	:	Volcano and its subsidiaries, collectively
Volcano Share(s) or **Share(s)**	:	Ordinary shares of Volcano
VWAMP	:	Volume-weighted average market price

DEFINITIONS *(cont'd)*

CURRENCIES

RM and sen	: Ringgit Malaysia and sen respectively, the lawful currency of Malaysia
EUR	: European Dollar, the lawful currency of European Union
JPY	: Japanese Yen, the lawful currency of Japan
RMB	: Renminbi, the lawful currency of People's Republic of China
SGD	: Singapore Dollar, the lawful currency of Singapore
THB	: Thailand Baht, the lawful currency of Thailand
USD	: United States Dollar, the lawful currency of the USA

OUR SUBSIDIARIES

VNP	: Volcano Name Plate Sdn Bhd (199901001595(476495-W))
VTT	: Volcano Tec (Thailand) Co. Ltd (0105551105252)

EXCHANGE RATES

Unless otherwise stated, the following exchange rates are used throughout this Prospectus. The exchange rates are the middle rate as at 5.00 p.m. as at the LPD, as published by Bank Negara Malaysia.

RM1 = USD0.2472
RM1 = THB7.4256

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GLOSSARY OF TECHNICAL TERMS

Anti-microbial additives	:	A type of solution added into a product during the manufacturing process that has the ability to kill microorganisms or inhibit their growth throughout the useful life of the product
Biodegradable	:	A characteristic that refers to the capability of being decomposed naturally by bacteria or other living organisms
Bioplastics	:	A type of biodegradable plastic that is made of biological substances such as vegetable oils or cellulose instead of petroleum
Blanking	:	A mechanical process of cutting, punching or shearing of a piece of metal into a desired shape
Blow moulding	:	A manufacturing process used to form hollow plastic parts
CNC machine	:	A machine used for precision machining
Compression moulding	:	A manufacturing process used to form plastic parts by using heat and pressure
Control panel	:	A dashboard with buttons, levers and dials for configuring and controlling the equipment where the control panel is mounted on
Custom mould	:	A hollowed-out block that is made according to desired shapes or designs
Debossing	:	A decorative process to form sunken pattern or design
Decals	:	A sheet of substrate that has printed patterns or images that can be transferred to another surface upon contact, usually with the aid of heat or water
Decorative trim	:	A component used to enhance product design
Dials	:	A piece of equipment with numbers or marks to show some measurement usually by means of a pointer
Die cutting	:	A process of cutting material into specific shapes or designs using a steel cutting device
Electrical Discharge Machining ("EDM") machine	:	A machine used to cut hard metals that are electrically conductive
Embossing	:	A decorative process to form raised pattern or design
Engraving	:	A process of forming designs by cotting on the surface of metal or wood
Epoxy	:	A surface treatment process of creating a clear hard coating on an object
Etching	:	A type of process involving the use of chemical action to produce lines on a metal printing plate which will then hold the ink and form images

GLOSSARY OF TECHNICAL TERMS *(cont'd)*

Film extrusion	:	A manufacturing process used to form plastic parts with continuous lengths of shapes with the desired profile
Forging	:	A process of shaping metal using compressing forces such as hammering
Forming	:	A mechanical process of shaping metal parts without adding or removing material
Front panels	:	A panel at the front of machines or equipment which serves to set, switch, adjust and monitor the various available settings and functions
Grinding machine	:	A machine used for grinding with an abrasive wheel
Injection moulded plastics	:	Plastics formed using the injection moulding process
Injection moulding	:	A manufacturing process where molten plastic is injected into a mould and the desired shape forms when the plastic cools down
Instrument clusters	:	A panel on which dials, lights and gauges that monitor the performance of a machine or device are mounted on
Laminated	:	A process of bonding the nameplate onto the surface of the product using adhesives such as glue or stickers
Laser cutting	:	A process of using laser to cut objects
Laser marking	:	A process of using laser to engrave on objects
Lithographing	:	A type of printing process involving printing area to be ink-receptive and the non-printing area to be ink-repellent
Malleable	:	A characteristic that refers to the capability of being shaped without breaking
Man/machine interfaces	:	The hardware interface that allows user inputs to be translated as signals for machines, equipment or devices that in turn provide the required result to the user
Membrane switches	:	A type of electrical switch for turning a circuit on and off which is usually made of metal and plastic parts
Milling machine	:	A machine used to create shapes or design by feeding the workpiece against a rotating cutter containing a number of cutting edges
Monomers	:	A molecule that can be combined with other molecules of the same kind to form a polymer
Mounted	:	A process of the nameplate being fixed onto a backing or setting
Nameplates	:	A flat piece of metal, plastic or wood on which the name of a person, company or logo is displayed

GLOSSARY OF TECHNICAL TERMS *(cont'd)*

Nanotechnology	:	A type of technology involving manipulating materials at the atomic or molecular level to form different characteristics such as in terms of strength or durability
Offset printing	:	A type of printing process involving a rubber blanket and the printing substrate
Organic materials	:	Materials that are carbon-based
Overlay	:	A transparent sheet containing graphic illustrative matter such as labelling or coloured areas to be placed on another sheet or product
Pantograph engraving machine	:	A machine used to engrave objects
Petrochemicals	:	Chemical products derived from petroleum or natural gas
Photo anodizing	:	An electrochemical process in which an oxide layer is formed on the surface of the metal which will then hold the ink and form images
Polycarbonate ("PC")	:	A type of thermoplastic polymer that is clear, durable as well as heat and shatter resistant
Polyethylene terephthalate ("PET")	:	A type of clear thermoplastic polymer that is strong and lightweight
Polymerisation	:	A chemical process of combining several monomers to form a polymer
Polymers	:	Big molecules formed by linking smaller repeating chemical units of monomers
Polypropylene ("PP")	:	A thermoplastic polymer of carbon and hydrogen and used in a wide variety of applications, including food packaging, textiles, reusable containers, laboratory equipment and automotive components
Polystyrene	:	A type of clear thermoplastic polymer that is lightweight
Polyvinyl chloride ("PVC")	:	A type of thermoplastic polymer that is durable, light, strong, fire resistant, and insulates heat
Primary form	:	Raw materials used to form plastic products
Printing substrate	:	A base material that is to be printed on
Radio frequency identification ("RFID")	:	A type of technology that allows the identification of an object using radio waves
Resin	:	A thick and sticky clear substance made from plants or tree that is used to make plastics
Rotational moulding	:	A manufacturing process used to form plastic parts in a heated hollow mould while being rotated

GLOSSARY OF TECHNICAL TERMS *(cont'd)*

Scales	:	A physical system that has marks set at fixed interval used as a standard for measurement
Semi-synthetic	:	A material made from a mixture of natural and synthetic substances
Silk screen printing	:	A type of printing process involving a silk screen and the printing substrate
Stamping	:	A process of placing flat sheet metal into a stamping press where a tool and die surface forms the metal into a shape
Synthetic	:	A material made from compounds formed through a chemical process
Tampo printing	:	A type of printing process involving a flexible pad and the printing substrate
Thermoplastics	:	A material that is plastic or deformable and melts into liquid when heated and hardens upon cooling, and can be reheated and reshaped
Thermosetting polymers	:	Materials that undergo a chemical change when heated and reformed, and cannot be re-melted and reshaped

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PRESENTATION OF INFORMATION

Words importing the singular include the plural and vice versa. Words importing a gender include any gender. References to persons include a corporation.

Any reference to any statute and legislation in this Prospectus shall be a reference to the statute or legislation of Malaysia and includes any statutory modification, amendment or re-enactment thereof, unless otherwise indicated.

Any reference to a time of day in this Prospectus shall be a reference to Malaysian time, unless otherwise stated.

Any reference to words such as "we", "us", "our" and "ourselves" in this Prospectus shall be a reference to our Company, our Group or any member company of our Group as the context requires, unless otherwise stated. All references to "Volcano" and "our Company" in this Prospectus are to Volcano Berhad, references to "our Group" are to our Company and our subsidiary companies taken as a whole. Unless the context otherwise requires, references to "Management" are to our Directors and key senior management personnel 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 exact, but that number is usually rounded off to the nearest hundredth or two (2) decimal places. Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industry in which we operate. 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 stated, it can be assumed that the information originates from us. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by Smith Zander. In compiling data for review, Smith Zander had relied on industry sources, published materials, its own private databanks and direct contacts within the industry. We believe that the statistical data and projections cited in this Prospectus are useful in helping you 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 website does not form part of this Prospectus and you should not rely on it.

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FORWARD LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements other than those of historical facts included in this Prospectus, including, without limitation, those regarding our Group's financial position, business strategies, plans and objectives of our Management 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 Group's present and future business strategies and the environment in which our Group 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.

Some of these forward-looking statements can be identified by the use of forward-looking terminology such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to: -

(a) demand for our products and services;
(b) our business strategies;
(c) plans and objectives of our Management for future operations;
(d) our financial position; and
(e) our future earnings, cash flows and liquidity.

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 9 (Risk factors) and Section 11.2 (Management's discussion and analysis of financial condition and results of operations) of this Prospectus. Due to these and other uncertainties, we cannot give any assurance that the forward-looking statements included in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

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1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Designation	Address	Nationality/ Profession
Wong Wan Chin, D.J.N	Independent Non-Executive Chairman	119-7-6, Putra Marine, Persiaran Bayan Indah, 11900 Bayan Lepas, Pulau Pinang	Malaysian/ Lawyer
Datuk Ch'ng Huat Seng	Non-Independent Managing Director	11 Jalan Legenda 1, 11960 Bayan Lepas, Pulau Pinang	Malaysian/ Director
Dato' Wong Tze Peng	Non-Independent Executive Director	2, Lorong Batu Nilam 7B, Bandar Bukit Tinggi, 41200 Klang, Selangor	Malaysian/ Director
Gan Yew Thiam	Non-Independent Executive Director	No. 23, Lorong 2/SS 5, Bandar Tasek Mutiara, 14120 Simpang Ampat, Pulau Pinang	Malaysian/ Director
Yeap Guan Seng	Non-Independent Executive Director	1057, Jalan Besar, 14100 Simpang Ampat, Seberang Perai Selatan, Pulau Pinang	Malaysian/ Director
Khoo Boo Wui	Non-Independent Executive Director/ Chief Financial Officer	12-W, Jalan Angsana, Bandar Baru, 11500 Ayer Itam, Pulau Pinang	Malaysian/ Director
Tan Yen Yeow	Independent Non-Executive Director	No. 15, Lintang Kurau 5, Chai Leng Park, 13700 Prai, Pulau Pinang	Malaysian/ Director
Hing Poe Pyng	Independent Non-Executive Director	1A-16-03, Sandilands, Gat Lebuh Sandilands, 10300 Georgetown, Pulau Pinang	Malaysian/ Company secretary

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Tan Yen Yeow	Chairman	Independent Non-Executive Director
Wong Wan Chin, D.J.N	Member	Independent Non-Executive Chairman
Hing Poe Pyng	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY *(cont'd)*

REMUNERATION COMMITTEE

Name	Designation	Directorship
Wong Wan Chin, D.J.N	Chairman	Independent Non-Executive Chairman
Tan Yen Yeow	Member	Independent Non-Executive Director
Hing Poe Pyng	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Hing Poe Pyng	Chairman	Independent Non-Executive Director
Wong Wan Chin, D.J.N	Member	Independent Non-Executive Chairman
Tan Yen Yeow	Member	Independent Non-Executive Director

COMPANY SECRETARY : Lim Yong Chiat (Malaysian Institute of Chartered Secretaries and Administrators (("**MAICSA**") 7060553)
(Chartered Secretary)
SSM Practising Certificate No. 201908000066
2A-13A-2, The Latitude,
Persiaran Halia 3, Tanjung Tokong,
10470 Pulau Pinang
Tel: (04) 226 1853
Fax: (04) 226 1873
E-mail: yclim@jheng.com.my

REGISTERED OFFICE : 9-1, 9th Floor, Wisma Penang Garden,
42, Jalan Sultan Ahmad Shah,
10050 George Town, Penang
Tel: (04) 226 1853
Fax: (04) 226 1873

HEAD OFFICE AND FACTORY : 1411, Jalan Perusahaan,
Kawasan Perusahaan Perai 1,
13600 Perai,
Penang
Tel: (04) 399 1200
Fax: (04) 390 1200
E-mail: corporate@volcano.com.my
Website: www.volcano.com.my

THAILAND FACTORY : 7/298 Moo 6, Amata City Industrial Estate,
Tambol Mabyangporn, Amphur Pluakdaeng,
Rayong 21140,
Thailand
Tel: +66 (038) 650 138
Website: www.volcano.co.th

PRINCIPAL ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT : TA Securities Holdings Berhad (197301001467(14948-M))
28th Floor, Menara TA One,
22, Jalan P. Ramlee,
50250 Kuala Lumpur
Tel: (03) 2072 1277
Fax: (03) 2026 7241

1. CORPORATE DIRECTORY *(cont'd)*

SOLICITORS FOR THE LISTING	:	Katherine Khaw & Associates Advocates & Solicitors 368-2-6 Bellisa Row, Jalan Burma, 10350, Penang Tel: (04) 229 9918/ 228 7918 Fax: (04) 227 8918
PRINCIPAL BANKERS FOR VNP	:	RHB Bank Berhad (196501000373(6171-M)) Prai Commercial Banking Business Centre 1st Floor, No. 2784 & 2785, Jalan Chain Ferry, Taman Inderwasih, 13600 Prai, Pulau Pinang Tel: (04)-3908997 Fax: (04)-3909161 HSBC Bank Malaysia Berhad (198401015221(127776-V)) 1, Downing Street, 13000 Penang Tel: 1300 88 1388 Fax: (04)-2626206
ISSUING HOUSE	:	Tricor Investor & Issuing House Services Sdn Bhd (197101000970(11324-H)) Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur Tel: (03) 2783 9299 Fax: (03) 2783 9222
SHARE REGISTRAR	:	Tricor Investor & Issuing House Services Sdn Bhd (197101000970(11324-H)) Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur Tel: (03) 2783 9299 Fax: (03) 2783 9222
AUDITORS AND REPORTING ACCOUNTANTS	:	Baker Tilly Monteiro Heng PLT (201906000600(LLP0019411-LCA & AF 0117)) Baker Tilly Tower Level 10, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur Tel: (03) 2297 1000 Fax: (03) 2282 9980 Partner-in-charge: Dato' Lock Peng Kuan Approved number: 2819/10/2022 J Chartered Accountant – Member of Malaysian Institute of Accountants ("**MIA**") (MIA Membership No.: 17668) Fellow Member of ACCA

1. CORPORATE DIRECTORY *(cont'd)*

INDEPENDENT MARKET RESEARCHER	:	Smith Zander International Sdn Bhd (201301028298(1058128-V)) 15-01, Level 15, Menara MBMR, 1, Jalan Syed Putra, 58000 Kuala Lumpur Tel: (03) 2732 7537 Managing Partner: Dennis Tan Tze Wen Bachelor of Science
LISTING SOUGHT	:	ACE Market of Bursa Securities

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2. APPROVALS AND CONDITIONS

2.1 APPROVALS AND CONDITIONS

2.1.1 Approval from Bursa Securities

Bursa Securities had, vide its letter dated 27 September 2019, approved the admission of Volcano to the Official List and the listing and quotation of the entire enlarged issued share capital of Volcano comprising up to 1,072,500,000 Shares on the ACE Market of Bursa Securities of which includes up to 247,500,000 new Shares to be issued pursuant to the ESOS.

On 13 March 2020, TA Securities had on behalf of Volcano submitted an application for an extension of time for a period of six (6) months from 27 March 2020 up to 27 September 2020 to complete the Listing. Bursa Securities had, vide its letter dated 20 March 2020, resolved to grant an extension of time until 27 September 2020 for Volcano to complete the implementation of Listing.

On 26 June 2020, TA Securities had on behalf of Volcano submitted an application for a revised listing scheme for Volcano and on 7 September 2020 submitted an application for a further extension of time for the implementation of the Listing. Bursa Securities had, vide its letter dated 2 November 2020, approved the admission to the Official List and the listing and quotation of the entire enlarged issue share capital of Volcano comprising up to 214,500,000 Shares on the ACE Market of Bursa Securities of which includes up to 49,500,000 new Shares to be issued pursuant to the ESOS, and granted Volcano an extension of time until 27 March 2021 to complete the implementation of the Listing.

On 22 February 2021, TA Securities had on behalf of Volcano submitted an application for an extension of time for a period of one (1) month from 27 March 2021 up to 27 April 2021 to complete the Listing. Bursa Securities had, vide its letter dated 4 March 2021, resolved to grant an extension of time until 27 April 2021 for Volcano to complete the implementation of Listing.

The conditions imposed by Bursa Securities and the status of compliance with these conditions are as follows: -

No.	Details of the Conditions Imposed	Status of Compliance
1.	TA Securities to ensure that Volcano is in compliance with Rule 3.19(1) of the Listing Requirements in respect of shares to be granted to Promoters of the Company under the ESOS;	Noted.
2.	Submission of the following information with respect to the moratorium on the shareholdings of the Promoter to Bursa Depository: (i) Name of shareholders; (ii) Number of Shares; and (iii) Date of expiry of the moratorium for each block of Shares;	Complied.
3.	Approvals from other relevant authorities have been obtained for implementation of the listing proposal;	Complied.

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

No.	Details of the Conditions Imposed	Status of Compliance
4.	Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Guidance Note 15 of Listing Requirements;	To be complied prior to Listing.
5.	Furnish Bursa Securities a copy of the schedule of distribution showing compliance with the share spread requirements based on the entire issued share capital of Volcano on the first day of listing;	To be complied upon Listing.
6.	Any director of the Company who has not attended the Mandatory Accreditation Programme must do so prior to the listing of the Company;	Complied.
7.	In relation to the public offering to be undertaken by Volcano, please announce at least two (2) Market Days prior to the listing date, the result of the offering including the following: (i) Level of subscription of public balloting and placement; (ii) Basis of allotment/allocation; (iii) A table showing the distribution for placement tranche; and (iv) Disclosure of placees who become substantial shareholders of Volcano arising from the public offering, if any. TA Securities to ensure that overall distribution of Volcano's securities is properly carried out to mitigate any disorderly trading in the secondary market;	To be complied prior to Listing. Noted.
8.	In relation to the ESOS: 8.1 In the event the new ordinary shares to be issued pursuant to the ESOS will be listed and quoted as the existing securities of the same class, quotation of the new ordinary shares will commence on the next Market Day after the following: (i) Submission of the share certificate together with a covering letter containing the summary of the ordinary shares under the ESOS to Bursa Depository before 10.00 a.m. on the market day prior to the listing date; (ii) Receipt of confirmation from Bursa Depository that the additional new shares are ready for crediting into the securities accounts of the respective account holders; and	To be complied where applicable.

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

No.	Details of the Conditions Imposed	Status of Compliance
	(iii) An announcement in accordance to paragraph 12.2 of Guidance Note 17 is submitted via Bursa Link before 3.00 p.m. on the market day prior to the listing date. 8.2 In the event the new ordinary shares to be issued pursuant to the ESOS will be separately quoted from the existing securities i.e., "A" shares, the listing and quotation of the new ordinary shares will take place two (2) Market Days upon the receipt of an application for quotation by Bursa Securities as specified under Part C of Annexure Guidance Note 17-B.	
9.	Volcano/TA 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 Volcano to the Official List.	To be complied upon Listing.
10.	TA Securities is required to ensure full compliance of all requirements pertaining to the ESOS and other requirements as provided under the Listing Requirements at all times.	To be complied where applicable.

2.1.2 Approval from SC

Our IPO 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 12 October 2018, approved the relief sought by us from having to comply with certain requirements under the Prospectus Guidelines as follows: -

No.	Reference to Prospectus Guidelines	Details of Relief Sought	SC's decision
1.	Paragraph 5.10, Division 1 of Part II	Relief from having to disclose the individual revenue contribution of Volcano's major customers in the Prospectus, i.e HP, Fisher & Paykel Thailand and Donaldson Thailand	Approved, as proposed.
2.	Paragraph 5.10, Division 1 of Part II	Relief from having to disclose the names of Volcano's major customers in the Prospectus	Approved, as proposed.

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

No.	Reference to Prospectus Guidelines	Details of Relief Sought	SC's decision
3.	Paragraph 5.11, Division 1 of Part II	Relief from having to disclose the name of Volcano's major supplier in the Prospectus	Approved, as proposed.

The SC had, vide its letter dated 17 December 2020, approved the resultant equity structure of Volcano under the equity requirement for public listed companies pursuant to our Listing. The approval from the SC is subject to the following condition: -

No.	Details of the Condition Imposed	Status of Compliance
1.	Volcano allocating shares equivalent to at least 12.5% of its enlarged issued share capital at the point of listing to Bumiputera investors. This includes the shares offered under the balloted public offer portion, of which at least 50% are to be offered to Bumiputera public investors.	To be complied.

The effect of the Listing on the equity structure of Volcano are as follows: -

Category of shareholders	As at 6 November 2020		After the Listing	
	No. of Shares	% of number of issued shares	No. of Shares	% of enlarged number of issued shares
Bumiputera				
- Malaysian public via balloting	-	-	4,125,000	2.50
- Bumiputera investors approved by the MITI	-	-	20,625,000	12.50
Total Bumiputera	**-**	**-**	**24,750,000**	**15.00**
Non-Bumiputera	140,000,000	100.00	140,250,000	85.00
Malaysians	**140,000,000**	**100.00**	**165,000,000**	**100.00**
Foreigners	-	-	-	-
Total	**140,000,000**	**100.00**	**165,000,000**	**100.00**

2.1.3 Approval from MITI

MITI had, vide its letter dated 1 July 2019, taken note and has no objection on the Listing.

On 4 November 2020, TA Securities had on behalf of Volcano submitted an application for a revised listing scheme for Volcano to MITI. MITI had, vide its letter dated 25 November 2020, taken note and has no objection on the revised listing scheme.

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

2.2 MORATORIUM ON OUR SHARES HELD BY OUR PROMOTERS

Pursuant to Rule 3.19(1) of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of Shares held by our Promoters as follows: -

(a) the moratorium applies to the entire shareholdings of our Promoters for a period of six (6) months from the date of our admission to the Official List;

(b) upon expiry of the six (6) months period stated above, our Company must ensure that our Promoters' aggregate shareholdings amounting to at least 45.00% of the total number of issued Shares remain under moratorium for another period of six (6) months; and

(c) thereafter, our Promoters may sell, transfer or assign up to a maximum of one-third (1/3rd) per annum (on straight line basis) of our Shares held under moratorium.

Details of our Promoters' Shares which will be subject to the abovesaid moratorium are set out as follows: -

Promoters	Held under moratorium for the first six (6) months upon Listing		Held under moratorium for the subsequent six (6) months	
	No. of Shares	(%) [(a)]	No. of Shares	(%) [(a)]
Datuk Ch'ng Huat Seng	28,000,000	16.97	28,000,000	16.97
Gan Yew Thiam	21,000,000	12.73	21,000,000	12.73
Dato' Wong Tze Peng	24,500,000	14.85	24,500,000	14.85
Yeap Guan Seng	10,500,000	6.36	10,500,000	6.36
Khoo Boo Wui	21,000,000	12.73	21,000,000	12.73
Total	**105,000,000**	**63.64**	**105,000,000**	**63.64**

Note: -

(a) Based on our enlarged number of 165,000,000 Shares after the IPO.

Our Promoters have provided written undertakings that: -

(i) they will not sell, transfer or assign their entire shareholdings for a period of six (6) months from the date of our admission to the Official List;

(ii) upon expiry of the six (6) months period stated above, their aggregate shareholdings amounting to 63.64% (18.64% above the minimum requirement of 45.00%) of the Company's enlarged issued share capital after the Listing will remain under moratorium for another period of six (6) months;

(iii) thereafter, they may sell, transfer or assign up to a maximum of one-third (1/3rd) per annum (on straight line basis) of their Shares held under moratorium; and

(iv) they will comply with the moratorium requirements for the period as set out in Rule 3.19(1) of the Listing Requirements.

The moratorium restriction, which is fully accepted by the above Promoters, are specifically endorsed on the share certificates representing the Shares held by our Promoters which are under moratorium to ensure that our Share Registrar does not register any transfer that contravenes such restriction.

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 STATISTICS RELATING TO OUR IPO

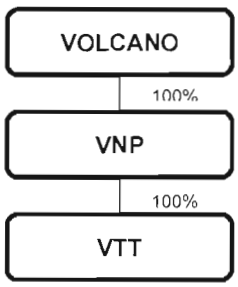
The following statistics relating to our IPO are derived from the full text of this Prospectus and should be read in conjunction with the text: -

	Note	No. of Shares
No. of issued Shares as at the date of this Prospectus		140,000,000
No. of Shares to be issued under the Public Issue		25,000,000
Enlarged no. of issued Shares upon Listing	(A)	**165,000,000**
New Shares to be issued assuming full exercise of the ESOS Options	(B)	49,500,000
Enlarged no. of issued Shares assuming full exercise of the ESOS Options	(A)+(B)	**214,500,000**
No. of Shares to be offered under the Offer for Sale		35,000,000
IPO Price per Share	(C)	**RM0.35**
Market capitalisation (upon Listing based on IPO Price)	(A) X (C)	**RM57,750,000**

Further details of our IPO and the moratorium imposed on our Promoters are set out in Sections 2.2 and 4.4 of this Prospectus.

3.2 BUSINESS MODEL

Our Company was incorporated in Malaysia under the Act on 2 February 2018 as a public limited company under our present name as a listing vehicle to undertake the Listing. Our Company is an investment holding company. As at the LPD, our Group structure is as follows: -

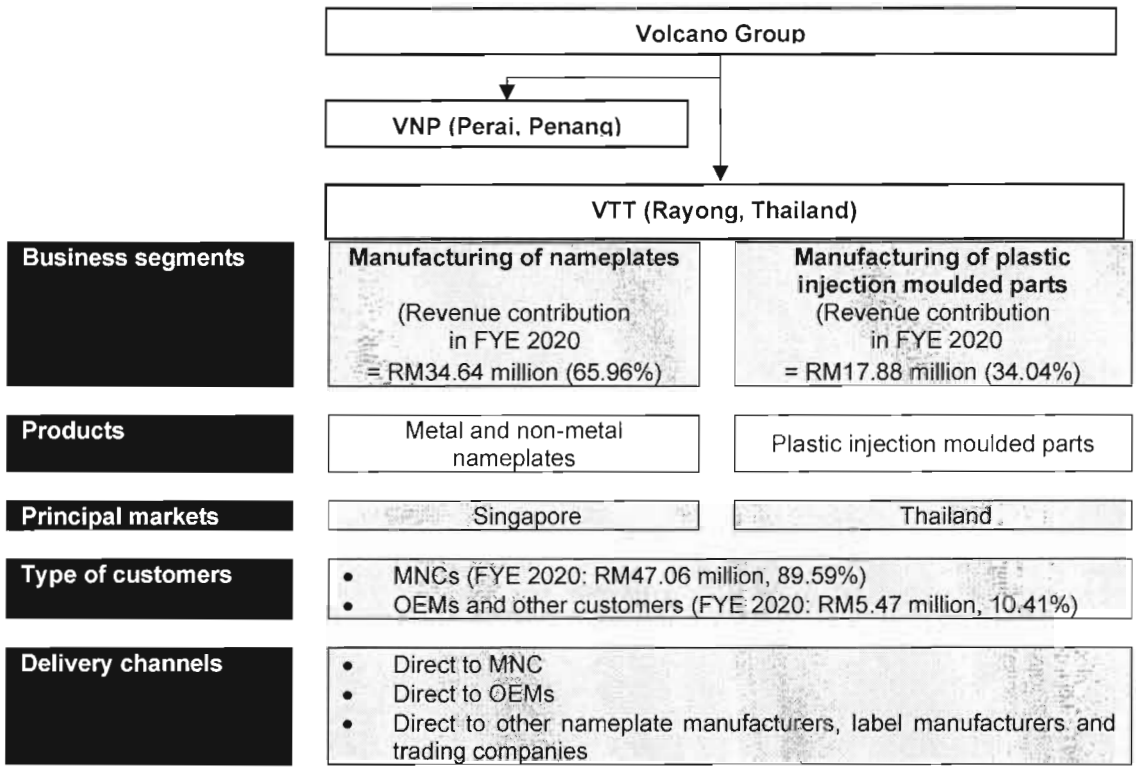


Our Group is principally involved in the manufacturing of parts and components used in the E&E and automotive industries, namely: -

(i) Manufacturing of nameplates; and
(ii) Manufacturing of plastic injection moulded parts.

We carry out the manufacturing of nameplates at our head office and factory in Perai, Penang, as well as at our factory in Rayong, Thailand. The manufacturing of plastic injection moulded parts is carried out at our factory in Rayong, Thailand.

3. PROSPECTUS SUMMARY *(cont'd)*



We mostly manufacture and sell directly to our MNC customers whereby an average of 90.08% of our revenue was derived from our MNC customers for the past three (3) FYE 2018 to FYE 2020.

Please refer to Section 7.2.3 of this Prospectus for further information on our business model.

3.3 COMPETITIVE STRENGTHS

We believe that our historical success and future prospects are underpinned by the following competitive strengths: -

(a) We manufacture products that support the development in end-user markets, in particular E&E and automotive;
(b) We are able to manufacture both nameplates and plastic injection moulded parts for our customers in one location as our factory in Rayong, Thailand has the required machinery and equipment as well as labour resources to manufacture both nameplates and plastic injection moulded parts;
(c) We offer a wide range of methods in manufacturing nameplates comprising laser cutting and stamping processes which include blanking, forming, forging, deep drawing, embossing, debossing and die-cutting, as well as various printing methods such as silk screen printing, tampo printing and offset printing;
(d) We have a strong customer portfolio of MNCs which include, amongst others, Hewlett Packard, Fisher & Paykel Thailand, Donaldson Thailand, Sharp Indonesia and Panasonic Thailand;
(e) We have a team of experienced and committed key senior management personnel with operational expertise and in-depth knowledge of manufacturing of nameplates and plastic injection moulded parts; and
(f) We have established long-standing business relationships with our customers and suppliers throughout the years which have continued to support the growth of our business.

Please refer to Section 7.19 of this Prospectus for further details on our competitive strengths.

3.4 BUSINESS STRATEGIES

Our Group intends to focus on the following business strategies for the future growth and expansion of our business: -

(a) We intend to improve the efficiency and capabilities of our nameplate manufacturing process through the purchase of additional laser cutting machines and pick and paste machines

We intend to further increase our capacity through the purchase of an additional six (6) units of laser cutting machines from the proceeds of our Public Issue. We have purchased additional four (4) units of laser cutting machines using our internally-generated funds (of which two (2) units of laser cutting machines were delivered on 22 January 2021 and one (1) unit of laser cutting machine was delivered on 11 February 2021, whilst the remaining one (1) unit of laser cutting machine will be delivered by the second quarter of FYE 2021). With the additional four (4) units of laser cutting machines, the production capacity will be increased to 41,590,000 units per year representing an increase of 28.57% or 9,242,000 units. The purchase of the additional six (6) units of laser cutting machines using the proceeds from our Public Issue will further increase our laser cutting production capacity by approximately 33.33% or 13,863,000 units from 41,590,000 units to 55,453,000 units per year. The Group will allocate approximately 280 sq. ft. of existing floor space at our factory in Perai, Penang to place the six (6) units of laser cutting machines.

We also intend to automate processes involving manual labour of picking and pasting different components of our nameplates to form final nameplates that are outputs from the stamping machines via the purchase of five (5) units of pick and paste machines for our factory in Perai, Penang. The Group will allocate approximately 420 sq. ft. of existing floor space at our factory in Perai, Penang to place the five (5) units of pick and paste machines.

The total cost of acquiring these six (6) units of laser cutting machines will be approximately RM3.55 million while the total cost of acquiring the five (5) units of pick and paste machines will be approximately RM2.00 million, which we intend to fund via proceeds from the Public Issue. We expect the laser cutting machines and pick and paste machines to be purchased and installed within twenty-four (24) months of our Listing.

(b) We intend to expand our plastic injection moulded parts manufacturing business with the purchase of additional plastic injection moulding machines

We intend to acquire an additional five (5) units of plastic injection moulding machines ranging from 350 MT to 800 MT to expand our manufacturing capacity and purchase of additional higher tonnage plastic injection moulding machines which enable us to expand our manufacturing capacity to cater for larger plastic injection moulded parts.

Among the additional five (5) units of plastic injection moulding machines, two (2) new units of plastic injection moulding machines with higher tonnages of 350 MT and 380 MT respectively will replace our two (2) existing units of plastic injection moulding machines of 25 MT and 50 MT respectively purchased in 2010 which are prone to break downs and will be disposed of.

The production capacity with the acquisition of additional five (5) units of plastic injection moulding machines will increase our capacity by 15.65% or 1,677,456 units from 10,717,000 units per year in FYE 2020 to 12,394,456 units per year.

The total cost of acquiring these five (5) units of plastic injection moulding machines will be approximately RM2.30 million which is expected to be funded via our internally-generated funds. We will carefully consider the funding options available and the relevant cost and benefits of each option for the acquisition of the plastic injection moulding machines. We expect the plastic injection moulding machines to be purchased and installed at our factory in Rayong, Thailand within thirty-six (36) months of our Listing.

(c) We plan to expand our factory in Rayong, Thailand in anticipation of the growth of our business

We intend to expand our factory in Rayong, Thailand by building a single-storey high ceiling factory annexed with the existing factory with a built-up area of approximately 10,086 sq. ft. to place the five (5) new units of plastic injection moulding machines as set out in Section 3.4(b) above.

The total cost of the building expansion is expected to cost approximately RM4.81 million which is expected to be funded via our internally-generated funds. We will carefully consider the funding options available and the relevant cost and benefits of each option for the factory expansion in Rayong, Thailand. We expect to complete the expansion works within thirty-six (36) months upon Listing.

(d) We plan to expand our presence in the E&E and automotive industries in Thailand

We intend to expand our presence in the E&E and automotive industries in Thailand within the next thirty-six (36) months after our Listing by actively pursuing the opportunities in the manufacturing of nameplates and plastic injection moulded parts through participation in external events and exhibitions where we can showcase the advantages and benefits of our solutions as well as leveraging on our existing business relationships with our customers and business associates in Thailand which will be funded by our internally-generated funds. At present, the sales and marketing strategies that we adopt are direct approach through our sales representatives where we have established a sales and marketing division in Thailand, securing new customers through referrals and promoting our products through our corporate website.

While the plastic injection moulding industry in Thailand is competitive due to the large number of industry players and fragmented nature, plastic injection moulded parts can cater for a wide range of end-user industries, such as the E&E, automotive, medical, aerospace, packaging, manufacturing, telecommunications and office supply industries owing to their relatively low cost, ease of manufacture, versatility and waterproof properties. As such, there will be continuous demand for plastic injection moulded parts to support the manufacturing of various E&E, automotive and other consumer products.

Further details on our business strategies are set out in Section 7.20.1 of this Prospectus.

3.5 INTERRUPTION TO OUR BUSINESS AND OPERATIONS

Impact of the outbreak of the Covid-19 and MCO on our Group's business operations

The outbreak of the Covid-19 in early 2020 has affected the operations of VNP and VTT. The quarantine in Wuhan city which was then extended to several other cities in China and the extension of the Lunar New Year 2020 holiday in China due to the Covid-19 (e.g., from 23 January 2020 to 14 February 2020) caused a disruption to our operations resulting in VNP recording lesser orders due to the closure of one of our major customers', (namely HP) OEM in China and has also delayed the shipment of our nameplates products to them. As at 31 December 2020, we have completed the shipment of the nameplates products without any imposition of penalty to VNP by our customers for late delivery. Nevertheless, the disruption arising from the closure of HP's OEM in China due to lockdown in China has resulted in VNP recording lesser orders during the aforesaid period.

The operations of VNP was halted from 18 March 2020 to 3 April 2020. With the approval from MITI dated 3 April 2020, we resumed operations of VNP at 50% of our workforce capacity on 6 April 2020 and resumed to full capacity on 30 April 2020 in compliance with the SOP required by MITI.

The temporary full and partial closure during the MCO had affected our operations by delaying the production of our products and limitations in carrying out face-to-face communication with our customers to promote and market our Group's products and services.

In Thailand, the government has also declared a State of Emergency which provides the government with the authority to impose curfews, restrictions on movements of goods, livestock and persons, closures, suspension, or restrictions in operating hours of certain business activities, prohibition or restrictions on certain non-commercial activities, for the purpose of preventing the spread of communicable disease. This State of Emergency was announced and entered into effect on 26 March 2020, and has since been extended to 31 Macrh 2021. Several rounds of easing measures were announced between 1 May 2020 and up until the LPD, whereby there have been several relaxations of prohibitions or limitations on conducting or carrying out certain activities. The operations of VTT was not affected as manufacturing factories in Thailand are allowed to operate during the period of the State of Emergency while complying with the control measures issued by the Ministry of Industry of Thailand.

Notwithstanding the above, some of VTT's customers have implemented between one (1) to two (2) weeks of voluntary closure in April 2020 as precautionary measures. The closure of our customers' operations (i.e., 6 April 2020 - 17 April 2020) had led to delays in delivery of finished products. As at 31 December 2020, we have delivered the products and fulfilled the orders when our customers resumed operations. Nevertheless, the disruption arising from the voluntary closure of our customers in Thailand and a general decline in demand due to the Covid-19 pandemic has resulted in VTT recording lesser revenue.

Given that our Group has manufacturing facilities of nameplates in Malaysia and Thailand, the dual geographical presence allows for the continuity of our Group's business operations in the event that the operations of either factory is disrupted. As at 31 December 2020, we have fulfilled all backlog orders by operating overtime and simplifying certain manufacturing processes such as undertaking sampling for their products for quality control.

As at the LPD, our Group has not experienced disruptions in the supply of raw materials or additional processes by our local subcontractors arising from the imposed mandatory movement and business operations restrictions due to Covid-19 as we have a buffer inventory of the required raw materials and materials from our subcontractors to support our production.

Save for the temporary closure of operations of VNP in Malaysia during the MCO period and the condition imposed to reduce our employees to a minimum level for the operations or to reduce approximately 50% of our operations workforce, we have not experienced any interruption in business which had a significant effect on our operations during the twelve (12)-month period prior to the date of this Prospectus.

In view of the increasing number of Covid-19 cases in several states in Malaysia, the Government has re-imposed the MCO and conditional MCO in most of the states and federal territories for different durations between 13 October 2020 and 18 February 2021. On 16 February 2021, the Government announced an extension of the MCO for the states of Selangor, Johor and Penang and the Federal Territory of Kuala Lumpur from 19 February 2021 until 4 March 2021. On 2 March 2021, the Government announced that the MCO for the states of Selangor, Johor and Penang and the Federal Territory of Kuala Lumpur will be lifted and these states will be placed under the conditional MCO from 5 March 2021 to 18 March 2021. However, as VNP was allowed to operate with full capacity in compliance with the SOP required by MITI during the aforesaid period, there were no interruptions in VNP's operations and financial performance up to the LPD. Moving forward, we expect our financial condition to remain positive in tandem with our prospects in the end-user industries especially in the E&E industry.

We have also complied with the mandatory screening of foreign employees. All our foreign employees had, on 15 December 2020 undergone the Covid-19 screening and none of them are infected. As at the LPD, there are no suspected or confirmed cases of Covid-19 among our employees.Further details are set out in Section 7.13 of this Prospectus.

3. PROSPECTUS SUMMARY *(cont'd)*

3.6 RISK FACTORS

Before investing in our IPO Shares, you should carefully consider, along with other information contained in this Prospectus, the following material risk factors relating to our business and operations as set out in Section 9 of this Prospectus, which are summarised below: -

(i) We are dependent on the continuous employment and performance of our Executive Directors and key senior management personnel for their respective expertise in contributing to the Group. The loss of any of our Executive Directors and key senior management personnel could adversely affect our continued ability to manage our operations effectively and competitively;

(ii) We are dependent on our major customers and do not have any long-term contract with our customers. The loss of any major customers and/or the inability to secure new purchase orders from new customers may adversely impact our Group's operating results;

(iii) We are dependent on our ability to continuously and consistently meet customers' expectations. Should we fail to meet customers' specification or expectation, our business and financial conditions may be adversely affected;

(iv) We may be affected by the outcome of tax review by IRB on the tax filing of VNP. Any additional payment and/or penalties arising therefrom may affect our Group's financial performance;

(v) We may be exposed to fluctuation in our financial performance. We may not able to sustain our historical profitability margins for various reasons which may include, amongst others, the deterioration in the business conditions of our principal markets, intensification of competition, reducing orders from our customers, cessation of supply with customers and other unforeseen factors, which may reduce the sales orders awarded to us, and/or reduce our profitability;

(vi) We may be exposed to fluctuations in prices of raw materials as our raw materials are sourced from Malaysia and overseas. Any rise in our raw materials prices will result in lower operating margin to our Group if we are unable to reflect the increased cost in the selling price of our finished products;

(vii) We are exposed to fluctuations in exchange rates as part of our Group's revenue and purchases are denominated in foreign currencies. Any significant fluctuations in exchange rates, particularly the USD and THB, may have a significant impact on our revenue and cost of sales as they are required to be stated in RM in our financial statements;

(viii) Our business is exposed to sudden and unexpected equipment failures which may lead to production curtailments or shutdowns. These unexpected events may cause interruptions in our business operations which will affect our production schedules and timely delivery of our products to our customers;

(ix) We rely on foreign workers in our manufacturing operations. If foreign worker permit or visa policies in Malaysia, or in the countries in which we employ our foreign workers from, were to change in any way resulting in difficulties for our Group to maintain a sufficient foreign labour workforce, our business, results of operations and financial condition would be materially and adversely affected;

(x) We do not retain the ownership of the moulds used for manufacturing of our plastic injection moulded parts. In this regard, our sales will be affected in the event our customer transfer the moulds to other plastic injection moulding manufacturers to produce their products;

(xi) We are subject to credit risks based on the credit periods granted to our customers which are between 30 days and 120 days. If our customers delay or default on payment, we will have to make allowance for impairment on uncollectible trade receivables or may be required to write-off uncollectible trade receivables as bad debts, which may in turn, adversely affect our financial performance;

(xii) Our insurance coverage may not be adequate to cover all losses or liabilities that may arise in connection with our operations. Although the Group reviews our insurance policies on a regular basis to ensure there is adequate insurance coverage on our assets, there can be no assurance that the said coverage would be sufficient for the replacement cost of our assets or from any consequential losses arising therefrom;

(xiii) We are subject to risks relating to the economics, political, legal, regulatory or social environment in the markets in which we operate. Any adverse developments or

uncertainties including, amongst others, changes in political conditions, governmental policies and regulations, fiscal and monetary policies, import and export restrictions, duties and tariffs, foreign exchange, civil unrest, unemployment, inflation and outbreak of infectious disease, could adversely impact our financial performance; and

(xiv) We are affected by an occurrence of force majeure events such as adverse weather, natural disasters and/or outbreak of infectious disease which cause our production facility to be incapable of normal capacity and our employees being unable to conduct their work as usual. In view of the recent global pandemic Covid-19, any adverse and prolonged development arising from the pandemic may significantly affect the economic, financial and political conditions across the world and the occurrence of unforeseen disruptive events regionally or globally that are beyond our Group's control.

Further details on risk factors are set out in Section 9 of this Prospectus.

3.7 DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL

Our Directors and key senior management personnel are as follows: -

Name	Designation
Directors	
Wong Wan Chin, D.J.N	Independent Non-Executive Chairman
Datuk Ch'ng Huat Seng	Managing Director
Gan Yew Thiam	Executive Director
Dato' Wong Tze Peng	Executive Director
Yeap Guan Seng	Executive Director
Khoo Boo Wui	Executive Director/Chief Financial Officer
Tan Yen Yeow	Independent Non-Executive Director
Hing Poe Pyng	Independent Non-Executive Director
Key senior management personnel	
Lim Kee Wei	QA Manager
Rajendran A/L Masilamany	Production Manager
Cheng Su Ying	Finance and Administration Manager

Further details of our Directors and key senior management personnel are set out in Sections 5.2.2 and 5.3.3 of this Prospectus.

3.8 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

Our Promoters and substantial shareholders are set out as below: -

Promoters and Substantial shareholders	Nationality	Before our IPO [(i)]		After our IPO [(ii)]	
		No. of Shares held	(%)	No. of Shares held	(%)
Datuk Ch'ng Huat Seng	Malaysian	35,000,000	25.00	28,000,000	16.97
Gan Yew Thiam	Malaysian	35,000,000	25.00	21,000,000	12.73
Dato' Wong Tze Peng	Malaysian	24,500,000	17.50	24,500,000	14.85
Yeap Guan Seng	Malaysian	21,000,000	15.00	10,500,000	6.36
Khoo Boo Wui	Malaysian	24,500,000	17.50	21,000,000	12.73
Total		**140,000,000**	**100.00**	**105,000,000**	**63.64**

Notes: -

(i) After completion of the Acquisition of VNP, the transfer of subscribers' shares in Volcano to Khoo Boo Wui and the Share Consolidation before the IPO.

(ii) Based on our enlarged number of 165,000,000 Shares after our IPO.

Further details of our Promoters and substantial shareholders are set out in Section 5.1.2 of this Prospectus.

3. PROSPECTUS SUMMARY *(cont'd)*

3.9 UTILISATION OF PROCEEDS

We expect to raise gross proceeds of RM8.75 million from the Public Issue and intend for the proceeds to be utilised in the manner set out below: -

Details of utilisation	(RM'million)	Percentage of gross proceeds (%)	Estimated timeframe for utilisation upon Listing
Purchase of machineries and equipment	5.55	63.43	Within 24 months
Estimated listing expenses	3.20	36.57	Immediately
Total	**8.75**	**100.00**	

The gross proceeds of RM12.25 million from the Offer for Sale will accrue entirely to the Selling Shareholders. Therefore, we will not receive any proceeds from the Offer for Sale.Further details on the utilisation of proceeds are set out in Section 4.10 of this Prospectus.

3.10 FINANCIAL AND OPERATIONAL HIGHLIGHTS

3.10.1 Historical audited financial statements

The following table sets out the financial highlights of our historical audited financial statements for the FYE 2018 to FYE 2020: -

	Audited		
	FYE 2018 (RM'000)	FYE 2019 (RM'000)	FYE 2020 (RM'000)
Revenue	58,649	55,892	52,527
GP	18,973	17,131	15,139
PBT	8,681	6,481	4,257
PAT [(i)]	6,952	4,780	3,383
EBITDA	10,870	8,587	6,704
GP margin (%)	32.35	30.65	28.82
PBT margin (%)	14.80	11.60	8.10
PAT margin (%)	11.85	8.55	6.44
Basic EPS (sen) [(ii)]	4.97	3.41	2.42
Diluted EPS (sen) [(iii)]	4.21	2.90	2.05

Notes: -

(i) Inclusive of IPO expenses of approximately RM0.84 million, RM0.61 million and RM0.45 million which were incurred in the FYE 2018, FYE 2019 and FYE 2020 respectively. Without the IPO expenses, the PAT of our Group is RM7.79 million, RM5.39 million and RM3.83 million which translates to a PAT margin of 13.28%, 9.64% and 7.29% for FYE 2018, FYE 2019 and FYE 2020 respectively.

(ii) Basic EPS is computed based on PAT attributable to owners of our Company divided by our number of 140,000,000 Shares after completion of Acquisition of VNP, the transfer of subscribers' shares in Volcano to Khoo Boo Wui on 2 March 2018 and the Share Consolidation.

(iii) Diluted EPS is computed based on PAT attributable to owners of our Company divided by our enlarged number of 165,000,000 Shares after the IPO.

During the Financial Years Under Review, we recorded a decrease in revenue by RM2.76 million or 4.71% in FYE 2019 and RM3.36 million or 6.01% in FYE 2020. In FYE 2019, the revenue from the nameplates segment and plastic injection moulded parts decreased by 3.28% and 7.07% respectively. In FYE 2020, the revenue from the nameplates segment and plastic injection moulded parts decreased by 2.89% and 11.62% respectively.

On an overall basis, the decline in the revenue of the Group was partly contributed by lower demand from one of our major customers, namely HP as a result of the changes in sales mix towards non-metal nameplates with lower average selling prices and disruption of operations caused by the outbreak of Covid-19 and MCO. Please refer to Section 11.1.1 of this Prospectus for further details.

3. PROSPECTUS SUMMARY *(cont'd)*

None of the financial statements of the companies within our Group were subject to any audit qualification for the FYE 2018 to FYE 2020.

3.10.2 Proforma consolidated statements of financial position

The following table sets out a summary of the proforma consolidated statements of financial position of our Group based on our audited statements of financial position as at 31 December 2020 to show the effects of Public Issue and the utilisation of proceeds.

The proforma consolidated statements of financial position is presented for illustrative purposes only and should be read in conjunction with the Proforma Consolidated Financial Information set out in Section 13 of this Prospectus.

	Audited as at 31 December 2020 (RM'000)	Proforma I	Proforma II	Proforma III
		After the Public Issue (RM'000)	After Proforma I and the Utilisation of Proceeds (RM'000)	After Proforma II and granting of ESOS (RM'000)
ASSETS				
Total non-current assets	29,544	29,544	29,544	29,544
Total current assets	44,860	53,610	52,160	52,160
TOTAL ASSETS	**74,404**	**83,154**	**81,704**	**81,704**
EQUITY AND LIABILITIES				
Share capital	70,000	78,750	78,265	78,265
Exchange reserve	8,202	8,202	8,202	8,202
Reorganisation reserve	(68,000)	(68,000)	(68,000)	(68,000)
Share option reserve	-	-	-	7,390 (iv)
Retained earnings	57,170	57,170	56,205	48,815
Total equity attributable to owners of Volcano	**67,372**	**76,122**	**74,672**	**74,672**
Total non-current liabilities	785	785	785	785
Total current liabilities	6,247	6,247	6,247	6,247
TOTAL LIABILITIES	**7,032**	**7,032**	**7,032**	**7,032**
TOTAL EQUITY AND LIABILITIES	**74,404**	**83,154**	**81,704**	**81,704**
Number of ordinary shares issued/assumed to be in issued ('000)	140,000	165,000	165,000	165,000
NA attributable to owners of the Company (RM'000)	**67,372**	**76,122**	**74,672**	**74,672**
NA per Share (RM)	0.48	0.46	0.45	0.45
Borrowings (all interest bearing debts)	-	-	-	-
Current ratio (times) (ii)	7.18	8.58	8.35	8.35
Gearing (times) (iii)	-	-	-	-

Notes: -

(i) The adjustment arose from the share consolidation undertaken by Volcano on 18 May 2020.

(ii) Calculated based on total current assets divided by total current liabilities.

(iii) Calculated based on total borrowings divided by the total equity.

(iv) Arising from the assumption that the Company has granted 49,500,000 Shares, representing 30% of the enlarged share capital of Volcano comprising 165,000,000 Shares at a subscription price equivalent to the issue price of each IPO Share at RM0.35. The ESOS Options are assumed to have a fair value of RM0.1493 each.

3. PROSPECTUS SUMMARY *(cont'd)*

3.11 DIVIDEND POLICY

It is our Board's policy to recommend and distribute a dividend of at least 30% of our annual audited PAT to shareholders of our Company. The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any distribution of the final dividends for the year is subject to our shareholders' approval.

Our ability to declare dividends or make other distributions to our shareholders in the future years will depend upon various factors, including but not limited to, our Group's cash flows requirements for operations, financing commitments and capital expenditure, availability of adequate distributable reserves, financial performance and any other factors considered relevant by our Board.

During the Financial Years Under Review, we have declared and paid dividends to our shareholders as follows: -

	Audited		
	FYE 2018 (RM'000)	**FYE 2019 (RM'000)**	**FYE 2020 (RM'000)**
Dividends declared and paid	4,000	2,000	3,100
PAT	6,952	4,780	3,383
Dividend payout ratio (%)	57.54	41.84	91.63

Subsequent to the Financial Years Under Review and up to the LPD, there was no dividend declared or payable by our Group.

You should note that this dividend policy merely describes our Group's present intention and shall not constitute legally binding statements in respect of our Group's future dividends that are subject to modification at our Board's discretion.

Detailed information on our dividend policy is set out in Section 11.14 of this Prospectus.

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4. PARTICULARS OF OUR IPO

4.1 INTRODUCTION

This Prospectus is dated 16 March 2021.

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

We have obtained Bursa Securities' approval vide its letter dated 2 November 2020 for the admission of our Company to the Official List of the ACE Market of Bursa Securities and for the listing of and quotation of our Company's entire issued share capital, including the Offer Shares which are the subject of this Prospectus, on the ACE Market of Bursa Securities. Our Shares will be admitted to the Official List of the ACE Market of Bursa Securities and official quotation will commence upon receipt of confirmation from Bursa Depository that all the IPO Shares have been credited into the respective CDS accounts of the successful applications and the notices of allotment have been issued and despatched to all successful applicants.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as a "prescribed security". Consequently, the Shares offered through this Prospectus will be deposited directly with Bursa Depository and any dealing in these Shares will be carried out in accordance with the SICDA and the Rules of Bursa Depository. We will not issue any share certificate to the successful applicants.

Pursuant to the Listing Requirements, our Company is required to comply with the public spread requirements as determined by Bursa Securities. Pursuant to which our Company is required to have a minimum of 25% of our Shares for which Listing is sought to be held by at least 200 public shareholders holding not less than 100 Shares each upon completion of our IPO and at the time of Listing. Our Company is expected to achieve this at time of Listing. In the event that above requirement is not met, our Company may not be permitted to proceed with the Listing. In such event, monies paid in respect of all applicants will be returned in full without interest and if such monies are not returned in full within fourteen (14) days after our Company becomes liable to do so, the provisions of sub-sections 243(2) and 243(6) of the CMSA shall apply accordingly.

Person submitting applications by way of Application Forms or by way of Electronic Share Application or Internet Share Application must have a CDS account. If you do not presently have a CDS account, you must open a CDS account at an ADA before making an application for our IPO Shares.

In the case of an application by way of Application Form, you should state your CDS account number in the space provided in the Application Form.

In the case of an application by way of Electronic Share Application, only an applicant who has a CDS account number can make an Electronic Share Application and you shall furnish your CDS account number to the Participating Financial Institutions by way of keying in your CDS account number if the instructions on the ATM screen at which you submit your electronic Share Application require you to do so.

In the case of an application by way of Internet Share Application, only an applicant who has a CDS account opened with the Internet Participating Financial Institutions can make an Internet Share Application. Arising therewith, your CDS account number will automatically appear in the electronic IPO online application form.

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

A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application or Internet Share Application. Please refer to Section 16 of this Prospectus for further details on the procedure for Application and acceptance for the IPO Shares.

You should rely only on the information contained in this Prospectus or any applicable Prospectus supplement. Neither we nor our advisers have authorised anyone to provide you with information that is different and which is not contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstance, 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 material change or development affecting a matter disclosed in this Prospectus from the date of registration of this Prospectus up to the date of the Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provision of Section 238 of the CMSA.

The distribution of this Prospectus and the offer of the IPO Shares in other jurisdictions outside Malaysia may be restricted by the law. If you have come into possession of this Prospectus, we require you to inform your goodself of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation to buy any IPO Share in any jurisdiction or circumstance in which such invitation is not authorised or unlawful, or to any person to whom it is unlawful to make such invitation.

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 of Bursa Securities shall not be taken as an indication of the merits of our Company, our Shares and/or our IPO.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF OUR IPO AND AN INVESTMENT IN US. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN DOUBT ABOUT THIS PROSPECTUS, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS BEFORE APPLYING FOR OUR SHARES.

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

4.2 OPENING AND CLOSING OF APPLICATION PERIOD

The Application period will open at 10.00 a.m. on 16 March 2021 and will remain open until 5.00 p.m. on 24 March 2021. **LATE APPLICATIONS WILL NOT BE ACCEPTED**.

4.3 TENTATIVE TIMETABLE

The following events are intended to take place on the following tentative dates: -

Events	**Dates**
Issue of Prospectus/Opening date for the IPO	16 March 2021/ 10.00 a.m.
Closing date of the IPO	24 March 2021/ 5.00 p.m.
Tentative date for balloting of applications	26 March 2021
Tentative date for allotment of IPO Shares	2 April 2021
Tentative listing date	6 April 2021

Should the closing date of the application of our IPO be extended, we will advertise a notice of the extension in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia prior to the original closing date of applications for our IPO. Following this, the dates for the balloting of applications for the Public Issue Shares, allotment of the Offer Shares and Listing would be extended accordingly.

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

4.4 DETAILS OF OUR IPO

Our IPO consists of the Public Issue and Offer for Sale, totalling up to 60,000,000 IPO Shares at the IPO Price, payable in full on application and is subject to the terms and conditions of this Prospectus. Upon acceptances, the IPO Shares are expected to be allocated in the manner described below, subject to the underwriting arrangement as set out in Section 4.4.3 of this Prospectus.

The table sets out below is the summary of the allocations of IPO Shares: -

	Public Issue		Offer for Sale		Total	
	No. of Shares ('000)	% of enlarged number of issued Shares	No. of Shares ('000)	% of enlarged number of issued Shares	No. of Shares ('000)	% of enlarged number of issued Shares
Malaysian Public	8,250*	5.00	-	-	8,250*	5.00
Eligible Directors, key senior management personnel, employees and business associates	8,250	5.00	-	-	8,250	5.00
Private Placement						
- Identified investors	8,500	5.15	14,375	8.71	22,875	13.86
- Bumiputera investors	-	-	20,625	12.50	20,625	12.50
Total	**25,000**	**15.15**	**35,000**	**21.21**	**60,000**	**36.36**

Note: -

* *50% of this amount shall be made available to public Bumiputera investors.*

4.4.1 Public Issue

Our Public Issue of 25,000,000 Public Issue Shares, representing approximately 15.15% of our enlarged number of issued Shares at the IPO Price, is subject to the terms and conditions of this Prospectus and shall be allocated in the following manner: -

(a) Malaysian Public

8,250,000 Public Issue Shares, representing 5.00% of our enlarged number of issued Shares, will be made available for application by the Malaysian Public by way of balloting, of which 50% of this amount representing 4,125,000 Public Issue Shares shall be made available to public Bumiputera investors.

(b) Eligible Directors, key senior management personnel, employees and business associates (including any other persons who have contributed to the success of our Group)

In recognition of the contributions by the eligible Directors, key senior management personnel, employees and business associates (including any other persons who have contributed to the success of our Group), we have reserved 8,250,000 Public Issue Shares (being the Pink Form Allocation) representing approximately 5.00% of our Company's enlarged number of issued Shares for subscription by them as follows: -

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

Category	No. of Persons	Aggregate no. of Pink Form Allocation
Directors (1) (2)	3	3,000,000
Key senior management personnel (1) (2)	3	300,000
Employees and business associates (including any other persons who have contributed to our success) (3)	120	4,950,000
Total	126	8,250,000

Notes: -

(1) The criteria for allocation to our Directors and key senior management personnel are based on, amongst others, their respective roles, responsibilities and length of service in our Group.

(2) The number of Public Issue Shares to be allocated to our Directors and key senior management personnel is as follows: -

Directors	*Designation*	*No. of Shares allocated*
Wong Wan Chin, D.J.N	*Independent Non-Executive Chairman*	*1,000,000*
Tan Yen Yeow	*Independent Non-Executive Director*	*1,000,000*
Hing Poe Pyng	*Independent Non-Executive Director*	*1,000,000*
	Total	***3,000,000***

Key senior management personnel	*Designation*	*No. of Shares allocated*
Lim Kee Wei	*QA Manager*	*100,000*
Rajendran A/L Masilamany	*Production Manager*	*100,000*
Cheng Su Ying	*Finance and Administration Manager*	*100,000*
	Total	***300,000***

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

(a) must be a full time employee of at least eighteen (18) years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;

(b) with the exception of the non-executive Director(s), he/she is employed on full time basis and who has been confirmed in service; and

(c) the number of Public Issue Shares allocated to our eligible employees are based on their seniority, job grading, length of service and/or their respective contribution made to our Group as well as other factors deemed relevant to our Board.

The criteria for allocation to our business association (including any other persons who have contributed to our success) are based on their contribution, length of relationship and support to the growth of our Group.

Any unsubscribed Pink Form Allocations will be re-offered to our Group's other eligible Directors (other than the Selling Shareholders), employees and business associates (including any other persons who have contributed to the success of our Group) before being re-allocated to the Malaysian Public on a fair and equitable manner and/or identified investors via private placement.

(c) Private placement

8,500,000 Public Issue Shares, representing approximately 5.15% of our enlarged number of issued Shares, will be made available for application by way of private placement to identified investors.

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

4.4.2 Offer for Sale

The Selling Shareholders will offer 35,000,000 Offer Shares, representing approximately 21.21% of our enlarged number of issued Shares at the IPO Price, by way of private placement in the following manner: -

(i) 14,375,000 Offer Shares, representing approximately 8.71% of our enlarged number of issued Shares, shall be made available to identified investors; and

(ii) 20,625,000 Offer Shares, representing approximately 12.50% of our enlarged number of issued Shares, shall be made available to identified Bumiputera investors approved by MITI.

In the event 20,625,000 Offer Shares made available to identified Bumiputera investors approved by MITI are not fully subscribed, the remaining portion will be clawed-back and be re-allocated to the institutional investors by way of private placement. Subsequently, any of the Offer Shares that are not taken up shall be made available for application by the public Bumiputera investors as part of the balloting process. Any further Offer Shares which are not taken up by the public Bumiputera investors will be made available for application by the Malaysian Public under Section 4.4.1(a) of this Prospectus and/or private placement to identified investors under Section 4.4.1(c) of this Prospectus.

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

The details of our Selling Shareholders are as follows: -

Selling Shareholders	Material relationship with our Group	Before IPO[(i)]/As at the LPD		Offer for Sale [(ii)]		After IPO [(ii)]	
		No. of Shares	(%)	No. of Shares	(%) [(iii)]	No. of Shares	(%)
Datuk Ch'ng Huat Seng 11 Jalan Legenda 1, 11960 Bayan Lepas, Pulau Pinang	Promoter, substantial shareholder and Managing Director	35,000,000	25.00	7,000,000	4.24	28,000,000	16.97
Gan Yew Thiam No. 23, Lorong 2/Ss 5 Bandar Tasek Mutiara 14120 Simpang Ampat Pulau Pinang	Promoter, substantial shareholder and Executive Director	35,000,000	25.00	14,000,000	8.49	21,000,000	12.73
Yeap Guan Seng 1057, Jalan Besar, 14100 Simpang Ampat, Seberang Perai Selatan, Pulau Pinang	Promoter, substantial shareholder and Executive Director	21,000,000	15.00	10,500,000	6.36	10,500,000	6.36
Khoo Boo Wui 12-W, Jalan Angsana, Bandar Baru, 11500 Ayer Itam, Pulau Pinang	Promoter, substantial shareholder and Executive Director/Chief Financial Officer	24,500,000	17.50	3,500,000	2.12	21,000,000	12.73
		115,500,000	**82.50**	**35,000,000**	**21.21**	**80,500,000**	**48.79**

Notes: -

(i) Based on our number of 140,000,000 Shares after completion of the Acquisition of VNP, the transfer of subscribers' shares in Volcano to Khoo Boo Wui on 2 March 2018 and the Share Consolidation before the IPO.

(ii) Based on our enlarged number of 165,000,000 Shares after the IPO.

Based on the IPO Price, the entire proceeds of approximately RM12.25 million arising from the Offer for Sale will accrue entirely to the Selling Shareholders and not to the Company. All expenses relating to the Offer for Sale will be fully borne by the Selling Shareholders.

4.4.3 Underwriting arrangement

The 8,250,000 Public Issue Shares made available for application by the Malaysian Public under Section 4.4.1(a) of this Prospectus have been fully underwritten by our Underwriter.

All the 8,250,000 Public Issue Shares made available for application pursuant to the Pink Form Allocations and 22,875,000 Public Issue Shares and Offer Shares made available to identified investors and 20,625,000 Offer Shares made available to identified Bumiputera investors approved by MITI by way of private placement as set out in Sections 4.4.1(b), 4.4.1(c) and 4.4.2 of this Prospectus respectively are not underwritten. Irrevocable undertakings will be obtained post approval of the Prospectus from identified investors to subscribe for the IPO Shares available under the private placement.

Any unsubscribed Public Issue Shares by the Malaysian Public will be made available for application by way of private placement to identified investors. Any unsubscribed Pink Form Allocations will be re-offered to our Group's other eligible Directors (other than the Selling Shareholders), employees and business associates (including any other persons who have contributed to the success of our Group) before being re-allocated to the Malaysian Public on a fair and equitable manner and/or identified investors via private placement.

There is no minimum subscription amount to be raised from the IPO. All the IPO Shares are either subscribed by the identified investors, pursuant to their irrevocable undertaking or fully underwritten by our Underwriter.

The number of IPO Shares will not increase via any over-allotment or "greenshoe" option.

4.4.4 ESOS

In conjunction with the Listing, we will implement an ESOS of up to thirty percent (30%) of our total number of issued Share(s) at any point in time during the existence of the ESOS, to be granted to the Eligible Person(s) of our Group.

The ESOS will be administered by the ESOS Committee of our Group and will be governed by the ESOS By-Law(s). The salient features of the ESOS are as follows: -

(i) Maximum number of new Volcano Share(s) available under the ESOS

Not be more than thirty percent (30%) of the total number of issued Share(s) of the Company (excluding treasury shares) at any one time throughout the duration of the ESOS.

(ii) Maximum allowable allotment and basis of allocation

At the sole and absolute discretion of the ESOS Committee after taking into consideration, *inter alia*, the seniority, job grading, length of service and/or contribution to the Group by the Eligible Person(s) and/or other matters which the ESOS Committee may in its sole and absolute discretion deem fit, subject always to the following: -

(a) the Directors and Eligible Person(s) do not participate in the deliberation or discussion of their own allocation and the allocation to any person connected with them; and

(b) the number of Volcano Share(s) allocated to any Eligible Person(s) who, either singly or collectively through persons connected with the Eligible Person(s), holds twenty percent (20%) or more in the total number of issued Shares (excluding treasury shares) of the Company, shall not exceed ten percent (10%) of the total number of Volcano Share(s) to be issued under the ESOS and any other schemes involving issuance of new Share(s) to the Eligible Person(s) to be implemented from time to time; and

(c) not more than seventy percent (70%) of the new Volcano Share(s) available under the ESOS shall be allocated in aggregate to the Directors and senior management.

(iii) Eligibility

Subject to the discretion of the ESOS Committee, any Director or an employee of the Volcano Group shall be eligible to be considered for the offer of ESOS Option(s) under the ESOS, if the following eligibility criteria are fulfilled: -

(a) he/she has attained the age of at least eighteen (18) years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;

(b) with the exception of the non-executive Director(s), he/she is employed on full time basis and who has been confirmed in service; and/or

(c) is under such categories and criteria that the ESOS Committee may from time to time decide at its absolute discretion.

The ESOS Committee may, at any time and from time to time, before and after an ESOS Option(s) is granted, have the sole and absolute discretion to: -

(1) limit the exercise of the ESOS Option(s) to a maximum number of new Volcano Share(s) and/or such percentage of the total new Volcano Share(s) comprised in the ESOS Option(s) during such periods within the option period;

(2) subject the exercise of the ESOS Option(s) to any vesting condition determined by the ESOS Committee at its sole and absolute discretion including but not limited to performance targets being achieved before an ESOS Option(s) can be exercised; and/or

(3) impose any other terms and/or conditions (including the time period to exercise the ESOS Option(s)) as the ESOS Committee may, in its sole discretion deem appropriate including amending or varying any terms and conditions imposed earlier;

(4) stagger the allocation of ESOS Option(s) available over the duration of the ESOS and to determine the vesting period (if any) for the ESOS Option(s) granted under the ESOS.

(iv) Subscription price

The subscription price of each Share(s) comprised in any ESOS Option(s) shall at the discretion of the ESOS Committee, be based on a discount of not more than ten percent (10%) or such higher limit as may be permitted from time to time by Bursa Securities or any other relevant authorities to five-(5) day VWAMP of the Share(s) transacted on Bursa Securities immediately preceding the offer date.

(v) Duration of the ESOS

The ESOS shall be in force for a period of five (5) years commencing from the effective date and may be extended by the Board at its absolute discretion, without having to obtain the approval of its shareholders, for up to another five (5) years immediately from the expiry of the first five (5) years, and shall not in aggregate exceed ten (10) years from the effective date of implementation of the ESOS, being the date of full compliance with all relevant provisions of the Listing Requirements in relation to the ESOS.

(vi) Rights of Grantee(s)

The ESOS Option(s) shall not carry any rights to vote at any general meeting of the Company. The Grantee(s) shall not in any event be entitled to any dividends, rights or other entitlements on his unexercised ESOS Option(s).

(vii) Retention period

The new Volcano Share(s) to be allotted and issued to the Grantee(s) pursuant to the exercise of any ESOS Option(s) under the ESOS will not be subjected to any retention period except that a Non-Executive Director must not sell, transfer or assign Share(s) obtained through the exercise of ESOS Option(s) offered to him pursuant to the ESOS within one (1) year from the offer date.

(viii) Listing of and quotation for the new Volcano Share(s) to be issued arising from the exercise of the ESOS Option(s)

The new Volcano Share(s) to be issued arising from the exercise of the ESOS Option(s) will be listed and quoted on the ACE Market of Bursa Securities.

Further details of the ESOS are set out in the ESOS By-Laws in Section 14 of this Prospectus.

4.4.5 Listing

Upon completion of our IPO, our Company's entire enlarged issued share capital comprising 165,000,000 Shares shall be listed on the ACE Market of Bursa Securities.

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

4.5 SHARE CAPITAL

	No. of Shares	(RM)
No. of issued Shares as at the date of this Prospectus	140,000,000	70,000,000
No. of Shares to be issued under the Public Issue	25,000,000	8,750,000
Enlarged no. of issued Shares upon Listing	**165,000,000**	**78,750,000**
New Shares to be issued assuming full exercise of the ESOS Options	49,500,000	17,325,000 (i)
Enlarged no. of issued Shares assuming full exercise of the ESOS Options	**214,500,000**	**96,075,000**

Note: -

(i) The ESOS Options will be granted subsequent to our IPO. However, for illustration purposes, the ESOS Options are assumed to be exercised at the IPO Price.

Presently, we have only one (1) class of shares, being ordinary shares, all of which rank *pari passu* with one another. The Public Issue Shares will upon allotment and issue, rank *pari passu* in all respects with our existing Shares, including voting rights and will be entitled to all rights, dividends and distributions that may be declared subsequent to the date of allotment of the IPO Shares.

Subject to any special right attaching to any of our Shares which we may issue in the future, our shareholders shall, in proportion to the number of the Shares held by them, be entitled to share the whole of the profits paid out by us in the form of dividends and other distributions and the whole of any surplus in the event of our liquidation, such surplus to be distributed amongst the members in proportion to the number of the Shares at the commencement of the liquidation, our shareholders shall be entitled to the surplus (if any), in accordance with our Constitution after the satisfaction of any preferential payments in accordance with the Act and our liabilities.

At any general meeting of our Company, each shareholder shall be entitled to vote in person or by proxy or by attorney, or being a corporation, by a duly authorised representative. On a show of hands, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote, and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each Share held. A proxy may but need not be a member of our Company.

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

4.6 OBJECTIVES OF OUR IPO

Our Board is of the opinion that the IPO will continue to benefit our Company as follows: -

(a) to enable our Company to raise funds to finance our expenditures for our business expansion plan;

(b) to facilitate our business expansion as the listed status of our Company enhances our corporate profile, which in turn enables our Group to tap into new customers, form strategic alliances with our business affiliates and expand our business locally and regionally;

(c) to enable our Group to gain access to the capital market for our anticipated future expansion and growth through our business strategies as elaborated in Section 7.20.1 of this Prospectus;

(d) to provide an opportunity for Malaysian investors to participate in our equity and growth of our Company; and

(e) to enable us to attract and retain qualified and experienced employees via participation in the Pink Form Allocation and ESOS as a listed company.

4.7 BASIS OF ARRIVING AT THE IPO PRICE

This IPO Price of RM0.35 per Share was determined after taking into consideration the following factors: -

(a) Our net EPS of approximately of 2.32 sen, computed based on our Group's audited consolidated PAT attributable to the owners of the Company of approximately RM3.83 million, excluding IPO expenses for the FYE 2020 and our enlarged number of 165,000,000 Shares upon Listing, translating to a PE Multiple of approximately 15.09 times;

(b) Our operating history, financial performance and financial position as elaborated in the following sections of the Prospectus: -

  (i) Section 11.1 of the Prospectus, which describes our Group's historical financial information, together with the Reporting Accountants' letter on proforma consolidated financial information as set out in Section 13 of this Prospectus; and

  (ii) Section 11.2 of the Prospectus, which provides the management's discussion and analysis of financial condition and result of operations for the past three (3) FYE 2018 to FYE 2020;

(c) Our competitive strengths as set out in Section 7.19 of this Prospectus; and

(d) Our Group's business strategies and prospects as further described in Section 7.20 of this Prospectus.

Prior to the IPO, there has been no public market for our Shares within or outside Malaysia. 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 being traded. 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 9 of this Prospectus and form your own views on the valuation of our IPO Shares before deciding to invest in our Shares.

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

4.8 DILUTION

Dilution is computed as the difference between the IPO Price paid by our investors for our IPO Shares and the proforma consolidated NA per Share of our Group immediately after our IPO.

Pursuant to our Public Issue of 25,000,000 new Shares at the IPO Price and after adjusting for the effects to the utilisation of proceeds, the proforma consolidated NA per Share as at 31 December 2020 would have been RM0.46, which represents an immediate decrease in the proforma consolidated NA per Share of RM0.02 to our existing shareholders. However, there is an immediate increase in the NA per Share of RM0.11, representing approximately 31.43% increase to our new investors.

The table below illustrates such dilution on a per Share basis: -

	(RM)
IPO Price	0.35
Proforma consolidated NA per Share as at 31 December 2020, after the Acquisition of VNP but before adjusting for our IPO (based on the issued share capital of 140,000,000 Shares)	0.48
Proforma consolidated NA per Share attributable to the shareholders, after the Public Issue and the utilisation of proceeds (based on the issued share capital of 165,000,000)	0.46
Decrease in proforma consolidated NA per Share attributable to our existing shareholders	0.02
Increase in proforma consolidated NA per Share to new investors	0.11
Increase in proforma consolidated NA per Share to new investors as a percentage of our IPO Price	31.43%

Further details of our pro forma consolidated NA per Share as at 31 December 2020 is set out in Section 13 of this Prospectus.

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

4.9 SHARES RECEIVED BY OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT PERSONNEL AND PERSONS CONNECTED TO THEM DURING THE PAST THREE (3) YEARS

The following table summarises the total number of Shares received by our Promoters, substantial shareholders, Directors, key senior management personnel and persons connected to them from the date of our incorporation to the date of this Prospectus and the average cost per Share to them and to the new investors who subscribe for our IPO Shares pursuant to the IPO: -

	No. of Shares before IPO [(i)]	No. of Shares from IPO	Total consideration (RM)	Average cost/price per Share (RM)
Promoters and executive Directors				
Datuk Ch'ng Huat Seng	35,000,000	-	17,500,000	0.50
Gan Yew Thiam	35,000,000	-	17,500,000	0.50
Dato' Wong Tze Peng	24,500,000	-	12,250,000	0.50
Yeap Guan Seng	21,000,000	-	10,500,000	0.50
Khoo Boo Wui	24,500,000	-	12,250,000	0.50
Non-executive Directors and key senior management personnel [(ii)]				
Wong Wan Chin, D.J.N	-	1,000,000 [(ii)]	350,000	0.35
Tan Yen Yeow	-	1,000,000 [(ii)]	350,000	0.35
Hing Poe Pyng	-	1,000,000 [(ii)]	350,000	0.35
Lim Kee Wei	-	100,000 [(ii)]	35,000	0.35
Rajendran A/L Masilamany	-	100,000 [(ii)]	35,000	0.35
Cheng Su Ying	-	100,000 [(ii)]	35,000	0.35
Other investors				
New investors pursuant to our IPO	-	60,000,000 [(iii)]	21,000,000	0.35

Notes: -

(i) Issued pursuant to the Acquisition of VNP, including the subscribers' shares which were issued on 2 February 2018, subsequently transferred to Khoo Boo Wui on 2 March 2018 and the Share Consolidation.

(ii) Assuming full subscription of their respective entitlements pursuant to the Pink Form Allocation.

(iii) Including 8,250,000 Shares allocated to the eligible Directors, key senior management personnel, employees and business associates (including any other persons who have contributed to the success of our Group) pursuant to the Pink Form Allocation.

Apart from the Shares received by our Promoters, substantial shareholders and Executive Directors pursuant to the Acquisition of VNP, there is no material acquisition of any existing Shares that involved cash in our Group by our Promoters, substantial shareholders, Directors and key senior management personnel or persons connected with them, or in which they have the right to acquire, since the Acquisition of VNP and prior to the date of this Prospectus.

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

4.10 UTILISATION OF PROCEEDS

The expected gross proceeds from the Public Issue amounting to RM8.75 million based on the IPO Price of RM0.35 per IPO Share are expected to be utilised in the manner set out below: -

Details of utilisation	(RM'million)	Percentage of gross proceeds (%)	Estimated timeframe for utilisation upon Listing
Purchase of machineries and equipment	5.55	63.43	Within 24 months
Estimated listing expenses	3.20	36.57	Immediately
Total	**8.75**	**100.0**	

(a) **Purchases of machines and equipment**

We intend to utilise RM5.55 million of the proceeds to purchase additional machineries and equipment to enhance our production efficiency of which the allocation of proceeds shall be further breakdown as details below: -

Details	Units	(RM'million)
Laser cutting machines	6	3.55
Pick and paste machines	5	2.00
Total	**11**	**5.55**

The RM5.55 million is based on the estimated cost for the purchase of additional machineries and equipment from the quotation requested from our suppliers and is inclusive of the installation cost. The Group will allocate approximately 280 sq. ft. and 420 sq. ft. of existing floor space at our factory in Perai, Penang to place the the six (6) units of laser cutting machines and five (5) units of pick and paste machines respectively.

As at the FYE 2020, our production capacity stood at 32,348,000 units per year with fourteen (14) units of laser cutting machines. We have purchased additional four (4) units of laser cutting machines using our internally-generated funds (of which two (2) units of laser cutting machines were delivered on 22 January 2021 and one (1) unit of laser cutting machine was delivered on 11 February 2021, whilst the remaining one (1) unit of laser cutting machine will be delivered by the second quarter of FYE 2021). With the additional four (4) units of laser cutting machines, the production capacity will be increased to 41,590,000 units per year representing an increase of 28.57% or 9,242,000 units.

The purchase of the additional six (6) units of laser cutting machines using the proceeds from our Public Issue will further increase our laser cutting production capacity by approximately 33.33% or 13,863,000 units from 41,590,000 units to 55,453,000 units per year. The average utilisation rate of our laser cutting machines is 85.35%, 96.31% and 88.71% for the FYE 2018, FYE 2019 and FYE 2020 respectively.

As at the LPD, we are using manual labour for picking and pasting after the completion of stamping process. The five (5) units of pick and paste machines will be able to automate the processes involving manual labour of picking and pasting different components of our nameplates to form final nameplates, which in turn allows us to accept and cater more job orders in the future. For instance, the five (5) units of pick and paste machines is expected to perform the picking and pasting process for 15 seconds per piece, as compared to 40 seconds per piece by manual labour.

The purchase of additional machineries and equipment is in accordance with our business strategies as set out in Sections 7.20.1(a) of this Prospectus. As at the LPD, our outstanding confirmed orders for nameplates and plastic injection moulded parts stood at approximately RM4.19 million and RM2.16 million respectively which are expected to be delivered within four (4) weeks. The availability of these machineries and equipment are

expected to increase our operational efficiencies and subsequently enable us to accept more job orders, which will continue to enhance our Group earnings.

In the event the allocated proceeds are insufficient for the purchase of machineries and equipment, any shortfall will be funded through internally-generated funds and/or bank borrowings/financing. Conversely, any excess funds not utilised for this purpose will be utilised to meet the working capital requirements of our Group.

(b) Estimated listing expenses

The expenses of our IPO to be borne by our Company are estimated to be RM3.20 million comprising the following: -

Details	(RM'million)
Professional advisory fees	2.00
Fees to authorities	0.10
Brokerage, underwriting commission and placement fees	0.57
Printing, advertisement and other incidental charges relating to our IPO	0.53
Total	**3.20**

If the actual listing expenses are higher than anticipated, the deficit will be funded from proceeds allocated for working capital and vice versa.

We intend to place the proceeds to be raised from the Public Issue (including accrued interest, if any) or the balance thereof as deposits with licensed financial institutions or short-term money market instruments prior to the eventual utilisation of the IPO proceeds for the above intended purposes.

The gross proceeds of RM12.25 million from the Offer for Sale will accrue entirely to the Selling Shareholders and we will not receive any proceeds from the Offer for Sale. Our Selling Shareholders shall bear all of the expenses such as stamp duty, placement fee, registration and share transfer fee relating to the Offer Shares, the aggregate of which is estimated to be approximately RM0.80 million.

4.11 BROKERAGE, PLACEMENT FEES AND UNDERWRITING COMMISSION

4.11.1 Brokerage fee

Our Company will pay brokerage in respect of the sale of the 25,000,000 Public Issue Shares to the Malaysian Public at the rate of 1.0% of the IPO Price in respect of successful applicants which consist of participating organisations of Bursa Securities, member of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association in Malaysia or the Issuing House.

4.11.2 Placement fees

Our Placement Agent has agreed to place out 43,500,000 IPO Shares to be offered to identified investors and Bumiputera investors.

We will pay the Placement Agent a placement fee at the rate of 2.00% of the total value of the IPO Shares placed out to investors identified by our Placement Agent at the IPO Price and a placement fee at the rate of 0.50% of the total value of the IPO Shares placed out to investors identified by our Company.

The placement fee incurred by the Selling Shareholders will be paid by the Selling Shareholders to the Placement Agent vide proceeds raised from the Offer for Sale.

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

4.11.3 Underwriting commission

Our Underwriters have agreed to underwrite for a total of 8,250,000 Public Issue Shares made available for application by the Malaysian Public. We are obligated to pay our Underwriters the underwriting commission at the rate of 2.00% of the total value of the underwritten Shares at the IPO Price.

4.12 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

The following clauses which are reproduced verbatim from the Underwriting Agreement, are terms which allow the Underwriters to withdraw from the underwriting obligation under the Underwriting Agreement after the opening of our IPO. The capitalised terms and numbering references used in this section shall have the respective meanings and numbering references as ascribed thereto in the Underwriting Agreement: -

8. CONDITIONS PRECEDENT

8.1 The obligations of the Underwriter to perform its obligations to underwrite the Underwritten Shares under this Agreement are conditional upon the following conditions precedent ("Conditions Precedent") being fulfilled to the satisfaction of the Underwriter: -

8.1.1 there not having been on or prior to the Closing Date in the opinion of the Underwriter (which opinion is final and binding), any adverse change or any development reasonably likely to result in any adverse change in the financial position, business operations or conditions (financial or otherwise) of the Group, taken as a whole, which is material from that set forth in the Prospectus nor the occurrence of any event or discovery of any fact or circumstance rendering untrue or incorrect to an extent which is material as aforesaid or any breach of any of the Warranties, Representations and Undertakings as though they had been given or made on such date with reference to the facts and circumstances then subsisting, nor the occurrence of any breach of the undertakings of the Company as contained in this Agreement;

8.1.2 the issuance of the Prospectus within two (2) months from the date of this Agreement, and the Company receiving all relevant approvals for the Listing and complying with the conditions imposed by the Appropriate Authorities (if any) within two (2) months from the date of issue of the Prospectus (or such longer period as may be specified by the Appropriate Authorities);

8.1.3 the Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the Underwriting Commission and the cost and expenses referred to in Clause 22;

8.1.4 the Public Issue and/or the Listing are not being prohibited or impeded by any statute, order, rule, regulation or directive promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia and all consents, approvals, authorisations or other orders required by the Company under such laws for or in connection with the Public Issue and/or the Listing have been obtained and are in force on the Closing Date or the Underwriter being reasonably satisfied that the same will be in force on the Closing Date;

8.1.5 the Underwriter having been satisfied that the Company has complied with the policies, guidelines and requirements of the Appropriate Authorities and all revisions, amendments and/or supplements thereto;

8.1.6 the Listing has been approved by the shareholders of the Company in an Extraordinary General Meeting;

8.1.7 the due registration and lodgement of the Prospectus with the Appropriate Authorities together with copies of all required documents in accordance with the CMSA, the Act and the relevant laws and regulations before the issuance of the same;

8.1.8 all approvals of the Appropriate Authorities remain in full force and effect on the Closing Date or the Underwriter being reasonably satisfied that the same will be in force on the Closing Date and the Underwriter being reasonably satisfied that all conditions of the same (to the extent that can be complied with prior to the Closing Date) have been complied with;

8.1.9 the FTSE Bursa Malaysia KLCI Index ("Index"), at the close of normal trading on Bursa Securities, on any Market Day(s): -

(a) on or after the date of the Underwriting Agreement; and

(b) prior to the Closing Date,

is lower than ninety percent (90.00%) of the level of the Index at the last close of the normal trading on the relevant exchange on the Market Day(s) immediately prior to such date and remains at or below that level for at least three (3) Market Day(s) or any adverse change in the market conditions which the parties may mutually agree to be sufficiently material and adverse to render it to be a terminating event; and

8.1.10 the listing of the Shares on the ACE Market of the Bursa Securities within one (1) month from the Closing Date or any later date as may be approved by the Appropriate Authorities and agreed in writing by the Underwriter.

8.2 If any of the foregoing condition(s) is not satisfied or complied with to the satisfaction of the Underwriter on or before the Closing Date, the Underwriter shall thereupon be entitled subject as mentioned below, to terminate this Agreement by notice in writing served by the Underwriter and upon such termination, the obligations and liabilities of the Company and the Underwriter hereunder shall become null and void, except for the liability of the Company in respect of payments of costs and expenses referred to in Clause 22 incurred prior to or in connection with such termination.

8.3 Notwithstanding anything herein contained, the Underwriter may at its discretion modify or waive compliance with any of the Conditions Precedent provided that such modification or waiver shall not prejudice the Underwriter's other rights under this Agreement.

9. EVENTS AFFECTING THE UNDERWRITING OF PUBLIC ISSUE SHARES

9.1 The Underwriter shall be entitled to terminate this Agreement by notice in writing delivered by the Underwriter to the Company prior to the Closing Date if the success of the Listing is in the reasonable opinion of the Underwriter seriously jeopardised or affected by the coming into force of any law or governmental regulation or directive which seriously affects or is likely to seriously affect the business of the Group.

9.2 On delivery of such a notice, this Agreement shall be terminated and the rights and obligations of the Company and the Underwriter hereunder shall cease and none of the parties shall have any claim against the other (except for the liability of the Company in respect of payments of costs and expenses referred to in Clause 22 incurred prior to or in connection with such termination). Thereafter the Underwriter and the Company shall confer with a view to deferring the Public Issue or amending its terms and/or entering into a new Underwriting Agreement PROVIDED THAT the Company and the Underwriter shall not be under any obligation to enter into such new agreement unless mutually agreed.

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

10. TERMINATION IN THE EVENT APPROVAL FOR THE LISTING IS WITHDRAWN

The Underwriter shall have the right to terminate this Agreement by notice in writing served by the Underwriter on the Company in the event that the approvals of the Appropriate Authorities for the Listing is withdrawn and upon such termination, the liabilities and obligations herein of the Company and the Underwriter shall become null and void and none of the parties aforementioned shall have any claim against the other except for the liability of the Company in respect of payments of costs and expenses referred to in Clause 22 incurred prior to or in connection with such termination.

11. FORCE MAJEURE

11.1 Notwithstanding anything herein contained, the Underwriter may, after consultation with the Company in good faith at any time before the Closing Date, terminate its obligations under this Agreement by notice in writing delivered by the Underwriter to the Company if in the reasonable opinion of the Underwriter there shall have occurred, happened or come into effect any of the following circumstances ("Force Majeure Event"): -

11.1.1 any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, earthquake, epidemic, civil commotion, sabotage, hijacking, acts of war or terrorism, hostilities, riot, uprising or accidents);

11.1.2 without prejudice to the generality of the foregoing, any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing;

11.1.3 the imposition of any moratorium, suspension or material restriction on trading in securities generally in the Bursa Securities due to exceptional financial circumstances or otherwise;

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 taken as a whole or the success of the Listing and the distribution or sale of the Underwritten Shares (whether in the primary market or in respect of dealings in the secondary market) or market conditions generally or which has or is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms and upon such termination, the parties hereto shall (except for the liability of the Company in the payment of costs and expenses referred to in Clause 22 hereof incurred prior to or in connection with such termination) be released and discharged from their respective obligations hereunder.

12. TERMINATION

12.1 Notwithstanding anything herein contained, the Underwriter may, at any time prior to the Closing Date, by notice in writing delivered to the Company, terminate, cancel or withdraw its underwriting commitment to underwrite the Underwritten Shares under this Agreement if: -

12.1.1 there is any breach by the Company of any of the Warranties, Representations and Undertakings which is not capable of remedy, or if capable of remedy, is not remedied within such period as stipulated in the notice given by the Underwriter to the Company or by the Closing Date, whichever is earlier; or

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

12.1.2 there is failure on the part of the Company to perform any of its obligations under this Agreement; or

12.1.3 there is withholding of information of material nature from the Underwriter which is required to be disclosed pursuant to this Agreement which, in the 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 Listing or the distribution or sale of the Public Issue Shares; or

12.1.4 there is any material and adverse change in the business or financial condition of the Company or the Group as a whole which in the reasonable opinion of the Underwriter have occurred or happened or is threatened against the Company or the Group as a whole; or

12.1.5 the success of the Listing is in the reasonable opinion of the Underwriter seriously jeopardised or affected by the coming into force of any law or governmental regulation or directive which seriously affects or is likely to seriously affect the business of the Group as provided for in Clause 9 above; or

12.1.6 any of the approvals of the Appropriate Authorities for the Listing is withdrawn as provided for in Clause 10 above; or

12.1.7 there shall have in the reasonable opinion of the Underwriter, occurred or happened or threatened, any Force Majeure Event.

12.2 Upon any such notice being given pursuant to Clause 12.1, the Underwriter shall be released and discharged from its obligations under this Agreement whereupon this Agreement shall be of no further force or effect and no party shall be liable to the other in respect of this Agreement save and except that the Company shall remain liable for any antecedent breach and for the payment of the costs and expenses referred to in Clause 22 below which are incurred prior to or in connection with such termination and such reimbursement of the costs and expenses incurred shall be paid to the Underwriter within seven (7) days from the date of notification to the Company by the Underwriter.

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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 Shareholdings of Promoters and substantial shareholders

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

Promoters and substantial shareholders	Nationality	Before our IPO [(i)]				After our IPO [(ii)]			
		Direct		Indirect		Direct		Indirect	
		No. of Shares held	(%)	No. of Shares held	(%)	No. of Shares held	(%)	No. of Shares held	(%)
Datuk Ch'ng Huat Seng	Malaysian	35,000,000	25.00	-	-	28,000,000	16.97	-	-
Gan Yew Thiam	Malaysian	35,000,000	25.00	-	-	21,000,000	12.73	-	-
Dato' Wong Tze Peng	Malaysian	24,500,000	17.50	-	-	24,500,000	14.85	-	-
Yeap Guan Seng	Malaysian	21,000,000	15.00	-	-	10,500,000	6.36	-	-
Khoo Boo Wui	Malaysian	24,500,000	17.50	-	-	21,000,000	12.73	-	-
Total		**140,000,000**	**100.00**	**-**	**-**	**105,000,000**	**63.64**	**-**	**-**

Notes: -

(i) After completion of the Acquisition of VNP, the transfer of subscribers' shares in Volcano to Khoo Boo Wui and the Share Consolidation before the IPO.

(ii) Based on our enlarged number of 165,000,000 Shares after the IPO.

Our Promoters and substantial shareholders do not have different voting rights from 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: -

(i) **Datuk Ch'ng Huat Seng,** Malaysian, aged 59 is our Co-Founder and Managing Director. He is also the Promoter and substantial shareholder of the Group. He was appointed to our Board on 2 March 2018 and is responsible for the overall operations of VNP and overseeing the growth and overall strategic direction of our Group.

He completed his secondary education in 1977 and began his career in Lam Hong Hardware Sdn Bhd, a hardware trading and services company as an operator from 1978 to May 1979. In June 1979, he joined Penang Typewriter Sdn Bhd, a trading and services company of typewriters as a technician. In 1980, he joined Hup Seng Goldsmith Sdn Bhd, a manufacturer of gold jewellery as a craftsman. In 1981, he joined OE Design Sdn Bhd, a manufacturer of gold jewellery as a craftsman until 1982.

In 1983, he founded and managed Racingmate, a partnership involved in trading of auto accessories. In 1989, Racingmate was dissolved and he began his foray into the manufacturing of nameplates when he joined China Name Plate Co. Ltd in Taiwan, a manufacturer of nameplates as an operator. During his employment with China Name Plate Co. Ltd, he was promoted to various management positions such as Printing Supervisor, Marketing Executive, Marketing and Production Manager and Operation Manager and was

responsible for overseeing the sales and marketing, production planning and operations of China Name Plate Co. Ltd for two (2) years from 1989 to 1991.

In 1991, he joined Chin-I Name Plate (M) Sdn Bhd, which is a family-owned related company of China Name Plate Co. Ltd. He was involved in setting up a nameplates printing factory in Penang and was responsible in implementing an ISO quality management system. Over the years, he has also expanded the China Name Plate Co. Ltd group of companies' manufacturing activities and was assigned to set up a factory in Bangkok for China Name Plate Co. Ltd in 1995. In January 1999, he resigned from his role as an Operations Manager from Chin-I Name Plate (M) Sdn Bhd after eight (8) years of service. He then co-founded VNP in February 1999 with Gan Yew Thiam, Yeap Guan Seng and Dato' Wong Tze Peng.

Datuk Ch'ng Huat Seng has been instrumental in the development and the success of our Group. Over the span of twenty-two (22) years, he has expanded our Group's operations from a small-scale nameplates manufacturer into a group of companies specialising in the manufacturing of nameplates and plastic injection moulded parts.

(ii) **Gan Yew Thiam,** Malaysian, aged 48 is our Co-Founder and Non-Independent Executive Director. He is also the Promoter and substantial shareholder of our Group. He was appointed to our Board on 2 March 2018 and is responsible for overseeing the procurement and the operations of VTT.

Upon completing his secondary education in 1989, he began his nameplates manufacturing career by joining Chin-I Name Plate (M) Sdn Bhd as an operator responsible in stamping and tooling activities. He was promoted to supervisor in 1993 before assuming the position of Production Assistant Manager in 1996. In January 1998, he was seconded to Chin-I Name Plate (M) Sdn Bhd's sister company, Xinhe Electronics Co. Ltd, a manufacturer of nameplates in Dongguan, China as a Production Manager for a period of one (1) year. During his tenure with Chin-I Name Plate (M) Sdn Bhd and secondment to China, he acquired valuable experience and knowledge in metal stamping and fabrication. He left the company in December 1998.

In 1999, he co-founded VNP and was responsible in overseeing the procurement of raw materials and administration and finance of VNP. In 2008, he has been instrumental in setting up our Group's factory in Thailand which marks a major milestone to our Group in penetrating the international market.

(iii) **Dato' Wong Tze Peng**, Malaysian, aged 56 is our Co-Founder and Non-Independent Executive Director. He is also the Promoter and substantial shareholder of our Group. He was appointed to our Board on 2 March 2018 and is responsible for overseeing the strategic planning and business development of our Group. He completed his Sijil Tinggi Peperiksaan Malaysia in 1985.

He began his career in 1986 when he joined a MNC company, Bayer (M) Sdn Bhd, which is involved in the trading of fertiliser and pesticide as a Store Clerk and was involved in warehouse management. After he left Bayer (M) Sdn Bhd in 1989, he joined several companies such as Auto Parts Manufacturers Co. Sdn Bhd, a manufacturer of automobile parts in 1989, Century Container Industries Sdn Bhd, a manufacturer of steel cargo containers in 1992 and Casio (M) Sdn Bhd, a manufacturer of electronic products in 1995 where he was mainly involved in warehouse and purchasing management. During his employment with Casio (M) Sdn Bhd, he concurrently founded W H Industrial Supply (M) Sdn Bhd, a wholesaler and trader of industrial hardware as a Non-

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

Executive Director where he provided advice to the management of the company.

In 1999, he co-founded VNP and has been in the nameplates manufacturing and plastic industries for twenty-two (22) years. His working experience which includes supply chain and material management coupled with business development skills acquired from his previous endeavours in other businesses has contributed towards our Group's progress over the years.

(iv) **Yeap Guan Seng**, Malaysian, aged 48 is our Co-Founder and Non-Independent Executive Director. He is also the Promoter and substantial shareholder of the Group. He was appointed to our Board on 2 March 2018 and is responsible for the procurement and operations in VNP. He is also in charge in overseeing the operations and R&D of our Group.

Upon completing his secondary education in 1989, he began his nameplates manufacturing career by joining TH Loy Sdn Bhd, a manufacturer of speakers and nameplates as a QC personnel. In 1991, he joined Chin-I Name Plate (M) Sdn Bhd as a Production Leader and was responsible in overseeing the company's production planning and management. He was promoted to Supervisor in 1992 before assuming the position of Production Manager in 1994. In 1997, he was seconded to Chin-I Name Plate (M) Sdn Bhd's sister company, Shanghai Keythai Name Plate Co. Ltd, a manufacturer of nameplates in Shanghai, China as a Factory Manager for a period of one (1) year before returning to Chin-I Name Plate (M) Sdn Bhd. During his overseas secondment, he acquired vast knowledge and experience in nameplates manufacturing.

In 1999, he co-founded VNP and is responsible in overseeing VNP's procurement and operations. He also heads our Group's R&D team which oversees our Group's development of new nameplate designs and artworks, production process and quality improvement.

(v) **Khoo Boo Wui**, Malaysian, aged 48 is our Promoter and is the Non-Independent Executive Director/Chief Financial Officer of the Group. He joined the Group on 1 November 2017 as a Chief Financial Officer and is responsible for the corporate affairs, financial reporting and business assessment of the Volcano Group. He was appointed as the Executive Director of our Group on 2 March 2018. He is also a substantial shareholder of our Group.

He is a member of CPA Australia since 2001 and Malaysian Institute of Accountants since 2015. He graduated from Deakin University, Australia in 1997 with a Bachelor of Commerce Degree majoring in Accounting and Management Information System. He has accumulated more than twenty (20) years of accounting and corporate finance experience.

He started his career as an audit assistant in Ernst & Young in 1997. In December 1999, he resigned from Ernst & Young as Senior Audit Assistant. Subsequently, in 2000, he joined Malaysian International Merchant Bankers Berhad as a Senior Executive in the corporate advisory and consultancy division. In 2004, he joined Alliance Merchant Bank Berhad as a Manager in the corporate advisory division and was subsequently promoted to Senior Manager before starting his own management consultancy services, Pink Guava Sdn Bhd in 2007, providing business restructuring services (which has been struck off by ROC on 4 October 2016).

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

Thereafter, he was with several companies, in his individual capacity including, Liqua Health Corporation Berhad, a company involved in direct selling of healthcare products as an Executive Director of from February 2008 to May 2008, SCAN Associates Berhad, an information and communication technology security solution provider as the Finance Manager from 2010 to 2011, Vision Technology Consulting Group Berhad ("**VTCGB**"), an investment holding company with its subsidiaries involved in the provision of Oracle technology implementation and Oracle-related outsourcing services as the Chief Financial Officer for VTCGB and its subsidiaries from 2012 to 2013 and Damar Global Holdings Berhad, an investment holding company with its subsidiary involved in manufacturing of synthetic resins as the Chief Financial Officer from 2014 to 2016. In November 2017, he joined our Group as the Chief Financial Officer replacing Ang Pei Gaik, who left VNP as the Financial Controller in June 2017.

5.1.3 Changes in the Promoters' and/or substantial shareholders' shareholdings since incorporation

Save as disclosed below, there have been no other changes in the shareholdings of our Promoters and substantial shareholders in our Company since our incorporation on 2 February 2018 and up to the LPD: -

	As at 2 February 2018 (Date of Incorporation of Volcano)				As at 12 February 2018 (Date of Subdivision of Shares)			
	Direct		Indirect		Direct		Indirect	
Name	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)
Lim Yong Chiat	50	50.00	-	-	500	50.00	-	-
Wang Hooi Choo	50	50.00	-	-	500	50.00	-	-
Promoters and substantial shareholders								
Datuk Ch'ng Huat Seng	-	-	-	-	-	-	-	-
Gan Yew Thiam	-	-	-	-	-	-	-	-
Dato' Wong Tze Peng	-	-	-	-	-	-	-	-
Yeap Guan Seng	-	-	-	-	-	-	-	-
Khoo Boo Wui	-	-	-	-	-	-	-	-

	As at 2 March 2018 (Date of Acquisition of VNP)				After Share Consolidation and as at the LPD			
	Direct		Indirect		Direct		Indirect	
Name	No. of Shares	(%) [c]	No. of Shares	(%)	No. of Shares	(%) [d]	No. of Shares	(%)
Lim Yong Chiat	[a]-	-	-	-	-	-	-	-
Wang Hooi Choo	[a]-	-	-	-	-	-	-	-
Promoters and substantial shareholders								
Datuk Ch'ng Huat Seng	175,000,000	25.00	-	-	35,000,000	25.00	-	-
Gan Yew Thiam	175,000,000	25.00	-	-	35,000,000	25.00	-	-
Dato' Wong Tze Peng	122,500,000	17.50	-	-	24,500,000	17.50		
Yeap Guan Seng	105,000,000	15.00	-	-	21,000,000	15.00	-	-
Khoo Boo Wui	[b]122,500,000	17.50	-	-	24,500,000	17.50	-	-

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

Notes: -

(a) Transfer of subscribers' shares in Volcano to Khoo Boo Wui.

(b) Comprises of 122,499,000 shares in Volcano pursuant to the Acquisition of VNP and total of 1,000 subscribers' shares in Volcano that was transferred from the Company's previous shareholders, namely Lim Yong Chiat and Wang Hooi Choo.

(c) Based on the number of 700,000,000 Shares after the completion of the Acquisition of VNP, the transfer of subscribers' shares in Volcano to Khoo Boo Wui but before the Share Consolidation.

(d) Based on the number of 140,000,000 Shares after the completion of the Acquisition of VNP, the transfer of subscribers' shares in Volcano to Khoo Boo Wui and the Share Consolidation but before the IPO.

5.1.4 Persons exercising control over the corporation

Save for our Promoters and substantial shareholders who collectively hold approximately 63.64% of our enlarged number of issued shares upon our Listing, we are not aware of any other person who are able to, directly or indirectly, jointly or severally, exercise control over our Company.

5.2 DIRECTORS

5.2.1 Shareholdings of Directors

The shareholdings of our Directors before and after the IPO are as follows: -

		Before the IPO/As at the LPD [(i)]				After the IPO [(ii)(iii)]			
		Direct		Indirect		Direct		Indirect	
Directors	Designation	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)
Wong Wan Chin, D.J.N	Independent Non-Executive Chairman	-	-	-	-	1,000,000	0.61	-	-
Datuk Ch'ng Huat Seng	Managing Director	35,000,000	25.00	-	-	28,000,000	16.97	-	-
Gan Yew Thiam	Executive Director	35,000,000	25.00	-	-	21,000,000	12.73	-	-
Dato' Wong Tze Peng	Executive Director	24,500,000	17.50	-	-	24,500,000	14.85	-	-
Yeap Guan Seng	Executive Director	21,000,000	15.00	-	-	10,500,000	6.36	-	-
Khoo Boo Wui	Executive Director/Chief Financial Officer	24,500,000	17.50	-	-	21,000,000	12.73	-	-
Tan Yen Yeow	Independent Non-Executive Director	-	-	-	-	1,000,000	0.61	-	-
Hing Poe Pyng	Independent Non-Executive Director	-	-	-	-	1,000,000	0.61	-	-

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

Notes: -

(i) Based on our number of 140,000,000 Shares.

(ii) Based on our enlarged number of 165,000,000 Shares after the IPO.

(iii) Assuming the Independent Non-Executive Chairman and Independent Non-Executive Directors will subscribe in full for their respective entitlements pursuant to the Pink Form Allocations.

5.2.2 Profiles of Directors

Our Board consists of six (6) male Directors and two (2) female Directors, with sound knowledge and expertise in manufacturing of nameplates and plastic injection moulded parts and components, legal as well as accounting and finance of which three (3) out of the eight (8) Directors are independent directors. Our Board takes cognisance of the MCCG which contains recommendation for appointment of board and senior management which are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender, which includes having at least half of its directors as independent directors and 30% women directors on Board.

In adopting gender diversity, steps are taken to ensure female candidates are sought in the Group's recruitment exercise for Board representation to ensure that both genders are represented on the Board. The Group will endeavour to comply with the MCCG recommendation to have at least half of its directors as independent directors within three (3) years from our Listing subject to assessment by our Nomination Committee and the approval of our Board.

The profiles of our Directors, Datuk Ch'ng Huat Seng, Gan Yew Thiam, Dato' Wong Tze Peng, Yeap Guan Seng and Khoo Boo Wui, who are also our Promoters and substantial shareholders are disclosed in Section 5.1.2 of this Prospectus. The profiles of our other Directors are as follows: -

(i) **Wong Wan Chin, D.J.N,** Malaysian, aged 46 is our Independent Non-Executive Chairman. She was appointed to our Board on 26 March 2018. She is also the Chairman of our Remuneration Committee and a member of our Audit and Risk Management Committee and Nomination Committee.

She has twenty-one (21) years of working experience in the legal field. She graduated from the University of Malaya in 1999 with a second upper class honours in LL.B (Hons.) law degree.

Upon obtaining her Degree Certificate, she started her career as a legal assistant in the legal firm, Messrs. Wong-Chooi & Mohd Nor in 2000. In 2002, she became a partner of the firm until 2009. Thereafter, she spent approximately eight (8) years with the legal firm, Messrs. Lio & Partners as a partner where she was in charge of two (2) branches before she established the legal firm, Messrs. Wong & Loh, as a partner in 2017.

She was conferred the title Darjah Johan Negeri (D.J.N) by T.Y.T Yang Di-Pertua Negeri Pulau Pinang in July 2017. She is presently the legal advisor of Penang Foundry & Engineering Industries Association and a committee member of the Penang Chinese Chamber of Commerce. Her areas of practice include banking and finance, corporate and commercial, real estate, trust, wills and estate administration and family law.

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

(ii) **Tan Yen Yeow**, Malaysian, aged 51 is our Independent Non-Executive Director. He was appointed to our Board on 5 April 2019 and is also the Chairman of our Audit and Risk Management Committee. He is also a member of our Remuneration Committee and Nomination Committee.

He is a Chartered Accountant with the Malaysian Institute of Accountants since 1997. He is also a member of the Institute of Internal Auditors Malaysia since 2004 and a Certified Internal Auditor of Institute of Internal Auditors Inc since 2005.

He began his professional career with KPMG in 1990 as an articled student under the MICPA programme. During his tenure in KPMG, he was promoted to an Assistant Audit Manager and left KPMG in 1999. Thereafter, he was involved in providing corporate secretarial consulting services for private companies on a freelance basis until 2001 when he set up his audit firm, Tan Yen Yeow & Company in the same year.

He has been involved in providing professional services which include auditing, internal auditing and risk management for approximately nineteen (19) years. Mr Tan is currently the Independent Non-Executive Directors of Ewein Berhad, an investment holding company and Jade Marvel Group Berhad (formerly known as JMR Conglomeration Bhd), an investment holding company and providing management services. He is also an executive board member of two (2) private companies namely Nutti Sdn Bhd, involved in trading in cosmetic and personal care products and Finfield Corporate Services Sdn Bhd involved in the provision of accountancy, consultancy, internal audit, corporate and other services.

(iii) **Hing Poe Pyng**, Malaysian, aged 44 is our Independent Non-Executive Director. She was appointed to our Board on 20 April 2018. She is also the Chairman of our Nomination Committee, a member of our Audit and Risk Management Committee and Remuneration Committee.

She has over fifteen (15) years working experience in corporate secretary consulting and services and credit analysis in financial institution.

She graduated with a Bachelor Degree of Commerce from Liverpool John Moores University, The United Kingdom in 2003 and obtained an Associateship of The Institute of Chartered Secretaries and Administrators ("**ACIS**") in 2009.

Upon obtaining her Bachelor Degree, she was employed by Fastrack Corporate Sdn Bhd, a corporate secretarial and business process outsourcing service provider in Penang, Malaysia from 2003 to 2004, assisting a diversified portfolio of client including listed or non-listed companies, in preparation, submission and any other secretarial matters to ensure the full compliance with statutory requirements under the companies laws. Her last position held in Fastrack Corporate Sdn Bhd was a Senior Secretarial Assistant.

In 2004, she switched her career path to join Hong Leong Bank Berhad as a Credit Executive. She was involved in operational risk data collection and report writing as well as reviewing security documents for loan purposes. She left Hong Leong Bank Berhad in 2006.

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

In 2006, she returned to Fastrack Corporate Sdn Bhd as a Senior Manager, handling the secretarial matters until 2014. From 2014 to 2017, she was a Manager in Boardroom Corporate Services (PG) Sdn Bhd and was responsible for providing secretarial services pertaining to the prevailing legislations relating to the Companies Act, Listing Requirements of Bursa Securities, MCCG and the CMSA. In 2017, she assumed her current position as an Executive Director in Braxton Consulting Sdn Bhd, involved in the provision of consultancy services of which she is also a shareholder.

5.2.3 Involvement of our Directors in other business/corporation outside our Group

Save as disclosed below, our Directors do not have any other principal directorship held or principal business activities performed by them in other corporations outside our Group within the past five (5) years up to the LPD: -

(i) Wong Wan Chin, D.J.N

Company	Principal Activities	Relationship	Capacity of Directorship/ (Direct or Indirect Shareholdings (%))	Date of Appointment/ (Resignation) as Director
Lio & Partners	Advocates & Solicitors	Partner	Executive Partner/ (35% of direct interest)	10.10.2009/ 30.4.2017
Wong & Loh	Advocates & Solicitors	Managing Partner	Executive Partner/ (39% of direct interest)	01.05.2017/ -
Zola Chemical Resources Sdn. Bhd.	Dormant *(Note: As at the LPD, it is still a dormant company.)*	Director/ Shareholder	Non-Executive Director/ (50% of direct interest)	26.08.2016/ -
BML Development Sdn. Bhd. (formerly known as Lexicon Avenue Sdn. Bhd.)	Dormant *(Note: As at the LPD, it is still a dormant company.)*	Director	Non-Executive Director/ (-)	02.05.2017/ 10.09.2019
Polygold Avenue Sdn. Bhd.	Property investment	Director/ Shareholder	Non-Executive Director/ (15% of direct interest)	23.03.2015/ -
W & L Advisory Sdn. Bhd. (formerly known as W & L Avenue Sdn. Bhd.)	Dormant *(Note: As at the LPD, it is still a dormant company.)*	Director/ Shareholder	Non-Executive Director/ (50% of direct interest)	27.04.2017/ -
Nova Treasure Sdn. Bhd.	Struck off by ROC on 11.08.2017	Director	Non-Executive Director/ (-)	09.01.2015/ -
Global Learning and Training Academy Sdn. Bhd.	Dissolved on 07.02.2020	Director	Non-Executive Director/ (-)	18.05.2017/ -

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

(ii) Datuk Ch'ng Huat Seng

Company	Principal Activities	Relationship	Capacity of Directorship/ (Direct or Indirect Shareholdings (%))	Date of Appointment/ (Resignation) as Director
Volcano Tech International Berhad	Struck off by ROC on 03.11.2017	Director/ Shareholder	Executive Director/ (25% of direct interest)	03.01.2012/ -
V Oragiene Sdn. Bhd.	Struck off by ROC on 08.08.2019	Director	Non-Executive Director/ (-)	05.12.2011/ -
Emblem Marketing Sdn. Bhd.	Dissolved on 02.09.2017	Director/ Shareholder	Executive Director/ (30% of direct interest)	28.04.2011/ -
V-Craft Precision Engraving Sdn. Bhd.	Struck off by ROC on 29.11.2016	Director/ Shareholder	Executive Director/ (27.27% of direct interest)	11.06.2008/ -
V-Two Technology Sdn. Bhd.	Investment in properties and shares.	Director	Executive Director/ (-)	14.12.2007/ 01.12.2018
Volcano Tech (M) Sdn Bhd	Struck off by ROC on 29.11.2016	Director/ Shareholder	Executive Director/ (30% of direct interest)	21.12.2005/ -
V-Summit Technologies Sdn. Bhd.	Dissolved on 20.12.2018	Director/ Shareholder	Executive Director/ (30% of direct interest)	08.07.2005/ -

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

(iii) Gan Yew Thiam

Company	Principal Activities	Relationship	Capacity of Directorship/ (Direct or Indirect Shareholdings (%))	Date of Appointment/ (Resignation) as Director
E-Platinum Tech Sdn Bhd	Automobile spray painting	Shareholder	(-)/ (20.10% of direct interest)	N/A
LYP Machineries Sdn. Bhd.	Repairing, servicing and trading of machineries	Director/ Shareholder	Non-Executive Director/ (50% of direct interest)	19.06.2013/ -
Volcano Tech International Berhad	Struck off by ROC on 03.11.2017	Director/ Shareholder	Executive Director/ (25% of direct interest)	03.01.2012/ -
V Oragiene Sdn. Bhd.	Struck off by ROC on 08.08.2019	Director	Non-Executive Director/ (-)	05.12.2011/ -
Emblem Marketing Sdn. Bhd.	Dissolved on 02.09.2017	Director/ Shareholder	Executive Director/ (30% of direct interest)	08.04.2011/ -
V-Craft Precision Engraving Sdn. Bhd.	Struck off by ROC on 29.11.2016	Director/ Shareholder	Executive Director/ (27.27% of direct interest)	11.06.2008/ -
V-Two Technology Sdn. Bhd.	Investment in properties and shares.	Director	Executive Director/ (-)	14.12.2007/ 23.10.2019
Volcano Tech (M) Sdn Bhd	Struck off by ROC on 29.11.2016	Director/ Shareholder	Executive Director/ (30% of direct interest)	21.12.2005/ -
V-Summit Technologies Sdn. Bhd.	Dissolved on 20.12.2018	Director/ Shareholder	Executive Director/ (30% of direct interest)	08.07.2005/ -
Chromiel Coloured Sdn. Bhd.	Trading of chromed products	Shareholder [(i)]	(-)/ (45% of indirect interest)	N/A

Note: -

(i) Deemed interested by virtue of his shareholdings in E-Platinum Tech Sdn Bhd.pursuant to Section 8 of the Act.

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

(iv) Dato' Wong Tze Peng

Company	Principal Activities	Relationship	Capacity of Directorship/ (Direct or Indirect Shareholdings (%))	Date of Appointment/ (Resignation) as Director
Upicon United Sdn. Bhd.	Property development	Director	Non-Executive Director/ (-)	24.06.2015/ 16.10.2017
Kuchai Ace United Sdn. Bhd.	Property development	Director/ Shareholder	Non-Executive Director/ (50% direct interest)	29.05.2015/ -
Sunderland Ace Sdn. Bhd.	Property development	Director	Non-Executive Director/ (-)	06.05.2015/ 08.11.2016
Volcano Tech International Berhad	Struck off by ROC on 03.11.2017	Director/ Shareholder	Executive Director/ (25% of direct interest)	03.01.2012/ -
Volcano Tech (M) Sdn Bhd	Struck off by ROC on 29.11.2016	Shareholder	(-)/ (20% of direct interest)	N/A
V Oragiene Sdn. Bhd.	Struck off by ROC on 08.08.2019	Director/ Shareholder (i)	Executive Director/ (51% of indirect interest)	05.12.2011/ -
Wyann Asia Pacific Sdn. Bhd.	Struck off by ROC on 18.05.2017	Director/ Shareholder	Non-Executive Director/ (18% of direct interest)	10.05.2011/ -
Emblem Marketing Sdn. Bhd.	Dissolved on 02.09.2017	Director/ Shareholder	Executive Director/ (20% of direct interest)	28.04.2011/ -
W H Hardware Sdn. Bhd.	Trading of industrial hardware	Director/ Shareholder/ Manager	Non-Executive Director/ (99% of direct interest)	08.03.2011/ -
Slim Up (M) Sdn. Bhd.	Struck off by ROC on 26.09.2017	Director/ Shareholder/ Manager	Non-Executive Director/ (34% of direct interest)	26.07.2008/ -
V-Craft Precision Engraving Sdn. Bhd.	Struck off by ROC on 29.11.2016	Director/ Shareholder	Executive Director/ (18.18% of direct interest)	11.06.2008/ -
V-Two Technology Sdn. Bhd.	Investment in properties and shares	Director/ Shareholder	Executive Director/ (100% of direct interest)	14.12.2007/ -

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

Company	Principal Activities	Relationship	Capacity of Directorship/ (Direct or Indirect Shareholdings (%))	Date of Appointment/ (Resignation) as Director
V-Summit Technologies Sdn. Bhd.	Dissolved on 20.12.2018	Director/ Shareholder	Executive Director/ (20% of direct interest)	08.07.2005/ -
W H Industrial Supply (M) Sdn. Bhd.	Struck off by ROC on 30.11.2017	Director/ Shareholder/ Manager	Non-Executive Director/ (98% of direct interest)	09.06.1995/ -
V2 Development Sdn Bhd	Dormant *(Note: As at the LPD, it is still a dormant company.)*	Shareholder	(-)/ (50% of direct interest)	N/A
Flytech Engineering Sdn Bhd	Manufacturing of flexible hose & fitting accessories	Shareholder	(-)/ (7% of direct interest)	N/A
FT Hose & Hose Sdn Bhd	Manufacturing of hose and expansion joint	Shareholder	(-)/ (7% of direct interest)	N/A
My Healthland (HQ) Sdn Bhd	Massage and reflexology service provider	Shareholder	(-)/ (3.40% of direct interest)	N/A
Upicon Mercury Sdn Bhd	Property development	Director	Non-Executive Director/ (-)	01.07.2020/ -
Jim Stories Sdn Bhd	Operator of restaurant café, lounge and franchisee of food and beverage	Director/ Shareholder	Non-Executive Director/ (85.71% of direct interest)	06.08.2020/ -

Note: -

(i) Deemed interested by virtue of his shareholdings in V-Two Technology Sdn Bhd pursuant to Section 8 of the Act.

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

(v) Yeap Guan Seng

Company	Principal Activities	Relationship	Capacity of Directorship/ (Direct or Indirect Shareholdings (%))	Date of Appointment/ (Resignation) as Director
Chromiel Coloured Sdn. Bhd.	Trading of chromed products	Director/ Shareholder	Non-Executive Director/ (45% of indirect interest) [(i)]	30.05.2016/ -
Costist International Trading Sdn. Bhd.	Property investment	Director/ Shareholder	Executive Director/ (50% of direct interest)	02.10.2015/ -
Ezi Asia Sdn. Bhd.	Struck off by ROC on 27.12.2019	Director/ Shareholder	Non-Executive Director/ (40% of direct interest)	14.08.2015/ -
Merciful Way (M) Sdn Bhd	Transportation service	Shareholder	(-)/ (10% of direct interest)	N/A
Very Capital Sdn. Bhd.	Property investment	Director/ Shareholder	Executive Director/ (76% of direct interest)	16.04.2015/ -
Volcano Tech International Berhad	Struck off by ROC on 03.11.2017	Director/ Shareholder	Executive Director/ (25% of direct interest)	03.01.2012/ -
V Oragiene Sdn. Bhd.	Struck off by ROC on 08.08.2019	Director	Executive Director/ (-)	05.12.2011/ -
Emblem Marketing Sdn. Bhd.	Dissolved on 02.09.2017	Director/ Shareholder	Executive Director/ (20% of direct interest)	08.04.2011/ -
V-Craft Precision Engraving Sdn. Bhd.	Struck off by ROC on 29.11.2016	Director/ Shareholder	Executive Director/ (27.27% of direct interest)	11.06.2008/ -
V-Two Technology Sdn. Bhd.	Investment in properties and shares.	Director	Executive Director/ (-)	14.12.2007/ 23.10.2019
E-Platinum Tech Sdn. Bhd.	Automobile spray painting	Director/ Shareholder	Executive Director/ (46.90% of direct interest)	07.07.2007/ -
Volcano Tech (M) Sdn Bhd	Struck off by ROC on 29.11.2016	Director/ Shareholder	Executive Director/ (20% of direct interest)	21.12.2005/ -
V-Summit Technologies Sdn. Bhd.	Dissolved on 20.12.2018	Director/ Shareholder	Executive Director/ (20% of direct interest)	08.07.2005/ -
Rangoli Fusion Veggie (M) Sdn Bhd	Restaurant operator	Director/ Shareholder	Non-Executive Director/ (30% of direct interest)	30.7.2018/ -

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

Note: -

(i) Deemed interested by virtue of his shareholdings in E-Platinum Tech Sdn Bhd pursuant to Section 8 of the Act.

(vi) Khoo Boo Wui

Company	Principal Activities	Relationship	Capacity of Directorship/ (Direct or Indirect Shareholdings (%))	Date of Appointment/ Resignation as Director
Pink Guava Sdn. Bhd.	Struck off by ROC on 04.10.2016	Director/ Shareholder	Executive Director/ (10.00% of direct interest)	01.12.2005/ -

(vii) Tan Yen Yeow

Company	Principal Activities	Relationship	Capacity of Directorship/ Direct or Indirect Shareholdings (%)	Date of Appointment/ (Resignation) as Director
Tan Yen Yeow & Company	Audit service	Sole Proprietor	Sole Proprietor/ (100% of direct interest)	27.11.2001/ -
Nutti Sdn Bhd	Trading in cosmetic and personal care products	Director/ Shareholder	Executive Director/ (50% of direct interest)	03.10.2013/ -
Ewein Berhad	Investment holding involved in the manufacturing of precision sheet metal fabricated parts and property developments	Director	Independent Non-Executive Director/ (-)	27.05.2015/ -
Jade Marvel Group Berhad (formerly known as JMR Conglomeration Bhd)	Investment holding and providing management services in the sector of manufacturing, property development, construction and investment.	Director	Independent Non-Executive Director/ (-)	01.04.2013/ -
Finfield Corporate Services Sdn. Bhd.	Provision of accountancy, consultancy, internal audit, corporate and other services	Director/ Shareholder	Executive Director/ (50% of direct interest)	14.11.2008/ -
Sweet Selections F&B (KLCC) Sdn. Bhd.	Dissolved on 18.01.2019	Shareholder	(-)/ (50% of direct interest)	N/A

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

(viii) Hing Poe Pyng

Company	Principal Activities	Relationship	Capacity of Directorship/ Direct or Indirect Shareholdings (%)	Date of Appointment/ (Resignation) as Director
Metoxide Frits and Chemicals Sdn. Bhd.	Trading of chemicals	Director	Non-Executive Director/ (-)	17.12.2018/ -
Metoxide Malaysia Sdn. Bhd.	Manufacturing and selling of zinc oxide and trading chemicals	Director	Non-Executive Director/ (-)	17.12.2018/ -
Braxton Corporate Advisory Sdn. Bhd.	Dormant *(Note: As at the LPD, it is still a dormant company.)*	Director/ (-)	Executive Director/ (-)	11.06.2018/ -
Braxton Consulting Sdn. Bhd.	Provision of consultancy services	Director/ Shareholder	Executive Director/ (30% of direct interest)	8.12.2017/ -
Braxton Group Sdn Bhd	Dormant *(Note: As at LPD, it is still a dormant company)*	Director/ Shareholder	Executive Director/ (50% direct interest)	18.12.2019/ -
TPS Thermal Product Solutions (M) Sdn Bhd	Provision of Engineering Services and Sale of Equipment Spare Parts to the Semiconductor Industry	Director	Non-Executive Director/ (-)	12.03.2019/ -
Macando Sdn. Bhd.	Investment holdings in properties & securities	Director	Non-Executive Director/ (-)	28.02.2019/ -

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

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

5.2.4 Directors' remuneration and benefits

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for FYE 2020 and FYE 2021 are as follows: -

FYE 2020

Directors	Directors' fees (RM'000)	Salaries (RM'000)	Commission (RM'000)	Other Emoluments [(ii)] (RM'000)	Benefit-in-kind (RM'000)	Total (RM'000)
Wong Wan Chin, D.J.N [(i)]	-	-	-	-	-	-
Datuk Ch'ng Huat Seng	-	757	-	169	-	926
Gan Yew Thiam	-	366	-	103	-	469
Yeap Guan Seng	-	677	-	153	-	830
Dato' Wong Tze Peng	-	302	-	79	-	381
Khoo Boo Wui	-	242	-	47	-	289
Tan Yen Yeow [(i)]	-	-	-	-	-	-
Hing Poe Pyng [(i)]	-	-	-	-	-	-

Estimated for FYE 2021

Directors	Directors' fees (RM'000)	Salaries (RM'000)	Commission (RM'000)	Other Emoluments [(ii)] (RM'000)	Benefit-in-kind (RM'000)	Total (RM'000)
Wong Wan Chin, D.J.N [(i)]	50	-	-	-	-	50
Datuk Ch'ng Huat Seng	-	780	-	171	-	951
Gan Yew Thiam	-	376	-	105	-	481
Yeap Guan Seng	-	697	-	156	-	853
Dato' Wong Tze Peng	-	311	-	80	-	391
Khoo Boo Wui	-	250	-	48	-	298
Tan Yen Yeow [(i)]	50	-	-	-	-	50
Hing Poe Pyng [(i)]	30	-	-	-	-	30

Notes: -

(i) There is no remuneration, bonus or profit sharing or any contingent or deferred remuneration for the Independent Non-Executive Directors for FYE 2020 and FYE 2021. The estimated remuneration to the Independent Non-Executive Directors for FYE 2021 is only for the periods commencing upon the Listing.

(ii) Other emoluments include allowances, contribution to Employees' Provident Fund, Social Security Organisation and insurance.

The estimated amount of directors' remuneration and benefits for FYE 2021 does not include any bonus or profit-sharing plan by the Group.

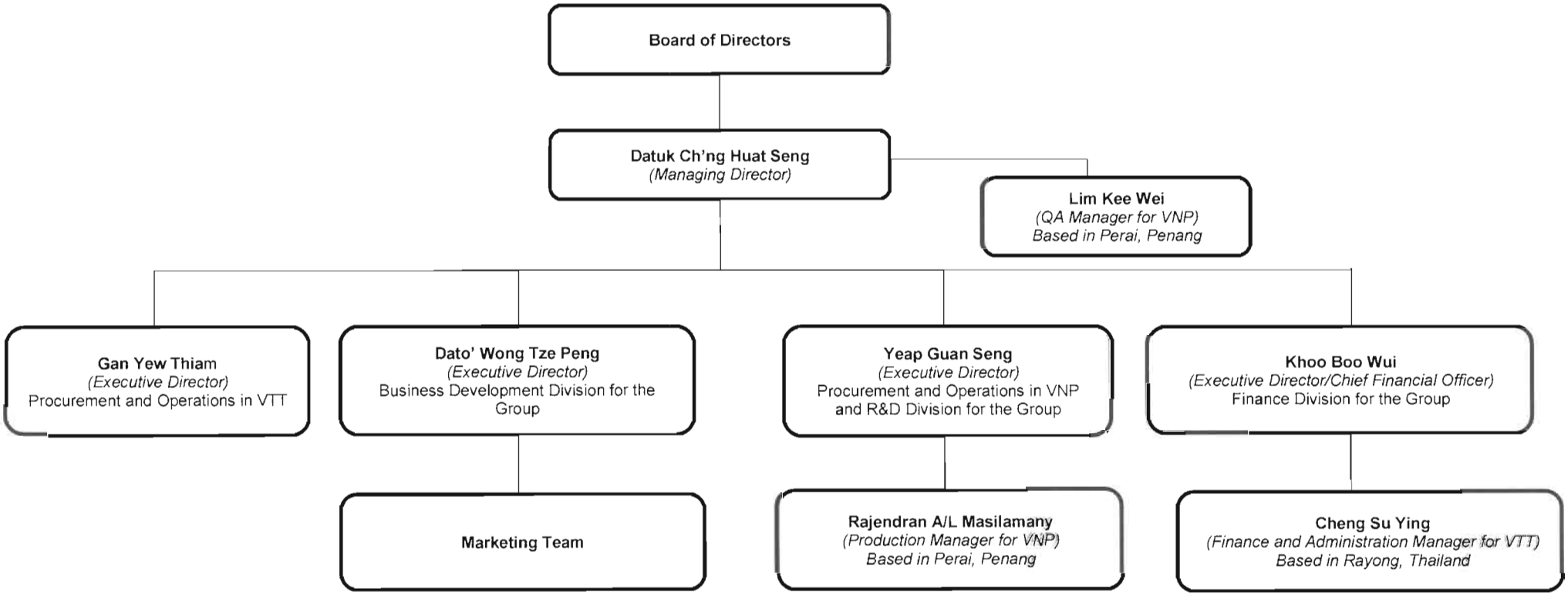
The remuneration includes our Directors' salaries, bonus, fees and allowances as well as other benefits, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board. Any payment in Directors' fees as set out in our Constitution must be approved by our shareholders pursuant to an ordinary resolution passed at a general meeting where appropriate notice of the proposed changes should be given.

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

5.3 KEY SENIOR MANAGEMENT PERSONNEL

5.3.1 Management structure

As at the LPD, our management reporting structure is depicted as follows: -



Note: -

The QA Manager for VTT is Mr Somsak Worason which is based in Rayong, Thailand.

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

5.3.2 Shareholdings of the key senior management personnel

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

Key senior management personnel	Designation	As at the LPD/Before the IPO				After the IPO [(i)]			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)
Lim Kee Wei	QA Manager	-	-	-	-	100,000	0.06	-	-
Rajendran A/L Masilamany	Production Manager	-	-	-	-	100,000	0.06	-	-
Cheng Su Ying	Finance and Administration Manager	-	-	-	-	100,000	0.06	-	-

Note: -

(i) Based on our enlarged number of 165,000,000 Shares.

5.3.3 Profiles of key senior management personnel

Save for the profiles of our Directors, which are disclosed in Section 5.2.2 of this Prospectus, the profiles of the other key senior management personnel of our Group are as follows: -

(i) **Lim Kee Wei,** Malaysian, aged 49, is our QA Manager. She is based in Perai, Penang and is responsible for managing the quality assurance and control team in VNP.

She has accumulated twenty-three (23) years of working experience in the field of quality assurance and control in Malaysia. Upon receiving her Diploma Certificate in 1998 from Tunku Abdul Rahman College, she began her career as a QA Executive in Public Package Sdn Bhd, a total package and display solutions provider in Malaysia. In February 2000, she left Public Package Sdn Bhd and undertook the role of a QA Officer for wire drawing process in Chin Herr Industries (M) Sdn Bhd, a manufacturer of wire products and left the company in August 2000.

Subsequently, she joined Oriental Shimomura Drawing (M) Sdn Bhd, a manufacturer of steel bars as a QA Executive in August 2000 in the quality assurance and control field of steel products for another three (3) years. In 2003, she resigned from Oriental Shimomura Drawing (M) Sdn Bhd and assumed the position of a QA Engineer in Regency Device Sdn Bhd, a service provider involved in the inspection of high quality semi-conductors to multinational companies in the region. Prior to joining our Group, she was a QA Executive in Amcor Fibre Sdn Bhd, a manufacturer of packaging products from 2004 to 2006. Thereafter, in 2006, she joined our Group and assumed her current position as a QA Manager in VNP.

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

(ii) **Rajendran A/L Masilamany,** Malaysian, aged 41, is the Production Manager for VNP and is based in Perai, Penang. He is responsible for handling our production in VNP and the R&D activities of our Group.

He obtained a Sijil Kemahiran Malaysia from Sekolah Menengah Teknik Butterworth in 1997.

In 1998, he joined L.S Foo Mechanical, a manufacturer of machine tools as a Mechanician and was in charge of machining of components before commencing his career with VNP. In 2004, he left L.S Foo Mechanical and joined VNP as a Stamping Engineer and was responsible for tooling design and first article sample. After three (3) years, he was promoted to a Stamping Section Manager and R&D. He was promoted to his current position in 2012 to further improve our production efficiency and developments. He has vast experience in re-engineering of tooling to enhance production efficiency and plays an instrumental role in the implementation of laser cutting technology in our Group.

(iii) **Cheng Su Ying**, Malaysian, aged 38, is our Finance and Administration Manager for VTT and is based in Rayong, Thailand. She obtained an Advanced Diploma in Accounting and Business from the Association of Chartered Certified Accountants ("**ACCA**") in March 2017.

She began her career as an Accounts Clerk at Tejari Sdn Bhd, a manufacturer of hydraulic automation system in 2004 and was subsequently promoted to Account Executive in 2007. In 2011, she joined VNP as an Assistant Accountant and was in charge of the company's day-to-day operations in the areas of accounting and finance.

She was subsequently transferred to VTT as a Finance and Administration Manager in 2013. Her responsibilities include overseeing the overall back office support functions of VTT covering finance, human resources and administration.

5.3.4 Involvement of our key senior management personnel in other business/corporation outside our Group

Our key senior management personnel do not have any other principal directorship held or principal business activities performed by them in other corporations outside our Group within the past five (5) years up to the LPD.

5.3.5 Key senior management personnel's remuneration and benefits

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

FYE 2020

Key senior management personnel	(in bands of RM50,000)			
	Remuneration (RM'000)	Bonus (RM000)	Benefits-in-kind (RM'000)	Total (RM'000)
Rajendran A/L Masilamany	51-100	1-50	-	51-100
Lim Kee Wei	51-100	1-50	-	51-100
Cheng Su Ying	51-100	1-50	1-50	51-100

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

Estimated for FYE 2021

Key senior management personnel	(in bands of RM50,000)			
	Remuneration (RM'000)	Bonus (RM000)	Benefits-in-kind (RM'000)	Total (RM'000)
Rajendran A/L Masilamany	51-100	1-50	-	51-100
Lim Kee Wei	51-100	1-50	-	51-100
Cheng Su Ying	51-100	1-50	1-50	51-100

There is no profit-sharing plan or any contingent or deferred remuneration for the key senior management personnel for FYE 2020.

The estimated amount of key senior management personnel's remuneration and benefits for FYE 2021 does not include any profit-sharing plan by the Group.

The remuneration includes our key senior management personnel's 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.

5.4 BOARD PRACTICE

5.4.1 Directorship

The number of years that our Directors have served in office and the date of expiration of their respective terms of office are set out below: -

Name	Designation	Date of appointment	Date of expiration of the current term of office	No. of years in office as at the LPD
Wong Wan Chin, D.J.N	Independent Non-Executive Chairman	26 March 2018	At the next Annual general meeting in 2024	2 years and approximately 11 months
Datuk Ch'ng Huat Seng	Managing Director	2 March 2018	At the next Annual general meeting in 2022	2 years and approximately 11 months
Gan Yew Thiam	Executive Director	2 March 2018	At the next Annual general meeting in 2023	2 years and approximately 11 months
Dato' Wong Tze Peng	Executive Director	2 March 2018	At the next Annual general meeting in 2023	2 years and approximately 11 months
Yeap Guan Seng	Executive Director	2 March 2018	At the next Annual general meeting in 2023	2 years and approximately 11 months
Khoo Boo Wui	Executive Director/ Chief Financial Officer	2 March 2018	At the next Annual general meeting in 2024	2 years and approximately 11 months
Tan Yen Yeow	Independent Non-Executive Director	5 April 2019	At the next Annual general meeting in 2022	1 years and approximately 10 months

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

Name	Designation	Date of appointment	Date of expiration of the current term of office	No. of years in office as at the LPD
Hing Poe Pyng	Independent Non-Executive Director	20 April 2018	At the next Annual general meeting in 2022	2 years and approximately 10 months

In accordance with our Constitution, an election of Directors shall take place each year at the annual general meeting of the Company, where one-third 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 shall retire from office and be eligible for re-election. This is provided always that all Directors shall retire from office but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

5.4.2 Audit and Risk Management Committee

Our Audit and Risk Management Committee was established on 26 March 2018 and its members are appointed by our Board.

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

Name	Designation	Directorship
Tan Yen Yeow	Chairman	Independent Non-Executive Director
Wong Wan Chin, D.J.N	Member	Independent Non-Executive Chairman
Hing Poe Pyng	Member	Independent Non-Executive Director

Wong Wan Chin, D.J.N is a lawyer by profession while Hing Poe Pyng is experienced in company secretarial matters. Notwithstanding they do not have financial related degrees, they are experienced in their own respective fields having dealt with various corporate matters and would be able to support the Audit and Risk Management Committee Chairman, Tan Yen Yeow whom is an experienced accountant, in any decision making.

The main functions of the Audit and Risk Management Committee include, *inter-alia*, the following: -

(i) Audit functions

To review the audit plans and audit reports with our external auditors, review the scope, functions, competency and resources of the internal audit function of which the internal auditors should report directly to the Audit and Risk Management Committee, review the quarterly and yearly financial statements, appointment and re-appointment of the external auditors and review of related party transactions.

(ii) Risk management functions

To review the evaluation and findings of the risk management systems and internal controls, to determine, review and recommend risk management strategies, policies and risk tolerance, to review and assess the adequacy of risk management policies and framework to assess the adequacy of the business recovery/disaster recovery procedures.

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

5.4.3 Remuneration Committee

Our Remuneration Committee was established on 26 March 2018 and its members are appointed by our Board.

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

Name	Designation	Directorship
Wong Wan Chin, D.J.N	Chairman	Independent Non-Executive Chairman
Tan Yen Yeow	Member	Independent Non-Executive Director
Hing Poe Pyng	Member	Independent Non-Executive Director

The main function of our Remuneration Committee include, *inter-alia*, to recommend a framework of remuneration for all Directors and key senior management personnel for the Board's approval, to review and recommend to our Board the remuneration package of our Executive Directors and if applicable, senior management, which should be aligned with the business strategy and long-term objectives of our Company and to recommend any other compensation and benefits related functions as authorised/defined by the Board.

5.4.4 Nomination Committee

Our Nomination Committee was established on 26 March 2018 and its members are appointed by our Board.

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

Name	Designation	Directorship
Hing Poe Pyng	Chairman	Independent Non-Executive Director
Wong Wan Chin, D.J.N	Member	Independent Non-Executive Chairman
Tan Yen Yeow	Member	Independent Non-Executive Director

The main functions of the Nomination Committee include, *inter-alia*, the review of all nominations for the appointment or re-appointment of members of our Board and to determine the selection criteria thereof, review of the structure, size and composition of our Board, and to ensure that all our Board receives appropriate continuous training.

5.5 RELATIONSHIPS AND/OR ASSOCIATIONS

As at the LPD, there is no family relationship (as defined under Section 197 of the Act) and/or association between our Promoters, Directors, substantial shareholders and key senior management personnel.

5.6 SERVICE AGREEMENTS

As at the LPD, none of our Directors and key senior management personnel has any existing or proposed service agreement with our Group.

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

5.7 DECLARATION FROM PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL

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

(i) In the last ten (10) years, a petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he/she was a partner or any corporation of which he was a director or member of key senior management personnel;

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

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

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

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

(vi) Being the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him/her from engaging in any type of business practice or activity;

(vii) In the last ten (10) years, he/she has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and

(viii) Having any unsatisfied judgment against him/her.

5.8 BENEFITS PAID OR INTENDED TO BE PAID

Save for our Directors' remuneration and benefits as disclosed in Section 5.2.4 of this Prospectus, there is no amount and benefit that has been or is intended to be paid or given to our Promoters, Directors and/or substantial shareholders within the two (2) years preceding the date of this Prospectus.

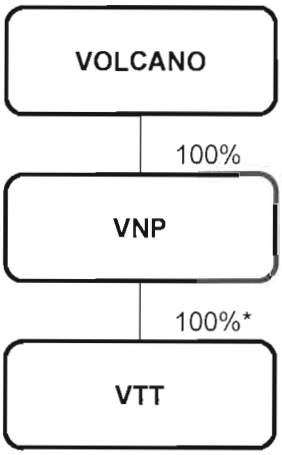
6. GENERAL INFORMATION ON OUR GROUP

6.1 INCORPORATION AND HISTORY

Volcano was incorporated in Malaysia on 2 February 2018 under the Act as a public limited company under our present name with the registration number 201801004790 (1266804-D).

We are an investment holding company. Through our subsidiaries, we are principally involved in manufacturing of nameplates and plastic injection moulded parts.

As at the LPD, our Group structure is depicted as follows: -



Note: -

* *There are two (2) VTT shares which are held by Gan Yew Thiam and Yeap Guan Seng in trust for VNP. According to the Thai Civil and Commercial Code, a private limited company must have at least three (3) shareholders to form a limited company.*

Please refer to Section 6.3 of this Prospectus for detailed information on the principal activities of our subsidiaries.

There has been no material change in the manner in which our Company conducts its business or activities since our incorporation up to the LPD.

Please refer to Section 7.1 of this Prospectus for detailed information of our Group's history.

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6. GENERAL INFORMATION ON OUR GROUP *(cont'd)*

6.2 SHARE CAPITAL

As at the LPD, our Company's issued share capital is RM70,000,000 comprising 140,000,000 Shares.

The changes in our Company's issued share capital since incorporation are as follows: -

Date of allotment	No. of Shares allotted/change	Consideration	Cumulative issued share capital (RM)
2 February 2018	100	Subscribers' shares in cash	100
12 February 2018	1,000	Subdivision of every one (1) existing Volcano Share into ten (10) Volcano Shares	100
2 March 2018	699,999,000	Shares issued pursuant to the Acquisition of VNP	70,000,000
18 May 2020	140,000,000	Shares Consolidation on the basis of five (5) Volcano Shares into one (1) Volcano Share	70,000,000

Upon completion of our IPO, our Company's issued share capital is expected increase to RM78,750,000 comprising 165,000,000 Shares.

None of our Shares as tabulated above were issued at a discount, on special terms or instalment payment terms. As at the LPD, our Company does not have any warrant, option or convertible securities in issue or any uncalled capital.

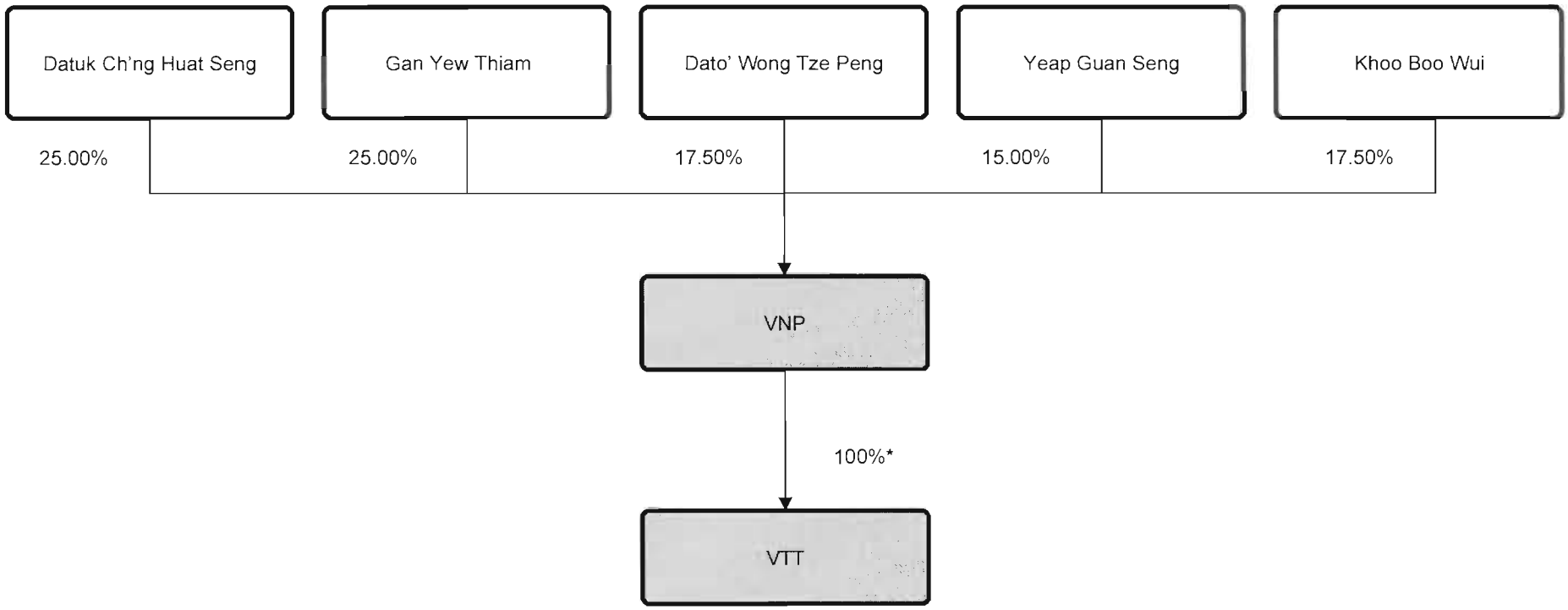
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6. GENERAL INFORMATION ON OUR GROUP *(cont'd)*

6.3 SUBSIDIARIES

Our Group structure before the Acquisition of VNP is as follows: -

Before the Acquisition of VNP



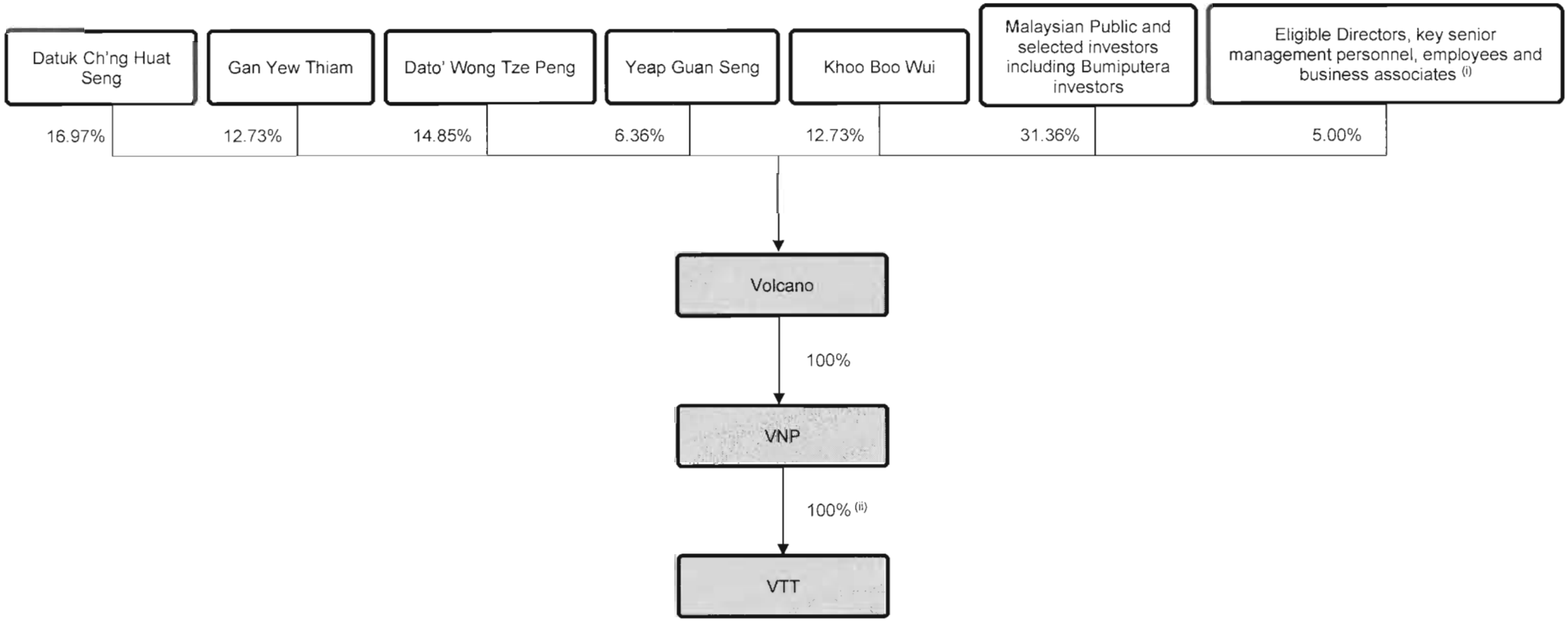
Note: -

* *There are two (2) VTT shares held by Gan Yew Thiam and Yeap Guan Seng in trust for VNP. According to Thai Civil and Commercial Code, a private limited company must have at least three (3) shareholders to form a limited company.*

6. GENERAL INFORMATION ON OUR GROUP *(cont'd)*

Our Group structure after the Acquisition of VNP and IPO is as follows: -

After the Acquisition of VNP and IPO



Notes: -

(i) *Assuming that our eligible Directors, key senior management personnel, employees and business associates fully subscribes for their respective entitlements pursuant to the Pink Form Allocations.*

(ii) *There are two (2) VTT shares which are held by Gan Yew Thiam and Yeap Guan Seng in trust for VNP. According to the Thai Civil and Commercial Code, a private limited company must have at least three (3) shareholders to form a limited company.*

6. GENERAL INFORMATION ON OUR GROUP *(cont'd)*

Details of our subsidiaries are summarised as follows: -

Subsidiaries	Date/ Place of incorporation	Principal place of business	Effective equity interest (%)	Issued share capital	Principal activities
VNP (199901001595(476495-W))	2 February 1999/ Malaysia	Penang, Malaysia	100	RM2,000,000	Manufacturing of nameplates.
Subsidiary of VNP					
VTT (0105551105252)	16 September 2008/ Thailand	Rayong, Thailand	100	THB80,000,000	Manufacturing of nameplates and plastic injection moulded parts.

6.4 LISTING SCHEME

In conjunction with and as an integral part of our Listing, we undertook the Listing Scheme as follows: -

6.4.1 Acquisition of VNP

Volcano had pursuant to the SSA acquired the entire issued share capital of VNP comprising 2,000,000 VNP Shares for a total Purchase Consideration of RM69,999,900 satisfied via the issuance of 699,999,000 new Volcano Shares at an issue price of RM0.10 per Volcano Share based on a price-to-book value of 1.2 times based on the estimated net tangible assets of VNP as at 31 December 2017 of RM58.32 million.

The new Shares issued pursuant to the Acquisition of VNP rank *pari passu* in all respects with the existing Shares and the new Shares are entitled to any dividends, rights, allotments or other distributions declared, made or paid after the date of allotment of the Shares.

The 699,999,000 Volcano Shares were issued to the Vendors of VNP on 2 March 2018. The issuance of new Volcano Shares are tabulated as follows: -

Vendors	No. of VNP Shares held	Equity interest held in VNP (%)	Purchase Consideration (RM)	No. of Volcano Shares issued
Datuk Ch'ng Huat Seng	500,000	25.00	17,500,000	175,000,000
Gan Yew Thiam	500,000	25.00	17,500,000	175,000,000
Dato' Wong Tze Peng	350,000	17.50	12,250,000	122,500,000
Yeap Guan Seng	300,000	15.00	10,500,000	105,000,000
Khoo Boo Wui	350,000	17.50	12,249,900	122,499,000
Total	**2,000,000**	**100.00**	**69,999,900**	**699,999,000**

Pursuant to the Acquisition of VNP, our issued share capital increased from RM100 comprising 1,000 Shares to RM70,000,000 comprising 700,000,000 Shares.

6.4.2 IPO

(i) Public Issue

We will undertake a Public Issue of 25,000,000 Public Issue Shares, subject to the terms and conditions of this Prospectus, at the IPO Price to be allocated in the following manner: -

(a) 8,250,000 Public Issue Shares, representing 5.00% of our enlarged number of issued Shares, will be made available for application by the Malaysian Public by way of balloting;

(b) 8,250,000 Public Issue Shares, representing 5.00% of our enlarged number of issued Shares, will be made available for application by the eligible Directors, key senior management personnel, employees and business associates (including any other persons who have contributed to the success of our Group); and

(c) 8,500,000 Public Issue Shares, representing approximately 5.15% of our enlarged number of issued Shares, will be made available for application by identified investors by way of private placement.

(ii) Offer for Sale

Our selling shareholders are undertaking the Offer for Sale of up to 35,000,000 Offer Shares, subject to the terms and conditions of this Prospectus, at the IPO Price to be allotted by way of private placement in the manner as described below: -

(a) 14,375,000 Offer Shares, representing approximately of 8.71% of our enlarged number of issued Shares, will be made available for application by identified investors; and

(b) 20,625,000 Offer Shares, representing approximately of 12.50% of our enlarged number of issued Shares, will be made available for application by Bumiputera investors approved by MITI.

6.4.3 ESOS

In conjunction with the Listing, we will implement an ESOS of up to thirty percent (30%) of our total number of issued Shares at any point in time during the existence of the ESOS, to be granted to the Eligible Person(s) of our Group.

Please refer to Section 4.4.4 and the ESOS By-Law(s) in Section 14 of this Prospectus for further details of our ESOS.

6.4.4 Listing

Upon completion of our IPO, our Company will be admitted to the Official List and our entire issued share capital of 165,000,000 Shares shall be listed and quoted on the ACE Market of Bursa Securities.

6. GENERAL INFORMATION ON OUR GROUP *(cont'd)*

6.5 MATERIAL INVESTMENTS AND DIVESTITURES

Save as disclosed below, we did not incur any other material capital expenditure and divestitures for the past three (3) FYE 2018 to FYE 2020 and as at the LPD: -

Description	Transaction value (at cost)			
	FYE 2018 (RM'000)	FYE 2019 (RM'000)	FYE 2020 (RM'000)	As at the LPD (RM'000)
Investments				
Building improvements	-	-	119	-
Machinery & equipment	968	1,646	1,216	1,392
Electrical installation	3	505	13	-
Office equipment, furniture and fittings	63	133	147	14
Computer equipment	50	30	15	1
Renovations	123	278	339	23
Motor vehicles	-	16	-	-
Capital work-in-progress	-	34	957(i)	372
Total	**1,207**	**2,642**	**2,806**	**1,802**
	Value (at NBV)			
	FYE 2018 (RM'000)	FYE 2019 (RM'000)	FYE 2020 (RM'000)	As at the LPD (RM'000)
Divestments				
Machinery & equipment	8	8	38(ii)	-
Office equipment, furniture and fittings	*	-	-	-
Computer equipment	-	-	-	-
Motor vehicles	109^	-	-	-
Total	**117**	**8**	**38**	**-**

Notes: -

* *Negligible.*

^ *The motor vehicles were purchased prior to year 2013.*

(i) The increase of investments in capital work-in-progress in FYE 2020 was in relation to the renovation of VTT's factory for the installation of laser cutting machines.

(ii) The increase of divestments in machinery and equipment in FYE 2020 was due to the disposal of old machineries (i.e., bending rotary machine, taping machine and offset printing machine) and upgrade to new machineries.

The above material capital expenditures are for our operations and primarily financed by internally-generated funds.

Our capital expenditures during the past three (3) FYE 2018 to FYE 2020 and as at the LPD were incurred on building improvement, machinery and equipment, electrical installation, office equipment, furniture and fittings, computer equipment and renovations.

6. GENERAL INFORMATION ON OUR GROUP *(cont'd)*

6.6 MATERIAL CONTRACTS

Save for the material contracts 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 for the past three (3) FYE 2018 to FYE 2020 and up to the date of this Prospectus: -

(i) Share sale agreement dated 2 March 2018 as supplemented by a supplemental agreement dated 23 March 2018 entered into between Volcano and the Vendors for purposes of the VNP Acquisition whereby the entire issued share capital of VNP comprising 2,000,000 Shares were acquired free from encumbrances by Volcano from the Vendors for a total consideration of RM69,999,900 which was satisfied entirely via issuance of 699,999,000 new Shares to the Vendors in accordance with the terms therein;

(ii) Letter of Award issued by VNP to Pekat Solar Sdn Bhd (201001038864(922788-W) dated 3 January 2019 awarding Pekat Solar Sdn Bhd contract works to design, supply, install, testing and commissioning 185.44KWP Grid Connected Photovoltaic (GCPV) System (for own power usage/net energy metering) with payment amounting to Ringgit Malaysia Five Hundred Thousand Six Hundred and Eighty Eight Only (RM500,688.00); and

(iii) Underwriting Agreement dated 2 February 2021 entered into between Volcano and the Underwriter to underwrite the 8,250,000 Public Issue Shares made available for application by the Malaysian Public at the underwriting commission rate of 2.00% of the total value of the underwritten Shares at the IPO Price.

6.7 PUBLIC TAKE-OVERS

Since our incorporation up to the LPD, there were: -

(i) no public take-over offers by third parties in respect of our Shares; and

(ii) no public take-over offers by our Company in respect of other companies' shares.

6.8 REPATRIATION OF CAPITAL AND REMITTANCE OF PROFITS

Other than our Malaysian operations, our Group only has one (1) foreign subsidiary, namely VTT which operates in Thailand. The repatriation of capital and remittance of profits by VTT to our Group under the relevant Thai laws and regulations are as follows: -

(i) Repatriation of Capital from Thailand

There is no limitation on the outward remittance of foreign currencies by VTT as repatriation of capital to its foreign shareholder i.e., VNP, provided that the capital must be returned pursuant to a capital reduction or dissolution of VTT in accordance with the Thai Civil and Commercial Code and the VTT's articles of association. Supporting documents such as capital reduction resolution, dissolution confirmation, and/or evidence of initial capital remittance into Thailand are generally required to be submitted to the authorised Thai bank upon request for outward remittance.

6. GENERAL INFORMATION ON OUR GROUP *(cont'd)*

(ii) Remittance of Profits from Thailand

Subject to the mandatory legal reserve stated herein there is no limitation on outward remittance of foreign currencies for payment of dividend by a Thai registered company to a foreign shareholder.

Dividends may only be paid out of the Thai registered company's after-tax profits (i.e., after deduction of all income tax and (if applicable) withholding tax). Thai law requires a company to retain, as mandatory legal reserve, at least one twentieth (i.e., 5%) of its after-tax profits at each dividend distribution. Such retention must be made until the legal reserve reaches at least one tenth (i.e., 10%) of the company's registered capital.

Given that VTT has never distributed dividends since its establishment, VTT may only distribute up to 95% of its after-tax profits (retained earnings) until such time where its retained legal reserve amounts to THB8 million (or equivalent to approximately RM1.08 million) (10% of its registered capital of THB80 million (or equivalent to approximately RM10.77 million)). After having retained THB8 million (or equivalent to approximately RM1.08 million) as legal reserve, VTT is entitled to distribute all after-tax profits as dividends.

As at the LPD, VTT has not built up any legal reserve as it has not distributed dividends.

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7. BUSINESS OVERVIEW

7.1 OUR HISTORY

The history of our Group can be traced back to 1999 when our Co-Founders incorporated VNP on 2 February 1999 as a sub-contractor specialising in the manufacturing of nameplates for local SMEs. VNP started its operations in a rented shophouse with a built-up area of approximately 2,000 sq. ft. situated at Sungai Lokan, Butterworth, Penang.

Being a small manufacturer then, we continuously worked towards expanding our business by implementing new manufacturing processes as well as improving our manufacturing capability, efficiency and product quality. In 2001, we established a R&D team to carry out continuous development of manufacturing processes for our nameplate manufacturing business.

In 2000, after the establishment of VNP, we experienced growing demand for our products and services which subsequently led to an expansion of our manufacturing facilities through the extension of our manufacturing floor space as well as investment in more machinery and equipment. In the early years upon our establishment, we rented another shop house in 2001 with a built-up area of approximately 2,000 sq. ft. which we subsequently purchased in 2002.

In 2002, we managed to secure our first order from Hewlett-Packard Asia Pacific Pte Ltd, a MNC based in the United States involved in computers, printers and other computer peripherals, for the manufacturing of *"HP"* logo nameplates used in their products. Also in 2002, through our R&D efforts, we upgraded our conventional metal stamping process using belt/mechanical stamping method to a hydraulic stamping system.

In 2003, we rented another two (2) shophouses to facilitate our growth. All four (4) shophouses were located in close vicinity to each other in Sungai Lokan.

In 2004, we moved our entire operations to our current factory in Perai, Penang in view of the increasing demand for our products and services. The new factory which we acquired on 8 September 2003 had a built-up area of approximately 19,262 sq. ft. In line with the expansion of our operations, we acquired stamping machines that are fitted with detachable automatic feeders to facilitate the feeding of raw materials into the stamping machines which are used for the manufacturing of nameplates with simple designs.

In 2007, we expanded our factory in Perai, Penang by constructing a three (3)-storey section at the back portion of the factory, bringing the total built-up area of our factory to the current 45,045 sq. ft. Subsequently on 5 November 2008, we acquired another single storey factory building adjoining to the existing factory with built up area of 20,760 sq. ft.

We expanded our operations into Thailand when we incorporated VTT on 16 September 2008 to carry out the manufacturing of nameplates and plastic injection moulded parts. During incorporation, the shareholders of VTT were VNP with 90% equity interest, Datuk Ch'ng Huat Seng with 4.5% equity interest, Tan Aik Kean with 4.5% equity interest and Dato' Wong Tze Peng with 1% equity interest. Tan Aik Kean was the Business Development Manager of VTT. In line with this expansion, VTT rented a factory with a built-up area of 28,255 sq. ft. in Rayong, Thailand. In the same year, VTT successfully secured an order from Fisher & Paykel Thailand, a New Zealand-based household appliances manufacturer, for plastic injection moulded parts.

In November 2008, VTT was granted a promotion certificate by the BOI. The BOI grants investment promotion privileges for investors in selected industries, thereby entitling the promoted entity to tax and non-tax privileges for their Thai operations. The tax privileges include corporate income tax exemptions and deductions for a limited period, import duty exemptions on raw materials used for export and import duty exemption on machineries.

7. BUSINESS OVERVIEW *(cont'd)*

Under VTT's BOI promotion certificate, VTT was conferred with a corporate tax exemption for a period of eight (8) years from 24 December 2008 to 23 December 2016 on its net profits, restricted to 100% investment capital of VTT (excluding cost of land and working capital) at THB49,293,353.40 (or equivalent to RM6.64 million) as determined in the BOI's operation start-up certificate. VTT was also granted non-tax privileges which include permission to bring in foreign skilled workers, permission to operate the promoted business activity as a foreign majority or wholly-held entity, permission to own land for the approved business activity and there is no restriction period so long as the promotion certificate subsists.

Upon expiry of the tax exemption period of eight (8) years, the promotion certificate entitles VTT to a reduction of 50% of normal income tax rate for a further period of five (5) years commencing from the expiry of the eight (8)-year tax exemption period (i.e., from 24 December 2016 to 23 December 2021) of which there is no capped amount. After the expiry of tax privileges, BOI promotion certificate remains valid and does not have an expiry date. Non-tax privileges granted by the BOI remains valid until such time when the promoted entity (i.e., VTT) cancels the BOI promotion certificate. Please refer to the details as set out in Section 7.7(b), item (1) in the table.

Apart from manufacturing for Fisher & Paykel Thailand, VTT also managed to secure orders to manufacture nameplates and plastic injection moulded parts from other MNC customers in Thailand, such as Electrolux Thailand, a Swedish home appliance company, in 2009. In the same year, VNP sold 5% of its equity interest in VTT to Jeffery Tan Loon Seng, who was the General Manager of VTT.

In 2010, VTT successfully secured its first order from Bernina (Thailand) Co., Ltd, a Swiss-based manufacturer of sewing and embroidery machines, for our plastic injection moulded parts. Also in 2010, VTT acquired a four (4) acre land in Rayong, Thailand for the construction of a new manufacturing plant with a built-up area of 85,415 sq. ft. to cater for the growing demand in Thailand and we subsequently ceased renting the factory with a built-up area of 28,255 sq. ft.

In 2011, VTT moved its operations in Thailand to a new manufacturing plant from its previously rented property to its current address. In the same year, VNP managed to secure its first order from DT metronic GmbH, a German-based decorative element for interior and exterior provider for automotive industry, for the manufacturing of "*Harman Kardon*" logo nameplates. In the same year, Datuk Ch'ng Huat Seng and Dato' Wong Tze Peng sold their equity interest in VTT of 4.5% and 1% respectively to Tan Aik Kean and Jeffery Tan Loon Seng in effort to retain them as the key management of VTT. The shareholdings of Tan Aik Kean and Jeffery Tan Loon Seng in VTT stood at 5% and 10% respectively.

In 2012, VTT managed to secure the first order for our plastic injection moulded parts from Donaldson Thailand, a MNC based in the United States involved in filtration systems.

In 2013, we acquired our first laser cutting machine and introduced a new nameplate manufacturing method which enabled us to achieve higher efficiency and precision in our nameplate manufacturing process. In the same year, VNP acquired the remaining equity interest of VTT of 15% from Tan Aik Kean (5%) and Jeffery Tan Loon Seng (10%) for a total cash consideration of RM802,446 based on the estimated net tangible assets of VTT as at October 2013 of THB55.00 million. Subsequently, VTT became a wholly-owned subsidiary of VNP of which two (2) VTT shares are held by Gan Yew Thiam and Yeap Guan Seng in trust for VNP.

In 2015, we managed to secure the first order for our decorative nameplates, a type of non-metal nameplates, from a USA-based provider of integrated manufacturing solutions, components, products and repair and logistics and after-market services in the communications network and computer hardware industries. It is headquartered in Delaware, United States and listed on the New York Stock Exchange. Its revenue for the year ended 30 September 2018 amounted to approximately USD7.11 million (or equivalent to RM28.76 million).

7. BUSINESS OVERVIEW *(cont'd)*

In the following year in 2016, VTT secured the first order from Beko Thai Co., Ltd, a Turkish-based home appliance and consumer electronics company, for the manufacturing of "*Beko*" logo nameplates. In the same year, we also secured our first order from Honda Malaysia Sdn Bhd, a Japanese-based MNC involved in automobiles, motorcycles and power products, for vehicle model nameplates.

In 2017, we managed to secure our first order from Rittal North America LLC, a MNC based in the United States involved in designing and manufacturing industrial and internet technology (IT) enclosures, racks and accessories which include power management and climate control systems for the manufacturing of decorative nameplates. In November 2017, Khoo Boo Wui joined our Group as the Chief Financial Officer replacing Ang Pei Gaik, who left VNP as the Financial Controller in June 2017. In December 2017, Khoo Boo Wui was invited by the Co-Founders to become a shareholder of the Group holding 17.5% equity interest in our Group. The 17.5% equity interest held by Khoo Boo Wui was from the existing shares held by the Co-Founders. The consideration was paid in cash and was based on VNP's estimated consolidated net tangible assets as at 31 December 2017.

In 2018, we managed to secure our first order from Sharp Indonesia, a MNC based in Japan involved in manufacturing and sales of telecommunications equipment, electric and electronic application equipment and electronic components, for the manufacturing of "*Sharp*" nameplates. In the same year, VTT also secured the first order from Panasonic Thailand, a MNC based in Japan involved in manufacturing and sales of electrical appliances, eco solutions, connected solutions as well as automotive and industrial systems for the manufacturing of "*Panasonic*" nameplates.

In 2019, we managed to secure our first order from Mazda Malaysia Sdn Bhd, a MNC based in Japan involved in the assembly of Mazda vehicles in Malaysia, for the manufacturing of vehicle model nameplates. In the same year, we also secured our first order from EPIC Technologies, LLC, a USA-based electronic manufacturing services company for the manufacturing of overlays for audio instruments. In addition, in the same year, VTT also secured the first order from SNC Atlantic Water Heater Asia, a MNC based in France involved in the manufacturing of water heaters for the manufacturing of plastic injection moulded parts.

Over the last twenty-two (22) years, we have grown and evolved from a small nameplates' manufacturer into a group of companies with operations in Malaysia and Thailand with a total of 334 employees for the FYE 2020 specialising in manufacturing of nameplates and plastic injection moulded parts.

Under the leadership of our Co-Founders, our Group has been awarded accreditations such as ISO quality certifications in recognition of our consistency in producing and delivering quality products to our customers. *(Please refer to Section 7.5 of this Prospectus for further details.)*

7.2 DESCRIPTION OF OUR BUSINESS

Our Group is principally involved in the manufacturing of parts and components used in the E&E and automotive industries, namely: -

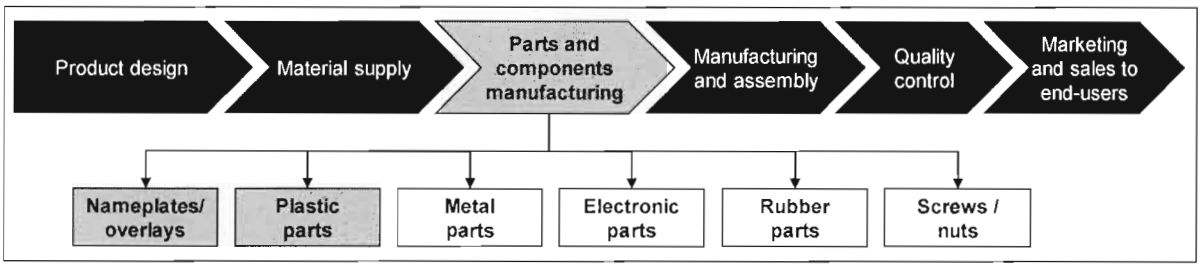
(i) Manufacturing of nameplates; and

(ii) Manufacturing of plastic injection moulded parts.

Parts and components manufacturing is a key component of the manufacturing industry value chain. Other components of the manufacturing industry value chain include product design, sourcing for material supply, manufacturing and assembly, quality control, and marketing and sales to end-users. *(Source: IMR Report)*

7. BUSINESS OVERVIEW *(cont'd)*

Our Group is involved in the manufacturing of parts and components within the manufacturing value chain as shown below: -



Note: -

Industry segment in which our Group is principally involved.

Source: IMR Report

We are able to manufacture both nameplates and plastic injection moulded parts for our customers, if required. We are also able to assemble our nameplates onto our plastic injection moulded parts as a final product to our customers.

(a) Manufacturing of nameplates

Nameplates are used to identify, provide information and instructions as well as to supplement the aesthetic appeal to a product. Nameplates can display the name of a person or company, or a company's brand or logo. Some nameplates also display licence, certification, directional or product specification information. *(Source: IMR Report)*

Presently, our nameplates can be broadly classified into metal nameplates and non-metal nameplates.

Metal nameplates are generally nameplates made from aluminium, electro-galvanised metal, tin plate, copper, brass, zinc and stainless steel. The majority of our nameplates are made from stainless steel and aluminium as they are the most commonly used raw material for the manufacturing of metal nameplates in the industry. Our metal nameplates include logos, badges, emblems and decorative plates.

Non-metal nameplates are generally nameplates made from sheets of plastics namely plastic films such as polycarbonate, PET and PVC. Our non-metal nameplates include logos, front panels, control panel labels, overlays, decorative nameplates, insulators and spacer.

The nameplate manufacturing methods that we use are stamping and laser cutting. In our stamping method, we are able to offer a wide range of processes such as blanking, forming, forging, embossing and debossing to form various shapes and designs as required. Please refer to Section 7.4.5 of this Prospectus for further details of the nameplate manufacturing techniques used by our Group. For nameplates manufactured using the stamping technique, we develop the moulds for our customers and our customers retain ownership of the moulds. There are no moulds required in the laser cutting technique, which uses software to guide the cutting process. The nameplates that we manufacture mainly are used in E&E products such as computers and printers as well as home appliances such as refrigerators and washing machines.

Our nameplates are generally for commercial applications mainly for brand recognition which contain name of person, company or logo for brand recognition, and for product identification and instructional purposes. Please refer to Section 7.2.1 of this Prospectus for visual examples of our range of nameplates.

Our nameplates can also be produced in the form of overlays, which are mounted on the control panel of a product. Overlays are printed with functional information such as words and graphics and it also provides aesthetic appeal to a product. For example, an overlay is mounted on the control panel of a washing machine. The words and graphics on the overlay provide information on the function of the switches on the control panel of the washing machine.

We manufacture nameplates based on the logo, the nameplate design and the material specifications provided by our customers. With the nameplate design and the material specifications provided by our customers, we will provide advice and solutions, in terms of the surface finishing methods, as well as the manufacturing techniques, to our customers to assemble the nameplates on their end-products.

We carry out the manufacturing of nameplates at our head office and factory in Perai, Penang, as well as at our factory in Rayong, Thailand.

(b) Manufacturing of plastic injection moulded parts

Plastic injection moulded parts are parts and/or components that are made of plastics using the plastic injection moulding process. The plastic injection moulding process involves molten plastic being injected into a custom metal mould where it cools, hardens and takes the form of the custom mould. The custom mould is developed based on the design and specifications of the required plastic parts or components provided by our customers.

We manufacture plastic injection moulded parts mainly for refrigerators, washing machines, sewing machines, power tools and automotive vehicles.

We manufacture plastic injection moulded parts based on the designs of the moulds provided by our customers. The moulds used in our plastic injection moulding process are generally supplied by our customers. However, we are also able to provide the mould design and mould development based on the drawings of their plastic injection moulded parts, where we will outsource the production of the moulds. Our customers retain ownership of the moulds.

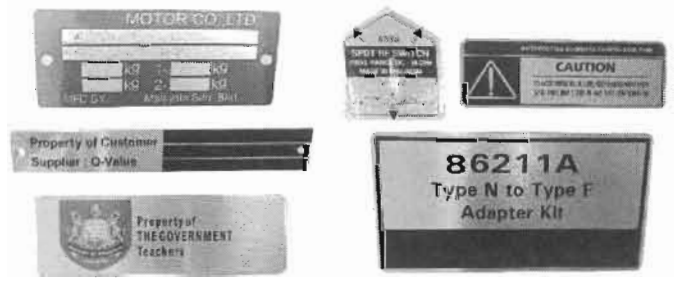
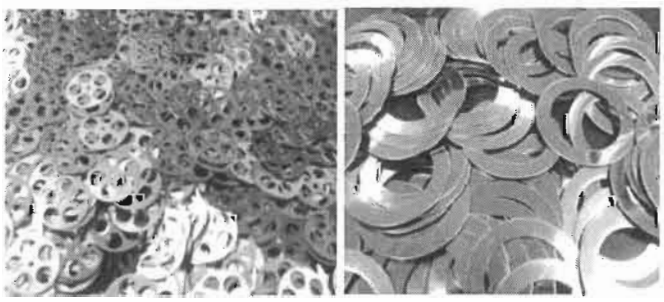
We carry out plastic injection moulding at our factory in Rayong, Thailand.

7.2.1 Our products

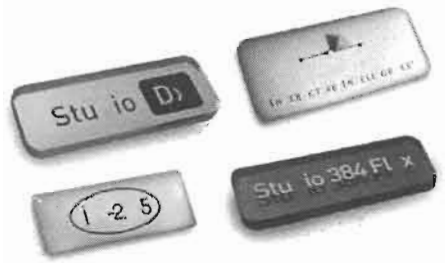
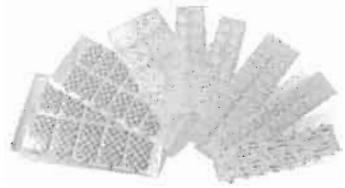
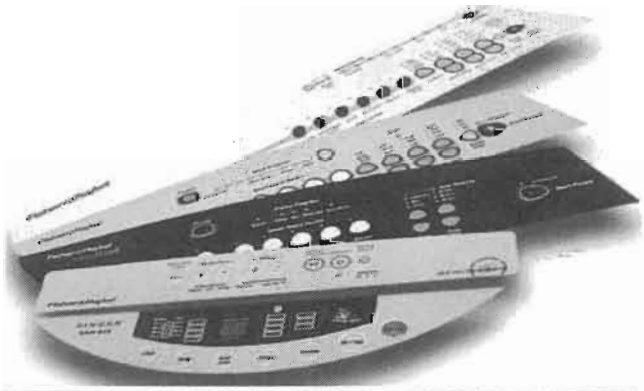
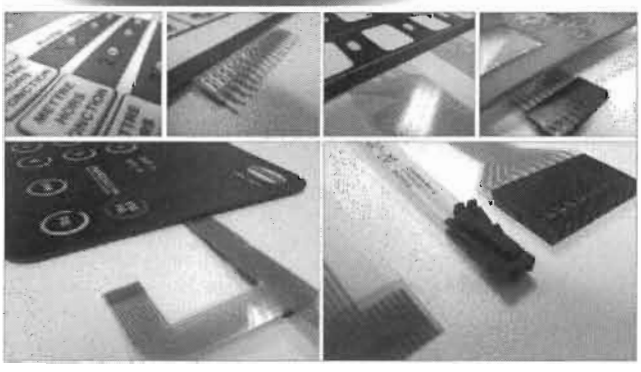
Our Group's products comprise a range of nameplates and plastic injection moulded parts, as follows: -

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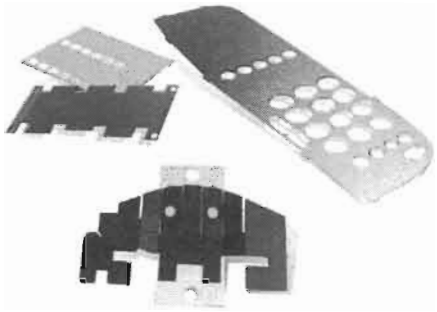
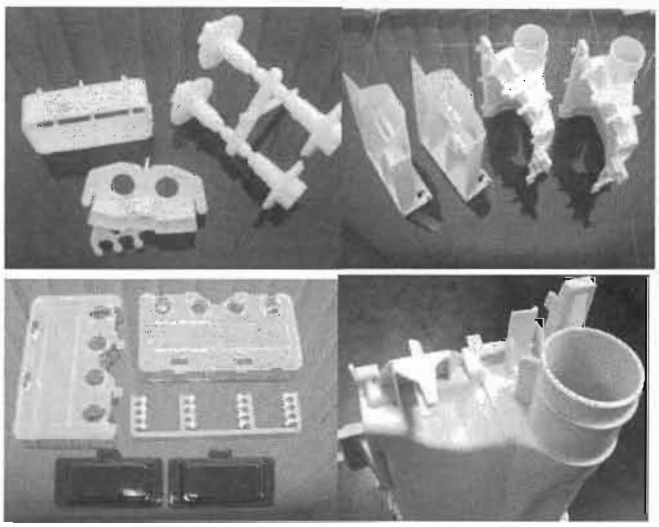
7. BUSINESS OVERVIEW *(cont'd)*

Product type	Examples
Metal Nameplates	Logo nameplates  Identification or informative nameplates  Other die-cut parts (adhesive tapes, brackets, foils, labels) and stamping parts  

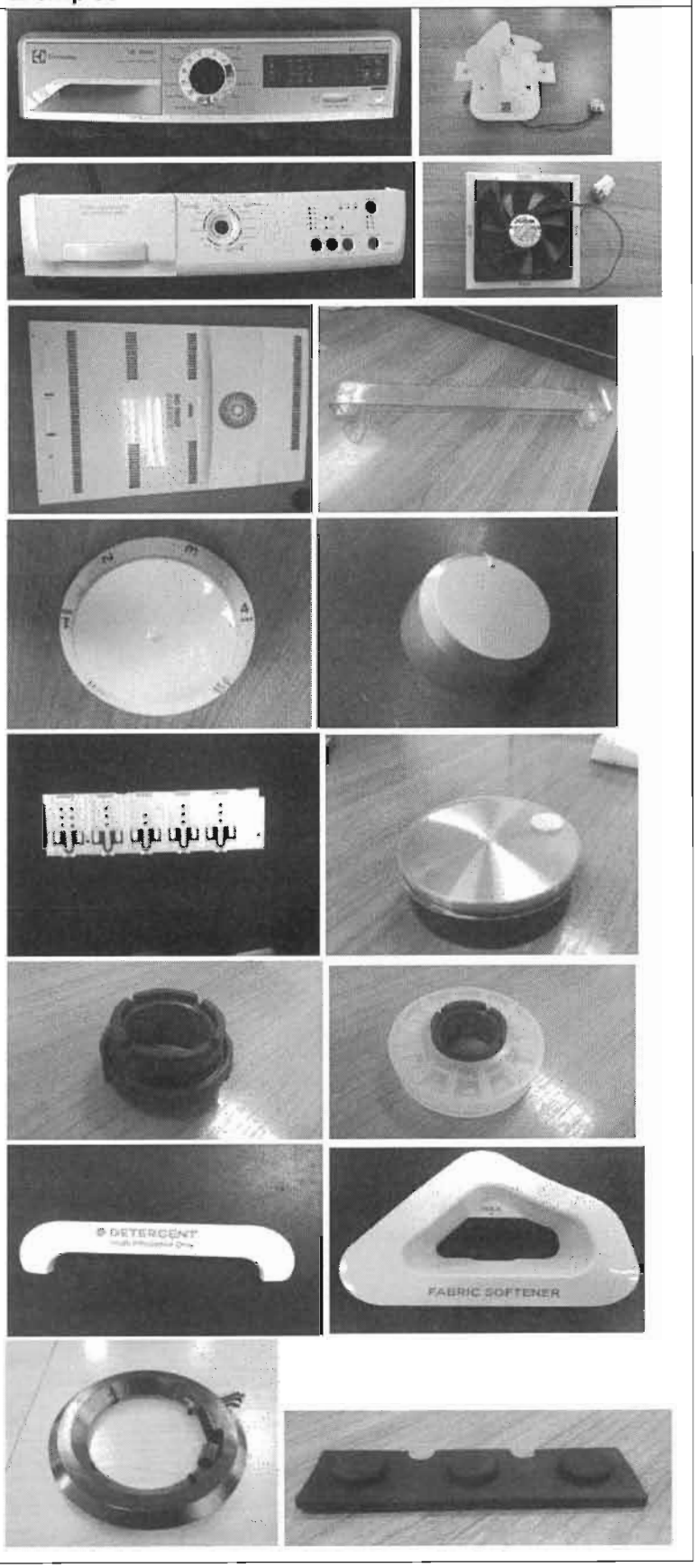
7. BUSINESS OVERVIEW *(cont'd)*

Product type	Examples
Non-metal nameplates	Logo nameplates 
	Other die-cut parts (adhesive tapes, brackets, foils, labels) and stamping parts  
	Control panels/membrane switches  

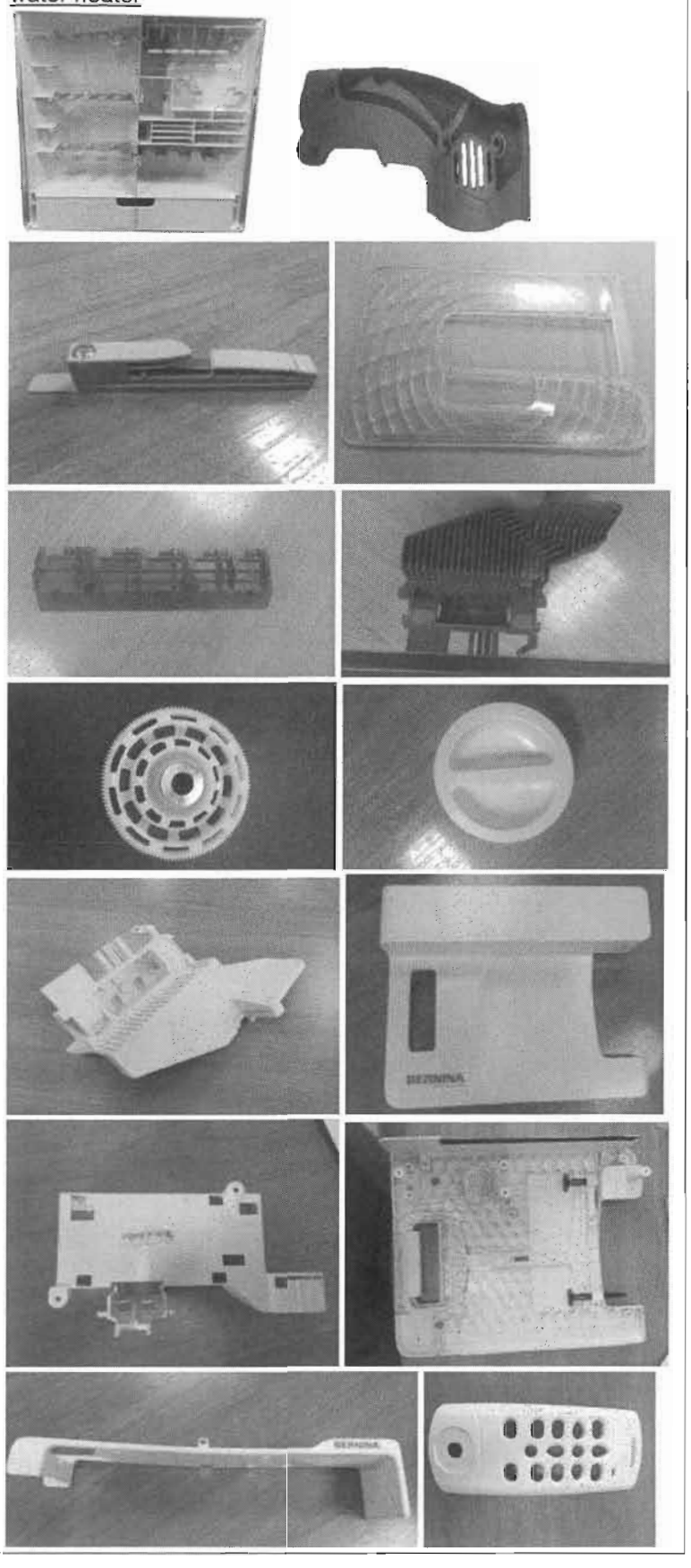
7. BUSINESS OVERVIEW *(cont'd)*

Product type	Examples
	Spacers/insulators  Overlays/panels/decorative nameplates 
Plastic injection moulded parts	For home appliances (parts and components for washing machine and refrigerator such as brackets, caps, covers, inserts, hinges, pins, seals, air cleaner arms and control panels) 

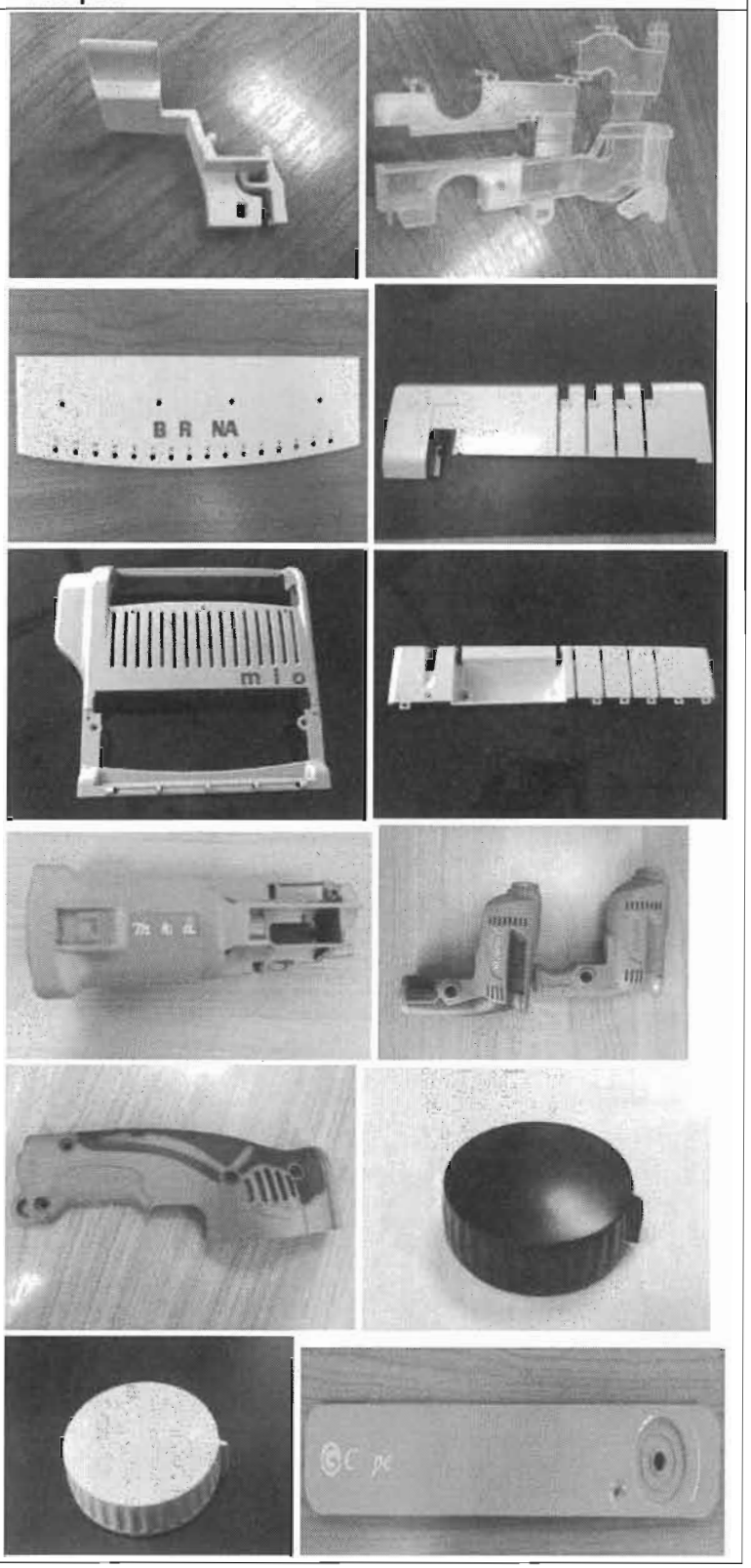
7. BUSINESS OVERVIEW *(cont'd)*

Product type	Examples
	

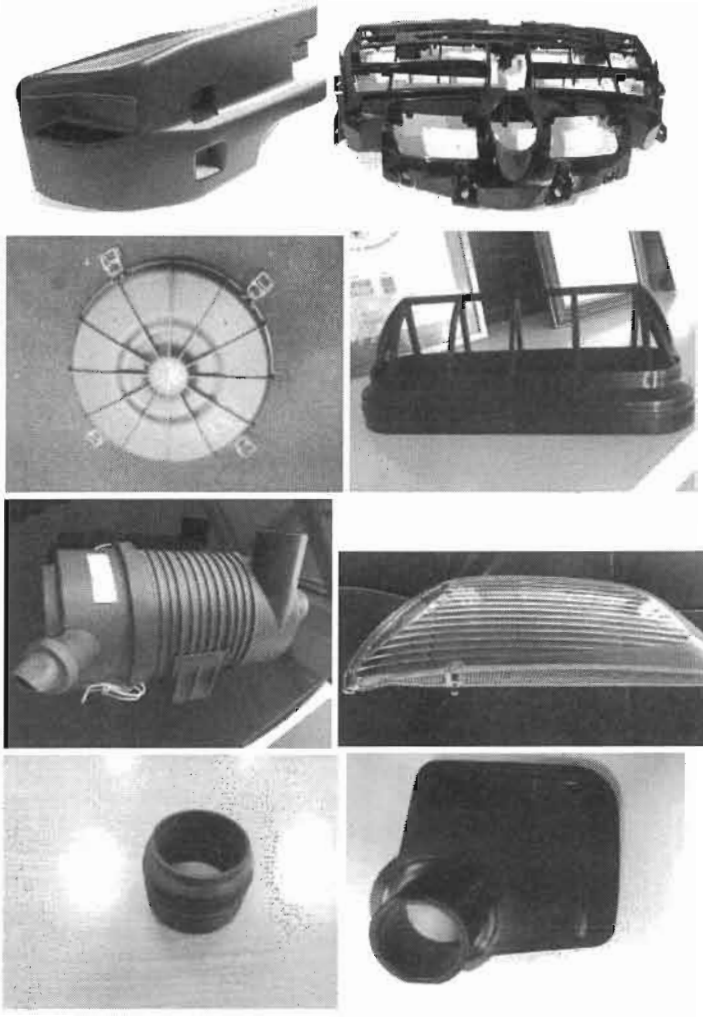
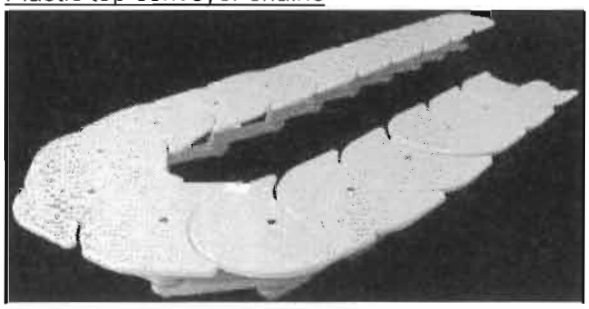
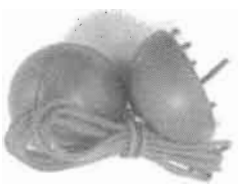
7. BUSINESS OVERVIEW *(cont'd)*

Product type	Examples
	Parts and components for sewing machines, power tools and water heater 

7. BUSINESS OVERVIEW *(cont'd)*

Product type	Examples
	

7. BUSINESS OVERVIEW *(cont'd)*

Product type	Examples
	For automotive (parts and components for air filters, headlamp lens, side mirrors and engine parts) 
	Plastic top conveyor chains 
	Emergency switching 

7. BUSINESS OVERVIEW *(cont'd)*

7.2.2 Our customers

Our customers mainly comprise MNCs in the E&E and automotive industries with operations in the Southeast Asia region. Our customers also comprise OEMs which are contract manufacturers appointed by the MNCs. We also manufacture and sell to other customers such as other nameplate manufacturers, label manufacturers and trading companies who supply nameplates to their customers.

The breakdown of the revenue contribution from our MNC, OEM and other customers in the E&E and automotive industries are as follows: -

	FYE 2018		FYE 2019		FYE 2020	
	RM'000	%	RM'000	%	RM'000	%
MNC customers						
E&E industry	47,660	81.26	45,024	80.55	42,573	81.05
Automotive industry	4,695	8.01	4,115	7.36	3,812	7.26
Others [(i)]	861	1.47	1,082	1.94	676	1.28
Sub-total	**53,216**	**90.74**	**50,221**	**89.85**	**47,061**	**89.59**
OEM and other customers						
E&E industry	4,508	7.69	3,679	6.58	3,907	7.44
Automotive industry	255	0.43	557	1.00	645	1.23
Others [(i)]	670	1.14	1,435	2.57	915	1.74
Sub-total	**5,433**	**9.26**	**5,671**	**10.15**	**5,466**	**10.41**
Total revenue	**58,649**	**100.00**	**55,892**	**100.00**	**52,527**	**100.00**

Note: -

(i) Others include consumer, food, furniture, aerospace and label industries.

We are also able to serve customers from other manufacturing industries that require nameplates for branding and/or product information and identification such as the furniture industry (for nameplates used for brand identification) and the aerospace industry (for nameplates used for product information and identification).

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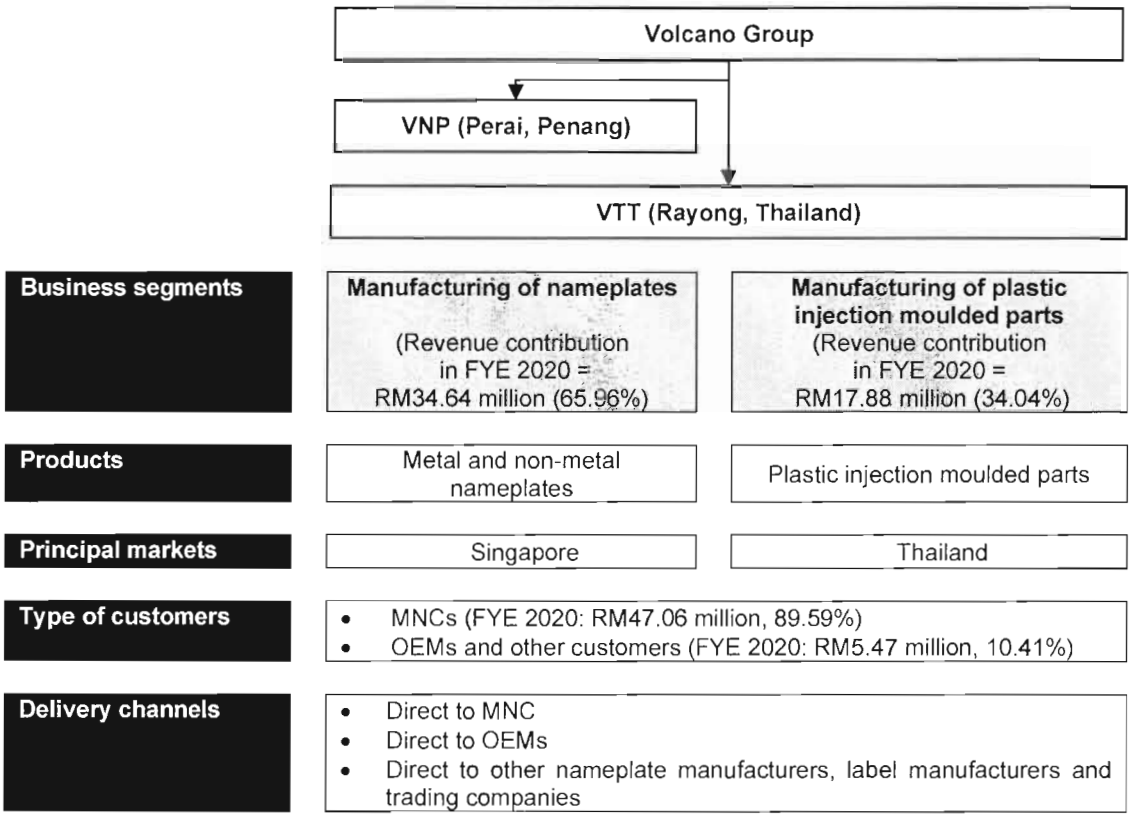
7. BUSINESS OVERVIEW *(cont'd)*

7.2.3 Our business model

We are principally involved in the manufacturing of parts and components used in the E&E and automotive industries, namely: -

(i) Manufacturing of nameplates; and

(ii) Manufacturing of plastic injection moulded parts.



The nameplates and plastic injection moulded parts that we manufacture are parts and components that will ultimately form the final products of MNCs in the E&E and automotive industries. Our nameplates are used in products such as computers, printers, audio instruments, motor vehicles, communication devices, refrigerators, washing machines and so forth. Our plastic injection moulded parts comprise parts for refrigerators, washing machines, sewing machines, power tools, air filters and so forth.

We mostly manufacture and sell directly to our MNC customers whereby an average of 90.08% of our revenue was derived from our MNC customers for the past three (3) FYE 2018 to FYE 2020. We deal with MNC customers directly whereby our MNC customers place orders with us and we invoice our MNC customers. The delivery of the manufactured products can be made to our MNC customer's location or its OEM's locations.

Besides dealing with our MNC customers directly, we also manufacture and sell to the OEMs of the MNCs. Sales orders will come from the OEMs. Our product samples must be approved from the MNC customers prior to the OEMs placing orders with us. Our invoices are issued to the OEMs and the delivery of the manufactured products will be made to our OEMs' locations.

We also manufacture and sell to other customers such as other nameplate manufacturers, label manufacturers and trading companies who supply nameplates to

their customers. These other nameplate manufacturers engage our services for various reasons, amongst others, they have insufficient capacity and/or do not possess manufacturing capabilities to produce certain types of nameplates. We do not share the same clientele base with these nameplate manufacturers as we do not manufacture and sell nameplates directly to these nameplate manufacturers' customers. We do not compete with label manufacturers and trading companies as they do not manufacture nameplates.

The nameplates manufactured by us and sold to these customers such as other nameplate manufacturers, label manufacturers and trading companies are under third party brands. The nameplates carry the brands of the respective brand owners of the nameplates and plastic injection moulded parts, such as logo nameplates bearing brand logos, depending on the customers' requirements. We do not manufacture and sell nameplates and plastic injection moulded parts to these customers under our own brand.

Our Group does not provide warranty for the nameplates and plastic injection moulded parts that we manufacture.

7.3 PRINCIPAL SEGMENTS AND MARKETS FOR OUR BUSINESS

7.3.1 Principal markets

For the past three (3) FYE 2018 to FYE 2020, an average of 4.09% of our revenue was derived locally while an average of 95.91% of our revenue was derived from overseas sales.

The breakdown of revenue for our customers categorised by geographical location in the FYEs 2018, 2019 and 2020 is as follows: -

	FYE 2018		FYE 2019		FYE 2020	
	RM'000	%	RM'000	%	RM'000	%
Local						
Malaysia	2,336	3.98	2,315	4.14	2,188	4.17
Overseas						
Singapore	28,077	47.87	23,520	42.08	23,102	43.98
Thailand	24,207	41.28	23,806	42.59	23,171	44.11
USA	1,637	2.79	3,395	6.08	722	1.37
China	1,049	1.79	911	1.63	1,051	2.00
Germany	358	0.61	307	0.55	499	0.95
Indonesia	508	0.87	984	1.76	1,324	2.52
Others*	477	0.81	654	1.17	470	0.90
Total revenue	**58,649**	**100.00**	**55,892**	**100.00**	**52,527**	**100.00**

Note: -

* *Others mainly includes countries such as, Denmark, Italy, Hong Kong, Japan, Netherlands, New Zealand, the Philippines, Puerto Rico, Switzerland, Taiwan, Cambodia and the United Kingdom.*

Our Group derives a major portion of its revenue from overseas. Singapore is the principal market for our nameplates product and have been our major export market contributing an average of 44.71% in terms of revenue for the Financial Years Under Review. Our second largest revenue contributor is from Thailand and is the principal market for our plastic injection moulded parts. The average contribution from Thailand is approximately 42.61% in terms of revenue for the Financial Years Under Review. These two (2) overseas markets contributed a total of 89.15%, 84.67% and 88.09% to our Group's revenue for each of the Financial Years Under Review. Please refer to Section 11.2.2(i) of this Prospectus for further details.

7. BUSINESS OVERVIEW *(cont'd)*

7.3.2 Principal segments

The breakdown of revenue for our customers categorised by category of activity in the FYEs 2018, 2019 and 2020 is as follows: -

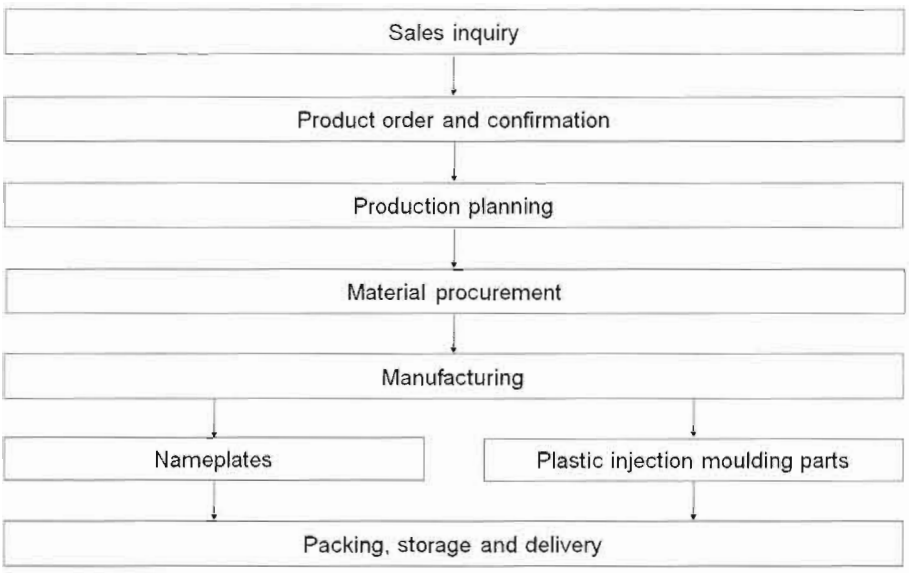
	FYE 2018		FYE 2019		FYE 2020	
	RM'000	%	RM'000	%	RM'000	%
Nameplates	36,879	62.88	35,666	63.81	34,644	65.96
Plastic injection moulded parts	21,770	37.12	20,226	36.19	17,883	34.04
Total revenue	**58,649**	**100.00**	**55,892**	**100.00**	**52,527**	**100.00**

Our Group derives a major portion of its revenue from the manufacturing of nameplates. The nameplates segment contributed an average of 64.16% of our Group's revenue for the Financial Years Under Review whilst the plastic injection moulded parts contributed an average of 35.84% of our Group's revenue for the Financial Years Under Review.

Please refer to Section 11.2.2(i) of this Prospectus for further details.

7.4 BUSINESS PROCESSES

The process flow for our Group's manufacturing of nameplates and plastic injection moulded parts is depicted below: -



7.4.1 Sales inquiry

There are two (2) approaches of acquiring sales and purchase orders from our customers; i.e., receiving incoming sales inquiries from our customers, as well as approaching potential customers to propose our manufacturing methods. After gathering and understanding the needs and requirements of our customers, our sales team will communicate the information to our production team to proceed with the production planning of sample products to be sent to our customer for approval.

7.4.2 Product order and confirmation

Upon approval of sample product by our customers, our sales and marketing team will prepare a quotation taking into account our customers' stipulated product requirements, our cost of raw materials and delivery timeline. Our customers will provide us purchase orders which specify the types and quantities of products required, as confirmation of their orders.

7.4.3 Production planning

A production plan is formalised prior to production run. As part of production planning, a work order is issued according to the details in the purchase order. The work order sets out the materials required for production, timeline for production and resources required.

7.4.4 Material procurement

Our purchasing team will check for the availability of raw materials required for production in our inventory prior to sourcing from our suppliers. If the raw materials are available, the required raw materials will be sent to the production line in accordance to the production schedule. If the raw materials required are not available, our purchasing team will source the raw materials from our suppliers.

Our incoming material quality control team conducts quality checks on the raw materials received from our suppliers before they are stored in our inventory or before they are sent to the production line. Raw materials with incorrect specifications or with defects will be returned to our suppliers.

7.4.5 Manufacturing

Please refer to Section 7.4.7.1 of this Prospectus for manufacturing of nameplates and Section 7.4.7.2 of this Prospectus for manufacturing of plastic injection moulded parts.

7.4.6 Packing and delivery

Upon completion of manufacturing, the completed products will go through a final outgoing inspection before they are packed. The outgoing inspection is to ensure that there is no appearance of physical defects such as scratches and deformities. The plastic injection moulded parts will then be packed based on the order specifications of our customers and are stored in our warehouse prior to delivery.

7.4.7 Manufacturing

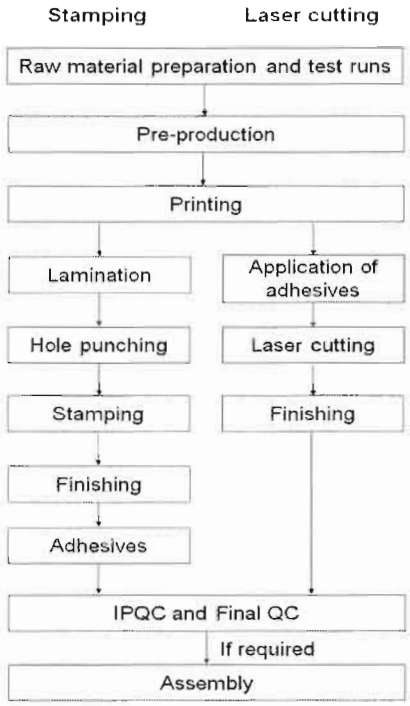
7.4.7.1 Manufacturing of nameplates

We manufacture both metal and non-metal nameplates.

7.4.7.1.(A) <u>Metal nameplates</u>

We use two (2) manufacturing processes to manufacture metal nameplates, namely the stamping method and the laser cutting method.

7. BUSINESS OVERVIEW *(cont'd)*



7.4.7.1.(A).(I) Stamping: -

(a) Raw material preparation and test runs

We will acquire all the necessary raw materials from the warehouse. The raw material used in the stamping of nameplates is mainly stainless steel and aluminium sheet. An inspection will be carried on the physical appearance and dimensions of the sheet metal.

Metal materials usually come in sheets with varying thickness. The sheet metal will be measured and cut according to the manufacturing needs for pre-preparation before mass manufacturing.

Prior to the production run, the production department will calibrate and set up all machines used in the manufacturing process according to the work order received. Maintenance and checks to the machines are usually done prior to actual production. All parts of the machine are checked and cleaned. Moulds, tools or dies are mounted or design calibrated for printing.

We can also provide the design and development of 2D/3D mould drawing by reviewing customer's design drawing. With our experience in the manufacturing process and consideration of various factors such as tooling or mould specifications, gating, cooling system, mould type, mould material and machinery used, we will assist our customers to design tooling or moulds that are durable, able to produce quality products as well as enhance production efficiency. We outsource the manufacturing of tooling and moulds.

For the stamping processes, the moulds, tools or dies will be examined for defects or deformity before mounting on the stamping machine. We will also clean the moulds or dies and coat it with a layer of anti-rust solution before mounting and calibration on the stamping machine.

To prepare for the printing processes, we will input the correct printing configurations to ensure the print materials (i.e., design, wordings and

7. BUSINESS OVERVIEW *(cont'd)*

colours) printed onto the work piece are according to the specifications and requirements of the customers. The work piece refers to the piece of metal or non-metal material that is in the process of being formed into a part or component, namely nameplates. The nozzles and surfaces of the printing machine used are also cleaned with solvents before each new calibration cycle. All moulds, tools, dies and designs are stored at our factory.

After completion of machine calibration and set-up procedures, a test run will be conducted before commencing production run. A piece of nameplate will be collected for quality control checks. The QC inspector is responsible for verifying the first piece of nameplate against the design drawing and blueprint via the QC inspection machines. This is to: -

(i) Check if the settings and calibration of the machine is correct;
(ii) Check the quality of material used is consistent with our customer's requirements;
(iii) Check if there are any defects on the moulds, tools, dies, or designs;
(iv) Further fine tune of the calibration of the machines for optimal output; and
(v) Estimate the cycle time for the entire process for scheduling purposes.

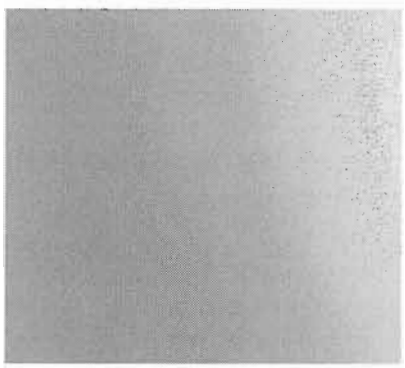
Once the first piece of nameplate passes the QC inspection process, we will begin the mass production of the nameplates.

(b) Pre-production

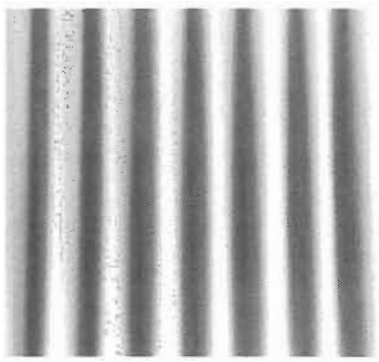
We conduct the following processes to produce engine stripe, hairline and spinning effects on the sheet metal surface: -

(i) Engine stripe

We produce engine stripe sheet metal where the surface of the sheet metal is abraded to create depth and movement. The process involves dragging a small circular head across the sheet of metal.



Raw Material (Aluminium Sheet)

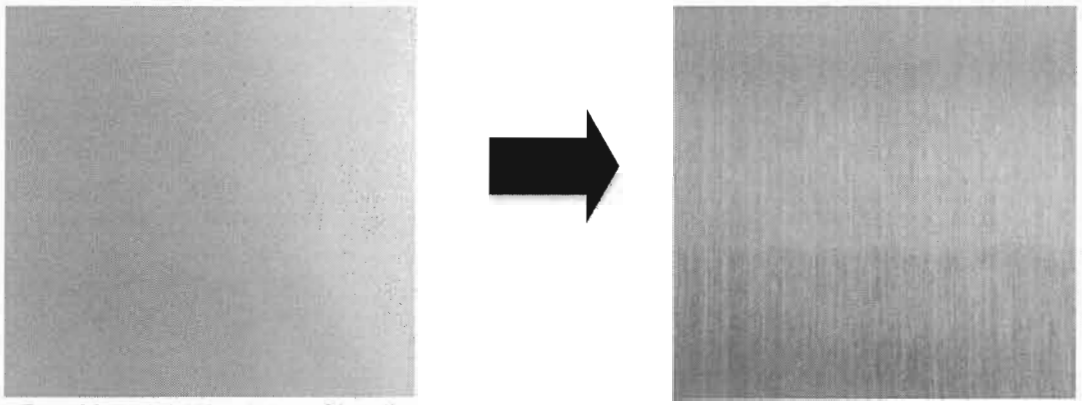


Engine Stripe Process

(ii) Hairline

We produce hairline sheet metal where the surface of the sheet metal has hairline brush finishing on the surface. The sheet metal is abraded (or brushed) with a fine grit sandpaper. The brushing

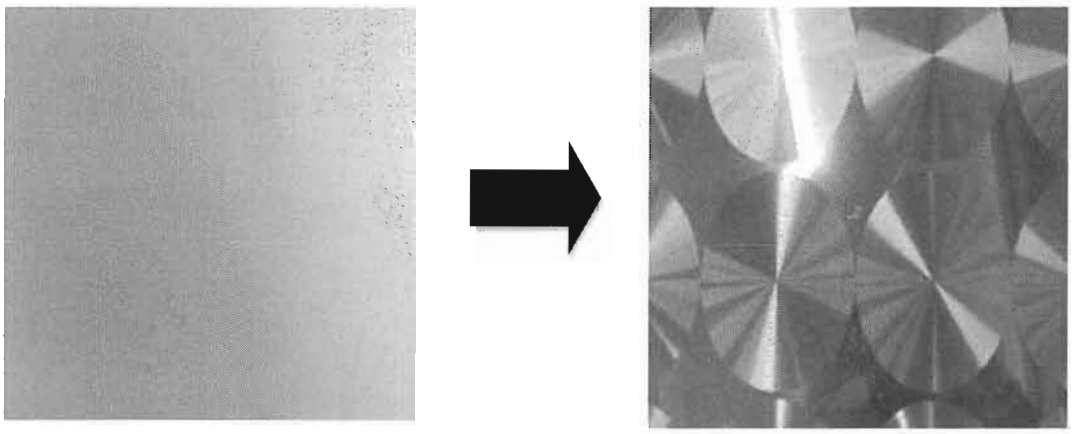
gives the sheet metal a distinctive look as it retains some but not all of its metallic lustre and is given a pattern of very fine lines.



Raw Material (Aluminium Sheet) Hairline Process

(iii) Spinning

We produce spinning sheet metal where the surface of the sheet metal has circular brush finishing on it. The mechanical finish reflects light creating natural highlights and shadows in the sheet metal. Spinning is traditionally used in the background of round nameplates, gauges and dials.



Raw Material (Aluminium Sheet) Spinning Process

(c) Printing

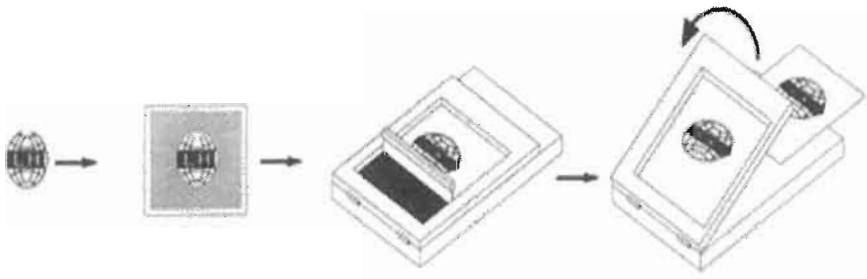
Colour inks are mixed in the ink mixer and are then inserted into the coating and printing machines. Prior to commencement of coating and printing, the sheet metal will undergo a cleaning process to remove dust from the sheet metal. Thereafter, the base colour coating is applied to the surface of the sheet metal followed by silk screen printing and/or offset printing processes as described below: -

(i) Silk screen printing

This is a technique that uses a silk mesh to support an ink-blocking stencil. The silk mesh is stretched across a frame, usually wooden and placed on the printing surface. The frame with the silk mesh will be filled with a layer of ink and scraped across with a rubber scraper to push the ink through the permeable parts of the mesh onto the printing surface forming a sharp-edged image. Printing

parameters such as colours, printing formats and graphic design will be input into the printing system. After a colour is printed or coated onto the work piece, it will undergo a drying process in the oven and a dust cleaning process by blow gun before another colour print is applied onto the work piece.



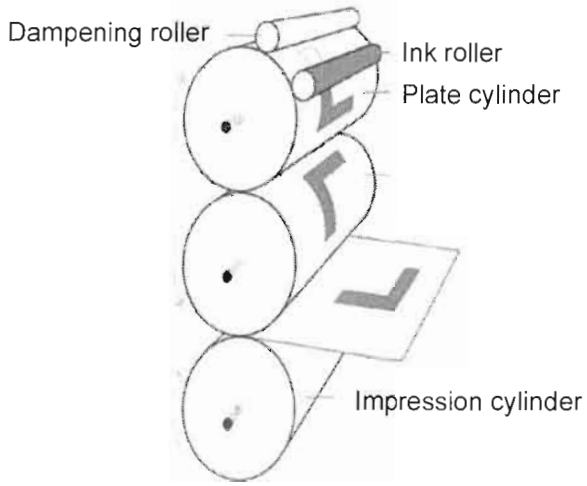


Graphic image	Put the image onto the silk screen	Applying ink to the silk screen	Image printed on the work piece

(ii) Offset printing

This printing technique involves inked images being transferred (or "offset") from a plate to a plate cylinder and then to a print surface. An aluminium printing plate will go through the platemaking process where the printing images will be formed. To form the printing area, an ink-accepting coating is applied on the aluminium printing plate, leaving the non-printing area not being able to be inked. The printing plate is then wrapped around the rotating cylinder, and picks up water onto the non-printing area. Ink will be repelled by the water-holding areas and the printing area will be inked. The inked area of the printing plate will then be pressed onto a rubber blanket wrapped onto another rotating cylinder. Subsequently, the inked image on the rubber blanket will then be transferred (or "offset") onto the printing surface. Offset printing is commonly used for production of large volumes of high quality prints. Furthermore, it can also provide higher print resolution as compared to other printing methods.

7. BUSINESS OVERVIEW *(cont'd)*



(iii) Tampo printing

Tampo printing is a printing technique involving the transfer of ink from a printing plate onto irregular or non-flat surfaces in various shapes using a flexible silicone pad. This printing process makes it possible to print on irregular or non-flat surfaces in various shapes.

(iv) UV printing

UV printing is a printing technique involving silk screen printing and using UV light rays during the drying process. This printing process allows for the printing to dry almost immediately as it uses UV light rays to dry the ink. This printing technique produce heat resistant printings.

(d) Lamination

A lamination tape will be applied onto the printed sheet metal to prevent the material from any surface defects after completion of printing. Before lamination, we will perform inspection on the top surface of the product to ensure that there are no physical defects.

(e) Hole punching

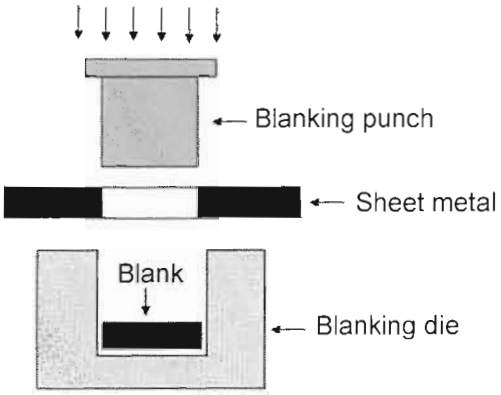
Punching is a process involving punching of holes on the printed sheet metal to be used as positioning guide when placing the printed base material in the stamping machine, for accuracy and consistency of position of the printed base material when going through the stamping process.

(f) Stamping

Depending on its production requirements, the printed sheet metal will be sent for stamping which will include blanking, forming, debossing, embossing and die cut processes as follows: -

(i) Blanking

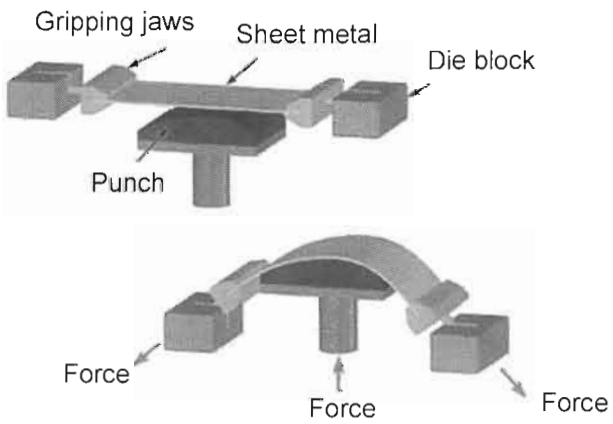
Blanking process uses a pressing/punching technique to cut the actual size of a nameplate.



(ii) Forming

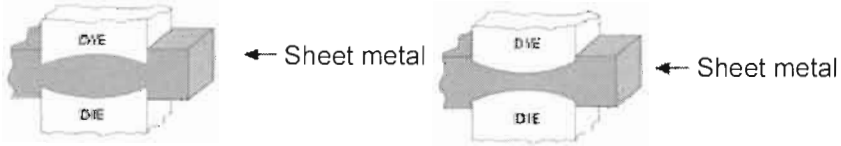
Forming process is to produce a profile surface on the nameplate. It uses press or punch force to modify the geometry of the sheet metal into the desired shape. The forming process includes bending, roll forming, spinning, deep drawing and stretch forming.

In the forming of sheet metal, such as metal nameplates, two (2) parts may be used; one called the punch which performs the stretching, bending and/or blanking operations, while the other part called the die block which securely clamps the work piece and provides similar stretching, bending and/or blanking operations. The work piece may pass through several stages using different tools or operations to obtain the desired final form.



(iii) Forging

Forging is a manufacturing process involving the shaping of the sheet metal using compressive force. The forging process is mainly used to shape a sheet metal with a thicker gauge (measurement of thickness of sheet metal).



7. BUSINESS OVERVIEW *(cont'd)*

(iv) Embossing and Debossing

Embossing is a technique whereby the image printed onto the sheet metal is slightly raised from the surface giving a 3D effect to the nameplates. Debossing is the inverse of embossing whereby the image is pressed so that the image is pushed inwards rather than raised.



Embossed



Debossed

(v) Die cut

Die cutting is a cutting process whereby the sheet metal can be cut into any shape, design or geometric patterns using a press. The dies used to die cut the sheet metal are metal blocks which are generally customized.

(g) Finishing

When required by our customers, our finishing processes comprise epoxy, diamond cut and hot stamping processes as follows: -

(i) Epoxy

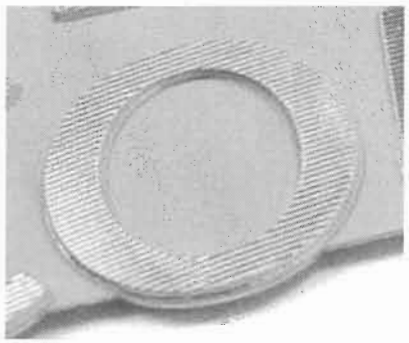
This is a process of forming a decorative and protective transparent surface on the sheet metal by using epoxy resin and hardener. Before applying the epoxy mixture, we will remove any bubbles inside the epoxy mixture.



7. BUSINESS OVERVIEW *(cont'd)*

(ii) Diamond cut

This is a process to produce an engraved surface on the sheet metal. We can engrave any marking on the sheet metal according to our customers' specification.



(iii) Hot stamping

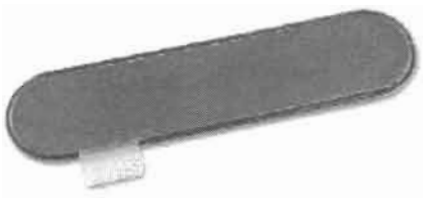
We can also provide hot stamping which is dry printing method. A heated die and foil are used to apply graphic onto the surface of the sheet metal.



While epoxy, diamond cut and hot stamping are performed in-house, we also provide surface treatment processes such as vacuum metalising, anodizing and physical vapour disposition which are outsourced to third party surface treatment companies.

(h) Adhesives

The adhesive process is a gluing process that adheres, sticks or bonds our nameplates to any application products. Appropriate adhesive is selected based on the application and environmental factors. These application and environmental factors affecting the durability of the adhesive is the contact surface of the nameplates to the products, as well as stickiness of the adhesive when it is exposed to chemicals, varying humidity, temperature and UV light rays.



(i) IPQC and Final QC

After each manufacturing process such as pre-production, printing, stamping and finishing, a QC inspector will conduct a quality inspection to ensure that the product is accurate and conforming to the specification and design approved by our customer. Our Group conducts piece-by-piece visual inspections on all nameplates manufactured prior to packing for delivery to our customers. To ensure accuracy in the products' measurement and quality, we also utilise inspection instruments to check each individual metal nameplates to ensure that their specifications are accurate.

(j) Assembly (if required)

The nameplates will be sent for assembly with the plastic injection moulded parts that we produce if required by our customers according to the product design and specification.

7.4.7.1.(A).(II) Laser cutting: -

(a) Raw material preparation and test runs

The description of raw material preparation and test runs is set out in Section 7.4.7.1.(A).(I).(a) of this Prospectus.

(b) Pre-production

The description of pre-production is set out in Section 7.4.7.1.(A).(I).(b) of this Prospectus.

(c) Printing

The description of printing is set out in Section 7.4.7.1.(A).(I).(c) of this Prospectus.

(d) Adhesives

The description of adhesives is set out in Section 7.4.7.1.(A).(I).(h) of this Prospectus.

(e) Laser cutting

Laser cutting is a process of cutting desired shapes with laser. Laser cutting process can produce high precision cuts on the sheet metal of different thickness. With the laser cutting process carried out with our laser cutting machines, we are able to save on several other processes such as lamination, hole punching and stamping as laser cutting substitutes all of these processes. This enables us to reduce our production time and increase our output, in addition to producing metal nameplates with higher precision shapes.

(f) Finishing

The description of finishing is set out in Section 7.4.7.1.(A).(I).(g) of this Prospectus.

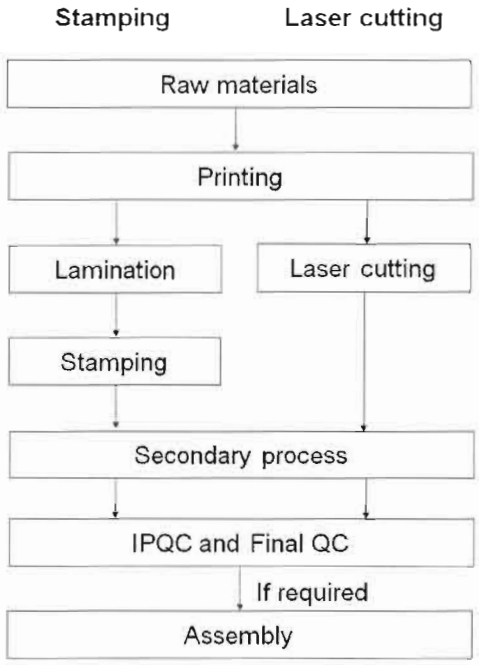
(g) IPQC and Final QC

The description of IPQC and final QC is set out in Section 7.4.7.1.(A).(I).(i) of this Prospectus.

(h) Assembly (if required)

The description of assembly is set out in Section 7.4.7.1.(A).(I).(j) of this Prospectus.

7.4.7.1.(B) Non-metal nameplates



7.4.7.1.(B).(I) Stamping: -

(a) Raw materials

Our non-metal nameplates are generally nameplates made from thermoplastic sheets such as polycarbonate, PET and PVC. Our non-metal nameplates include front panels, control panel labels, overlay, insulators, spacers and membrane switches. Prior to the commencement of the printing process, the raw materials such as thermoplastic sheets will be set up in the printing machines to undergo various printing processes such as tampo printing, silk screen printing and offset printing.

(b) Printing

The printing process is a process of reproducing text and image on the thermoplastic sheets. The printing technique used is tampo printing, silk screen printing and offset printing.

(i) Silk screen printing

The description of silk screen printing is set out in Section 7.4.7.1.(A).(I).(c)(i) of this Prospectus.

(ii) Offset printing

The description of offset printing is set out in Section 7.4.7.1.(A).(I).(c)(ii) of this Prospectus.

(iii) Tampo printing

The description of tampo printing is set out in Section 7.4.7.1.(A).(I).(c)(iii) of this Prospectus.

(iv) UV printing

The description of UV printing is set out in Section 7.4.7.1.(A).(I).(c)(iv) of this Prospectus.

(c) Lamination

A lamination tape will be applied onto the printed thermoplastic sheets to prevent the material from any surface defects after completion of printing. Before lamination, we will perform inspection on the top surface of the product to ensure that there are no physical defects.

(d) Stamping

The work piece with the graphic design and text printed on it will be stamped to the desired product and shape.

(e) Secondary process

Upon the requests of our customers, we conduct the following additional processes: -

(i) Embossing and debossing

The descriptions of the embossing and debossing processes are set out in Section 7.4.7.1.(A).(I).(f)(iv) of this Prospectus.

(ii) Epoxy

The description of the epoxy process is set out in Section 7.4.7.1.(A).(I).(g)(i) of this Prospectus.

(iii) Hot stamping

The description of the hot stamping process is set out in Section 7.4.7.1.(A).(I).(g)(iii) of this Prospectus.

(iv) Adhesive

The description of the adhesive process is set out in Section 7.4.7.1.(A).(I).(h) of this Prospectus.

(f) IPQC and Final QC

After each manufacturing process such as printing, stamping or additional processes, a QC inspector will conduct a quality inspection to ensure that the product is accurate, conforming to the specification and design approved by our customer. Our Group conducts piece-by-piece visual inspections on all nameplates manufactured. To ensure accuracy in the products' measurement and quality, we also utilise inspection instruments to check each individual non-metal nameplates to ensure that their specifications are accurate.

(g) Assembly (if required)

The nameplates will be sent for assembly with the plastic injection moulded parts that we produce if required by our customers according to the product design and specification.

7.4.7.1.(B).(II) Laser cutting: -

(a) Raw materials

The description of raw materials is set out in Section 7.4.7.1.(B).(I).(a) of this Prospectus.

(b) Printing

The description of printing is set out in Section 7.4.7.1.(B).(I).(b) of this Prospectus.

(c) Laser cutting

Laser cutting is a process of cutting desired shapes with laser. Laser cutting process can also produce high precision cuts on the thermoplastic sheets of different thickness. With the laser cutting process carried out with our laser cutting machines, we are able to save on processes such as lamination and stamping. This enables us to reduce our production time and increase our output, in addition to producing non-metal nameplates with higher precision shapes.

(d) Secondary process

The description of secondary process is set out in Section 7.4.7.1.(B).(I).(e) of this Prospectus.

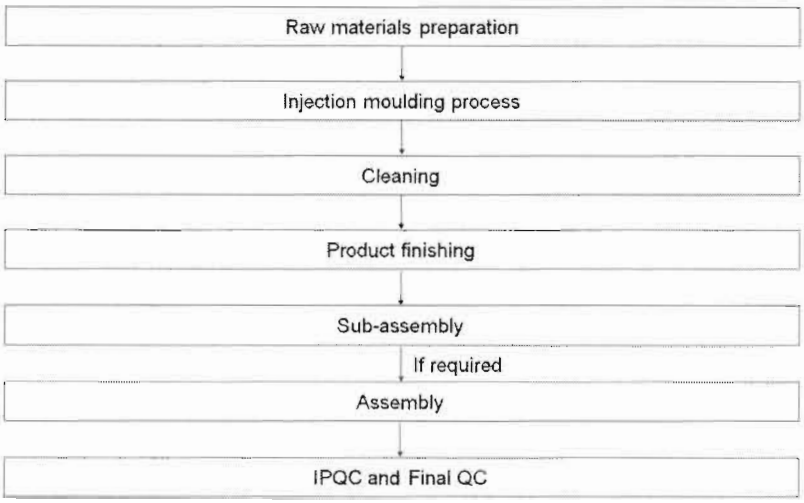
(e) IPQC and Final QC

The description of IPQC and final QC is set out in Section 7.4.7.1.(B).(I).(f) of this Prospectus.

(f) Assembly (if required)

The description of assembly is set out in Section 7.4.7.1.(B).(I).(g) of this Prospectus.

7.4.7.2 Manufacturing of plastic injection moulded parts



(a) Raw materials preparation

The production planning department will issue a planning requirement schedule and a purchasing order to the procurement department to obtain the required raw materials for manufacturing if the raw materials are not available in our warehouse. The raw material used in plastic injection moulding is mainly plastic resins. The QC department is responsible for conducting quality inspection on the raw materials supplied before confirming the receipt of raw materials.

Before commencement of the injection moulding process, we will collect the moulds from our mould storage area. These moulds which we use in injection moulding are generally provided by our customers. The moulds will then be installed into the injection moulding machine.

(b) Injection moulding process

In the injection moulding process, plastic resins are inserted into the plastic resin container in the injection moulding machine. The machine will then inject the melted plastic resins into the mould. High pressure is applied onto the mould to form the plastic injection moulded parts. The plastic injection moulded part is then released from the metal mould onto a conveyor where it will undergo a cooling process. We also use the robotic arm to pick and place the plastic injection moulded parts from the injection moulding machines to the tray. The use of the robotic arm is to prevent any scratches or damage on the plastic injection moulded parts arising from human handling.

Before mass production, the QC inspector will inspect the first piece of the plastic injection moulded part to ensure that it conforms with the specifications and requirements of our customer. If there are inconsistencies and defects, the mass production will not begin and the mould and injection moulding machine will be checked and another sample plastic injection moulded part will be manufactured.

Once the sample plastic injection moulded part meets the specifications and requirements of our customer, mass production will commence.

(c) Cleaning

The cleaning process comprises the removal of foreign and unwanted particles from the plastic injection moulded parts manufactured which include: -

(i) Blowing of dust particles from the plastic injection moulded parts;
(ii) Removal of excess plastics that are still attached to the main plastic injection moulded parts; and
(iii) Polishing of the plastic injection moulded parts to ensure that each plastic injection moulded part is smooth and even.

(d) Product finishing

Occasionally, customers may request product finishing services on the plastic injection moulded parts. The product finishing services which we offer are spray coating, tampo printing, silk screen printing, hot stamping and sub-assembly of plastic injection moulded parts as follows: -

(i) Spray Coating

The plastic injection moulded parts are sent for cleaning to remove any dirt or dust using a blow gun before undergoing the coating process. The plastic injection moulded parts are sprayed according to the colour specified by our customers, which will then be transferred to the baking oven for drying.

(ii) Tampo printing/silk screen printing/hot stamping

After the plastic injection moulded parts are spray coated and dried, the plastic injection moulded parts can be sent for other decorative or printing processes such as tampo printing, silk screen printing and/or hot stamping. The description of tampo printing, silk screen printing and hot stamping processes are set out in Sections 7.4.7.1.(A).(I).(c)(iii), 7.4.7.1.(A).(I).(c)(i) and 7.4.7.1.(A).(I).(g)(iii) of this Prospectus respectively.

After the graphic design or text is printed on the plastic injection moulded parts, it will be sent for drying before being transferred to the sub-assembly area for assembly if required. Otherwise it will be inspected by the QC personnel before packing and storage.

(e) Sub-assembly

The sub-assembly process is a process to assemble all the plastic injection moulded parts to form a complete plastic injection moulded part or component. This process involves heat stacking, heat bonding or screw mounting. When the sub-assembly process is completed, the completed plastic injection moulded parts or components will be sent for QC and packing.

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(f) Assembly (if required)

Upon completion of the plastic injection moulded parts, we will assemble two (2) or more plastic moulded parts together to form the final product before packing and delivery to our customers, if required. We will also assemble nameplates on the plastic injection moulded parts according to customers' requirements, if required. If no assembly is required, the plastic injection moulded parts will be sent for packing and delivery to our customers.

(g) IPQC and Final QC

After each manufacturing process such as plastic injection moulding and product finishing processes, a QC inspector will conduct a quality inspection to ensure that the product is accurate, conforming to the specifications and requirements. A final quality inspection will also be performed to ensure that the final plastic injection moulded parts or components conform to the design approved by our customer.

7.5 KEY ACHIEVEMENTS AND MILESTONES

Since the commencement of our business, we have achieved the following key achievements and milestones: -

Year	Key achievements and milestone
2003	• VNP received the ISO 9001:2000 Quality Systems Certification from BM TRADA Certification Ltd[(a)] which, on 5 May 2015 was subsequently renewed to the ISO 9001:2008 Quality Management System Certification[(b)] for the "Manufacture of Metal and Plastic Name Plates".
2006	• VNP received the ISO 14001:2004 Environmental System Certification from BM TRADA Certification Ltd[(a)] which, on 13 November 2015 was subsequently renewed to the ISO 14001:2004 Environmental Management System Certificate[(c)] for the "Manufacture of Metal and Plastic Name Plates".
2011	• VTT received the ISO 14001:2015 Management System Certificate from Thai International Certified Assessment Co., Ltd[(d)] for "Manufacture of Nameplates, Emblems, Logos Insulators and Overlay by Printing and Stamping Process and Precision Plastic Molding with Decorative Finishing" on 10 June 2011. This ISO 14001:2015 Management System Certificate expired on 10 June 2020.
2013	• VNP acquired the remaining 15% equity interest in VTT not held by it. Upon completion of the acquisition, VTT became a wholly-owned subsidiary of VNP.
2015	• Awarded the Golden Eagle Award 2015 (Malaysia 100 Excellent Enterprises); and • VTT received the ISO 9001:2008 Quality Management System Certification from The British Standards Institution[(e)] for the "Manufacturing of Nameplates, Emblems, Logos, Insulator & Overlay and Precision Plastic Molding with Decorative Finishing" on 15 June 2015. This ISO 9001:2008 Quality Management System Certification expired on 14 June 2018.

7. BUSINESS OVERVIEW *(cont'd)*

Year	Key achievements and milestone
2016	• Awarded the STAR Outstanding Business Awards 2016, Asia Pacific Entrepreneurship Award 2016; and • Awarded the Golden Eagle Award 2016 (Malaysia 100 Excellent Enterprises)
2017	• VTT received the ISO/TS 16949:2009 Quality Management System Certification from the British Standards Institution[(e)] for the "Manufacturing of precision Plastic Products (including Molding and Assembly)" on 21 July 2017. This ISO/TS 16949:2009 Quality Management System Certification expired on 14 September 2018.
2018	• The ISO 9001:2008 Quality Management System Certification received in year 2015 was renewed to the ISO 9001:2015 Quality Management System Certification from United Registrar of Systems[(f)] for "Manufacturing of Precision Plastic Injection Molded, Sub-Assembled, Print, Hot Stamped, Tempo Print, Spray Painted, Silk Screen and Nameplate" on 7 March 2018. This ISO 9001:2015 Quality Management System Certification will expire on 6 March 2021[(h)]; • The ISO/TS 16949:2009 Quality Management System Certification received in year 2017 was renewed to the IATF 16949:2016 Quality Management System Certification from United Registrar of Systems[(f)] for "Manufacturing of Precision Plastic Parts (Excludes Product Design Under Clause 8.3)" on 9 April 2018. This IATF 16949:2016 Quality Management System Certification will expire on 6 April 2021[(h)].
2020	• The ISO 14001:2015 Management System Certificate received in year 2011 was renewed to the ISO 14001:2015 Management System Certificate from Thai International Certified Assessment Co., Ltd[(d)] for "Manufacture of Nameplates, Emblems, Logos Insulators and Overlay by Printing, Laser Mark, Tempo and Stamping Process and Precision Plastic Molding with Decorative Finishing" on 10 June 2020. This ISO 14001:2015 Management System certificate will expire on 10 June 2023.

Notes: -

(a) BM TRADA Certification Ltd is a global independent testing, inspection and certification company based in United Kingdom providing services in materials testing, product qualification testing, inspection and certification.

(b) This ISO 9001:2008 Quality Management System Certification was renewed to the ISO 9001:2015 Quality Management System Certification from Exova (UK) Ltd (T/A Exova BM TRADA BM TRADA Certification Ltd) [(g)] for the "Manufacture of Metal and Plastic Name Plates" on 8 May 2018. This ISO 9001:2015 Quality Management System Certification will expire on 7 May 2021.

(c) This ISO 14001:2004 Environmental Management System Certification was renewed to the ISO 14001:2015 Environmental Management System Certificate from Exova (UK) Ltd (T/A Exova BM TRADA BM TRADA Certification Ltd) [(g)] for the "Manufacture of Metal and Plastic Name Plates" on 8 May 2018. This ISO 14001:2015 Environmental Management System Certification will expire on 7 May 2021.

(d) Thai International Certified Assessment Co., Ltd is a company based in Thailand involved in providing certification of quality, environment and safety in accordance with international standards.

(e) The British Standards Institution is a national standard body of the United Kingdom involved in formulating standards and conducting management systems assessment and certification.

7. BUSINESS OVERVIEW *(cont'd)*

(f) United Registrar of Systems is a company based in United Kingdom providing management systems certification, product certification, personal certification, training, inspection services and technical equipment revisions.

(g) T/A Exova BM TRADA BM TRADA Certification Ltd is a testing, inspection and certification company which provides services in material testing, product qualification testing, inspection and certification which was formerly known as BM TRADA Certification Ltd.

(h) The Company is in the midst of arranging the audit to be undertaken for the renewal of the aforesaid certifications.

7.6 SALES AND MARKETING STRATEGIES

We believe that our sales and marketing strength is vital in the sustainability of our business. We possess the necessary business development skills in the promotion and marketing of our products and services to our customers, ranging from small medium enterprises to large MNCs.

We actively engage in the following sales and marketing strategies: -

(a) Direct approach through our sales representatives

We have established sales and marketing divisions in countries where we operate, i.e. Malaysia and Thailand, to promote and market our Group's products and services as well as to build strategic relationship with our customers, through our sales representatives. With our sales representatives, we are able to provide efficient communication to our customers.

(b) Referrals

Over the years, we have established a reputation as a manufacturing solution provider for nameplates and plastic injection moulded parts to our customers. Through our reputation, we receive prospective enquiries and secure new customers through referrals.

(c) Corporate website

Corporate website is a means of introducing and broadcasting our products to potential customers and providing immediate searchable information on our Group. We have two (2) websites, i.e., www.volcano.com.my and www.volcano.co.th, to market and promote our products and services to customers by publishing our Group's latest updates.

The current widespread use of the internet as a source of information enables us to cross geographical boundaries and facilitate access from any part of the world, enhancing our potential market reach and exposure.

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7. BUSINESS OVERVIEW *(cont'd)*

7.7 MAJOR LICENSES AND PERMITS

Save as disclosed below, as at the LPD, there are no other major licenses and permits held by or issued to VNP and VTT in order for our Group to carry out our operations: -

(a) VNP

No.	Issuing authority	License	Nature of license	Effective date/ Date of expiry	Major conditions	Compliance status
1.	MITI	Manufacturing Licence No. A018287 under the Industrial Co-ordination Act 1975	For manufacture "aluminium nameplate, PC/PVC nameplate/epoxy and steel nameplate.	17.06.2011/ Expiry Date not applicable. *This manufacturing licence is valid until and unless it is revoked and need not be renewed.*	(i) Site: 1411, Jalan Perusahaan, Kawasan Perusahaan Perai 1, 13600 Perai, Pulau Pinang (subject to the approval from the relevant State Authority and Department of Environment) (ii) MITI and MIDA must be notified of any sale of the shares in the company. (iii) The company shall train Malaysian citizens in order to transfer technology and expertise to every level/position. (iv) The company shall implement its project as approved and shall comply with the laws and regulations of Malaysia.	Complied

7. BUSINESS OVERVIEW *(cont'd)*

No.	Issuing authority	License	Nature of license	Effective date/ Date of expiry	Major conditions	Compliance status
2.	Royal Malaysian Custom Department	Manufacturing Warehouse Licence No. P78G6 200700000 023 A under Section 65A of the Customs Act 1967	For manufacturing the aluminium name plate, steel name plate, spacer/insulator, PVC name plate (of plastic) double sided tape, sticker/label, brass, copper, acrylic/plastic name plate non-woven logo, rubber/foam.	01.05.2020/ 30.04.2022	*See Note (1) below*	Complied
3.	Royal Malaysian Custom Department	Warehouse Licence No. P78G6 200700000 023 under Section 65 of the Customs Act 1967	For warehousing the aluminium name plate, steel name plate, spacer/insulator, PVC name plate (of plastic) double sided tape, sticker/label, brass, copper, arcylic/plastic name plate, non-woven logo, rubber/foam which are liable to customs duty.	01.05.2020/ 30.04.2022	*See Note (1) below*	Complied
4.	MBSP	Business licence	For production of name plates at 1411, Jalan Perusahaan, Kawasan Perusahaan Perai 1, 13600 Perai, Pulau Pinang.	26.11.2020/ 31.12.2021	Nil	N/A

7. BUSINESS OVERVIEW *(cont'd)*

No.	Issuing authority	License	Nature of license	Effective date/ Date of expiry	Major conditions	Compliance status
5.	Fire and Rescue Department of Malaysia	Fire Certificate Siri No. 317828 under Fire Service Act 1988 and Fire Services (Fire Certificate) Regulations 2001	For premises 1411, Jalan Perusahaan, Kawasan Perusahaan Perai 1, 13600 Perai, Pulau Pinang.	25.09.2020/ 24.09.2021	The life safety, fire prevention, fire protection and fire fighting requirements of the Fire Service Act 1988 facilities must remain in good order at all times	Complied
6.	Department of Occupational Safety and Health	Certificate of fitness (Registration PP PMT 14000) under the Factories and Machinery Act 1967	For unfired pressure vessel (air receiver) located at premises 1411, Jalan Perusahaan, Kawasan Perusahaan Perai 1, 13600 Perai, Pulau Pinang with the capacity for the unfired pressure vessel of 0.3 cubic meters and pressure which allows the safety valve to be carry out is 981 kilopascal.	05.02.2021/ 03.05.2022	Nil	N/A
7.	Department of Occupational Safety and Health	Certificate of fitness (Registration PP PMT 14001) under the Factories and Machinery Act 1967	For unfired pressure vessel (air receiver) located at premises 1411, Jalan Perusahaan, Kawasan Perusahaan Perai 1, 13600 Perai, Pulau Pinang with the capacity for the unfired pressure vessel of 0.5 cubic meters and pressure which allows the safety vessel to be carry out is 1034 kilopascal.	05.02.2021/ 03.05.2022	Nil	N/A

7. BUSINESS OVERVIEW *(cont'd)*

No.	Issuing authority	License	Nature of license	Effective date/ Date of expiry	Major conditions	Compliance status
8.	Department of Occupational Safety and Health	Certificate of fitness (Registration PP PMT 4469) under the Factories and Machinery Act 1967	For unfired pressure vessel (air receiver) located at premises 1411, Jalan Perusahaan, Kawasan Perusahaan Perai 1, 13600 Perai, Pulau Pinang with the capacity for the unfired pressure vessel of 1.2 cubic meters and pressure which allows the safety vessel to be carry out is 1034 kilopascal.	23.09.2020/ 22.12.2021	Nil	N/A
9.	Department of Occupational Safety and Health	Certificate of fitness (Registration PP PMA 3186) under the Factories and Machinery Act 1967	For lifting machines (apart from lifting machines) located at premises 1411, Jalan Perusahaan, Kawasan Perusahaan Perai 1, 13600 Perai, Pulau Pinang.	12.10.2020/ 04.01.2022	The machinery shall be handled by a qualified person who is qualified and has been registered with Department of Occupational Safety and Health.	Complied

Notes: -

(1) The Major Conditions of Licence for both manufacturing warehouse licence and warehouse licence: -

(i) No dutiable goods other than raw materials/components and machinery used directly in manufacturing and manufactured goods which have been approved by the State Director of Customs may be stored in the Licensed Manufacturing Warehouse.

(ii) At least 80% of the finished products (by value) are to be exported, and not exceeding 20% of the finished product can be sold in the local market as approved. Goods sold in domestic market are subject to any prevailing duties/taxes at the time.

(iii) Bank Guarantee / General Bond amounting RM80,000.00 is required from licensee to ensure the safety of duties/taxes on raw materials/components, finished goods stored in the licensed manufacturing warehouse and the transfer of dutiable goods.

7. BUSINESS OVERVIEW *(cont'd)*

(iv) *Licensee shall notify the Proper Officer of Customs^ in writing within 14 days if;*

(a) *There is a change in the Board of Directors of the company;*

(b) *Company has been winded up;*

(c) *An application for winding up of the company;*

(d) *Appointment of Receiver or liquidator has been made;*

(e) *The company is subject to civil claims, bankruptcy, closure and other similar matters.*

(Remarks: -
^ Under Section 2 of the Customs Act 1967, an "Officer of Customs" refers to: -

- *the Director General;*
- *any Deputy Director General of Customs and Excise;*
- *any Assistant Director General, Director, Deputy Director, Senior Assistant Director and Assistant Director of Customs and Excise;*
- *any Senior Superintendent, Superintendent, Chief Assistant Superintendent, Senior Assistant Superintendent or Assistant Superintendent of Customs and Excise; or*
- *any Chief Customs Officer, Senior Customs Officer or Customs Officer)*

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7. BUSINESS OVERVIEW *(cont'd)*

(b) VTT

No.	Issuing authority	License	Nature of license	Effective Date/ Date of expiry	Major conditions	Compliance status
1.	BOI	Promotion Certificate Number 2137 (2)/2551 under the Investment Promotions Act B.E. 2520 (1977)	Promotional privileges for investment in the business of manufacturing metal parts and plastic parts with attendant rights and benefits.	10.11.2008/Expiry Date not applicable *See Note (a) below*	The promoted person shall abide as follows: - (1) General Conditions *See Note (b) below* (2) Project Specific Conditions *See Note (c) below*	Complied
2.	IEAT	Letter of Permission for Utilization and Business Operations in Industrial Estate No. 2-25-1-303-14823-2562 under the Industrial Estate Authority of Thailand Act B.E. 2522 (1979), Renewal No. 2	To operate business activity of "Manufacture of product made by carving on various material such as wood, plastic, brass, metal, plates, or name plate on metal work or metal sheet and manufacture of plastic parts used for electricity appliances and used as part of other appliances".	16.12.2019/ 31.12.2024	The business operator shall comply with the following conditions: (1) The conditions attached to the Letter of Permission for Business Operations in Industrial Estate under the Industrial Estate Authority of Thailand B.E. 2522(1979); *See Note (d) below*	Complied

7. BUSINESS OVERVIEW *(cont'd)*

No.	Issuing authority	License	Nature of license	Effective Date/ Date of expiry	Major conditions	Compliance status
3.	Department of Business Development	Foreign Business Certificate No. 1255901539 Registration No. 0105558027435 under Section 12 of the Foreign Business Act B.E. 2542 (1999)	To operate the business of work for hire or manufacturing metal and plastic parts.	04.05.2011/Expiry Date not applicable	The company shall operate business of work for hire or manufacturing metal and plastic parts according to the BOI Certification given by the BOI to operate in the business of manufacturing metal and plastic parts under Manufacture of metal products including metal parts category and Manufacture of plastic products or products coated with plastic category. The company shall comply with the conditions stipulated by the BOI. *(BOI stipulated conditions are referred in Note (b) and Note (c) below.)*	Complied
4.	Department of Business Development	Foreign Business Certificate No. 1256101277 Registration No. 0105551105252 under Section 12 of the Foreign Business Act B.E. 2542 (1999)	To operate the business of manufacture and work for hire	04.04.2018/Expiry Date not applicable	The company shall operate business of manufacture and work for hire of the following products: - 1. Products made by carving on various material such as plastic, brass, metal 2. Plates or name plate products on metal or plastic material 3. Plastic products and parts used in industries of electronics, electricity appliances and other appliances including automobile.	Complied

7. BUSINESS OVERVIEW *(cont'd)*

No.	Issuing authority	License	Nature of license	Effective Date/ Date of expiry	Major conditions	Compliance status
					The business operation period shall be throughout the duration of permitted business operation. The company shall comply with the conditions stipulated by the Industrial Estate Authority of Thailand. *(IEAT stipulated conditions are referred in Note (d) below).*	
5.	Mabyangporn Subdistrict Administrative Organisation	Harmful Business Permit Volume 02, No. 28, Year 2564 (2021)	To operate in harmful business type of metal lathe, drill, weld, forge, cut braze, extrude and invent things made of rubber, plastic.	27.11.2020/ 31.12.2021	The licensee shall comply with special conditions as follows: - Shall comply with regulations of the Mabyangporn Sub-district Administration Organization on Harmful Business Control B.E.2542 (1999) and amendment (no.) B.E.2544 (2001)	Complied

7. BUSINESS OVERVIEW *(cont'd)*

Notes: -

(a) Although this certificate does not have any expiry date, the tax privileges derived from the privileges and benefits of this certificate has a time frame of a tax exemption for a period of eight (8) years from 24 December 2008 to 23 December 2016 on the net profits, restricted to 100% investment capital of VTT (excluding cost of land and working capital) at THB49,293,353.40 (or equivalent to RM6.64 million) as determined in the BOI's operation start-up certificate and upon expiry of the period of eight (8) years, the promotion certificate entitles VTT to a reduction of 50% of normal income tax rate for a further period of five (5) years from 24 December 2016 to 23 December 2021 of which the amount is not capped.

(b) The General Conditions under the Promotion Certificate are as follows: -

1. *A promoted person* shall not allow its foreign technicians or experts who were given permission to enter the Kingdom in order to specifically work on a promoted project#, to work or perform duties other than the scope of work approved by the BOI and when these technicians or experts have completed its term of service, notice shall be served to the Office of Board of Investment (OBOI) within 15 days from the date the said person completed its term of employment.*

   (Remarks: -
   ** The promoted person is defined under Section 4 of the Investment Promotion Act B.E. 2520 (1977) as the one who is granted a promotion certificate under the Act.*
   # Promoted project refers to the project for which the Promotion Certificate is issued for VTT i.e., business of manufacturing metal parts and plastic parts under Category 4.3 and Category 6.9.)

2. *A promoted person must use the land acquired to carry on the promoted activity only.*

3. *A promoted person must use machinery which has been granted exemption or relaxation of import duties in the promoted business only.*

   3.1 A promoted person must not mortgage, transfer ownership, lease or allow other persons to use the machinery which has been granted exemption or relaxation of import duties.

4. *Upon the business start-up, a promoted person must submit a report detailing results attained under the project and business operations to the BOI as follows: -*

   4.1 Change in proportion of shareholdings between Thai nationals and foreigners including change of shareholdings among foreign shareholders at all times.

   4.2 Financial status and business operation results as per specified by the BOI office and shall submit annually within 31 July of the following year.

   4.3 Other issues shall be reported from time to time as per forms and period prescribed by the BOI.

5. *In case of creasing operation for more than two (2) months, a promoted person must obtain permission from the BOI.*

6. *In case of moving the business to another location, a promoted person shall inform the BOI at all times, and shall attach corporate certification from the Ministry of Commerce, otherwise, the promoted person shall be deemed that it is located at the latest address notified to the BOI and that the promoted person has received all written documents, announcements or orders which the BOI has sent to the notified address.*

(c) The Project Specific Conditions under the Promotion Certificate are as follows: -

1. *Machinery used in the promoted business shall be brand new.*

2. *A promoted person must complete the whole project and be ready for project start-up within 36 months from date of issuance of promotion certificate in accordance with the forms prescribed by the BOI.*

7. BUSINESS OVERVIEW *(cont'd)*

3. *A promoted person must have registered capital not less than **Twenty Million baht** fully paid up before date of project start-up.*

4. *A promoted person must carry on business by fulfilling the major aspects of the promoted activity as follows: -*

   4.1 Type of products: metal parts such as metal logo, metal name plate and plastic parts such as plastic logo, plastic name plate, etc.

   4.2 Size of business: the production capacity is as follows: -

   - Metal parts such as metal logo, metal name plate at 100 tons or 19,500,000 pieces per year

   - Plastic parts such as plastic logo, plastic name plate at 120 tons or 22,880,000 pieces per year

   (working hours 22 hours/day: 300 day/year)

   - By-product such as scrap or waste from the production process.

5. *Amount of investment (excluding cost of land and working capital) shall be not less than **Two Million** baht.*

6. *A promoted person must submit application of privileges and benefits for juristic person income tax exemption and the business operation report which is audited by the Certified Public Accountant to the BOI office within **one hundred twenty days** from the end of account period to obtain privileges and benefits for juristic person income tax exemption in such account period.*

7. *Corporate income tax which is exempted under Section 31 paragraph one and paragraph three shall be not exceeding to **53,000,000 baht.** Whereby the exempted amount shall be changed according to the investment capital excluding cost of land and working capital on the date of project start-up.*

   (Remark: VTT is granted corporate income tax exemption for a period of eight (8) years (determined from date of first commercial invoice) and the total amount of tax exempted must not exceed THB 53,000,000, which ever first occurs. The final investment figure based on the actual investment by VTT is THB49,293,353.40)

8. *A promoted person must operate to acquire qualification systems certification under the **ISO 9000 or ISO 14000 or** other equivalent international standard within **2 years** from the date of project start-up. If it fails to do so within the specified period, the promoted person shall be withdrawn privileges and benefits for juristic income tax exemption for **1 year**.*

9. *The business establishment shall be set up within Amata City Industrial Estate, Rayong province and such establishment shall be not situated within city planning area of the province and the promoted person shall obtain license from Ministry of Industry or from the related authority. In this nexus, within fifteen years from date of starting operations, the establishment cannot be moved to another location.*

(d) The conditions attached in the Letter of Permission for Business Operations in Industrial Estate whereby the business operator shall comply as follows: -

1. *The business operator shall operate its business under Regulation of the Board of Directors of the Industrial Estate Authority of Thailand subject on Rules, Methods and Conditions for Operating Business in the Industrial Estate B.E. 2551(2008) and the amendment;*

2. *The business operator shall operate its business under Protection Measures and correction the impact of environment and environmental quality monitory measures as presented in the EIA report of Project in Industrial Estate located specially in the part which responsibilities by the factory;*

3. *In order to operate the permitted business, if there are other related law, it shall obtain permits from the related government authorities and shall comply strictly;*

7. BUSINESS OVERVIEW *(cont'd)*

4. *The business operator shall comply with safety, occupational and health safety, and workplace environment and conditions specified by the related law and ministerial regulations throughout the terms of operation;*

5. *When the business operator commences factory construction, machinery installation, machinery commission and completion of industrial operation compliance and ready to start-up its business, the business operator shall inform the IEAT to acknowledge (according the form IEAT 03/1) not less than 30 days before the business start-up.*

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7. BUSINESS OVERVIEW *(cont'd)*

7.8 BRAND NAME, TRADE MARK, LICENSE AGREEMENT AND TECHNICAL AGREEMENT

As at the LPD, save for the trademark disclosed in Section 7.8.1 of this Prospectus held by VNP which we are currently using in our day-to-day business, our Group does not presently hold any brand name, patent, trade mark, license, technical assistance agreement, franchise and other intellectual property rights VTT does not have any registered trade mark in Thailand.

7.8.1 Registered trade mark

No.	Registered Owner	Issuing Authority	Representation of Trade Mark	Trade Mark No.	Date of Certificate	Effective Date	Date of Expiry	Classification
1.	VNP	Registrar of Trade Marks (a)(b)	VOLCANO	2011006463	03.05.2017	08.04.2011	08.04.2021	Metal nameplate included in Class 6

Notes: -

(a) Registrar of Trade Marks is defined under Section 10(1) of the Trade Marks Act 2019 as the Director General of the Intellectual Property Corporation of Malaysia established under the Intellectual Property Corporation of Malaysia Act 2002.

(b) We had, on 12 January 2021 submitted an application for the renewal of the trade mark for another ten (10) years. The renewed certificate is currently pending issuance by the Registrar of Trade Marks.

7.8.2 License agreement

As at the LPD, our Company has not entered into any license agreement with any parties.

7.9 DEPENDENCY ON CONTRACTS, ARRANGEMENTS, LICENSES AND PATENTS

As at the LPD, save as disclosed below, our Group is not dependent on any other contracts/ arrangements/licenses/patents: -

(a) major licenses and permits as set out in Section 7.7 of this Prospectus; and

(b) registered trade mark as set out in Section 7.8.1 of this Prospectus.

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7. BUSINESS OVERVIEW *(cont'd)*

7.10 PROPERTY, PLANT AND EQUIPMENT

7.10.1 Properties owned by our Group

As at the LPD, the details of the property owned by our Group are as follows: -

Registered/ Beneficial Owner	Title/Address	Description/Existing Use	Tenure of Property/Date of Expiry of Lease	Approximate Land/ Built-up Area (Sq Ft)	Date of CF/CCC	Date of Sale and Purchase Agreement	Group audited NBV as at 31.12.2020 (RM'000)	Encumbrance
VNP	**Title** H.S. (D) 44425 PT 2, Mukim 01, Daerah Seberang Perai Tengah, Pulau Pinang **Address** No. 1411, Jalan Perusahaan, Kawasan Perusahaan Perai 1, 13600 Perai, Pulau Pinang	A piece of industrial land comprising: - (i) a one-half storey office building; (ii) a single-storey factory; (iii) a three-storey factory; and (iv) ancillary facilities comprising a single-storey guard house, a single-storey storage warehouse, car parking shed and landscaping area /Used for the manufacturing of nameplates *See Note (a) below*	Leasehold for 99 years expiring on 1 November 2071. (Remaining unexpired term of approximately 50 years and 8 months from the LPD)	43,560/ 45,045	08.06.2004, 06.08.2008 and 19.06.2019	08.09.2003	2,825	Nil *See Note (b) below*
VNP	**Title** H.S. (D) 44449 PT 2824, Mukim 01, Daerah Seberang	A piece of industrial land comprising: -	Leasehold for 60 years expiring on 27 July 2034.	49,092/ 20,760	23.12.1976 and 22.08.2019	05.11.2008	682	Nil *See Note (c) below*

7. BUSINESS OVERVIEW *(cont'd)*

Registered/ Beneficial Owner	Title/Address	Description/Existing Use	Tenure of Property/Date of Expiry of Lease	Approximate Land/ Built-up Area (Sq Ft)	Date of CF/CCC	Date of Sale and Purchase Agreement	Group audited NBV as at 31.12.2020 (RM'000)	Encumbrance
	Perai Tengah, Pulau Pinang **Address** No. 2048, Kompleks Industri, Solok Perusahaan 2, Kawasan Perusahaan Perai 1, 13600 Perai, Pulau Pinang	(i) two units of single-storey detached factory; and (ii) ancillary facilities comprising a single-storey waste material warehouse, a single-storey general storage warehouse, canteen, car parking shed and landscaping area /Used for storage warehouse, canteen and car park	(Remaining unexpired term of approximately 13 years and 5 months from the LPD)					
VTT	**Title** Title deed no. 15241 Tambol Mabyangporn Amphur Pluakdaeng Rayong Province **Address** 7/298, Moo 6, Amata City Industrial Estate Mabyangporn, Pluakdaeng Rayong 21140 Thailand	A piece of industrial land comprising: - (i) a two (2)-storey office building; (ii) a single-storey factory; and (iii) a single-storey detached warehouse /Used for the manufacturing of nameplates and plastic injection moulding products	Freehold	174,240/ 85,415	06.10.2011, 21.11.2013, 25.03.2014 and 10.07.2015 *See Note (d) below*	01.12.2010	15,098	Nil
						Total	**18,605**	

7. BUSINESS OVERVIEW *(cont'd)*

Notes: -

(a) VNP, via its consultant had on 15.11.2018 submitted an application to MBSP for the extensions comprising tooling/die-cut room and scrap store made on the existing factory of No. 1411, Jalan Perusahaan, Kawasan Perusahaan Perai 1, 13600 Perai, Pulau Pinang. This application was made under MBSP's "Program Pemutihan Kilang-Kilang Tanpa Kebenaran" and VNP has obtained the CCC for the said extensions on 19.6.2019.

(b) The title is endorsed with the following restriction-in-interest and express conditions

Restriction-in interest

The land is subject to restriction in interest whereby the land hereby alienated shall not be transferred, charged, leased, subleased or otherwise in any manner dealt with or disposed of without the written sanction of the State Authority.

Express Condition

There are express conditions endorsed on the land title as follows: -

Prai Industrial Estate, Bukit Mertajam

(i) the proprietor shall within two (2) years from the date of alienation or within such further term as may be approved by the State Authority erect a factory building or buildings on the land hereby leased in accordance with the plan approved by the local authority, and shall maintain the building or buildings so erected to the satisfaction of the Collector Revenue, Bukit Mertajam.

(ii) the proprietor shall treat and dispose of, or cause to be treated or disposed of, trade effluents in a manner to the satisfaction of the Collector of Land Revenue, Bukit Mertajam.

(iii) the proprietor shall pay and discharge all taxes, rates, assessments and charges whatsoever which may be payable for the time being in respect of the land hereby alienated or any part thereof, whether levied by the District Council Central, Province Wellesley, or any other authority.

(iv) the proprietor shall ensure that 25% of the employees engaged in the business for which the land is hereby alienated shall be Malays.

(c) The title is endorsed with the following restriction-in-interest and express conditions

Restriction-in interest

The land is subject to restriction in interest whereby the land hereby alienated shall not be transferred, charged, leased, subleased or otherwise in any manner dealt with or disposed of without the written sanction of the State Authority.

Express Condition

There are express conditions endorsed on the land title as follows: -

(i) the proprietor shall within two (2) years from the date of alienation or within such further term as may be approved by the State Authority erect a factory building or buildings on the land hereby leased in accordance with the plan approved by the local authority, and shall maintain the building or buildings so erected to the satisfaction of the State Authority.

(ii) the proprietor shall treat and dispose of, or cause to be treated or disposed of, trade effluents in a manner to the satisfaction of the State Authority.

7. BUSINESS OVERVIEW *(cont'd)*

(iii) the proprietor shall pay and discharge all taxes, rates, assessments and charges whatsoever which may be payable for the time being in respect of the land hereby alienated or any part thereof, whether levied by the District Council Central, Bukit Mertajam.

(iv) the proprietor shall ensure that 25% of the employees engaged in the business for which the land is hereby alienated shall be Malays.

(d) As VTT's facilities are located inside an industrial estate, VTT's operations are regulated under the Industrial Estate Authority of Thailand Act B.E. 2522 (1979). VTT is required to obtain permission from the IEAT to build and/or modify structures on its land. Where a building has been built or modified, the IEAT will inspect the facility and, where the construction or modification are in compliant, the IEAT will issue a certificate of building construction, modification or relocation to the operator to confirm that the facilities are in built or modified in compliant, fit for occupancy and use for its intended purpose. The following are the Certificate of Building Construction, Modification or Relocation obtained by VTT which is equivalent to CF/CCC: -

(i) Certificate of Building Construction, Modification or Relocation dated 06.10.2011 granted to VTT to have duly constructed 1 steel structure, single storey building with mezzanine used as manufacture and office facility under the permission per permit on 14.01.2011.

(ii) Certificate of Building Construction, Modification or Relocation dated 21.11.2013 granted to VTT to have duly constructed 1 steel structure, single storey building used as a warehouse under the permission per permit on 29.07.2013.

(iii) Certificate of Building Construction, Modification or Relocation dated 25.03.2014 granted to VTT to have modified 1 steel structure, single storey building with mezzanine used as manufacture and office facility (extend a side of the building with a single storey structure which is used as a roof to cover loading area) under the permission per permit on 25.12.2014.

(iv) Certificate of Building Construction, Modification or Relocation dated 10.07.2015 granted to VTT to have duly constructed and modified 1 steel structure, single storey building used as a warehouse (extend a side of the building with a single storey structure which is used as a storage facility) and 1 steel structure, single storey building used as a storage facility (tent) under the permission per permit on 02.03.2015.

As at the LPD, VNP and VTT have complied with all regulatory requirements and have not experienced any environmental issues which may materially affect VNP's and VTT's operation and utilisation of its property, plant and equipment.

7.10.2 Properties rented by our Group

Registered/ Beneficial Owner	Title/Address	Description/ Existing Use	Tenure of Property/Date of Expiry of Lease	Approximate Land/Built-up Area (Sq Ft)	Annual Rental (RM)
Ooi Seok Yeong	**Title** GM 553, Lot 4435, Mukim 01, Daerah Seberang Perai Tengah, Pulau Pinang **Address** No. 22, Medan Talang, Taman Emas, 13700 Seberang Perai, Pulau Pinang	Double storey terrace house for residential purposes/ Accommodation for VNP's employees	Two (2) years from 01.01.2020 to 31.12.2021	1,593/2,000	9,600

7. BUSINESS OVERVIEW *(cont'd)*

Registered/ Beneficial Owner	Title/Address	Description/ Existing Use	Tenure of Property/Date of Expiry of Lease	Approximate Land/Built-up Area (Sq Ft)	Annual Rental (RM)
Sonny Cheah Soo Chuan	**Title** GRN 115728, Lot 1665, Bandar Prai, Daerah Seberang Perai Tengah, Pulau Pinang **Address** No. 55, Medan Kikik 1, Taman Inderawasih, 13600 Perai, Pulau Pinang	Double storey terrace house for residential purposes/ Accommodation for VNP's employees	Two (2) years from 01.01.2020 to 31.12.2021	1,399/1,378	14,400
SC Chin Hostel & Transport Sdn Bhd	**Title** Geran No. Hakmilik 140850, Lot 2119, Bandar Prai, Daerah Seberang Perai Tengah, Pulau Pinang **Address** No. 7, Persiaran Kikik 1, Taman Inderawasih, 13600 Perai, Pulau Pinang	Double storey terrace house for residential purposes/ Accommodation for VNP's employees	Two (2) years from 01.05.2019 to 30.04.2021	1,399/1,378	14,400
Lim Hai Teng	**Title** Geran No. Hakmilik 115595, Lot 1556, Bandar Prai, Daerah Seberang Perai Tengah, Pulau Pinang **Address** No. 35, Tingkat Kikik 1, Taman Inderawasih, 13600 Perai, Pulau Pinang	Double storey terrace house for residential purposes/ Accommodation for VNP's employees	Two (2) years from 15.03.2020 to 14.03.2022	1,572/1,550	18,000

Note: -

Pursuant to the recently amended Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 [Act 446] ("Act 446"), which came into effect from 1 June 2020 and by virtue of the new Section 24D of Act 446, no accommodation shall be provided to an employee unless certified with a Certificates of Accommodation and employers must submit an application with prescribed processing fees in order to obtain a Certificates of Accommodation issued by the Department of Labour Peninsular Malaysia for the properties which will be made as an accommodation for the employees. The amended Act 446 read with the Employees' Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralized Accommodations) Regulations 2020 essentially set out the minimum requirements for the employees' accommodations that need to be complied with for the Certificates of Accommodation to be issued therefor.

7. BUSINESS OVERVIEW *(cont'd)*

In compliance with the Act 446, on 19 November 2020, VNP has made the applications for the Certificates of Accommodation for each of the rented premises being used as workers' accommodations and paid the prescribed processing fees on 26 November 2020 to Department of Labour Butterworth. The rented premises were inspected by the officers from the said Department of Labour on 10 December 2020. There is no non-compliance recorded pursuant to the inspection by the Department of Labour Butterworth. As at the LPD, our Group has complied with the minimum requirements for the employees' accommodations that need to be complied with for the Certificates of Accommodation to be issued. On 10 March 2021, we have obtained the approval from the Department of Labour Butterworth in relation to the applications for the Certificates of Accommodation.

Save as disclosed above, the Board confirms that the Group is not in breach of any of the relevant land rules and building regulations governing the property owned/occupied by the Group.

7.10.3 Material plant and equipment

A summary of the material plant and equipment used and owned by us for the FYE 2020 is set out below: -

Key equipment	Description	Original Cost (RM'000)	Group audited NBV as at 31.12.2020 (RM'000)	VNP No. of units	VTT No. of units	Total No. of units	Aged ≤ 3 years	Aged > 3 to ≤ 6 years	Aged > 6 years
Stamping machines	Used for shaping and cutting of sheet metal by blanking, forming, debossing, embossing and die cutting	1,100	251	32	7	39	-	-	39
Laser cutting machines	Used for engraving, finishing and cutting of sheet metal	4,354	2,811	14	-	14	3	8	3
Injection moulding machines	Used for manufacturing plastic injection moulded parts	4,785	1,372	-	23	23	2	2	19
Offset printing machines	Printing of artwork	203	17	2	-	2	-	1	1
Silk screen printing machines	Printing of artwork	913	168	7	9	16	1	-	15
Tampo printing machines	Printing of artwork	37	18	1	4	5	-	-	5

7. BUSINESS OVERVIEW *(cont'd)*

Key equipment	Description	Original Cost (RM'000)	Group audited NBV as at 31.12.2020 (RM'000)	VNP No. of units	VTT No. of units	Total No. of units	Aged ≤ 3 years	Aged > 3 to ≤ 6 years	Aged > 6 years
Hot stamping machines	Printing of artwork	71	21	2	2	4	1	-	3
Diamond cutting machines	Used to perform diamond cut surface treatment process	163	46	4	2	6	-	-	6
Die cut/cutting machines	Used for cutting	544	264	6	9	15	9	3	3
CNC machine	Used for precision machining	90	8	1	-	1	-	-	1
Total				**69**	**56**	**125**	**16**	**14**	**95**

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7. BUSINESS OVERVIEW *(cont'd)*

7.10.4 Operating capacities and output

Our Group's maximum yearly production capacity and utilisation rates for the FYE 2018, FYE 2019 and FYE 2020 are set out below: -

Product Type/ Machines	FYE 2018				FYE 2019			
	Number of machines utilised for production (unit)	Maximum Production Capacity ('000 units per year) ^	Actual Production ('000 units)	Average Percentage Utilised (%)	Number of machines utilised for production (unit)	Maximum Production Capacity ('000 units per year) ^	Actual Production ('000 units)	Average Percentage Utilised (%)
Nameplates								
Stamping [(a)]	39	61,050	31,620	51.79	39	61,050	27,384	44.86
Laser cutting [(b)]	11	25,416	21,692	85.35	12 [(i)]	27,727	26,703	96.31
Plastic injection moulded parts								
Plastic injection [(c)]	23	10,717	7,698	71.83 [(d)]	23	10,717	7,444 [(d)]	69.46

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7. BUSINESS OVERVIEW *(cont'd)*

Product Type/ Machines	FYE 2020			
	Number of machines utilised for production (unit)	Maximum Production Capacity ('000 units per year) ^	Actual Production ('000 units)	Average Percentage Utilised (%)
Nameplates				
Stamping [(a)]	39	61,050	28,672	46.96
Laser cutting [(b)]	13.42 [(ii)]	31,000	27,499	88.71
Plastic injection moulded parts				
Plastic injection [(c)]	23	10,717	7,223 [(d)]	67.40

Notes: -

(i) The total number of laser cutting machines owned by the Group for the FYE 2019 was thirteen (13) units of which two (2) new laser cutting machine were acquired during the FYE 2019 and had been pro-rated based on the number of months that they were utilised. Hence, the total number of laser cutting machines utilised for the aforesaid year was twelve (12) units only.

(ii) The total number of laser cutting machines owned by the Group for the FYE 2020 was fourteen (14) units of which one (1) new laser cutting machine was acquired during the FYE 2020 and had been pro-rated based on the number of months that it was utilised. Hence, the total number of laser cutting machines utilised for the aforesaid year was thirteen point forty two (13.42) units only.

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7. BUSINESS OVERVIEW *(cont'd)*

^ *Calculated based on the following formula: -*

$$= \frac{\text{No of productive machining hours per day}^{\#} \times \text{No. of working days in a year} \times \text{No. of machines}}{\text{Average production time per unit}}$$

\# *Productive machining hours refers to the hours the machines are in operation.*

The tabulation of the production capacity includes the key machineries of the key processes for the production of nameplates and plastic injection moulded parts only. It does not include the production capacities of other machines such as printing machines, CNC machines and die cutting as these are machines used for supplemental processes for the production of nameplates which may or may not be required depending on customers' requirements.

Assumptions: -

(a) Maximum production capacity is calculated based on average 17.86 seconds production time per unit, productive machining hours of 353 working days with 22 working hours per working day (two (2) working shifts of 11 working hours per shift) and a total of 39 stamping machines utilised;

(b) Maximum production capacity is calculated based on average 12.10 seconds production time per unit, productive machining hours of 353 working days with 22 working hours per working day (two (2) working shifts of 11 working hours per shift) and the respective laser cutting machines utilised during the Financial Years Under Review;

(c) Maximum production capacity is calculated based on average 60.00 seconds production time per unit (for FYE 2018, FYE 2019 and FYE 2020), productive machining hours of 353 working days with 22 working hours per working (two (2) working shifts of 11 working hours per shift) day and a total of 23 plastic injection moulding machines utilised.

(d) We have plastic injection moulding machines ranging from 25 MT to 800 MT to cater to customer orders for plastic products in different sizes, as different sizes of plastic products are produced by plastic injection moulding machines of different tonnages (i.e., larger sized plastic injection moulded parts require higher tonnage plastic injection moulding machines, and vice-versa).

Our utilisation rates are therefore driven by our product specifications which are customised based on each customer's requirements/order. As the product specification differ for each product, our machines do not operate 24 hours a day and seven (7) days a week. After we complete the production for a specific order, our plastic injection moulding machines will remain idle until the next order.

- *Production time per unit varies according to product design, material and thickness of raw materials.*

7.10.5 Regulatory requirements and environmental issue

As at the LPD, our Group is in compliance in respect of all relevant laws, regulations, rules or requirements governing the conduct of our Group's business and environmental issue which may materially affect our Group's business or operations.

We set out below, an overview of the relevant laws and regulatory requirements governing the conduct of our business and environmental issue which may materially affect our Group's business or operations in Malaysia and Thailand: -

7. BUSINESS OVERVIEW *(cont'd)*

Malaysian operations

(a) Industrial Co-Ordination Act 1975 ("ICA")

Under Section 3(1) of the ICA, no person shall engage in any manufacturing activity unless issued with a licence in respect of such manufacturing activity. Any person who fails to comply with this is guilty of an offence and is liable on conviction, to a fine not exceeding RM2,000.00 or to a term of imprisonment not exceeding six months and to a further fine not exceeding RM1,000.00 for every day during which such default continues. Manufacturing companies with shareholders' funds of RM2.5 million and above or employing 75 or more full-time paid employees are required to apply for a Manufacturing Licence.

As a manufacturing concern, our subsidiary, VNP holds a Manufacturing Licence issued by MITI for our products and is allowed to carry out manufacturing activity at our premises located at No. 1411, Jalan Perusahaan, Kawasan Perusahaan Perai 1, 13600 Perai, Pulau Pinang, subject to the conditions imposed in the Manufacturing Licence. The Manufacturing Licence is valid until or unless it is revoked by MITI. In this regard, MITI has the discretion to revoke the Manufacturing Licence if the licensee (a) has not complied with any imposed in the licence; (b) is no longer engaged in the manufacturing activity in respect of which the licence is issued; or (c) has made a false statement in his application for the licence.

Please refer to item No.1 in the table in Section 7.7(a) of this Prospectus for the details of our Manufacturing Licence including the conditions imposed therein. As at LPD, we have complied with these conditions of our Manufacturing Licence.

One of the conditions of our Manufacturing Licence is that the approved site of the manufacturing activity (i.e., premises No. 1411, Jalan Perusahaan, Kawasan Perusahaan Perai 1, 13600 Perai, Pulau Pinang) must be subject to the approval of the relevant State Authority and Department of Environment. We have duly obtained the letters of no objection from the Penang Development Corporation (a State agency) and the Department of Environment in this regard.

(b) Customs Act 1967

VNP also holds a Warehouse Licence and a Manufacturing Warehouse Licence issued by the Royal Malaysian Customs Department for warehousing our products which, without these licences, would have been subject to customs duty.

The Warehouse Licence is issued under Section 65 of the Customs Act 1967 which empowers the Director General of Customs to grant and when granted, withdraw any licence for warehousing goods liable to customs duties and any other goods in a place or places specified in such licence, for such period and subject to such conditions as the Director General of Customs in each case may specify in the licence. In respect of a warehouse licensed under Section 65 of the Customs Act 1967, the Director General of Customs may, under Section 65A of the Customs Act 1967, grant an additional licence (i.e. also known as Manufacturing Warehouse Licence) to the licensee and when granted withdraw any such licence, to carry on any manufacturing process and other operation in respect of the goods liable to customs duties and any other goods, for such period and subject to such conditions as the Director General may specify in the licence. No goods which have undergone any manufacturing process in the warehouse may be released for home consumption or export without the prior approval of the Director General. Subject to remission for waste arising from the manufacturing process of such goods, if such goods are released from the licensed warehouse for home consumption, the customs duty thereon shall be calculated on the basis as if such goods had been imported.

Please refer to items No. 2 and 3 in the table in Section 7.7(a) of this Prospectus for the details of these Manufacturing Warehouse Licence and Warehouse Licence, including the conditions imposed therein. As at LPD, we have complied with these conditions.

Thailand operations

(c) Investment Promotions Act B.E. 2520 (1977)

Under the Investment Promotions Act B.E. 2520 (1977), BOI grants investment promotion privileges for investors in selected industries, thereby entitling the promoted entity to tax and non-tax privileges for their Thai operations.

VTT applied for and received Promotion Certificate No. 2137(2)/2551 ("BOI Certificate") which is effective from 10 November 2008 from BOI pursuant to the Investment Promotions Act B.E. 2520 (1977) for its business of manufacturing of metal products and metal parts and manufacturing of plastic or plastic coated products. Under the BOI Certificate, VTT was conferred with exemption from corporate income tax for a period of eight years from 24 December 2008 to 23 December 2016 on its net profits, restricted to 100% investment capital of VTT (excluding cost of land and working capital) on the capped net profits of 49,293,353.40 Baht (finalised corporate income tax exemption amount as confirmed in the BOI's full operation certification, dated 16 May 2016). VTT was also granted non-tax privileges such as permission to operate the promoted business activity as a foreign majority or wholly-held entity, permission to own land for use in the promoted business, and permission to hire foreign skilled workers and there is no restriction period so long as the promotion certificate subsists. Upon expiry of the tax exemption period of eight (8) years, the BOI Certificate entitles us to a reduction of 50% of normal income tax rate for a further period of five (5) years commencing from the expiry of the eight (8)-year tax exemption period (i.e., from 24 December 2016 to 23 December 2021) of which there is no capped amount. After the expiry of tax privileges, BOI Certificate remains valid and does not have an expiry date. Non-tax privileges granted by the BOI remain valid until such time when the promoted entity (i.e., VTT) cancels the BOI Certificate.

Please refer to item No.1 in the table in Section 7.7(b) of this Prospectus for the details of the BOI Certificate including the conditions imposed therein. As at LPD, VTT complied with BOI Certificate conditions.

(d) Industrial Estate Authority of Thailand Act B.E. 2522 (1979)

Pursuant to the Industrial Estate Authority of Thailand Act B.E. 2522 (1979) (as amended), in order to establish and operate a factory in an industrial estate, a permission for land use and operation in an industrial estate must be obtained from the IEAT. VTT has obtained the IEAT Letter of Permission (Renewal No. 2), No 2-25-1-303-14823-2562, dated 16 December 2019 for its manufacturing business from IEAT and therefore is permitted to carry out its business operations in Amata City Industrial Estate. This permit will expire on 31 December 2024, and can be renewed for consecutive four (4)-year terms for the duration that VTT operates its business in the industrial estate.

As at LPD, VTT complied with all the conditions attached to the abovesaid IEAT Letter of Permission. Please refer to item No. 2 in the table in Section 7.7(b) of this Prospectus for the conditions attached to the IEAT Letter of Permission.

(e) Foreign Business Act B.E. 2542 (1999)

The Foreign Business Act B.E. 2542 (A.D. 1999) (the "FBA") is the main law regulating foreign participation or ownership of business operations in Thailand. Unless otherwise permitted by other applicable laws (e.g., Investment Promotion Act or other bilateral treaties), foreign business operations in Thailand will generally be subject to the FBA. A BOI-promoted company or a company operating in an IEAT-approved industrial estate is exempt from applying for a foreign business license but it is required to have a foreign business certificate, and upon receipt of such certificate, the foreign entity will be exempted from the application of the FBA as described therein.

VTT, whose shares are owned by foreign shareholders (i.e., non-Thai nationals), is regarded as a foreign company under the FBA, has obtained a Foreign Business Certificate (no. 1255400955) from the Bureau of Foreign Business Administration, Department of Business Development, Thailand, for its hire for work service business of manufacturing metal and plastic products within the scope of business activities prescribed in the BOI Certificate. VTT, as an operator in an IEAT-approved industrial estate, also received a second Foreign Business Certificate (no. 1256101277) from for its hire for work service business of manufacturing products made by carving on various materials, plates or name plate products, plastic products and parts used in industries of electronics, electricity appliances and other appliances including automobile. These foreign business certificates of VTT are current and do not have expiry dates. Please refer to items No. 3 & 4 in the table in Section 7.7(b) of this Prospectus for the details of these Foreign Business Certificates.

(f) Public Health Act B.E. 2535 (1992)

Pursuant to the Public Health Act B.E. 2535 (1992), a wide range of businesses are prescribed as businesses which are harmful to health ("Harmful Business"), and any person intending to conduct a Harmful Business must comply with the local regulations issued by the relevant Sub-district Administrative Organization ("SAO") governing the area in which such business will be carried out. According to Mabyangporn SAO Regulation No. 1 B.E. 2544 (2001) (as amended), the production of plastic products (or products with similar materials) is prescribed as a Harmful Business in Mabyangporn Subdistrict.

In compliance with the Public Health Act, VTT has applied for and granted a Harmful Business Permit which allows it to engage in the manufacturing and sale of plastic products. VTT's Harmful Business Permit will expire on 31 December 2021 and is renewable. VTT has in the past, diligently renewed the Harmful Business Permit and will continue to do so prior to its expiry. Please refer to item No. 5 in the table in Section 7.7(b) of this Prospectus for details of the Harmful Business Permit.

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7. BUSINESS OVERVIEW *(cont'd)*

7.11 TECHNOLOGIES USED

We employ the following technologies for the manufacturing of nameplates and plastic injection moulded parts: -

(a) Nameplates manufacturing

Technology	Description
Laser cutting	Laser cutting is a technology that enables high-precision cutting, allowing us to refine our product finishing through cutting/shaping of complex geometries and patterns, and on materials of various thickness without deformation, and will also increase operating efficiencies and process accuracies.
Silk screen printing	A printing technology where a silk mesh is used to support an ink-blocking stencil. The silk mesh is stretched across a frame, usually wooden and placed on the printing surface. The frame with the silk mesh will be filled with a layer of ink and scraped across with a rubber scraper to push the ink through the permeable parts of the mesh onto the printing surface forming a sharp edged image.
Off-set printing	A printing technology where an inked image is being transferred (or "offset") from a plate to a plate cylinder and then to a print surface. Offset printing is developed based on the fundamental principle that ink is not water-soluble, so ink and water will not be able to mix. An aluminium printing plate will go through the platemaking process where the printing images will be formed. To form the printing area, an ink-accepting coating is applied on the aluminium printing plate, leaving the non-printing area not being able to be inked. The printing plate is then wrapped around the rotating cylinder, and picks up water onto the non-printing area. Ink will be repelled by the water-holding areas and the printing area will be inked. The inked area of the printing plate will then pressed onto a rubber blanket wrapped onto another rotating cylinder. Subsequently, the inked image on the rubber blanket will then be transferred (or "offset") onto the printing surface.
Tampo printing	A printing technology where inked image from a printing plate is transferred onto irregular or non-flat surfaces in various shapes using a flexible silicone pad. Due to the high amount of elasticity of the flexible silicone pad, it enables printing to be done even on irregular or non-flat surfaces in various shapes. This enables printing to be done on various metal and non-metal materials.

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7. BUSINESS OVERVIEW *(cont'd)*

(b) Plastic injection moulded parts manufacturing

Technology	Description
Plastic injection moulding	The plastic injection moulding process involves a plastic injection moulding machine, raw plastic material (i.e., plastic resin) and a custom mould according to the design and specification of the product required. The plastic injection moulding process is carried out by melting the plastic resin which is injected into the mould in the plastic injection moulding machine. The product is then formed when the molten plastic cools and solidifies.
Silk screen printing	A printing technology where a silk mesh is used to support an ink-blocking stencil. The silk mesh is stretched across a frame, usually wooden and placed on the printing surface. The frame with the silk mesh will be filled with a layer of ink and scraped across with a rubber scraper to push the ink through the permeable parts of the mesh onto the printing surface forming a sharp-edged image.
Tampo printing	A printing technology where inked image from a printing plate is transferred onto irregular or non-flat surfaces in various shapes using a flexible silicone pad. Due to high amount of elasticity of the flexible silicone pad, it enables printing to be done on irregular or non-flat surfaces in various shapes. This enables printing to be done on plastic injection moulded parts.

7.12 SEASONALITY AND CYCLICALITY

Our activities are not significantly affected by seasonal or cyclical effects. Therefore, we are not subject to any seasonal or cyclical demand for our nameplates and plastic injection moulded parts.

7.13 INTERRUPTIONS TO BUSINESS AND OPERATIONS

Impact of the outbreak of the Covid-19 and MCO on our Group's business operations

In view of the outbreak of Covid-19 in early 2020, many countries have imposed mandatory movement and business operations restrictions in containing the spread of the virus, which has halted economic and business activities in countries affected, including the operations of VNP and VTT.

The quarantine in Wuhan city which was then extended to several other cities in China and the extension of the Lunar New Year 2020 holiday in China due to the Covid-19 (e.g., from 23 January 2020 to 14 February 2020) caused a disruption to our operations resulting in VNP recording lesser orders due to the closure of one of our major customers', (namely HP) OEM in China and has also delayed the shipment of our nameplates products to them. The nameplates products were temporarily stored at our factory in Perai, Penang at no additional costs to VNP. As at 31 December 2020, we have completed the shipment of the nameplates products without any imposition of penalty by our customers to VNP for late delivery. Nevertheless, the disruption arising from the closure of HP's OEM in China due to lockdown in China has resulted in VNP recording lesser orders during the aforesaid period.

7. BUSINESS OVERVIEW *(cont'd)*

In Malaysia, the government's imposition of the MCO nationwide from 18 March 2020 to 3 May 2020, as a measure to curb the spread of Covid-19 has halted most economic activities in Malaysia, including the operations of VNP.

The operations of VNP was halted from 18 March 2020 to 3 April 2020. With the approval from MITI dated 3 April 2020, we resumed operations of VNP at 50% of our workforce capacity on 6 April 2020 in compliance with the SOP required by MITI.

Subsequently, following the announcement by MITI on 28 April 2020 where economic sectors that have been allowed to operate during the MCO are allowed to fully increase their operating capacity from 29 April 2020, VNP's operation resumed to full capacity on 30 April 2020.

The temporary full and partial closure during the MCO had affected our operations as follows: -

(i) Delay in the production of our products. The MCO halted most economic activities, hence there had been delays in production which led to delays in deliveries of our products. Since the full resumption of VNP's operation, VNP has been working towards fulfilling backlog orders arising from the disruption due to the MCO. As at 31 December 2020, we have fulfilled all the aforesaid orders by operating overtime and simplifying certain manufacturing processes such as undertaking sampling for their products for quality control. We do not expect further delays in our production progress from our initial production schedule other than during the disrupted period (i.e., 18 March 2020 - 29 April 2020) under the MCO. As at the LPD, there are no cancellation of orders.

(ii) Limitations in carrying out face-to-face communication with our customers to promote and market our Group's products and services. Nevertheless, our sales and marketing team had continued to provide quotations to our customers via telephone and electronic mail messages. Our sales and marketing team had also utilised our corporate websites for its marketing activities. With the assistance of our factory in Rayong, Thailand, we were able to manufacture and deliver the sample products to our customers for approval.

In Thailand, the government has also declared a State of Emergency which provides the government with the authority to impose curfews, restrictions on movements of goods, livestock and persons, closures, suspension, or restrictions in operating hours of certain business activities, prohibition or restrictions on certain non-commercial activities, for the purpose of preventing the spread of communicable disease. This State of Emergency was announced and entered into effect on 26 March 2020, and has since been extended to 31 March 2021. Several rounds of easing measures were announced between 1 May 2020 and up until the LPD, whereby there have been several relaxations of prohibitions or limitations on conducting or carrying out certain activities. For the operations of VTT, the Ministry of Industry of Thailand has issued control measures for businesses to observe. However, manufacturing facilities and offices are not prohibited to operate. Thus, operations of VTT was not affected as manufacturing factories in Thailand are allowed to operate during the period of the State of Emergency while complying with the control measures issued by the Ministry of Industry of Thailand. Over the period of the declared State of Emergency, VTT continued to carry out manufacturing activities following the implementation of control measures issued by the Ministry of Industry of Thailand.

Notwithstanding the above, some of VTT's customers have implemented between one (1) to two (2) weeks of voluntary closure in April 2020 as precautionary measures. The closure of our customers' operations (i.e., 6 April 2020 - 17 April 2020) had led to delays in delivery of our finished products. These finished products were temporarily stored at our factory in Rayong, Thailand. As at 31 December 2020, we have delivered the products and fulfilled the orders when our customers resumed operations. Nevertheless, the disruption arising from the voluntary closure of our customers in Thailand and a general decline in demand due to the Covid-19 pandemic has resulted in VTT recording lesser revenue.

7. BUSINESS OVERVIEW *(cont'd)*

Given that our Group has manufacturing facilities of nameplates in Malaysia and Thailand, the dual geographical presence allows for the continuity of our Group's business operations where the manufacturing of nameplates can be carried out from any one location to an extent depending on the production capacities of our respective factories in the event that the operations of either factory is disrupted. For instance, during the MCO period in Malaysia, our factory in Rayong, Thailand had assisted in manufacturing and delivery of sample nameplates to our customers for approval. Notwithstanding the above, there were certain backlog orders arising from the MCO for nameplates totalling approximately RM0.27 million as there was a limitation in the manufacturing facilities in Thailand in terms of the required raw materials, moulds and toolings to be used based on the customers products specification which these were only available in the factory in Penang at that point in time. As at 31 December 2020, we have fulfilled all backlog orders by operating overtime and simplifying certain manufacturing processes such as undertaking sampling for their products for quality control. Please refer to Section 7.10.3 of this Prospectus for the material plant and equipment in VNP and VTT respectively.

As at the LPD, our Group has not experienced disruptions in the supply of raw materials or additional processes by our local subcontractors arising from the imposed mandatory movement and business operations restrictions due to Covid-19 as we have a buffer inventory of the required raw materials and materials from our subcontractors to support our production.

In addition, our Group has established an Emergency Response Protocol committee to oversee the adherence of infection control measures based on the guidelines and SOP issued by MITI. The precautionary measures include amongst others: -

(i) Entrance of factory or guard house

(a) Provision of thermal scanner, hand sanitiser, face masks and gloves;
(b) Body temperature of every employee and visitor to be taken upon entry into our premises and the readings of temperature are recorded, together with the contact details of visitors to be kept for reference;
(c) Continuous monitoring of health symptoms of employees;
(d) Set up of disinfection booth at the guard house; and
(e) Display of flow chart of infectious disease prevention protocol at the entrance of the factory.

(ii) Lobby and common areas

(a) Provision of hand sanitiser;
(b) Promote importance of personal hygiene in workplace, such as regular hand-washing;
(c) Reminder for employees to practise social distancing;
(d) Clean and disinfect common areas three (3) times daily;
(e) Clean and disinfect company vans after each usage;
(f) Implement alternate break time to prevent overcrowding in factory canteen; and
(g) Employees are required to sit at least one (1) metre apart from each other whilst eating and to avoid all contact.

(iii) Factory including offices and production floor

(a) Provision of hand sanitiser;
(b) Promote importance of personal hygiene in workplace, such as regular hand-washing;
(c) Implement social distancing via workstation rearrangement;
(d) Requiring employees to wear face masks within the VNP's premises and production floor;
(e) Provision of staff briefing on SOP to adhere to; and
(f) Requiring heads of departments to be responsible in monitoring and supervising employees to ensure compliance to the SOP.

7. BUSINESS OVERVIEW *(cont'd)*

In addition to the above, our Group has implemented the necessary SOP in the event any of our employees is suspected/has been infected with Covid-19. The affected employee shall be requested to leave the workplace if he/she is unwell to seek a medical assessment and practise self-quarantine. Subsequently, we will follow-up closely on the result of the medical assessment.

In the event of a confirmed case of Covid-19 infection, we will immediately arrange all our employees to undergo Covid-19 testing and will impose at least a fourteen (14) day period of self-quarantine. We will bear all medical fees related to Covid-19 testing and treatment for our employees. During the quarantine period, all staff remuneration will be paid as usual. As such, our business operations may be suspended temporarily and our financial condition may be adversely affected.

We have also complied with the mandatory screening of foreign employees. All our foreign employees had, on 15 December 2020 undergone the Covid-19 screening and none of them are infected. As at the LPD, there are no suspected or confirmed cases of Covid-19 among our employees.

Save for the temporary closure of operations of VNP in Malaysia during the MCO period and the condition imposed to reduce our employees to a minimum level for the operations or to reduce approximately 50% of our operations workforce, we have not experienced any interruption in business which had a significant effect on our operations during the twelve (12)-month period prior to the date of this Prospectus.

In view of the increasing number of Covid-19 cases in several states in Malaysia, the Government has re-imposed the MCO and conditional MCO in most of the states and federal territories for different durations between 13 October 2020 and 18 February 2021. On 16 February 2021, the Government announced an extension of the MCO for the states of Selangor, Johor and Penang and the Federal Territory of Kuala Lumpur from 19 February 2021 until 4 March 2021. On 2 March 2021, the Government announced that the MCO for the states of Selangor, Johor and Penang and the Federal Territory of Kuala Lumpur will be lifted and these states will be placed under the conditional MCO from 5 March 2021 to 18 March 2021. However, as VNP was allowed to operate with full capacity in compliance with the SOP required by MITI during the period of second phase of MCO and conditional MCO, there were no interruptions in VNP's operations and financial performance up to the LPD.

For the FYE 2020, we have incurred additional costs of approximately RM100,000 for implementing the precautionary measures which includes the purchase of face masks, gloves, relevant sanitising products and thermometers.

As at 31 December 2020, our Group's cash and cash equivalents stood at RM8.44 million. Taking into consideration our existing available liquid funds and that we have resumed our operations, we do not foresee any circumstances which may materially affect our liquidity.

Moving forward, we expect our financial condition to remain positive in tandem with our prospects in end-user industries especially E&E. According to the IMR Report, the outbreak of the Covid-19 has boosted the demand for laptops and computers as large proportions of the global workforce have migrated from the office to working from home, and students are also studying from home through online classes. Further, as the impact of the Covid-19 pandemic subsides or ends, the global E&E industry is expected to recover in 2021. The anticipated growth in the global E&E industry, supported by the increase in demand for laptops and computers are therefore, expected to support the demand for nameplates and plastic injection moulded parts moving forward.

7. BUSINESS OVERVIEW *(cont'd)*

7.14 RESEARCH AND DEVELOPMENT

We recognise the importance of R&D in ensuring us to remain competitive to sustain the continuous growth of our business. Our R&D efforts are focused on researching and developing methods to carry out customised modifications on our machinery purchased as the commercial-off-the-shelf machines are not able to meet all manufacturing requirements. Thus, our R&D team has to carry out R&D to develop modifications to customise these machines to meet our manufacturing requirements in terms of designs and materials of products and/or methods to automate our manufacturing processes. Our R&D policy focuses on the following: -

(i) continuous development of production process to achieve higher efficiency in terms of time and cost; and

(ii) build on strengths, competencies and knowledge of our manufacturing processes.

Resulting from our R&D efforts, we have successfully researched and developed improvements to our manufacturing processes such as manual silk screen printing process to fully-automated silk screen printing process. We also successfully researched and developed modifications to customise our laser cutting machines to achieve high precision cutting, enabling us to refine our product finishing through cutting/shaping of complex geometries and patterns, and on metal and non-metal materials of various thickness without deformation.

The injection moulding process involves inserting plastic resins into an injection moulding machine which will then inject the melted plastic resins into the mould. The plastic injection moulded part is then released from the metal mould onto a conveyor where it will undergo a cooling process. There is no variation to the manufacturing processes required to manufacture different sizes of plastic injection moulded parts. To manufacture larger sized plastic injection moulded parts, plastic injection moulding machines of higher tonnages are required. Conversely, to manufacture smaller sized plastic injection moulded parts, plastic injection moulding machines of lower tonnages are required. As such, we do not carry out R&D on the manufacturing processes for our plastic injection moulded parts.

Details of our R&D efforts are as follows: -

R&D efforts	Year of completion
Upgraded conventional metal stamping process using belt/mechanical stamping method to a hydraulic stamping system Conventional metal stamping process involves the use of belt/mechanical stamping machines where a motor is used to rotate the belt to produce mechanical force to perform the stamping action whereas hydraulic stamping system involves use of hydraulic stamping machines with pressurised hydraulic fluid to apply force to perform the stamping action. Hydraulic stamping machines have stronger and more consistent force (i.e., 25 tonnage, 30 tonnage and 110 tonnage) for stamping as compared to belt/mechanical stamping machines (i.e., 8 tonnage and 15 tonnage). Stronger and more consistent force for stamping enables higher accuracy and consistency in outputs from the stamping processes. In addition, as hydraulic stamping machines have stronger and more consistent pressing force, we have researched and developed methods to use larger moulds, tools and dies to perform stamping processes concurrently as compared to separate stamping processes using belt/mechanical stamping machines. Further, the hydraulic stamping machines possess a safety stop feature which automatically stops the press cycle in the event of machine malfunction or human errors, and in which the belt/mechanical stamping machines do not possess.	2002

7. BUSINESS OVERVIEW *(cont'd)*

R&D efforts	Year of completion
Manual silk screen printing process to fully-automated silk screen printing process We upgraded our manual silk screen printing process to fully-automated silk screen printing process with the purchase of fully-automated silk screen printing machines to replace our manual silk screen printing machines. We researched and developed modification on the automated silk screen printing machines for integration with the oven for drying process where the printing surface is auto-fed into the oven for drying after printing. In addition, we also researched and developed modification for auto-feeding of the printing surface into the automated silk screen printing machine and auto-collection after the drying process in the oven. For manual silk screen printing process, ink is pushed through permeable parts of the mesh onto the printing surface using manual labour where manual strength and pressure are inconsistent whereas this process is automated in the fully-automated sulk screen printing process. Fully-automated silk screen printing process facilitates higher consistency printing as the amount of pressure applied to push the ink through the permeable parts of the mesh is consistent.	2004
Laser cutting method to achieve high precision cutting, enabling us to refine our product finishing through cutting/shaping of complex geometries and patterns, and on metal and non-metal materials of various thickness without deformation We purchased our first laser cutting machine in 2013 and introduced the laser cutting method in the production of our nameplates. Further, over the years, we researched and developed modification on the laser cutting machine to achieve higher efficiency by replacing some of the manufacturing processes such as lamination, cutting, punching and stamping (i.e., blanking and die-cutting) which were previously performed using separate machines. This reduces movement of semi-finished products and time required to manually feed semi-finished products from one machine to another.	2014 to 2017
Continuous re-engineering of the manufacturing process involving laser cutting machines for metal and non-metal nameplate: - We continuously carried out research and development on the methods for modification of our laser cutting machines in terms of laser wavelength and power, energy efficiency, beam formation and divergence to improve the accuracy of high-precision cutting as well as to achieve higher energy efficiency for both metal and non-metal nameplates. As the raw materials used for metal and non-metal nameplates differ in properties such as hardness, different laser wavelength and power, beam formation and divergence are required to cut or shape complex geometries and patterns without deformation.	Continuous and on-going

Our R&D expenditure includes expenditure on R&D staff cost, tools, equipment, materials and consumables leading to the development of new manufacturing processes and products. Our Group allocates 1.00% of our total revenue for R&D expenditure in our annual budget. Our R&D expenses during the past three (3) FYE 2018 to FYE 2020, including expenses that have led to the development of our current products are set out below: -

7. BUSINESS OVERVIEW *(cont'd)*

FYE	R&D expenditure (RM' 000)	R&D expenditure over our Group's total revenue %
2018	416	0.71
2019	432	0.77
2020	473	0.90

We have a dedicated R&D team of seven (7) personnel headed by Yeap Guan Seng, based in our factory in Perai, Penang. Our R&D team comprise our production manager, assistant production manager, three (3) R&D technicians, senior R&D assistant as well R&D assistant who possess the technical know-how and have well-developed practical skills and experience ranging from two (2) to twenty-one (21) years in manufacturing of nameplates. Our R&D team members do not possess engineering or professional qualifications.

Among our on-going R&D efforts include enhancing the production cycle time for the laser cutting machines, improvement in the design and manufacturing processes of nameplates as well as improvement in printing processes to facilitate multi-colour printing.

7.15 EMPLOYEES

7.15.1 Category of Employees

In FYE 2020, our Group has an average total of 334 permanent employees (including our Executive Directors). Our Group has not encountered any major turnover in our workforce.

The detailed breakdown of our Group's employees in average for the FYE 2020: -

	Average no. of employees		
	FYE 2020		
Category	VNP	VTT	Total
Executive Director/Chief Financial Officer	5	-	5
Engineering	9	6	15
Manufacturing	80	133	213
Quality Assurance	30	19	49
Finance and Administration	5	7	12
Sales and Marketing	8	9	17
Purchasing and Logistic	3	12	15
General workers	4	4	8
Total	**144**	**190**	**334**

None of our employees belong to any labour union. The relationship and cooperation between our management and our employees have always been good and this is expected to continue in the future. The Group is in compliance with statutory minimum wage, EPF and SOCSO statutory contributions in relation to its employees. As at the LPD, there has been no industrial dispute pertaining to our employees.

In FYE 2020, VNP employed an average of 53 foreign workers from Nepal and Vietnam and VTT employed an average of 187 Thai workers and three (3) Malaysian workers. Our Directors have confirmed that all the foreign employees have valid working permits and are not in breach of any immigration laws.

In addition to the above, as at LPD, we also have 73 outsourced Malaysian workers which are provided by a labour agency company which are hired on a monthly basis and are not under the employment of the Group.

7. BUSINESS OVERVIEW *(cont'd)*

7.15.2 Management Succession Plan

The management of our Group recognises the importance of succession planning for business continuity, and maintaining the level of our competencies and competitiveness in the industry. In view thereof, our Group has taken the appropriate steps to ensure the implementation of succession planning in every department.

We encourage senior management to groom the lower and middle management staff, who will be groomed to gradually assume higher responsibilities. In addition, the middle management are continually involved in various operations of the company, and actively participate in the discussion for decision-making to ensure better understanding of the operations and to equip themselves with the necessary knowledge and skills to succeed in senior management roles. In addition, we have offered a competitive remuneration and employee benefits to our employees. The employees who outperform the key performance indicator will be additionally rewarded such as performance bonus, increment or ESOS Options to be granted on a reasonable basis. This forms part of our employees' career development plan.

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

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7. BUSINESS OVERVIEW *(cont'd)*

7.16 MAJOR CUSTOMERS

Our Group's top five (5) major customers for the past three (3) FYE 2018 to FYE 2020 are as follows: -

Customers	FYE 2018 (RM'000)	FYE 2018 (%)	Products Sold	Country of Operation	Length of Relationship Years as at the LPD
Donaldson Thailand	37,094	63.25	Plastic injection moulded parts	Thailand	9
Fisher & Paykel Thailand			Nameplates and plastic injection moulded parts	Thailand	13
HP [(i)]			Nameplates	Singapore	19
Bernina (Thailand) Co. Ltd	2,087	3.56	Plastic injection moulded parts	Thailand	11
Electrolux Thailand	6,416	10.94	Nameplates and plastic injection moulded parts	Thailand	12
Sub-total	45,597	77.75			
Other sales	13,052	22.25			
Total sales	**58,649**	**100.00**			

Customers	FYE 2019 (RM'000)	FYE 2019 (%)	Products Sold	Country of Operation	Length of Relationship Years as at the LPD
Donaldson Thailand	30,954	55.39	Plastic injection moulded parts	Thailand	9
Fisher & Paykel Thailand			Nameplates and plastic injection moulded parts	Thailand	13
HP [(i)]			Nameplates	Singapore	19
Bernina (Thailand) Co. Ltd	2,651	4.74	Plastic injection moulded parts	Thailand	11
Beko Thai Co., Ltd.	3,220	5.76	Nameplates and plastic injection moulded parts	Thailand	5
Sub-total	36,825	65.89			
Other sales	19,067	34.11			
Total sales	**55,892**	**100.00**			

7. BUSINESS OVERVIEW *(cont'd)*

Customers	FYE 2020 (RM'000)	FYE 2020 (%)	Products Sold	Country of Operation	Length of Relationship Years as at the LPD
Donaldson Thailand	30,248	57.59	Plastic injection moulded parts	Thailand	9
Fisher & Paykel Thailand			Nameplates and plastic injection moulded parts	Thailand	13
HP [(i)]			Nameplates	Singapore	19
Bernina (Thailand) Co., Ltd.	3,196	6.08	Plastic injection moulded parts	Thailand	11
Beko Thai Co., Ltd.	3,062	5.83	Nameplates and plastic injection moulded parts	Thailand	5
Sub-total	36,506	69.50			
Other sales	16,021	30.50			
Total sales	**52,527**	**100.00**			

Note: -

For information purposes, the sequence of the names appearing above is not based on ranking of revenue contribution to the Volcano Group.

(i) HP has been our major customer for the past nineteen (19) years. All our sales with HP are transacted based on purchase order basis and we do not have any long-term contracts with HP. We have undergone selection process before becoming an approved nameplates supplier to HP. The Volcano Group is dependent on HP as HP has contributed between 40% to 50% to the total revenue of the Volcano Group for each of the past three (3) FYE 2018 to FYE 2020. However, the revenue contribution from HP has been on a declining trend for the Financial Years Under Review. Our revenue from HP declined by 13.57% in FYE 2018, 16.55% in FYE 2019 and 1.40% in FYE 2020 due to the change of sales mix towards non-metal nameplates under the cost cutting control measures of HP which has affected the Group's revenue and profitability.

As at LPD, our Group does not have any long-term contracts with our major customers. Our sales are on purchase order basis.

Apart from HP, our Group is also dependent on Donaldson Thailand and Fisher & Paykel Thailand as they have been amongst our top five (5) major customers of the Group for the Financial Years Under Review and a major contributor to the Group's revenue. Collectively, the three (3) major customers have contributed a total of between 55.39% to 63.25% of the Group's revenue during the Financial Years Under Review. We have maintained a long and mutually beneficial relationship with them over the years and this has provided our Group with a strong platform for future growth.

However, if any of our major customers and in particular HP reduces their order for our products significantly or if they choose not to be our customer, our Group's financial results will be adversely affected if we are not able to quickly address the decrease in revenue.

Although our top five (5) major customers contributed a major portion of our Group's revenue during the Financial Years Under Review, we have a diversified customer base of more than 100 customers from various end-user industries such as E&E and automotive.

7. BUSINESS OVERVIEW *(cont'd)*

The total number of customers which has transacted with our Group for the Financial Years Under Review is as follows: -

	FYE 2018	FYE 2019	FYE 2020
Total Number of customers	151	206	189

The total number of repeat/regular customers which has transacted with our Group for the Financial Years Under Review is as follows: -

	FYE 2018	FYE 2019	FYE 2020
Total Number of repeat/regular customers*	115	138	156

Note: -

* *Repeat/regular customers refer to customers which have transacted with the Group before the aforesaid financial year.*

The years of relationship with our repeat/regular customers ranges between five (5) to nineteen (19) years for the Financial Years Under Review.

In addition, we also intend to improve the efficiency and capabilities of our nameplate manufacturing process as described in Section 7.20.1(a) of this Prospectus and expand our plastics manufacturing business as described in Section 7.20.1(b) of this Prospectus. This is expected to enhance our product offerings and broaden our customer base as it provides us with the flexibility and production capacity to manufacture and sell our products to our existing customers and potential new customers, which is expected to reduce our sales concentration risk on our major customers.

However, there is no assurance that such endeavours will be successful or if we are successful in securing other customers, we may not be able to achieve the same level of profit margins that we achieved during the Financial Years Under Review.

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7. BUSINESS OVERVIEW *(cont'd)*

7.17 MAJOR SUPPLIERS

Our Group's top five (5) major suppliers for the past three (3) FYE 2018 to FYE 2020 are as follows: -

Suppliers	FYE 2018 (RM'000)	FYE 2018 (%)	Products Sourced	Country of Operation	Length of Relationship Years as at the LPD
Chuang Xin Gao Technology HK Limited	3,702	13.47	Sheet metal	Hong Kong	5
Fuku Tech Trading	1,885	6.86	Surface treatment service	Malaysia	5
Gernise Global Pte. Ltd	1,843	6.71	Thermoplastic sheet	Singapore	7
Mitsui & Co., (Thailand) Ltd	1,747	6.36	Resin	Thailand	3
Liack Seng Trading Co.	1,112	4.05	Resin	Thailand	10
Sub-total	**10,289**	**37.44**			
Other purchases	17,193	62.56			
Total purchases	**27,482**	**100.00**			

Suppliers	FYE 2019 (RM'000)	FYE 2019 (%)	Products Sourced	Country of Operation	Length of Relationship Years as at the LPD
Lesun (HK) Technology Company Limited	2,071	9.24	Sheet metal	Hong Kong	3
Mitsui & Co., (Thailand) Ltd	1,860	8.30	Resin	Thailand	3
Gernise Global Pte. Ltd	1,390	6.20	Thermoplastic sheet	Singapore	7
Chuang Xin Gao Technology HK Limited	1,296	5.78	Sheet metal	Hong Kong	5
Polymer Solution Co., Ltd	935	4.17	Resin	Thailand	7
Sub-total	**7,552**	**33.69**			
Other purchases	14,865	66.31			
Total purchases	**22,417**	**100.00**			

7. BUSINESS OVERVIEW *(cont'd)*

Suppliers	FYE 2020 (RM'000)	FYE 2020 (%)	Products Sourced	Country of Operation	Length of Relationship Years as at the LPD
Lesun (HK) Technology Company Limited	1,978	8.80	Sheet metal	Hong Kong	3
Tesa Tape Industries (M) Sdn Bhd	1,572	6.99	Adhesive	Malaysia	14
Gernise Global Pte. Ltd	1,398	6.22	Thermoplastic sheet	Singapore	7
Mitsui & Co., (Thailand) Ltd	1,335	5.94	Resin	Thailand	3
KIJ Excellence Titanium Sdn Bhd	1,264	5.62	Surface treatment service	Malaysia	9
Sub-total	**7,547**	**33.57**			
Other purchases	14,935	66.43			
Total purchases	**22,482**	**100.00**			

Our Group is not dependent on any of our major suppliers as the raw materials that we use are readily available and can be sourced from both local and foreign suppliers, including suppliers specified by our customers. In the FYE 2020, VNP sourced 59.73% of its purchases locally in Malaysia and the remaining 40.27% from overseas whilst VTT sourced 76.36% of its purchases locally in Thailand and the remaining balance of 23.64% from overseas.

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7. BUSINESS OVERVIEW *(cont'd)*

Our purchases from these major suppliers comprise metal and non-metal raw materials as well as services for additional processes. We have not faced any material supply disruption or delays by our major suppliers.

Our suppliers are selected based on pricing, manufacturing capabilities, range and technical specifications of raw materials, ability to meet our quality requirements and ability to deliver in a timely manner.

We engage local subcontractors for additional processes such as surface processing.

7.18 TYPES, SOURCES AND AVAILABILITY OF SUPPLIES

The raw materials that we use are readily available and sourced from local and foreign suppliers, including suppliers specified by our customers. Thus far, we have not experienced any material shortages in sourcing these materials for our operations. In addition, we have not experienced any major fluctuations in prices of our raw materials that have materially affected our financial position. We also engage local subcontractors for additional processes such as surface processing.

We generally take into account supplier lead times to prevent potential major disruptions to our production. We have developed policies and procedures that guide our selection of suppliers. All selected suppliers are evaluated in terms of pricing, manufacturing capabilities, range and technical specifications of raw materials, ability to meet our quality requirements and ability to deliver in a timely manner.

Amongst the raw materials used by our Group are stainless steel sheet, aluminium sheet, thermoplastic sheet, resin, adhesive tape and ink. The breakdown of the purchases by our Group together with their respective sources of supplies for the FYE 2020 are as follows: -

		FYE 2020	
Type of materials	**Country of origin/ imported from**	**Value of purchases (RM'000)**	**Total purchases of our Group (%)**
Metal			
Stainless steel sheet	China, Hong Kong, Taiwan, Japan	2,401	10.68
Aluminium sheet	China, Hong Kong, Taiwan, Japan	1,688	7.51
Non-metal			
Resin	Thailand, Korea, Germany, Switzerland, China, New Zealand	6,167	27.43
Thermoplastic sheet	China, Hong Kong, Taiwan, Singapore, USA, Thailand, Malaysia	3,046	13.55
Others			
Parts/components for assembly (hardener, cap, net, filter)	Thailand, China, Japan, Germany, Switzerland, Singapore, Malaysia	2,512	11.17
Additional process (printing/surface processing/slitting)	China, Singapore, Malaysia	2,682	11.93
Adhesive tape	Malaysia, Thailand, Singapore	2,325	10.34

7. BUSINESS OVERVIEW *(cont'd)*

Type of materials	Country of origin/ imported from	FYE 2020	
		Value of purchases (RM'000)	Total purchases of our Group (%)
Tool (tool/die/stencil/plate/film)	Thailand, China, Malaysia	358	1.59
Ink/solvent	Thailand, Taiwan, Malaysia	769	3.42
Packaging material/others (foam)	Malaysia, Thailand	366	1.63
Label/sticker/logo	Taiwan, China, Malaysia	168	0.75
Total		**22,482**	**100.00**

7.19 COMPETITIVE STRENGTHS

We believe that our historical successes and future prospects are underpinned by the following competitive strengths: -

(a) We manufacture products that support the development in end-user industries, in particular E&E and automotive

Our manufacturing of nameplates and plastic injection moulded parts allow us to offer our products to support the development in manufacturing industries, such as E&E and automotive.

E&E industry

According to the IMR Report, the global E&E industry grew at a CAGR of 3.38% from EUR4.22 trillion (or equivalent to RM20.46 trillion based on average annual exchange rates in 2017 at EUR1 = RM4.8530) in 2017 to EUR4.51 trillion (or equivalent to RM20.91 trillion based on average annual exchange rates in 2019 at EUR1 = RM4.6378) in 2019. The global household appliances and consumer electronics segments, being key end-user industries of nameplates and plastic injection moulded parts, registered CAGRs of 2.25% and 3.48% respectively during this period.

Nevertheless, in view of the outbreak of the Covid-19 virus in 2020, the global E&E industry is estimated to have declined in 2020. The International Monetary Fund ("IMF") estimated world GDP growth in 2020 to have declined by -4.4%, indicating adverse economic conditions for the year which has affected businesses, employment and consumer purchasing power. As consumers became more cautious with spending, it has negatively impacted the demand for E&E products and in turn may have affected the demand for nameplates and plastic injection moulded parts in 2020.

Notwithstanding the negative impacts arising from the Covid-19 pandemic, the outbreak of the Covid-19 has led to many countries implementing mandatory lockdowns to curb the spread of the virus, which has boosted the demand for laptops and computers as large proportions of the global workforce have migrated from the office to working from home, and students are also studying from home through online classes. Further, as the impact of the Covid-19 pandemic subsides or ends, the global E&E industry is expected to recover in 2021. The anticipated growth in the global E&E industry, supported by the increase in demand for laptops and computers are therefore, expected to support the demand for nameplates and plastic injection moulded parts moving forward.

7. BUSINESS OVERVIEW *(cont'd)*

Automotive industry

Global production of motor vehicles which had been growing every year from 61.76 million units since 2009, registered a negative CAGR of 2.52% from 96.59 million units in 2017 to 91.79 million units in 2019, mainly attributed by the disruptions caused by new emission standards in Europe and China as well as a decline of demand in China resulting from higher taxes and tighter regulations on peer-to-peer lending in 2019. However, the effects of these factors on the global production of motor vehicles are expected to be temporary, when adjustments on production to reduce the emission of motor vehicles to comply with these new emission standards are completed, and impact of higher taxes and tighter regulations subsides in China. Thailand, as one of the principal markets for Volcano Group's products, experienced an increase in motor vehicle production during the same period, from 1.99 million units to 2.01 million units, registering a CAGR of 0.50%.

According to the IMR Report, the outbreak of the Covid-19 has caused affected countries to impose mandatory movement and business operations restrictions to contain the spread of the virus. This has, and may continue to, temporarily disrupt the demand for nameplates and plastic injection moulded parts as production of motor vehicles were delayed or completely halted. Further, logistics networks around the world has faced disruptions due to closure of airports and other transportation hubs, which may have caused delays in delivery of nameplates and plastic injection moulded parts to the automotive industry. In addition, demand for motor vehicles may have been dampened as a result of the adverse economic conditions in 2020, as consumers were more cautious in their spending which consequently may have affected the demand for nameplates and plastic injection moulded parts in the automotive industry.

Nevertheless, as motor vehicles are one of the main modes of transportation globally, the production of motor vehicles is expected to grow over the long term, when global supply chains resume, economic conditions recover and the impact of the Covid-19 pandemic subsides or ends. As the production of motor vehicles increase, it is expected to continue to support the demand for nameplates and plastic injection moulded parts.

Our prospects will generally be in tandem with end-user industries especially E&E and automotive, which has demonstrated development over the years. As we manufacture products that support the development in end-user industries, our Group is well-positioned to capitalise and leverage on further development in the end-user industries, including capturing future growth opportunities the industries may offer and enabling our Group to continue on our long-term growth and expansion.

(b) The manufacturing operations for both nameplates and plastic injection moulded parts are housed together at our factory in Rayong, Thailand

We offer manufacturing of nameplates and plastic injection moulded parts, which is an element of parts and components manufacturing within the manufacturing value chain to form end-user products. We are able to manufacture both nameplates and plastic injection moulded parts for our customers in one location, as our factory in Rayong, Thailand has the required machinery and equipment as well as labour resources to manufacture both nameplates and plastic injection moulded parts. With this, we are also able to assemble our manufactured nameplates onto our manufactured plastic injection moulded parts as a final product to our customers.

Having the manufacturing operations for both nameplates and plastic injection moulded parts in one location will enable our customers to source both the nameplates and the plastic injection moulded parts from us. As we are also able to assemble our manufactured nameplates on our manufactured plastic injection moulded parts, we are able to be a one-stop solution provider for the customers that require both nameplates and plastic injection moulded parts.

7. BUSINESS OVERVIEW *(cont'd)*

(c) We offer a wide range of methods in manufacturing nameplate

We offer various methods in manufacturing both metal and non-metal nameplates, comprising laser cutting and stamping processes which include blanking, forming, forging, deep drawing, embossing, debossing and die-cutting, as well as various printing methods such as silk screen printing, tampo printing and offset printing. There are other types of methods in manufacturing nameplates in the industry such as nickle plating, electroforming and etching, which we do not manufacture as these methods are using chemical-based processing methods.

During product development, we will provide suggestions in terms of type of material, design and surface finishing to cater for the different level of tolerance to heat and humidity required by our customers. As an illustration, for computers, customers may require nameplates to be attractive as the nameplates showcase our customers' brand or logo, thus metal nameplates would be of a superior choice in terms of the metallic properties over non-metal nameplates. We can also provide surface finishing based on the level of scratch resistance required by our customers. In addition, nameplates for outdoor use such as on automotive vehicles will require nameplates that are durable and have high level of tolerance to environmental factors such as heat and humidity as well as high level of scratch resistance. Nameplates for products used in indoor environment such as home and office may not require the same properties as nameplates on products used in outdoor environment.

We are able to offer various types of nameplate manufacturing methods to meet multiple end-user industry requirements and the varied specifications of our customers. With this, we can market ourselves to customers across many industries, thereby creating diversified growth opportunities for our Group's future expansion.

(d) We have a strong portfolio of international brands and multinational customers

Over approximately 90.08% of our customers, in terms of orders for nameplates and plastic injection moulded parts secured by us during the Financial Years Under Review, are either foreign-based or owned by MNCs/public listed companies. Our customer portfolio of MNCs which include, amongst others, Hewlett Packard, Fisher & Paykel Thailand, Donaldson Thailand, Sharp Indonesia and Panasonic Thailand.

These customers typically have selection processes for suppliers or contractors, including our Group, where they will carry out detailed assessments on suppliers/contractors to ensure that the suppliers/contractors selected possess the relevant experience and credentials.

Our success in securing orders from our customers, and retaining many of these customers as repeat customers, demonstrates our capabilities in complying with the requirements set by them and is a testament to our track record, product quality and manufacturing expertise. This will further contribute to our growing credentials and strengthen our reputation as a reliable manufacturer of nameplates and plastic injection moulded parts.

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(e) We have a team of experienced and committed key senior management personnel

We have a team of experienced key senior management personnel with operational expertise and in-depth knowledge of manufacturing of nameplates and plastic injection moulded parts. Our Group Managing Director, Datuk Ch'ng Huat Seng, has thirty-eight (38) years of relevant experience and is responsible for overseeing the strategic growth and business direction of our Group.

Datuk Ch'ng Huat Seng is supported by the following key senior management personnel: -

Name	Designation	Years of relevant working experience
Gan Yew Thiam	Executive Director	32
Yeap Guan Seng	Executive Director	32
Dato' Wong Tze Peng	Executive Director	35
Khoo Boo Wui	Executive Director/Chief Financial Officer	24
Lim Kee Wei	QA Manager	23
Rajendran A/L Masilamany	Production Manager	23
Cheng Su Ying	Finance and Administration Manager	17

The knowledge and experience of our key senior management personnel in the manufacturing of nameplates and plastic injection moulded parts has contributed to our Group's expansion from a small nameplate manufacturer to a supplier to many established MNCs. The collective experience and knowledge of our key senior management personnel have been, and will continue to be, a foundation for our Group's success.

(f) We have long-standing business relationships with our customers and suppliers

Having been in the industry for over 20 years, we have developed our customer and supplier base. The relationships that we have established with our customers and suppliers will continue to support the future growth of our business.

The long-term business relationships that we have established with our existing customers have allowed us to develop our reputation in manufacturing of parts and components used in the E&E and automotive industries and simultaneously attract new customers through referrals from existing customers.

We have long-term business relationships ranging from five (5) years to nineteen (19) years with our major customers during the Financial Years Under Review as disclosed in Section 7.16 of this Prospectus.

Further, we recognise the importance of our suppliers and thus we maintain strong relationships with them. Our ability to build and maintain long-term relationships with our suppliers allow us to have access to raw materials in a timely manner.

We have business relationships ranging from three (3) years to fourteen (14) years with our major suppliers during the Financial Years Under Review as disclosed in Section 7.17 of this Prospectus.

7.20 BUSINESS STRATEGIES AND PROSPECTS

7.20.1 Business strategies

We intend to focus on the following business strategies for the future growth and expansion of our business: -

(a) We intend to improve the efficiency and capabilities of our nameplate manufacturing process through the purchase of additional laser cutting machines and pick and paste machines

We currently adopt two (2) nameplates manufacturing methods as described in Section 7.4.7 of this Prospectus, namely the stamping method and laser cutting method. As at the LPD, we have seventeen (17) units of laser cutting machines (fourteen (14) units at our factory in Perai, Penang and three (3) units at our factory in Rayong, Thailand) and one (1) unit of laser cutting machine is expected to be delivered by the second quarter of FYE 2021 which will be funded by our internally-generated funds. The laser cutting method enables us to achieve higher efficiency by replacing some of the manufacturing processes such as lamination, cutting, punching and stamping (i.e., blanking and die-cutting) which were previously performed using separate machines. This reduces movement of semi-finished products and time required to manually feed semi-finished products from one machine to another. The laser cutting machines also allow for high-precision cutting, enabling us to refine our product finishing through cutting/shaping of complex geometries and patterns, and on metal and non-metal materials of various thickness without deformation. This will enable us to fulfil orders with high-complexity designs and specifications with lower manufacturing defect. The laser cutting method cannot be achieved with stamping machines. Moving forward, we intend to further increase our capacity through the purchase of an additional six (6) units of laser cutting machines from the proceeds of our Public Issue for our factories in Perai, Penang.

As at the FYE 2020, our production capacity stood at 32,348,000 units per year with fourteen (14) units of laser cutting machines. We have purchased additional four (4) units of laser cutting machines using our internally-generated funds (of which two (2) units of laser cutting machines were delivered on 22 January 2021 and one (1) unit of laser cutting machine was delivered on 11 February 2021, whilst the remaining one (1) unit of laser cutting machine will be delivered by the second quarter of FYE 2021). With the additional four (4) units of laser cutting machines, the production capacity will be increased to 41,590,000 units per year representing an increase of 28.57% or 9,242,000 units.

The purchase of the additional six (6) units of laser cutting machines using the proceeds from our Public Issue will further increase our laser cutting production capacity by approximately 33.33% or 13,863,000 units from 41,590,000 units to 55,453,000 units per year.

With more laser cutting machines, we will be able to achieve higher efficiency in terms of manufacturing processes as the steps required to manufacture flat nameplates will be reduced as compared to the stamping method.

As the cutting process using laser cutting machine is automated and more precise, it is expected to yield more consistent production output with lower product rejection rate of approximately 0.33% in FYE 2020 (based on total number of rejected units produced using the laser cutting method in FYE 2020 against total production units produced using laser cutting method in FYE 2020) as compared to a product rejection rate of approximately 2.48% in the FYE

2020 under the stamping method (based on total number of rejected units produced using the stamping method in FYE 2020 against total production units produced using stamping method in FYE 2020) which is manually operated.

With simplification of lamination, cutting, punching and stamping processes, we are able to achieve lower manufacturing defects translating to lower product rejection rate thus reducing raw material wastages. This will enable us to have better cost control and savings for our Group. The Group will allocate approximately 280 sq. ft. of existing floor space at our factory in Perai, Penang to place the six (6) units of laser cutting machines.

While the utilisation rate of our stamping machines in the FYE 2020 was 46.96%, these machines are important to our nameplate manufacturing process as some of the manufacturing processes such as embossing and forming for non-flat nameplates can only be carried out using stamping machines as laser cutting machines cannot perform these processes. These stamping machines can also be used as additional capacity to complement our laser cutting machines when we have high influx of orders. This will give us more flexibility in production planning.

We also intend to automate processes involving manual labour of picking and pasting different components of our nameplates to form final nameplates that are outputs from the stamping machines via the purchase of five (5) units of pick and paste machines for our factory in Perai, Penang. These pick and paste machines will be used after the completion of stamping process. The five (5) units of pick and paste machines is expected to perform the picking and pasting process for 15 seconds per piece, as compared to 40 seconds per piece by manual labour. The Group will allocate approximately 420 sq. ft. of existing floor space at our factory in Perai, Penang to place the five (5) units of pick and paste machines.

The total cost of acquiring these six (6) units of laser cutting machines will be approximately RM3.55 million while the total cost of acquiring the five (5) units of pick and paste machines will be approximately RM2.00 million, which we intend to fund via proceeds from the Public Issue.

We expect the laser cutting machines and pick and paste machines to be purchased and installed within twenty-four (24) months of our Listing.

The acquisition of these new machineries is to increase automation with new technology and reduce our reliance on labour. It is expected to improve our manufacturing efficiency to facilitate our growth plans and strategies in expanding our clientele base in the existing industries we serve and in anticipation of securing customers from other industries.

We are proactively deploying automation technology via the purchase of additional laser cutting machines and pick and paste machines. In response to the implementation of social distancing as a result of the pandemic, these new machineries are expected to decrease the reliance of workers throughout their operations in our premises, to increase our capability to manage our operations remotely and minimise the disruption in our operations. This in turn is expected to ensure our business continuity in the event of an outbreak of any infectious disease.

(b) We intend to expand our plastic injection moulded parts manufacturing business with the purchase of additional plastic injection moulding machines

As at the LPD, we have twenty-three (23) units of plastic injection moulding machines at our factory in Rayong, Thailand, with tonnages ranging from 25 MT to 800 MT. The combined total production capacity of the twenty-three (23) units of plastic injection moulding machines is 10,717,000 units per year in FYE 2020, with a utilisation rate of 67.40% in the FYE 2020.

We intend to acquire an additional five (5) units of plastic injection moulding machines ranging from 350 MT to 800 MT to expand our manufacturing capacity. The purchase of additional higher tonnage plastic injection moulding machines will also enable us to expand our manufacturing capacity to cater for larger plastic injection moulded parts.

Among the additional five (5) units of plastic injection moulding machines, two (2) new units of plastic injection moulding machines with higher tonnages of 350 MT and 380 MT respectively will replace our two (2) existing units of plastic injection moulding machines of 25 MT and 50 MT respectively purchased in 2010 which are prone to break downs and will be disposed of.

The five (5) new units of plastic injection moulding machines have improved specification in terms of tonnage. The details of the tonnages of the existing plastic injection moulding machines to be replaced and the tonnages of the new plastic injection moulding machines are as follows: -

Existing plastic injection moulding machines to be replaced		New plastic injection moulding machines	
1	25 MT	1	350 MT
2	50 MT	2	380 MT
		3	380 MT
		4	480 MT
		5	800 MT

The production capacity with the acquisition of additional five (5) units of plastic injection moulding machines will increase our capacity by 15.56% or 1,667,456 units from 10,717,000 units per year in FYE 2020 to 12,384,456 units per year.

The total cost of acquiring these five (5) units of plastic injection moulding machines will be approximately RM2.30 million which is expected to be funded via our internally-generated funds. We will carefully consider the funding options available (i.e., internally-generated funds, bank borrowings or raising funds via equity) and the relevant cost and benefits of each option for the acquisition of the plastic injection moulding machines. We expect the plastic injection moulding machines to be purchased and installed at our factory in Rayong, Thailand within thirty-six (36) months upon our Listing.

According to the IMR Report, the global market size for plastic injection moulded parts increased from USD236.98 billion (or equivalent to RM1,019.20 billion based on average annual exchange rates in 2017 at USD1 = RM4.3008) in 2017 to USD259.49 billion (or equivalent to RM1,074.99 billion based on average annual exchange rates in 2019 at USD1 = RM4.1427) in 2019, registering a CAGR of 4.64%. In terms of volume, the demand for plastic injection moulded parts increased from 31.98 million tonnes to 34.74 million tonnes during the same period, at a CAGR of 4.23%. The demand for plastic injection moulded parts is expected to continue to be driven by its wide application across many end-user industries and by the demand for E&E products, as well as automotive components, amongst others.

While we remain diligent in selecting customers, the proposed purchase of additional plastic injection moulding machines will ensure that we will not be constrained by our manufacturing capacity, and this will provide a strong platform for the future expansion of our Group.

(c) We plan to expand our factory in Rayong, Thailand in anticipation of the growth of our business

We intend to expand our factory in Rayong, Thailand by building a single storey high ceiling factory annexed with the existing factory with a built-up area of approximately 10,086 sq. ft. to place the five (5) new units of plastic injection moulding machines as set out in Section 7.20.1(b) above.

The total cost of the building expansion is expected to cost approximately RM4.81 million which is expected to be funded via our internally-generated funds. We will carefully consider the funding options available (i.e., internally-generated funds, bank borrowings or raising funds via equity) and the relevant cost and benefits of each option for the factory expansion in Rayong, Thailand. We expect to complete the expansion works together with the relevant building inspection certificates issued by the IEAT within thirty-six (36) months upon Listing and our factory is expected to be fully operational by second half of 2024.

(d) We plan to expand our presence in the E&E and automotive industries in Thailand

We intend to actively expand our presence in the E&E and automotive industries in Thailand within the next thirty-six (36) months after our Listing by actively pursuing the opportunities in the manufacturing of nameplates and plastic injection moulded parts which will be funded by our internally-generated funds. The Group has not considered any other target markets/industries as at the LPD. As at the LPD, the sales and marketing strategies that we adopt are direct approach through our sales representatives where we have established a sales and marketing division in Thailand, securing new customers through referrals and promoting our products through our corporate websites.

According to the IMR Report, Thailand is a major manufacturing base in Southeast Asia for many MNCs, including E&E and automotive manufacturers, driven by its strategic location, availability of labour and supportive government policies. The prospects for the E&E and automotive and transportation industries in Thailand are optimistic as BOI continue to offer incentives such as exemption of corporate income tax and stamp duties to attract multi-national manufacturing companies to set up manufacturing plants in Thailand. The demand for nameplates and plastic injection moulded parts is expected to continue to be driven by the growth in these end-user industries.

While the plastic injection moulding industry in Thailand is competitive due to the large number of industry players and fragmented nature, plastic injection moulded parts are used in a wide range of end-user industries, such as the E&E, automotive, medical, aerospace, packaging, manufacturing, telecommunications and office supply industries owing to their relatively low cost, ease of manufacture, versatility and waterproof properties. As such, there will be continuous demand for plastic injection moulded parts to support the manufacturing of various E&E, automotive and other consumer products.

Over the past three (3) FYEs 2018 to 2020, our sales to Thailand have accounted for 41.28%, 42.59% and 44.11% of our total Group revenue respectively. Our track record in Thailand provides us with a foundation and platform for further expansion and growth, as we are able to leverage on our established relationships with our existing customers and business associates

in Thailand. We are aware of the market potential for our Group and aim to further grow our market share in Thailand. To implement this, we intend to carry out the following sales and marketing activities focusing on the manufacturing sector in Thailand: -

(i) Participate in external events and exhibitions where we can showcase the advantages and benefits of our solutions. We have identified the following events and exhibitions that we intend to participate over the next two (2) years, primarily manufacturing and parts and components related events: -

Event name	Location
Vietnam Manufacturing Expo	Hanoi, Vietnam
METALEX (Machine Tools and Metalworking Technologies Trade Exhibition and Conference)	Bangkok, Thailand
Manufacturing Expo	Bangkok, Thailand
A-Plas (ASEAN Plastic) Exhibition	Bangkok, Thailand

Nevertheless, our planned participation in these events and exhibitions is subject to the Covid-19 situation in the locations where we operate or in the locations where the identified events and exhibitions that we intend to participate in are held.

(ii) Leverage on our existing business relationships with our customers and business associates in Thailand by continuing to engage them and keeping them updated on our existing and new solutions.

Showcasing our solutions and track record at events and exhibitions will raise the profile and reputation of our Group in the nameplate and plastic injection moulded parts industries. Increasing our sales and marketing activities will help create enhanced visibility for our Group and our solutions. These elements will be important as we embark on our next phase of business expansion as a public listed company.

7.20.2 Prospects

Our Board is of the view that our Group will enjoy positive growth and favourable prospects in the long term premised on the following: -

(a) Our competitive strengths as set out in Section 7.19 of this Prospectus;

(b) Our Group's business strategies as set out in Section 7.20.1 of this Prospectus;

(c) The global demand for nameplates and plastic injection moulded parts which is driven by the performance of its end-user industries such as E&E industry and automotive industry, as well as the wide application of nameplates and plastic injection moulded parts in other end-user industries. (Source: IMR Report); and

(d) Further, our Group's sustainability is expected to be driven by the benefits and unique functions of nameplates and plastic injection moulded parts across various industries: -

- Nameplates are used to identify, provide information and instructions as well as to supplement the aesthetic appeal to a product. Nameplates can display the name of a person or company, or a company's brand or logo.

Some nameplates also display licence, certification, directional or product specification information. (Source: IMR Report)

- Plastics are widely used in the manufacturing of parts and components for industrial and commercial applications owing to their relatively low cost, ease of manufacture, versatility and waterproof properties, and thus have displaced several traditional materials such as wood, stone, leather, paper, metal and glass in many of their former uses. (Source: IMR Report)

7.21 ADDITIONAL DISCLOSURES

7.21.1 Tax revision

On 13 March 2019, our Group sought for a revised tax assessment for years of assessment ("**YA**") 2016 and 2017 which was submitted to the Inland Revenue Board ("**IRB**") ("**Tax Revision**"). The Tax Revision arose as VNP obtained an approval by MIDA vide its letter dated 30 August 2018 to qualify for an automation capital allowance of 200% on the first RM2.0 million expenditure under P.U. (A) 252 Income Tax (Accelerated Capital Allowance) (Automation Equipment) Rules 2017 and P.U. (A) 253 Income Tax (Exemption) (No.8) Order 2017 and the approval period is for a period of six (6) years which took effect from YAs 2015 to 2020.

IRB had, vide a notice of reduced assessment dated 9 June 2020, approved the Tax Revision. As such, VNP will receive a refund of RM82,564.80 and RM337,423.20 for YA 2016 and 2017 respectively which were in line with the submission of the revised tax computation on 13 March 2019 made by VNP.

7.21.2 Tax review

IRB had, vide its letter dated 13 September 2019, requested to review the past accounting records including the supporting documents of VNP for YA 2013 to 2018 ("**Tax Review**").

On 17 August 2020, IRB issued a letter to VNP in relation to the Tax Review as follows:

(i) in relation to a loan given by VNP to VTT for YA 2013 to 2018 ("**Item 1**"); and

IRB indicated that there was no interest income charged on the aforesaid loan and that such interest income is taxable pursuant to Section 140A of the Income Tax Act, 1967. The interest income suggested to be charged on VTT based on the prevailing Base Lending Rate on the outstanding monthly balance at a compounded rate amounts to approximately RM5.51 million.

On 27 August 2020, Baker Tilly (MH) Penang Sdn Bhd ("**Tax Agent**") had responded on behalf of VNP that foreign interest income, if charged, received and remitted into Malaysia are exempted from Malaysia tax in accordance with Paragraph 28, Schedule 6 of the Income Tax Act, 1967. Therefore, the question on taxability of interest income does not arise.

Based on the latest engagement with the IRB by the Tax Agent on 19 October 2020, the IRB had indicated that they will not pursue the issue on interest income arising from a loan given by VNP to VTT for YA 2013 to 2018.

7. BUSINESS OVERVIEW *(cont'd)*

(ii) disposal of a property and shares of a company in YA 2014 which was not reported ("**Item 2**")

The review being undertaken by IRB is in relation to the disposal of a freehold land and factory building bearing address No. 9, Jalan Anggerik Mokara 31/48, Kota Kemuning Industrial Park, 40460 Shah Alam, Selangor ("**Subject Property**") by VNP and its previous wholly-owned subsidiary, T-Venture Industries (M) Sdn Bhd ("**T-Venture**") ("**Transaction**"). The IRB had highlighted that the Transaction was not reported to the IRB ("**Late Reporting**"). In this regard, VNP had on 24 August 2020 submitted the RPGT form for the disposal of the Subject Property and made the payment for the RPGT amounting to RM116,216.82 ("**RPGT Payment**").

Based on the latest engagement with the IRB by the Tax Agent on 23 November 2020, IRB has requested for further clarification on whether the disposal of the Subject Property should be taxed under real property gains tax ("**RPGT**") or corporate income tax. The Company is of the view that the Transaction should be taxed under RPGT as VNP is not involved in property holding/property investment/property developer business and the Subject Property was occupied by its previous wholly-owned subsidiary, T-Venture, and a related company, for manufacturing activities. As the property was used by T-Venture as its manufacturing facility, the accounting entry for the said property was "fixed asset" and not "stocks". In addition, the proceeds (after deducting the cost and upkeep) were treated as gains on disposal of property which was non-recurring, and was not as revenue/sale of stocks/inventory.

Based on the above, the financial impact to the Company is as follows: -

(i) in the event the assessment of the Transaction by the IRB falls under RPGT, the financial impact to the Company will be RM29,054.21 (representing 25% of the RPGT Payment), due to the Late Reporting. This amount has been provided in the books of VNP in FYE 2020; or

(ii) in the event the Transaction is deemed as a business source by the IRB (i.e subject to the corporate income tax of 25%), the financial impact arising is estimated to be RM0.73 million with estimated penalty of RM0.73 million (representing 100% of the tax chargeable), totalling RM1.46 million.

The RPGT payment is not refundable to VNP. However, in the event the IRB assess the Transaction under the business source, the RM116,216.82 can be used to partially set off the tax liability.

Brief details and background are as follows: -

(a) The Subject Property

VNP and its previous wholly-owned subsidiary, T-Venture had on 14 March 2014 disposed of the Subject Property to V-Two Technology Sdn Bhd for a total consideration of RM9.00 million. The transaction was a related-party transaction.

The total consideration of RM9.00 million was arrived at on a willing-buyer willing-seller basis after taking into consideration the transacted market value in the surrounding location.

The said land and factory building was occupied by T-Venture. Subsequently on 7 April 2014, VNP disposed of its 100% equity

interest in T-Venture for a total consideration of RM4.80 million as disclosed below.

(b) The shares of a company

Share sale agreement dated 7 April 2014 entered into between Asia Knight Berhad (now known as RGT Berhad) and VNP for the acquisition of the entire issued and paid-up share capital in T-Venture comprising 800,000 ordinary shares of RM1.00 each ("**T-Venture Sale Shares**") from VNP for a total cash consideration of RM4.80 million ("**Cash Consideration**").

T-Venture was incorporated in Malaysia as a private limited company under the Act on 12 November 1999. The principal activity of T-Venture is to carry on the business of manufacturing of plastic parts.

The Cash Consideration payable by Asia Knight Berhad (now known as RGT Berhad) for the T-Venture Sale Shares was arrived at on a willing-buyer willing-seller basis after taking into consideration the unaudited net tangible assets of T-Venture for the financial year ended 31 December 2013 ("**FYE 2013**") of not less than RM5.40 million ("**Guaranteed NTA**").

The Cash Consideration was also derived after taking into consideration the estimated operational losses suffered by T-Venture for the FYE 2013 of RM614,956 and the potential liabilities of T-Venture which was factored into the purchase consideration (of which T-Venture was a defendant in a legal suit at that point in time).

Hence, the Cash Consideration was derived based on the Guaranteed NTA of RM5.40 million less the operational losses of RM614,956. The parties have mutually agreed to deduct RM600,000 from the Guaranteed NTA of RM5.40 million to arrive at the Cash Consideration.

As at the LPD, IRB has yet to provide its final assessment on Item 1 and Item 2 in relation to the Tax Review.

Please refer to Section 9.1.4 of this Prospectus on the risks relating to the aforesaid outcome by IRB.

7.21.3 Customs Audit

VNP had received a request by the Jabatan Kastam DiRaja Malaysia, Cawangan Audit Import & SST ("**Kastam Penang**") vide its letter dated 5 September 2019 for an audit visit at VNP's premises on 23 September 2019. The audit focus was on import transactions and Goods and Services Tax for the period commencing October 2016 to September 2019. Based on the audit report dated 18 August 2020 issued by Kastam Penang, they have indicated that the accounts of VNP have been maintained well and are in order.

8. INDEPENDENT MARKET RESEARCH REPORT

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SMITH ZANDER

Date: 02 MAR 2021

The Board of Directors

Volcano Berhad
1411, Jalan Perusahaan
Kawasan Perusahaan Perai 1
13600 Perai, Penang

Dear Sirs/ Madams,

Independent Market Research Report on the Global Markets for Nameplates and Plastic Injection Moulded Parts ("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 Volcano Berhad on the ACE Market of Bursa Malaysia Securities Berhad.

Volcano Berhad and its subsidiaries ("Volcano Group") is principally involved in the manufacturing of parts and components (i.e. nameplates and plastic injection moulded parts) used in the electrical and electronics ("E&E") and automotive industries. The scope of work for this IMR Report will thus address the following areas:

(i) Global market for nameplates, as Volcano Group's nameplates are sold to customers and used in products that are sold globally;
(ii) Global market for plastic injection moulded parts, as Volcano Group's plastic injection moulded parts are sold to customers and used in products that are sold globally;
(iii) The factors driving the demand and risks for nameplates and plastic injection moulded parts which influence the prospects and outlook of these markets;
(iv) The competitive landscape of the nameplate manufacturing industry in Malaysia and plastic injection moulding industry in Thailand; and
(v) The E&E and automotive industries in Thailand that support Volcano Group's expansion plans in Thailand.

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

SMITH ZANDER

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The research for this IMR Report was completed on 22 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.

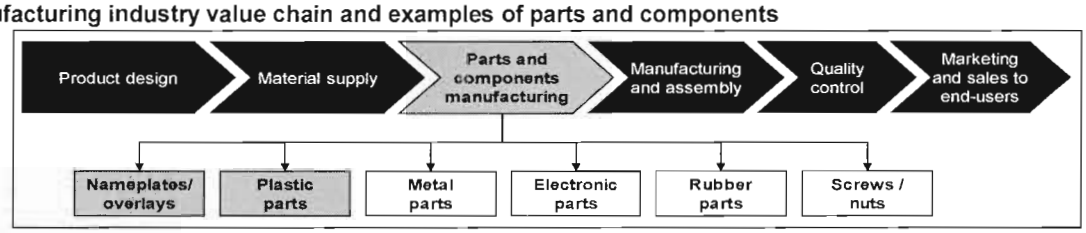
Profile of the signing partner, Dennis Tan Tze Wen

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 from Memorial University of Newfoundland, Canada.

1 PARTS AND COMPONENTS MANUFACTURING INDUSTRY

Parts and components manufacturing is a key component of the manufacturing industry value chain. Other components of the manufacturing industry value chain include product design, sourcing for material supply, manufacturing and assembly, quality control, and marketing and sales to end-users.

Manufacturing industry value chain and examples of parts and components



Notes:

- This list is not exhaustive.
- ▭ denotes segments in which Volcano Group are involved in.

Source: SMITH ZANDER

Some industries, such as the E&E, automotive, and machinery and equipment industries, are heavily dependent on the parts and components manufacturing industry to support their manufacturing activities. These manufacturers opt to outsource part or all of the parts and components manufacturing to achieve cost and quality efficiency, instead of investing and maintaining a full range of manufacturing facilities required to manufacture their products. There is a wide range of parts and components available in the market depending on the purpose and application of the items. For example, nameplates/overlays, plastic parts, metal parts, electronic parts, rubber parts and screws/nuts.

Within the parts and components manufacturing industry, Volcano Group is involved in the manufacturing of nameplates/overlays and plastic parts (specifically plastic injection moulded parts). The following chapters in this report will provide information on the nameplates and plastic injection moulded parts in greater detail.

2 GLOBAL MARKET FOR NAMEPLATES

Introduction

Nameplates are used to identify, provide information and instructions as well as to supplement the aesthetic appeal to a product. Nameplates can display the name of a person or company, or a company's brand or logo. Some nameplates also display licence, certification, directional or product specification information.

Nameplates are generally mounted or laminated to a surface or product by adhesive (e.g. glue and stickers) or fastener (e.g. screws and rivets), or hung against the wall or from the ceiling. Nameplates can also come in the form of an overlay, displaying words and graphics to provide functional information on product usage. Overlays are often found mounted on the control panel or switches of a product (e.g. washing machines).

The material used for the manufacturing of nameplates is dependent on the application and cost of the nameplates. The key materials for nameplates are metal and plastics. The common metal materials used for nameplates include stainless steel[1] and aluminium[2] while the common plastic materials used for nameplates include polystyrene, polycarbonate, polypropylene and polyvinyl chloride. Metal nameplates are usually more expensive than plastic nameplates. The application of nameplates can be categorised into three (3) classifications, namely for personal/corporate/education, commercial and industrial usage.

[1] *Based on latest available data, the average monthly price of stainless steel between 2017 to 2019 is as follows:*

Year	*Stainless steel price per metric tonne ("MT") (USD)*	*Stainless steel price per MT (RM)*
2017	*2,432.75*	*10,462.77*
2018	*2,628.25*	*10,605.78*
2019	*2,402.83*	*9,954.20*

Note: Exchange rate from USD to RM in 2017, 2018 and 2019 was converted based on average annual exchange rates in 2017, 2018 and 2019 extracted from published information from Bank Negara Malaysia at USD1 = RM4.3008, USD1 = RM4.0353 and USD1 = RM4.1427 respectively.

Source: MEPS International Ltd

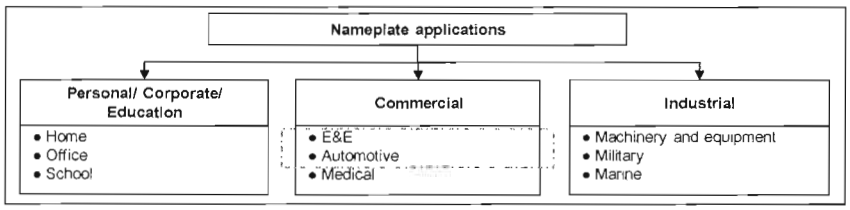
[2] *The average monthly price of aluminium between 2018 to 2020 is as follows:*

Year	*Aluminium price per MT (USD)*	*Aluminium price per MT (RM)*
2018	*2,108.48*	*8,508.35*
2019	*1,794.49*	*7,434.03*
2020	*1,703.99*	*7,159.48*

Note: Exchange rate from USD to RM in 2020 was converted based on average annual exchange rates in 2020 extracted from published information from Bank Negara Malaysia at USD1 = RM4.2016.

Source: World Bank

Nameplate applications



Notes:
- This list is not exhaustive.
- [illegible] denotes markets served by Volcano Group.

Source: SMITH ZANDER

Application	Description
Personal/ Corporate/ Education	Nameplates used for personal, corporate or education purposes are mainly for identification purposes, as well as to provide directional information. For example, corporations mount nameplates bearing their company name on office walls or doors for identification purposes. Nameplates are also used in universities and schools to indicate directions and locations of emergency exits.
Commercial	Commercial nameplates are mainly for brand recognition as well as product identification and instructional purposes, and are typically mounted on consumer products such as E&E, automotive and medical devices. Overlays are also widely used in consumer products. For example, an overlay which is mounted on the control panel of a washing machine provides information on the functions of its switches.
Industrial	Industrial nameplates are mainly used for product identification, specification and instructional purposes, and can be made with resistance to high heat, corrosion and moisture. Nameplates for industrial usage are generally mounted on machinery and equipment used in factories and plants. Industrial nameplates are also found on equipment and vehicles used in the military.

Source: SMITH ZANDER

Market Performance, Size and Growth

The global market size for nameplates used in the E&E consumer products and automotive industries is not publicly available given that the global market for nameplates used in the E&E consumer products and automotive industries is not tracked by any government and/or private independent organisations. As such, global market data on sales and/or production and/or consumption of nameplates used in the E&E consumer products and automotive industries from government published sources and private independent sources is not available to ascertain the global market size of nameplates used in the E&E consumer products and automotive industries.

3 GLOBAL MARKET FOR PLASTIC INJECTION MOULDED PARTS

Introduction

Plastics are synthetic or semi-synthetic organic materials that are malleable through the application of heat and/or pressure. Plastics are made through polymerisation and commonly derived from petrochemicals. However, they can also be made from renewable resources such as agricultural products. Polymerisation is a chemical process where small molecules join together to form long molecules, also known as polymers. Plastics are a compound of polymers.

Plastics are widely used in the manufacturing of parts and components for industrial and commercial applications owing to their relatively low cost, ease of manufacture, versatility and waterproof properties, and thus have displaced several traditional materials such as wood, stone, leather, paper, metal and glass in many of their former uses.

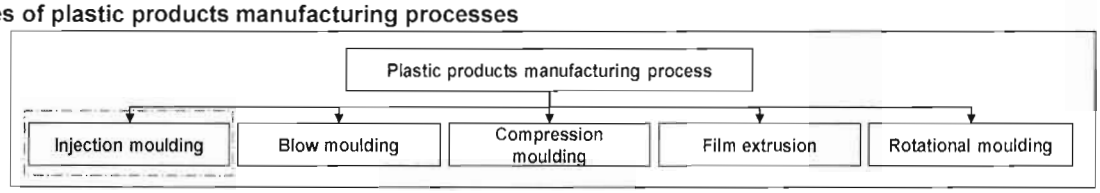
The key raw material for the manufacturing of plastic products is resin[3]. Resin is unprocessed plastic generally in the form of small pellets and powder. Resin is heated, moulded and cooled to form plastic products. The manufacturing process for plastic products is influenced by the types of polymers in the resin used as well as the characteristics and applications of the product manufactured. Among some of the commonly used manufacturing processes are injection moulding, blow moulding, compression moulding, film extrusion and rotational moulding.

[3] *The annual price range of resin between 2018 to 2020 is as follows:*

Year	Price range of resin per pound (USD)	Price range of resin per pound (RM)
2018	0.86-1.30	3.47-5.25
2019	0.745-1.23	3.09-5.10
2020	0.64-1.10	2.69-4.62

Source: Plastics News

Types of plastic products manufacturing processes



Notes:

- This list is not exhaustive.
- [redacted] denotes segment in which Volcano Group is involved in.

Source: SMITH ZANDER

Type of process	Description
Injection moulding	Molten plastic is injected into a metal mould where it cools, hardens and takes the form of the mould. Injection moulding is most commonly used to process both thermoplastic and thermosetting polymers. Injection moulding can be used to produce home appliances, E&E parts and components, automotive parts, engineering parts and household products.
Blow moulding	Blow moulding is used to create plastics with hollow cavities. Hot air is blown into a pre-formed tube of semi-molten plastic (also known as parison), which expands to fill a cavity formed by metal moulds. The tube can be injection moulded, thereby allowing a thread for a lid or some other detail to be formed. It can also be extruded as a tube, pinched at one end, and again expanded to fill the cavity of a two-part metal mould. Textures can be formed on the mould walls. Blow moulding can be used to produce products such as containers for lubricant oils and detergents.
Compression moulding	Compression moulding involves placing preheated polymer into a heated mould and applying pressure so that the polymer coats the inside of the mould. Compression moulding can be used to produce kitchenware, electrical parts and buttons.
Film extrusion	Plastic pellets are fed into a heated cylinder and driven forward by a turning screw that compacts and melts these pellets, and forces molten plastic through a die at the end, creating continuous lengths of shapes with the desired profile. Film extrusion can be used to produce film, continuous sheeting, tubes, rods, coat wires, cords and cables.
Rotational moulding	Rotational moulding uses polymer in powder form which is inserted into a hollow mould and heated in an oven while being rotated, causing the polymer to melt and coat the inside of the mould evenly. Rotational moulding can be used to produce large hollow articles such as tanks, containers, rubbish bins and playground equipment.

Source: SMITH ZANDER

Market Performance, Size and Growth

The growth in the consumption of plastics is driven by increasing demand for plastics from multiple end-user industries, due to its versatile properties and the increasing technological innovations to improve the properties of plastics.

The global market size for plastic injection moulded parts increased from USD236.98 billion[4] (RM1,019.20 billion)[5] in 2017 to USD259.49 billion[4] (RM1,074.99 billion)[6] in 2019, registering a CAGR of 4.64%. In terms of volume, the demand for plastic injection moulded parts increased from 104.64 million tonnes[4] to 112.01 million tonnes[4] during the same period, at a CAGR of 3.46%. Much of this growth is attributed to thriving end-user industries, particularly packaging, which contributed to 31.70%[4] of the plastic injection moulded parts market in 2019. Packaging encompasses containers for various industries such as consumer goods, cosmetic and personal care, food and beverage, health care, household products and industrial products. Other applications for plastic injection moulded parts include E&E (31.02%)[4], automotive and transportation (15.18%)[4] as well as building and construction (10.74%)[4]. The E&E as well as automotive and transportation markets are of importance to Volcano Group as these are the key markets for the Group's plastic injection moulded parts.

The demand for plastic injection moulded parts in the global E&E industry grew from USD77.92 billion[4] (RM335.12 billion) in 2017 to USD86.31 billion[4] (RM357.56 billion) in 2019, registering a CAGR of 5.25%. In terms of volume, the demand for plastic injection moulded parts for E&E increased from 31.98 million tonnes[4] to 34.74 million tonnes[4] during the same period, at a CAGR of 4.23%. The demand for plastic injection moulded parts in the global automotive and transportation industry increased from USD31.00 billion[4] (RM133.32 billion) in 2017 to USD34.08 billion[4] (RM141.18 billion) in 2019, registering a CAGR of 4.85%. In terms of volume, the demand for plastic injection moulded parts for

[4] *Latest available as at 22 February 2021. (Source: Transparency Market Research "Injection Molded Plastics Market: Global and Thailand Industry Analysis, Size, Share, Growth, Trends, and Forecast, 2020-2030")*

[5] *Exchange rate from USD to RM in 2017 was converted based on average annual exchange rates in 2017 extracted from published information from Bank Negara Malaysia at USD1 = RM4.3008.*

[6] *Exchange rate from USD to RM in 2019 was converted based on average annual exchange rates in 2019 extracted from published information from Bank Negara Malaysia at USD1 = RM4.1427.*

the automotive and transportation industry increased from 15.86 million tonnes[4] to 17.00 million tonnes[4] during the same period, at a CAGR of 3.53%.

SMITH ZANDER anticipates that demand for plastic injection moulded parts will continue to be driven by the wide application of plastic injection moulded parts across many end-user industries and by the demand for E&E products, as well as automotive components, amongst others. Please refer to **Chapter 4 – Demand Drivers, Risks and Challenges for Nameplates and Plastic Injection Moulded Parts** of this report for further details on the demand drivers.

4 DEMAND DRIVERS, RISKS AND CHALLENGES FOR NAMEPLATES AND PLASTIC INJECTION MOULDED PARTS

Demand Drivers

Nameplates and plastic injection moulded parts can be applied to a broad range of products, particularly within the E&E and automotive industries. Therefore, any changes in these industries will have an impact on the demand for nameplates and plastic injection moulded parts.

► Global E&E industry leads to demand for nameplates and plastic injection moulded parts

Nameplates are commonly used in the E&E industry, especially in the household appliances and consumer electronics segments, whereby the main functions are brand identification and instructional. These nameplates can be customised in a variety of designs and using different raw materials, allowing them to provide aesthetic appeal.

Plastic injection moulded parts are also key components in the production of E&E products, such as parts and components for home appliances. The injection moulding process is ideal as it allows for parts to be accurately produced to specific geometric dimensions. Plastics also have superior properties such as electrical performance, mechanical strength, stability under heat and insulation, making them well-suited to E&E applications.

The global E&E industry grew at a CAGR of 3.38% from EUR4.22 trillion (RM20.46 trillion)[7] in 2017 to EUR4.51 trillion (RM20.91 trillion)[8] in 2019. The global household appliances and consumer electronics segments, being key end-user industries of nameplates and plastic injection moulded parts, registered CAGRs of 2.25% and 3.48% respectively during this period.

E&E industry (Global), 2017-2019

	2017	2018	2019	2017	2018[9]	2019
	EUR billion			RM trillion		
Global E&E	4,216	4,421	4,509	20.46	21.06	20.91
- Consumer products (household appliances)	242	246	253	1.17	1.17	1.17
- Consumer products (consumer electronics)	226	235	242	1.10	1.12	1.12

Source: German Electrical and Electronic Manufacturers' Association "The Global Electric Industry – Facts and Figures"

Nevertheless, in view of the outbreak of the Covid-19 virus in 2020, the global E&E industry is estimated to have declined in 2020. The International Monetary Fund ("IMF") estimated world GDP growth in 2020 to have declined by -4.4%, indicating adverse economic conditions for the year which has affected businesses, employment and consumer purchasing power. As consumers became more cautious with spending, it has negatively impacted the demand for E&E products and in turn may have affected the demand for nameplates and plastic injection moulded parts in 2020. Notwithstanding the negative impacts arising from the Covid-19 pandemic, the outbreak of Covid-19 has led to many countries implementing mandatory lockdowns to curb the spread of the virus, which has boosted the demand for laptops and computers as large proportions of the global workforce have migrated from the office to working from home, and students are also studying from home through online classes. Further, as the impact of the Covid-19 pandemic subsides or ends, the global E&E industry is expected to recover in 2021. The anticipated growth in the global E&E industry, supported by the increase in demand for laptops and computers are therefore expected to support the demand for nameplates and plastic injection moulded parts moving forward.

► Global automotive industry leads to demand for nameplates and plastic injection moulded parts

The automotive industry is a major market for nameplates, which are mainly used for branding purposes, both on the interior and exterior of motor vehicles. The demand for the plastic injection moulded parts is also expected to be supported by the production of motor vehicles. The production of a motor vehicle could require over 200 pieces of interior plastic components. The automotive sector's emerging demand for production efficiency, noise reduction,

[7] *Exchange rate from EUR to RM in 2017 was converted based on average annual exchange rates in 2017 extracted from published information from Bank Negara Malaysia at EUR1 = RM4.8530.*

[8] *Exchange rate from EUR to RM in 2019 was converted based on average annual exchange rates in 2019 extracted from published information from Bank Negara Malaysia at EUR1 = RM4.6378.*

[9] *Exchange rate from EUR to RM in 2018 was converted based on average annual exchange rates in 2018 extracted from published information from Bank Negara Malaysia at EUR1 = RM4.7643.*

speed, fuel efficiency, innovative design, longer lifespan as well as lower cost, is expected to result in the potential displacement of some metal parts in favour of plastics.

Global production of motor vehicles, which had been growing every year from 61.76 million units since 2009, registered a negative CAGR of 2.52% from 96.59 million units in 2017 to 91.79 million units in 2019, mainly attributed by the disruptions caused by new emission standards in Europe and China as well as a decline in demand in China resulting from higher taxes and tighter regulations on peer-to-peer lending in 2019[10]. However, the effects of these factors on the global production of motor vehicles are expected to be temporary, when adjustments on production to reduce the emission of motor vehicles to comply with these new emission standards are completed, and impact of higher taxes and tighter regulations subsides in China. Thailand, as one of the principal markets for Volcano Group's products, experienced an increase in motor vehicle production during the same period, from 1.99 million units[11] to 2.01 million units[11], registering a CAGR of 0.50%.

Production of motor vehicles (Global), 2017-2019

Year	Million units
2017	96.59
2018	96.87
2019	91.79
CAGR (2017-2019)	**-2.52%**

Note:

- Latest available as at 22 February 2021.

Source: International Organization of Motor Vehicle Manufacturers

The outbreak of Covid-19 has caused affected countries to impose mandatory movement and business operations restrictions to contain the spread of the virus. This has, and may continue to, temporarily disrupt the demand for nameplates and plastic injection moulded parts as production of motor vehicles were delayed or completely halted. Further, logistics networks around the world has faced disruptions due to closure of airports and other transportation hubs, which may have caused delays in delivery of nameplates and plastic injection moulded parts to the automotive industry. In addition, demand for motor vehicles may have been dampened as a result of the adverse economic conditions in 2020, as consumers were more cautious in their spending which consequently may have affected the demand for nameplates and plastic injection moulded parts in the automotive industry. Nevertheless, as motor vehicles are one of the main modes of transportation globally, the production of motor vehicles is expected to grow over the long term, when global supply chains resume, economic conditions recover and the impact of the Covid-19 pandemic subsides or ends. As the production of motor vehicles increases, it is expected to continue to support the demand for nameplates and plastic injection moulded parts.

► **Wide application creates demand from other end-user industries**

In addition to the E&E and automotive industries, nameplates and plastic injection moulded parts can cater for a variety of other end-user industries. Nameplates are applicable to a broad range of products and industries such as medical, aerospace, military, manufacturing, telecommunications and office supplies. Apart from being used for branding, nameplates can also be used to provide instructions, warnings, inventory control, identification as well as general information. Plastics are also widely used in similar industries owing to their relatively low cost, ease of manufacture, versatility and waterproof properties.

Risks and Challenges

► **The nameplate manufacturing and plastic injection moulding industries are dependent on the growth of end-user industries**

The nameplate manufacturing and plastic injection moulding industries are dependent on the development of end-user industries such as E&E, automotive, machinery and equipment, as nameplates and plastic injection moulded parts are used in the products manufactured by the end-user industries. Growth in these industries depend on various factors, particularly on overall economic growth.

Serious pandemics such as outbreak of the Covid-19 virus may halt economic and business activities in countries affected. While this is expected to temporarily dampen economic conditions, business activities in these countries are expected to resume when the outbreak ends. Prolonged dampened economic conditions may decrease household disposable incomes, causing a decline in demand for E&E products, vehicles and manufactured goods. The reduced demand for E&E products, vehicles, and machinery and equipment will consequently affect demand for nameplates and plastic injection moulded parts. This could have a negative impact on the financial performance of nameplate and plastic injection moulded part manufacturers.

[10] *Source: IMF "World Economic Outlook, October 2019: Global Manufacturing Downturn, Rising Trade Barriers".*
[11] *Source: International Organization of Motor Vehicle Manufacturers.*

► **Technology changes and advancements create challenges for nameplate and plastic injection moulded part manufacturers**

The nameplate manufacturing and plastic injection moulding industries operate in a dynamic market where these parts and components in the manufacturing value chain are prone to evolving industry standards, new product introductions and enhancements. The industry players' future growth and success would significantly depend on continuing market acceptance of the portfolio of products and the industry players' ability to develop new products to meet the needs of the end-user industries. One of the risks faced by industry players is the risk of future disruptive technologies that may unexpectedly displace current technologies. Such disruptive technologies could adversely affect the competitiveness of the industry players if the industry players are unable to respond to the new technology accordingly. An example is the introduction of laser cutting technology in nameplate manufacturing which enables high-precision cutting on design of complex geometries and patterns. The application of laser cutting technology has reduced the need for several manufacturing processes such as lamination, hole punching and stamping as laser cutting substitutes all of these processes. For plastic injection moulded parts, the trend of favouring lightweight plastic parts in the automotive industry has also led to the introduction of new plastic injection moulding technology which uses a new raw material, namely supercritical fluid, a type of material made from nitrogen and carbon dioxide. Supercritical fluid which is mixed with resin will expand quickly when injected into plastic moulds. This reduces the amount of resin required to manufacture plastic injection moulded parts, resulting in reduction in weight of the plastic injection moulded parts manufactured.

Such changes and advancements in technology may require the nameplates and plastic injection moulded part manufacturers to change materials used or enhance manufacturing processes for the adoption of new technologies, which may require sourcing for new raw material suppliers, new investments in machinery and equipment as well as hiring the necessary skilled personnel in the particular field.

In cases where nameplates and plastic injection moulded part manufacturers fail to keep up with the technology changes and advancements, it may adversely affect the business operations and financial performance of the industry players.

5 COMPETITIVE LANDSCAPE OF THE NAMEPLATE MANUFACTURING AND PLASTIC INJECTION MOULDING INDUSTRIES

Overview of the Competitive Landscape of the Nameplate Manufacturing Industry in Malaysia

This section focuses on the competitive landscape of the nameplate manufacturing industry as majority of Volcano Group's revenue for the past 3 financial years ended 2018, 2019 and 2020 was derived from nameplates at 62.88%, 63.81% and 65.96%.

Volcano Group's wholly-owned subsidiary, Volcano Name Plate Sdn Bhd ("VNP"), is solely involved in the manufacturing of nameplates including logo nameplates, membrane switches, overlays, control panels, spacers, insulators and stamping parts, primarily for the E&E and automotive industries. Hence VNP competes with other nameplate manufacturers in Malaysia with similar product range. VNP also competes with foreign companies who offer similar product range to the same clientele base. These foreign companies may or may not have active business operations in Malaysia. As VNP exports its products globally, VNP also competes with other nameplate manufacturers outside Malaysia. This section focuses on the competitive landscape of the nameplate manufacturing industry in Malaysia as VNP operates in Malaysia, and includes local companies and foreign companies with operations in Malaysia.

Nameplate manufacturers typically provide an array of services across the spectrum of product identification and specialty graphics including membrane switches, overlays, touch screens, instrument clusters, front panels, nameplates, labels, decorative trim, man/machine interfaces, dials and scales depending on their manufacturing scales and capabilities. While nameplate manufacturers may share similar machinery and manufacturing capabilities, they typically have specific focus on selected types of nameplate and materials used based on the application of nameplates. For example, an industry player may focus on supplying metal and non-metal nameplates for brand identification but may offer complementary products such as metal nameplates with product description for machinery or control panel overlays for electrical and electronic products.

The barriers of entry for the nameplate manufacturing and plastic injection moulding industries are generally low as raw materials, and machinery and equipment can be easily sourced in the market. The upfront cost required can be low if a new industry player chooses to start with a small production capacity with limited product and service offerings. New industry players may compete aggressively in product pricing which may temporarily disrupt the pricing competitiveness of existing industry players such as VNP. However, new industry players must also be able to be competitive in other areas such as product quality, and capabilities in manufacturing a range of products together with strong customer service, amongst others. Further, nameplate manufacturing and plastic injection moulding industry players must have the capabilities to scale up their businesses to achieve greater economies of scale to maximise profitability in order to maintain their sustainability in the long term.

In this IMR report, a list of key industry players in the nameplate manufacturing industry in Malaysia has been identified on the basis that these industry players:

- are companies involved in the manufacturing and sale of similar types of nameplates and/or share similar clientele (i.e. customers in the E&E and automotive industries) with VNP, based on publicly available information on the products and services they offer; and
- recorded more than RM10.00 million in revenue based on their respective latest financial years.

The key industry players below are the closest competitors to VNP, based on research carried out by SMITH ZANDER and the availability of information. It is not an exhaustive list of all nameplate manufacturing industry players in Malaysia.

Company name	Examples of products manufactured	Latest available financial year	Revenue (RM '000)	Gross profit ("GP") (RM '000)	GP margin (%)
Chiyoda Integre Co. (M) Sdn Bhd	Non-metal nameplates, felt, non-woven fabrics, polyester film, hard polyvinyl sheet, shield material, rubber sponge and soft polyurethane foam	31 December 2019	131,283.81 [a]	37,436.91	28.52
Flexi Components Sdn Bhd	Non-metal nameplates, shielding, gaskets, foams, foam-tapes and felts	31 December 2019	58,374.90 [a]	23,295.28	39.91
Sanwa Screen (M) Sdn Bhd	Metal nameplates, non-metal nameplates and plastic injection moulded parts	30 September 2020	56,326.88 [a]	23,902.03	42.43
S.E. Printing (M) Sdn Bhd	Non-metal nameplates and light guide plate	31 March 2020	43,949.00 [a]	7,869.00	17.90
VNP	Metal nameplates and non-metal nameplates	31 December 2020	25,743.00	9,508.00	36.93
Kanix Industries (M) Sdn Bhd	Non-metal nameplates and labels	30 June 2019	25,973.91 [a]	10,356.64	39.87
Sanko Sangyo (M) Sdn Bhd	Non-metal nameplates and labels	31 December 2019	19,166.15 [a]	2,818.65	14.71
Lengkuas Grafik Sdn Bhd	Metal nameplates, non-metal nameplates and labels	30 June 2019	10,405.38 [a]	2,494.85	23.98

Notes:

- Latest available as at 22 February 2021.
- The key identified nameplate 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 above is exhaustive.
- Revenue disclosed above is based on the latest available audited financial statements from the respective key industry players.

[a] Revenue may be derived from other businesses and countries outside Malaysia as segmental revenue is not publicly available from the Companies Commission of Malaysia ("CCM").

Sources: CCM, company websites from various industry players, SMITH ZANDER

On average, the GP margins of the key nameplate manufacturing industry players in Malaysia listed above (excluding VNP) stood at 29.62% based on their respective latest available financial information.

Overview of the Competitive Landscape of the Plastic Injection Moulding Industry in Thailand

VNP's wholly-owned subsidiary in Thailand, Volcano Tec (Thailand) Co. Ltd ("VTT"), is primarily involved in the manufacturing of plastic injection moulded parts mainly for the E&E and automotive industries in Thailand. VTT competes with other plastic injection moulded part manufacturers in Thailand.

The plastic injection moulding industry in Thailand is competitive due to the large number of industry players and fragmented nature of the industry including public listed companies, large private companies and small to medium enterprises. VTT competes with all plastic injection moulding industry players in Thailand including public listed companies, large private companies and small to medium enterprises. In 2019, there were approximately 900 plastic injection moulded part manufacturers in Thailand[12], manufacturing for a wide range of end-user industries such as packaging, housewares, E&E, automotive, toys and sporting goods, amongst others.

As there are a large number of industry players in Thailand, the plastic injection moulded part manufacturers in Thailand shown in this IMR Report focuses on companies which are:

- listed on the Stock Exchange of Thailand or Market for Alternative Investment; and
- involved in the manufacturing of plastic injection moulded parts, amongst other business activities; and

[12] *Latest available as at 22 February 2021. (Source: Plastics Institute of Thailand)*

- involved in the manufacturing of plastic injection moulded parts for E&E and automotive industries, amongst other end user industries; and
- companies of which the segmental revenues for plastic injection moulding business are publicly available.

The industry players below are the closest public listed competitors to VTT, based on the research carried out by SMITH ZANDER and the availability of information. It is not an exhaustive list of all plastic injection moulding industry players in Thailand. The segmental revenue for plastic injection moulding business shown in the table below is extracted from the respective companies' latest available annual reports. Group revenue may include revenue from other business activities.

Company name	Examples of plastic injection moulded parts manufactured	Latest available financial year	Group revenue (RM million)	Segmental revenue for plastic injection moulding business[a] (RM million)	GP (RM million)	GP margin (%)
Saha-Union Public Company Limited	Automotive parts, E&E parts and packaging	31 December 2019	1,355.13	609.43	182.91	13.50
Srithai Superware Public Company Limited	Packaging, furniture and houseware, battery cases, automotive parts and E&E parts	31 December 2019	1,180.99	937.75	102.00	8.64
SNC Former Public Company Limited	E&E parts and automotive parts	31 December 2019	884.51	542.77	91.94	10.39
Thai Mitsuwa Public Company Limited	E&E parts and automotive parts	31 March 2020	388.89	241.49	75.55	19.43
T.Krungthai Industries Public Company Limited	E&E parts and automotive parts	31 December 2019	171.84	151.19	23.77	13.83
Salee Industry Public Company Limited	E&E parts, automotive parts and packaging	31 December 2019	165.05	106.40	26.55	16.09
Pan Asia Footwear Public Company Limited[b]	Automotive parts	31 December 2019	101.34	21.89	9.91	9.78
VTT[c]	E&E parts and automotive parts	31 December 2020	26.78[d]	17.88	5.63	21.02

Notes:

- Latest available as at 22 February 2021.
- This list is not exhaustive.
- Revenue and segmental revenue figures have been converted from THB to RM based on average annual exchange rates in 2019 or average exchange rates between 1 January 2020 and 31 March 2020 extracted from published information from Bank Negara Malaysia at THB1 = RM0.1335 or THB1 = RM0.1336 respectively.

[a] Due to differing segmental revenue definitions of industry players, this may include some revenue derived from businesses other than plastic injection moulding and revenue derived from outside Thailand.

[b] Pan Asia Footwear Public Company Limited is involved in four principal business segments, namely manufacturing and distribution of footwear and bags; manufacturing of soles and parts for footwear; manufacturing and distribution of plastic parts and injection, manufacturing, repair and maintenance of mould and dyeing of fabric; as well as organic farming business.

[c] Although VTT is not publicly listed in Thailand, it is included in the list above for ease of comparison.

[d] Company revenue for VTT.

Sources: Stock Exchange of Thailand, company websites, annual reports and audited financial statements of various industry players, SMITH ZANDER

On average, the GP margins of the key public listed plastic injection moulding industry players in Thailand listed above (excluding VTT) stood at 13.09% based on their respective latest available financial information.

Based on the average GP margins of the list of key nameplate manufacturers in Malaysia and key public listed plastic injection moulding industry players in Thailand in this IMR Report, nameplate manufacturers generally record higher GP margins compared to plastic injection moulded part manufacturers. This is primarily due to the larger number of technical processes required in the manufacturing of nameplates. The manufacturing of nameplates goes through technical processes such as printing, lamination, hole punching, stamping, finishing and assembly. Further, the printing process can be carried out through silkscreen printing, offset printing, tampo printing or UV printing; and the stamping process can be performed through blanking, forming, forging, embossing/debossing and die cutting. On the other hand, the major processes in the manufacturing of plastics injection moulded parts involves the injection moulding process

using an injection moulding machine, cleaning, finishing and sub-assembly/assembly. As the manufacturing of nameplates requires more technical processes, this may have contributed to pricing advantages in the manufacturing of nameplates that translates to higher GP margins for nameplate manufacturers.

Market Share

The market share of Volcano Group can be segregated into the following segments:

(i) Nameplates - Global

In order to compute the market share of Volcano Group, the global market size for nameplates used in the E&E consumer products and automotive industries is required for the computation. As stated in **Chapter 2 – Global Market for Nameplates** of this IMR Report, the global market size for nameplates used in the E&E consumer products and automotive industries is not publicly available, and as such the market share of Volcano Group could not be computed.

The market share for Singapore or any other particular country is not a suitable indication to compute market share based on the following reasons:

- Volcano Group sells its products to multi-national corporations ("MNCs") where the nameplates are used for products sold in the global markets.
- Using Volcano Group's market share in Singapore as an alternative indication of Volcano Group's market share is an inaccurate representation as the revenue derived from the sale of nameplates in Singapore during the financial years under review was mainly contributed by a single customer, HP PPS Asia Pacific Pte Ltd ("HP"). According to management of Volcano Group, HP in Singapore is the procurement arm for the company's global business. With this, Volcano Group issues invoices to HP in Singapore and the nameplates manufactured are delivered to HP's contract manufacturers globally.
- Other than Singapore, each of the other countries which Volcano Group sold its nameplates to contributes not more than 12% to the Group's total revenue for the financial years under review. Therefore, there is no other particular country that can be chosen as a suitable and fair representation of Volcano Group's market share.

(ii) Plastic injection moulded parts - Thailand

As Volcano Group is involved in the manufacturing and sale of plastic injection moulded parts primarily for the E&E and automotive industries in Thailand via VTT, its market share can be derived by comparing its revenue from plastic injection moulded parts to the total sales of plastic injection moulded parts for E&E and automotive industries in Thailand.

In 2019, Volcano Group's revenue from the sale of plastic injection moulded parts was RM20.23 million. In comparison, the total sales of plastic injection moulded parts for the E&E and automotive industries in Thailand was USD4.06billion[13] (RM16.82 billion). Thus, Volcano Group had a market share of 0.12% of plastic injection moulded parts used in the E&E and automotive industries in Thailand in 2019. Historically, Volcano Group had a market share of 0.13% and 0.14% of plastic injection moulded parts used in the E&E and automotive industries in Thailand, in 2017 and 2018 respectively.

6 E&E AND AUTOMOTIVE INDUSTRIES IN THAILAND

VTT is primarily involved in the manufacturing of plastic injection moulded parts mainly for the E&E and automotive industries in Thailand. Thailand is a major manufacturing base in Southeast Asia for many MNCs, including E&E and automotive manufacturers.

Some examples of major multi-national E&E and automotive corporations which have established their manufacturing facilities in Thailand are shown in the table below. These selected E&E and automotive MNCs are some of world's leading manufacturers in their respective industries. The presence of these E&E and automotive MNCs in Thailand presents opportunities for parts and components manufacturers located in Thailand.

Selected E&E and automotive MNCs in Thailand

Company name	Principal activities	Manufacturing plant location(s)
Electrolux Thailand Co., Ltd.	Manufacturing of consumer appliances	Ban Khai, Rayong
Fisher & Paykel Appliances (Thailand) Co., Ltd.	Manufacturing of consumer appliances	Pluak Daeng, Rayong
LG Electronics Thailand Co., Ltd.	Manufacturing of consumer appliances	Pluak Daeng, Rayong

[13] *Latest available as at 22 February 2021. (Source: Transparency Market Research "Injection Molded Plastics Market: Global and Thailand Industry Analysis, Size, Share, Growth, Trends, and Forecast, 2020-2030")*

Company name	Principal activities	Manufacturing plant location(s)
Seagate Technology (Thailand) Ltd.	Manufacturing of hard disk drives	(i) Sung Noen, Nakhon Ratchasima (ii) Mueang Samut Prakan, Samut Prakan
Western Digital (Thailand) Co., Ltd.	Manufacturing of hard disk drives	(i) Bang Pa-In, Phra Nakhon Si Ayutthaya (ii) Khlong Luang, Pathum Thani (iii) Si Maha Phot, Prachinburi
Honda Automobile (Thailand) Co., Ltd.	Automobile assembly	(i) Uthai, Phra Nakhon Si Ayutthaya (ii) Si Maha Phot, Prachinburi
Isuzu Motors Co., (Thailand) Ltd.	Automobile assembly	(i) Phra Padaeng, Samut Prakarn (ii) Plaeng Yao, Chachoengsao
Mitsubishi Motors (Thailand) Co., Ltd.	Automobile assembly	Si Racha, Chonburi
Nissan Motor (Thailand) Co., Ltd.	Automobile assembly	Bang Sao Tong, Samut Prakarn
Toyota Motor (Thailand) Co., Ltd.	Automobile assembly	(i) Phra Padaeng, Samut Prakarn (ii) Plaeng Yao, Chachoengsao (iii) Ban Pho, Chachoengsao

Sources: Various company websites

Thailand has grown as a manufacturing base in the Southeast Asia region due to several factors as follows:

(i) **Strategic location**: Thailand is centrally located in Southeast Asia and has comparatively well-developed infrastructure. This enables easy accessibility to other countries in the region, as well as to emerging economies such as China and India. Thailand has more than 465,000 kilometres of roads and a vast highway network connecting each region nationwide. The Government is also striving to enhance connectivity through various investments and development in its rail system.

(ii) **Availability of labour**: The nation's skilled workforce and labour productivity is supported by a 97% national literacy rate and approximately 250,000 vocational and university graduates in science and technology-related fields every year[14].

(iii) **Supportive government policies**: The Government of Thailand has implemented several free trade agreements to reduce trade barriers and promote investment. In addition, corporate income tax is relatively low at 20%, with incentives such as an exemption period of up to 13 years for investments in targeted core technologies such as nanotechnology, advanced materials technology and digital technology, as well as investments on enabling services such as research and development, electronics design and engineering design. The Thailand 4.0 industrial development plan, which was launched in 2016, emphasises on building capacity for technology, creativity and innovation. This will cause a shift from producing commodities to innovative products, ultimately moving the manufacturing sector further up the value chain. These government policies have contributed towards a favourable investment climate in Thailand. In 2019, FDI net flow was registered at USD6.32 billion[15] (RM26.18 billion), with the manufacturing sector accounting for 75.95% or USD4.80 billion[15] (RM19.88 billion).

In Thailand, the revenue of plastic injection moulded parts in the E&E and automotive and transportation industries grew from USD3.65 billion[16] (RM15.70 billion) in 2017 to USD4.06 billion[16] (RM16.82 billion) in 2019, at a CAGR of 5.47%. The prospects for the E&E and automotive and transportation industries in Thailand are optimistic as the Board of Investment of Thailand continues to offer incentives such as exemption of corporate income tax and stamp duties to attract multi-national manufacturing companies to set up manufacturing plants in Thailand. SMITH ZANDER anticipates that demand for nameplates and plastic injection moulded parts will continue to be driven by the growth in these end-user industries. Due to the Covid-19 pandemic, the Government of Thailand declared a State of Emergency involving nationwide curfews, travel bans and control measures for businesses to observe effective from 26 March 2020 to 30 June 2020. The State of Emergency was subsequently extended to 31 March 2021, albeit with some relaxation in restrictions as a result of improving Covid-19 situation in the country. Although factories in Thailand are allowed to operate during the period of the State of Emergency by complying with the control measures set out by the Government, any further changes to the control measures which may impact the business and operations of E&E and automotive manufacturers, such as restrictions on business operations, may subsequently adversely affect the demand for nameplates and plastic injection moulded parts.

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[14] *Latest available as at 22 February 2021. (Source: Board of Investment of Thailand)*
[15] *Latest available as at 22 February 2021. (Source: Bank of Thailand)*
[16] *Latest available as at 22 February 2021. (Source: Transparency Market Research "Injection Molded Plastics Market: Global and Thailand Industry Analysis, Size, Share, Growth, Trends, and Forecast, 2020-2030")*

9. RISK FACTORS

YOU SHOULD EVALUATE AND CONSIDER CAREFULLY, ALONG WITH OTHER MATTERS IN THIS PROSPECTUS, THE RISKS (WHICH MAY NOT BE EXHAUSTIVE) BELOW. ADDITIONAL RISKS, WHETHER KNOWN OR UNKNOWN, MAY IN THE FUTURE HAVE A MATERIAL ADVERSE EFFECT ON US OR THE MARKET PRICES OF OUR SHARES

9.1 RISKS RELATING TO OUR BUSINESS AND OUR OPERATIONS

9.1.1 We are dependent on the continuous employment and performance of our Directors and key senior management personnel

We attribute our success to the continuous leadership of our Executive Directors and key senior management personnel. We believe that our continued success will depend on the abilities and continuous efforts of our existing Executive Directors and key senior management personnel. Further, due to the specialised and technical nature of nameplates manufacturing, we are also dependent on our key senior management personnel who possess the relevant technical knowledge to ensure timely completion and delivery of our products.

We rely, in particular, on the leadership and strategic guidance of our Executive Directors and our key senior management personnel for their respective expertise in contributing to the Group. Therefore, the loss of any of our Executive Directors and key senior management personnel could adversely affect our continued ability to manage the operations effectively and competitively.

9.1.2 We are dependent on our major customers and do not have any long-term contracts with our customers

For the FYE 2020, our top five (5) major customers in aggregate accounted for approximately 69.50% of our Group's total revenue as set out in Section 7.16 of this Prospectus.

Our future performance relies largely on us maintaining our status as an approved supplier/vendor with our major MNC customers. We do not have any long-term contracts with our customers. The absence of long-term contracts is an industry practice whereby end-user customers would purchase products by way of purchase order on project-to-project basis or as-needed basis. The MNC customers may also appoint additional companies as nameplate suppliers, and if that happens, our business volume may decrease and this in turn, could materially affect our Group's profitability. The loss of any major customers and/or the inability to secure new purchase orders from new customers may adversely impact our Group's operating results.

During the FYE 2017, two (2) plastic injection moulded parts related projects with one of our major customers, namely Fisher & Paykel Thailand were ceased. The projects were in relation to shelf parts for refrigerators and touch panels which were ceased as Fisher & Paykel Thailand streamlined their operations. The cessation had impacted our Group's revenue and PAT for the said financial year. Notwithstanding the cessation, Fisher & Paykel Thailand remained as our major customer for the Financial Years Under Review.

9. RISK FACTORS *(cont'd)*

9.1.3 We are dependent on our ability to continuously and consistently meet customers' expectations

Our customers rely on us for quality products and services delivered in a timely manner. Any defect, error or delay in our products or services or any failure to meet customers' specifications or expectations could cause adverse customer reaction, negative publicity and claims by customers for damages against us which in turn, could result in loss of revenue, causing material adverse effect on our business and financial conditions.

9.1.4 We may be affected by the outcome of Tax Review by IRB on the tax filing of VNP

On 17 August 2020, IRB issued their preliminary findings on two (2) issues, i.e., (i) in relation to a loan given by VNP to VTT for YA 2013 to 2018 ("**Item 1**"); and (ii) disposal of a property and shares of a company in YA 2014 ("**Item 2**"). Kindly refer to Section 7.21.2 of this Prospectus for further details.

Based on the latest engagement with the IRB by the Tax Agent on 19 October 2020, the IRB had indicated that they will not pursue the issue on interest income arising from a loan given by VNP to VTT for YA 2013 to 2018.

In relation to Item 2, the financial impact to the Company is as follows: -

(i) in the event the assessment of the Transaction by the IRB falls under RPGT, the financial impact to the Company will be RM29,054.21 (representing 25% of the RPGT Payment), due to the Late Reporting. This amount has been provided in the books of VNP in FYE 2020; or

(ii) in the event the Transaction is deemed as a business source by the IRB (i.e subject to the corporate income tax of 25%), the financial impact arising is estimated to be RM0.73 million with estimated penalty of RM0.73 million (representing 100% of the tax chargeable), totalling RM1.46 million.

As at the LPD, IRB has yet to provide its final assessment on Item 1 and Item 2 in relation to the Tax Review.

As such, any additional payment and/or penalties arising therefrom may affect the Group's financial performance.

9.1.5 We may be exposed to fluctuation in our financial performance

As set out in Section 11.2.2 of this Prospectus, our Group's revenue is mainly derived from the manufacturing of nameplates, which amounted to 62.88%, 63.81% and 65.95% for the respective Financial Years Under Review. Due to the cost saving approach undertaken by one of our major customers for nameplates, there are changes in the sales mix from metal nameplates towards non-metal nameplates which has affected the Group's revenue and profitability. This is due to the selling price of non-metal nameplates which is lower by approximately 42.00% in average as compared to selling price of metal nameplates.

In addition, the decline in revenue for the plastic injection moulded parts in FYE 2019 was mainly attributable to the cessation of supply to Electrolux Thailand as they streamlined their operations. Electrolux Thailand has contributed RM1.29 million of revenue to the Group in FYE 2019 prior to the cessation of supply in August 2019 as compared to RM6.42 million in FYE 2018.

In this regard, we may not able to sustain our historical profitability margins for the reasons as stated above and other various reasons which may include the deterioration

in the business conditions of our principal markets, intensification of competition, reducing orders from our customers, cessation of supply with customers and other unforeseen factors, which may reduce the sales orders awarded to us, and/or reduce our profitability.

9.1.6 We may be exposed to fluctuations in prices of raw materials

The raw materials used by our Group are mainly stainless steel, aluminium, thermoplastic sheets, adhesive film, resin and ink. Our raw materials are sourced from Malaysia and overseas including China, Hong Kong, Singapore and Thailand. The fluctuations in the market prices of raw material due to changes in global supply and demand conditions may cause our Group's financial performance to be adversely affected. Any rise in our raw material prices will result in lower operating margin to our Group if we are unable to reflect the increased cost in the selling price of our finished products. As part of our cost management initiatives, we continuously seek opportunities to minimise our cost of raw materials in order to maximise our profit.

9.1.7 We are exposed to fluctuations in exchange rates

We are exposed to foreign currency exchange rate fluctuations as part of our Group's revenue and purchases are denominated in foreign currencies such as USD, SGD and JPY and such fluctuations may affect our financial results.

For the past three (3) FYEs 2018 to 2020, we recorded losses in foreign exchange translation as follows: -

	Audited		
	FYE 2018 (RM'000)	**FYE 2019 (RM'000)**	**FYE 2020 (RM'000)**
Realised	-	-	-
Unrealised	193	395	417
Total	**193**	**395**	**417**

Any significant fluctuation in the abovementioned foreign exchange rates may have significant impact on our revenue and cost of sales as they are required to be stated in RM in our financial statements.

We have from time-to-time since 2007, entered into forward currency contracts to hedge our foreign currency exposure against the USD. As at the LPD, there is no outstanding forward currency contracts. However, there is no assurance that the hedging transaction may fully eliminate the risk associated with exchange rate fluctuations due to certain factors including the following: -

(a) any hedging transaction may reduce or eliminate upside potential in the event of a favourable movement in exchange rate;

(b) it may subject to imperfect matching between the duration of the hedge and the related liability;

(c) the counterparty may not fulfil its contractual obligations which could affect to the ability to sell or transfer the financial instrument; and

(d) it may incur losses due to the recognition of the financial instrument's fair value in accordance with the applicable accounting policies.

Please refer to Note 11 and Note 24(b)(iii) of the Accountants' Report included in Section 12 of this Prospectus for further information on the forward foreign exchange contracts and the sensitivity analysis for foreign currency risk for the Group.

9.1.8 Our business is exposed to sudden and unexpected equipment failures which may lead to production curtailments or shutdowns

Our Group's manufacturing activities are supported by the key equipment as stated in Section 7.10.3 of this Prospectus. These machineries and equipment may be out of service as a result of unanticipated failures or damages sustained during operations. These unexpected events may cause interruptions in, or prolonged suspension of, any substantial part of our manufacturing activities. In addition, as our manufacturing activities are dependent on continuous supply of electricity, any disruptions to the supply of electricity may result in interruptions in our operations.

However, there were no occurrence of disruptions to the supply of electricity and equipment failures which materially affected our operations. Any unexpected disruption of electricity supply may interrupt our business operations and will affect our production schedules and timely delivery of our products to our customers. This could have an adverse impact on our business, financial conditions and results of operations.

9.1.9 We rely on foreign workers in our manufacturing operations

We rely to a certain extent on foreign workers, particularly in our manufacturing operations. In FYE 2020, VNP employed an average of 53 foreign workers from Nepal and Vietnam, representing 36.81% of VNP's total workforce and VTT employed an average of 187 Thai workers, representing 98.42% of VTT's total workforce and three (3) Malaysian workers, representing 1.58% of VTT's total workforce. Currently, we obtain one-year work permits for our foreign workers, which are renewed on a yearly basis.

As the costs of living in Malaysia increases over time, we have found it increasingly difficult to hire local production workers for our manufacturing operations, and this difficulty may increase in the future. The rising cost of living are wide-ranging, from housing to food, childcare, healthcare and education. For the low-skilled labours in particular, limited income buffers will render them more vulnerable to increases in living costs due to their low pay. They also experienced relatively slower income growth. This is evidenced by the monthly income increase for bottom-40 households at RM311 were almost completely off set by the increase in monthly expenditure in 2016 at RM257, mainly for the purchase of necessities. *(Source: "Divergence of Economic Performance and Public Sentiments" Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2018, Bank Negara Malaysia)*

With regard to the above, unattractive level of wages are deemed to be the reason why locals are reluctant to undertake low-skilled jobs with the rising cost of living. Therefore, employers in labour intensive industries are dependent on low-skilled foreign workers due to the presence and abundance of cheaper alternatives.

If foreign worker permit or visa policies in Malaysia, or in the countries in which we employ our foreign workers from, were to change in any way resulting in difficulties for our Group to maintain a sufficient foreign labour workforce, our business, results of operations and financial condition would be materially and adversely affected. In addition, our Group's anticipated business growth is also subject to the expansion in our manufacturing operations, which would require a subsequent increase in foreign labour to meet increased manufacturing activities.

9. RISK FACTORS *(cont'd)*

9.1.10 We do not retain the ownership of the moulds used for the manufacturing of our plastic injection moulded parts

For the manufacturing of plastic injection moulded parts, we procure and develop moulds based on the customers products specification for certain customers of which the customers will retain ownership of the moulds. Certain customers will also provide their own moulds for us to produce the plastic injection moulded parts of which the customer will also retain the ownership of the moulds. Our sales will be affected in the event our customers transfer the moulds to other plastic injection moulding manufacturers to produce their products.

9.1.11 We are subject to credit risks based on the credit periods granted to our customers

We grant our customers credit periods of between 30 to 120 days. As such, we are exposed to credit risks arising from our Group's trade receivables which may arise from events and circumstances beyond our Group's control. If our customers delay or default on payment, we will have to make allowance for impairment on uncollectible trade receivables or may be required to write-off uncollectible trade receivables as bad debts, which may in turn, adversely affect our financial performance.

For the Financial Years Under Review, there were no bad debts written off.

9.1.12 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 to our business to protect against various losses and liabilities. Although the Group reviews our insurance policies on a regular basis to ensure there is adequate insurance coverage on our assets, there can be no assurance that the said coverage would be sufficient for the replacement cost of our assets or from any consequential losses arising therefrom. In such event, this could have a material adverse effect on our business, financial condition and results of operations.

9.1.13 We are subject to risks relating to the economics, political, legal, regulatory or social environment in the markets in which we operate

Our business is subject to prevailing Malaysian and global economic, social, political and regulatory conditions as we derived a significant portion of our revenue from foreign markets, which accounted for 96.02%, 95.86% and 95.83% of our total revenue for the FYE 2018, FYE 2019 and FYE 2020 respectively. Any adverse developments or uncertainties including, amongst others, changes in political conditions, governmental policies and regulations, fiscal and monetary policies, import and export restrictions, duties and tariffs, foreign exchange, civil unrest, unemployment, inflation and outbreak of infectious diseases, could adversely impact our financial performance.

For instance, our manufacturing operations in Thailand via VTT has been granted a promotion certificate by the BOI which entitles us to tax exemption for a period of eight (8) years from 24 December 2008 to 23 December 2016 on its net profits, restricted to 100% of the investment capital of VTT (excluding cost of land and working capital) at THB49,293,353.40 or equivalent to RM6.64 million) as determined in the BOI's operation start-up certificate and received the IEAT's permission to own land for use for our operations. Upon expiry of the period of eight (8) years, the promotion certificate entitles VTT to a reduction of 50% of normal income tax rate for a further period of five (5) years from 24 December 2016 to 23 December 2021 of which there is no capped amount. There can be no assurance that such tax exemptions will not be prematurely terminated by the BOI. Should the tax exemption be prematurely terminated, our cash flows and after tax profitability may be adversely affected. VTT also received the IEAT's

permission to own land for the use of our operations and the IEAT's permission to operate the manufacturing facility in the industrial estate. If the land ownership permit is revoked, VTT must dispose of the land within one (1) year from the date of revocation. In the event the IEAT operating permit is revoked or not renewed, VTT will not be able to operate the manufacturing activity. The revocation and non-renewal of the operating permit may occur if VTT does not comply with the IEAT regulations or requirements for manufacturing activities in the industrial estate. Please refer to Section 7.7 of the Prospectus for further details on the major licenses and permits held by the Group.

In addition, as stated in Section 9.1.9 of this Prospectus, our manufacturing processes are labour-intensive. There is no assurance that our profitability would not be affected by any governmental increase in the statutory minimum wages which in turn, would increase our labour costs. Our operations in Thailand via VTT is subject to Thailand's mandated minimum wage and as at the LPD, VTT has complied with these minimum wage requirements.

The recent outbreak of infectious disease (i.e., Covid-19) has also affected the world economies as a whole as numerous countries have imposed travel restrictions, social distancing and enforced prolonged closures of relevant workplaces. As our revenue are mainly derived from foreign markets, our financial position, profitability and cash flows may be affected by any material changes and developments in the global markets.

As we continue to expand our business in Malaysia and Thailand, there is no assurance that adverse political condition, change in the Malaysian and Thailand economy and regulatory changes which are beyond our control, will not adversely affect our Group's business.

9.1.14 We may be affected by an occurrence of force majeure events such as adverse weather, natural disasters and/or outbreak of infectious disease

Our business operations may be affected by the occurrence of adverse weather, natural disasters and/or outbreak of infectious disease which cause our production facility to be incapable of normal capacity and our employees being unable to conduct their work as usual. Any occurrence of force majeure events as mentioned may prohibit us from performing our operations and as a result, we may not be able to meet the specific timelines as agreed with our customers. The delay in completion of our products orders and products delivery to our customers may adversely impact our business reputation which in turn may have a negative impact on our business and financial performance.

Notwithstanding that we have to halt our operations during adverse weather conditions, natural disasters and/or outbreak of infectious disease, we would still have to incur certain fixed operating expenses such as labour costs. Our Group's operations and financial position may be affected should such events occur for a prolonged period of time. As such, there is no assurance that we will be able to record profits and have sufficient funds for our operations to recover from the damages caused by such events.

VNP was affected by the flood in Penang in 2017. The losses caused by the flood was approximately RM0.78 million and the Company has received the same amount of insurance compensation. It is deemed a one-off event since the incorporation of the Company.

In view of the recent global pandemic Covid-19, many countries have imposed mandatory movement and business operations restrictions in containing the spread of the virus, which has halted economic and business activities in countries affected, including the operations of VNP and VTT.

9. RISK FACTORS *(cont'd)*

The quarantine in Wuhan city which was then extended to other cities in China and the extension of the Lunar New Year 2020 holiday in China due to the Covid-19 (e.g., from 23 January 2020 to 14 February 2020) caused a disruption to our operations resulting in VNP recording lesser orders due to the closure of one of our major customers', (namely HP) OEM in China and has also delayed the shipment of our nameplates products to them. The nameplates products were temporarily stored at our factory in Perai, Penang at no additional costs to VNP. As at 31 December 2020, we have completed the shipment of the nameplates products without any imposition of penalty by our customers on VNP for late delivery. Nevertheless, the disruption arising from the closure of HP's OEM in China due to lockdown in China has resulted in VNP recording lesser orders during the aforesaid period.

In Malaysia, the government has imposed a nationwide restriction on movements through the MCO effective from 18 March 2020 to curb the spread of Covid-19. The MCO has disrupted the operations of VNP under the restrictions imposed by MITI with, among others, the temporary closure of our operations and condition of reducing our employees to a minimum level for the operations or reducing approximately 50% of our workforce for the operations.

As a result of the above, the operations of VNP was halted from 18 March 2020 to 3 April 2020. With the approval from MITI dated 3 April 2020, we resumed operations of VNP at 50% of our workforce capacity on 6 April 2020 in compliance with the SOP required by MITI. Subsequently, following the announcement by MITI on 28 April 2020, VNP's operation resumed to full capacity on 30 April 2020.

The temporary full and partial closure during the MCO had affected the operations of VNP as follows: -

(i) Delay in the production of our nameplates products. The MCO halted most economic activities, hence there had been delays in production which led to delays in deliveries of our nameplates products. Since the full resumption of VNP's operation, VNP has fulfilled all backlog orders arising from the disruption due to the MCO. Other than during the disrupted period (i.e., 18 March 2020 - 29 April 2020) under the MCO, there is no further delays in our production progress from our initial production schedule. As at the LPD, there are no cancellation of orders.

(ii) Limitations in carrying out face-to-face communication with our customers to promote and market our Group's products and services. Nevertheless, our sales and marketing team had continued to provide quotations to our customers via telephone and electronic mail messages. Our sales and marketing team had also utilised our corporate websites for its marketing activities. With the assistance of our factory in Rayong, Thailand, we were able to manufacture sample products to be delivered directly from our factory in Rayong, Thailand to be submitted to our customers which were still operating during the lockdowns for approval.

In Thailand, the government has also declared a State of Emergency which provides the government with the authority to impose curfews, restrictions on movements of goods, livestock and persons, closures, suspension, or restrictions in operating hours of certain business activities, prohibition or restrictions on certain non-commercial activities, for the purpose of preventing the spread of communicable disease. This State of Emergency was announced and entered into effect on 26 March 2020, and has since been extended to 31 March 2021. Several rounds of easing measures were announced between 1 May 2020 and up until the LPD, whereby there have been several relaxations of prohibitions or limitations on conducting or carrying out certain activities. For the operations of VTT, the Ministry of Industry of Thailand has issued control measures for businesses to observe. However, it does not prohibit manufacturing

9. RISK FACTORS *(cont'd)*

facilities and offices to operate. Thus, the operations of VTT was not affected as manufacturing factories in Thailand are allowed to operate during the period of the State of Emergency while complying with the control measures issued by the Ministry of Industry of Thailand.

Notwithstanding the above, some of VTT's customers have implemented between one (1) to two (2) weeks of voluntary closure in April 2020 as precautionary measures. The closure of our customers' operations (i.e., 6 April 2020 - 17 April 2020) had led to delays in delivery of our finished products. These finished goods were temporarily stored at our factory in Rayong, Thailand. As at 31 December 2020, we have delivered the products and fulfilled the orders subsequent to the resumption of our customers operations. Nevertheless, the disruption arising from the voluntary closure of our customers in Thailand and a general decline in demand due to the Covid-19 pandemic has resulted in VTT recording lesser revenue.

As at the LPD, our Group has not experienced disruptions in the supply of raw materials or additional processes by our local subcontractors arising from the imposed mandatory movement and business operations restrictions due to Covid-19 as we have a buffer inventory of raw materials and materials from our subcontractors to support our production.

Please refer to Section 7.13 of this Prospectus for further information on the interruptions to our business and operations pursuant to Covid-19 pandemic.

In the event any of our employees is suspected of contracting the pandemic disease, we may need to quarantine some or all of our employees and disinfect the facilities used in our operations. In this regard, this could materially and adversely affect our sales.

As at 31 December 2020, our Group's cash and cash equivalents stood at RM8.44 million. As at the LPD, we are in a healthy financial position with zero gearing.

Any adverse and prolonged development arising from the pandemic may significantly affect the economic, financial and political conditions across the world and the occurrence of unforeseen disruptive events regionally or globally that are beyond our Group's control.

Our Group will continue to monitor the ongoing developments of Covid-19 closely in order to pro-actively manage risk in our operations and will introduce additional precautionary measures as appropriate.

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9. RISK FACTORS *(cont'd)*

9.2 RISKS RELATING TO THE INDUSTRY IN WHICH OUR GROUP OPERATES

9.2.1 We face competition from existing industry players

Notwithstanding our competitive strengths, we continue to face competition from existing and prospective competitors who may offer similar or competitive products at lower cost.

Whilst we strive to remain competitive, there can be no assurance that any increase in competition in our business environment would not have a material and adverse impact on our business and financial performance.

9.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES

9.3.1 No prior market for our Shares

Prior to our IPO, there has been no prior market for our Shares. The listing of and quotation for our Shares on the ACE Market of Bursa Securities does not guarantee that an active market for the trading of our Shares will develop, or even if developed, that such market liquidity can be sustained. There is also no assurance as to the liquidity of our Shares, the ability of holders to sell our Shares or the prices at which holders would be able to sell our Shares.

There can be no assurance as to the price at which our Shares will be traded on the ACE Market of Bursa Securities upon or subsequent to our Listing will correspond to the IPO Price. There is also no assurance that the market price of our Shares will not trade below the IPO Price.

9.3.2 Our Share price may be volatile, which could result in substantial losses for investors subscribing for our Shares

The performance of Bursa Securities and investors' sentiment are, to a certain extent, dependent on external factors such as trade wars between major countries, the performance of the regional and global stock exchanges and the flows of foreign funds as well as internal factors such as economic and political conditions and the growth potential of the various sectors of the local economy. These external and internal factors constantly contribute to the volatility of trading volumes and prices on Bursa Securities and these add risks to the future volatility of the market price of our Shares. Nevertheless, the profitability of our Group is not dependent on the performance of Bursa Securities as our business activities have no direct correlation with the performance of securities listed on Bursa Securities.

In addition, the market price of our Shares may fluctuate significantly in response to, amongst others, the following factors, some of which are beyond our control: -

(i) variations in our financial results and operations;

(ii) success or failure of our key senior management personnel in implementing business and growth strategies;

(iii) gain or loss of an important business relationship;

(iv) changes in securities analysts' recommendations, perceptions or estimates of our Group's financial performance;

(v) changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other related events or factors;

(vi) changes in market valuations and share prices of companies with similar businesses to our Group that may be listed on Bursa Securities;

(vii) additions or departures of our key senior management personnel;

(viii) fluctuation in stock market prices and volume; and

(ix) involvement in litigation.

There is no assurance that our Share price will not be subjected to volatility due to market sentiments.

9.3.3 There may be a delay in or abortion of our Listing

Below is a non-exhaustive list of possible occurrences or events which could cause a delay or termination of our Listing: -

(i) our Underwriter exercising its rights under the Underwriting Agreement to discharge itself from its obligations thereunder;

(ii) the identified investors fail to subscribe for the portion of the Offer Shares allotted to them;

(iii) the revocation of approvals from the relevant authorities for the Listing and/or admission for whatever reason; or

(iv) we are unable to meet the public spread requirements of the Listing Requirements, i.e., at least 25% of our number of issued Shares for which listing is sought must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each at the time of our Listing.

Where prior to the issuance and allotment of our IPO Shares: -

(i) the SC issues a stop order pursuant to Section 245(1) of the CMSA, the applications shall be deemed to be withdrawn and cancelled and our Company and the Offerors, shall repay all monies paid in respect of the applications for our IPO Shares within 14 days of the stop order, failing which the Company and Offerors shall be liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(a) of the CMSA; or

(ii) our Listing is aborted, investors will not receive any of our IPO Shares, all monies paid in respect of all applications of our IPO Shares will be refunded free of interest.

Where subsequent to the issuance and allotment of our IPO Shares: -

(i) the SC issues a stop order pursuant to Section 245(1) of the CMSA, any issue of our IPO Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if such money is not repaid within 14 days of the date of the service of the stop order, the Company and the Offerors shall be liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(b) of the CMSA; or

(ii) our Listing is aborted other than pursuant to a stop order by the SC, a return of monies to our shareholders could only be achieved by way of cancellation of

share capital as provided under the Act and its related rules. Such cancellation can be implemented by either: -

(a) the sanction of our shareholders by special resolution in a general meeting, consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances; or

(b) the sanction of our shareholders by special resolution in a general meeting supported by a solvency statement from the directors.

9.3.4 Our Promoters control a significant portion of our Shares which may result in our Promoters being able to influence the outcome of certain matters requiring the vote for shareholders

Upon completion of our IPO, our Promoters will collectively hold an aggregate of 105,000,000 Shares, representing approximately 63.64% of our enlarged number of issued Shares. As a result, these shareholders, acting together, will be likely to highly influence the outcome of any ordinary resolution (which requires a simple majority of 50% plus one (1) voting share) to be tabled at general meetings, unless they are required to abstain from voting by law and/or by the relevant authorities.

Nevertheless, our Company has formed the Audit and Risk Management Committee which will play an active role in our Board's deliberations to ensure future transactions involving related parties are entered into on an arm's length basis, so as to facilitate good corporate governance whilst promoting greater corporate transparency.

9.3.5 We are an investment holding company and, as a result thereof, are dependent on the flow of dividends from our subsidiaries to meet our obligations and to provide funds for payment of dividends on our Shares

Our Company is an investment holding company and we conduct substantially all of our operations through our subsidiaries. Accordingly, an important source of our income, and consequently, deciding factor in the Group's profitability which determine our ability to pay dividends on our Shares, is the amount of dividends and other distributions from our subsidiaries. The ability of our subsidiaries to pay dividends or make other distributions to our Company in the future will depend upon their operating results, earnings, capital requirements, general financial condition and governmental laws, decrees, regulations or relevant legislations in other countries relating to the repatriation of capital or the remittance of profit by or to our Group. In addition, changes in accounting standards may also affect the ability of our subsidiaries, and consequently, our ability to pay dividends.

We have adopted a dividend policy proposing to pay dividends of at least 30.00% of our annual audited PAT to the shareholders of our Company. However, the dividend payments are not guaranteed and our Board may decide, at its sole and absolute discretion, at any time and for any reason, not to pay dividends. If we do not pay dividends, or pay dividends at levels lower than that anticipated by investors, the market price of our Shares may be negatively affected and the value of any investment in our Shares may be reduced.

9. RISK FACTORS *(cont'd)*

9.3.6 Forward Looking Statements

This Prospectus contains forward-looking statements, which are statements other than statements of historical facts. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this point in time, there can be no assurance that such expectations will prove to have been correct. The inclusion of a forward looking statement in this Prospectus is not to be regarded as a warranty by our Company that the plans and objectives of our Company will be achieved. Any deviations from the expectations contained in such forward-looking statements may have material effect on the future financial and business performance of our Group.

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10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

10.1 RELATED PARTY TRANSACTIONS AND OTHER TRANSACTIONS

Pursuant to Rule 10.09 of the Listing Requirements, a listed issuer may seek its shareholders' mandate in respect of related party transactions involving recurrent transactions of a revenue or trading in nature which are necessary for its day to day operations subject to, *inter-alia*, the following: -

(a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;

(b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under the Listing Requirements;

(c) the circular to our shareholders for the shareholders' mandate shall include the information as may be prescribed by Bursa Securities; and

(d) in a meeting to obtain the shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions.

Our Group may, in the ordinary course of our business, enter into transactions, including but not limited to the related party transactions, with persons who are considered "related parties" as defined in the Listing Requirements.

Due to the time-sensitive nature of commercial transactions, the shareholders' mandate will enable us, in our normal course of business, to enter into the categories of related party transactions, provided such recurrent related party transactions are made at arm's length and on normal commercial terms.

Upon Listing, our Audit and Risk Management Committee will supervise the terms of related party transactions and our Directors will report related party transactions, if any, annually in our Company's annual report. In the event there are any proposed related party transactions that involve the interest, direct or indirect, of our Directors, the interested Director(s) shall disclose his interest to our Board, of the details of the nature and extent of his interest, including all matters in relation to the proposed related party transactions that he is aware or should reasonably be aware of, which is not in our best interests. The interested Director(s) shall also abstain from any Board deliberation and voting on the relevant resolution(s) in respect of such proposed related-party transactions.

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

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST *(cont'd)*

10.1.1 Recurrent related party transactions

There are no recurrent related party transactions, existing, proposed to be entered or to be entered into by our Group which involved the interest, direct or indirect, of our Directors and substantial shareholder, and/or person connected with them for the past three (3) FYE 2018 to FYE 2020.

10.1.2 Non-recurrent related party transactions

There are no non-recurrent related party transactions or other subsisting contracts or arrangement, existing or potential, entered or to be entered into by our Group which involved the interest, direct or indirect, of our Directors, substantial shareholders, key senior management personnel and/or persons connected with them for the past three (3) FYE 2018 to FYE 2020.

All future transactions which involve the interests of our Directors, substantial shareholders and/or persons connected with them will be transacted at arm's length, on our normal commercial terms which are not more favourable to the related parties than those generally available to the public, and which are not detrimental to the minority shareholders. The Audit and Risk Management Committee will supervise the terms of all related party transactions and our Directors will report such transactions, if any, in our annual reports.

10.1.3 Transaction that are unusual in nature or conditions

Our Board has confirmed that there are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which we or our subsidiary companies was a party in respect of FYE 2018 to FYE 2020.

10.1.4 Outstanding loans made for the benefit of the related parties

Our Directors have confirmed that there are no outstanding loans (including guarantees of any kind) made by us or our subsidiary companies or any financial assistance made to or for the benefit of our related parties in respect of FYE 2018 to FYE 2020 and the subsequent financial period up to the LPD.

10.2 CONFLICTS OF INTEREST

10.2.1 Interest in similar business and businesses of our clients and our suppliers

As at the LPD, none of our Directors or substantial shareholders has any interest, direct or indirect, in any businesses and corporations which are: -

(i) carrying on a similar or related trade as our Group; or

(ii) customers and/or suppliers of the Group,

which will give rise to a situation of conflict of interest with the Group's business.

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST *(cont'd)*

10.2.2 Promotion of material assets

Save for the SSA as disclosed in Sections 6.4.1 and 6.6 of this Prospectus, none of the Directors or substantial shareholders of our Company had any interest, direct or indirect, in the promotion of, or in any material assets, which had been within the past three (3) FYE 2018 to FYE 2020 and up to the LPD, acquired or proposed to be acquired by, disposed of or proposed to be disposed of, or leased or proposed to be leased to us.

10.2.3 Declarations of conflict of interest by our advisers

(i) TA 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 Principal Adviser, Sponsor, Underwriter and Placement Agent for the Listing.

(ii) Katherine Khaw & Associates 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 the Listing.

(iii) Baker Tilly 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 Auditors and Reporting Accountants for the Listing.

(iv) Smith Zander 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 Independent Market Researcher for the Listing.

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11. FINANCIAL INFORMATION

11.1 HISTORICAL FINANCIAL INFORMATION

Our Company was incorporated on 2 February 2018. Volcano acquired the entire issued share capital of VNP on 2 March 2018 and the acquisition was completed on the same date. As such, the financial statements comprise the consolidated statements of financial position as at 31 December 2018, 31 December 2019 and 31 December 2020, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the FYE 2018, FYE 2019 and FYE 2020.

The consolidated financial statements for the FYE 2018, FYE 2019 and FYE 2020 were prepared based on the audited financial statements of the Group for the FYE 2018, FYE 2019 and FYE 2020.

11.1.1 Historical statements of comprehensive income

The following table sets out the summary of our historical consolidated statements of comprehensive income for the FYE 2018, FYE 2019 and FYE 2020 which have been extracted from the Accountants' Report set out in Section 12 of this Prospectus. It should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" as set out in Section 11.2 of this Prospectus and the Accountants' Report, together with its related notes as set out in Section 12 of this Prospectus.

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11. FINANCIAL INFORMATION *(cont'd)*

	Audited		
	FYE 2018 (RM'000)	FYE 2019 (RM'000)	FYE 2020 (RM'000)
Revenue	58,649	55,892	52,527
Cost of sales	(39,676)	(38,761)	(37,388)
GP	**18,973**	**17,131**	**15,139**
Other income	1,043	533	216
Administrative expenses	(10,735)	(10,641)	(10,575)
Distribution expenses	(599)	(542)	(522)
Operating profit	**8,682**	**6,481**	**4,258**
Finance costs	(1)	-	(1)
PBT	**8,681**	**6,481**	**4,257**
Taxation	(1,729)	(1,701)	(874)
PAT [(i)]	**6,952**	**4,780**	**3,383**
Other comprehensive income: -			
Foreign currency translation [(ii)]	733	2,784	(558)
Total comprehensive income for the financial years	**7,685**	**7,564**	**2,825**
Profit/(Loss) attributable to: -			
- Owners of the parent	6,952	4,780	3,383
- Non-controlling interest	-	-	-
	6,952	**4,780**	**3,383**
Total comprehensive income attributable to: -			
- Owners of the parent	7,685	7,564	2,825
- Non-controlling interest	-	-	-
	7,685	**7,564**	**2,825**
EBITDA (RM'000) [(iii)]	10,870	8,587	6,704
GP margin (%)	32.35	30.65	28.82
PBT margin (%)	14.80	11.60	8.10
PAT margin (%)	11.85	8.55	6.44
Basic EPS (sen) [(iv)]	4.97	3.41	2.42
Diluted EPS (sen) [(v)]	4.21	2.90	2.05

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Notes: -

(i) Inclusive of IPO expenses of approximately RM0.84 million, RM0.61 million and RM0.45 million which were incurred in the FYE 2018, FYE 2019 and FYE 2020 respectively. Without the IPO expenses, the PAT of our Group is RM7.79 million, RM5.39 million and RM3.83 million which translates to a PAT margin of 13.28%, 9.64% and 7.29% for FYE 2018, FYE 2019 and FYE 2020 respectively.

(ii) Foreign currency translation relates to exchange differences arising from translation of the financial statements of VTT.

(iii) EBITDA is computed based on the following: -

		FYE 2018 (RM'000)	*FYE 2019 (RM'000)*	*FYE 2020 (RM'000)*
PBT		*8,681*	*6,481*	*4,257*
Add:	*Finance costs*	*1*	*-*	*1*
	Depreciation and amortisation	*2,328*	*2,274*	*2,543*
Minus:	*Interest income*	*140*	*168*	*97*
EBITDA		***10,870***	***8,587***	***6,704***

(iv) Basic EPS is computed based on PAT attributable to owners of our Company divided by our existing number of issued Shares of 140,000,000 Shares before the IPO.

(v) Diluted EPS is computed based on PAT attributable to owners of our Company divided by our enlarged number of issued Shares of 165,000,000 Shares after the IPO.

11.1.2 Historical statements of financial position

The following table sets out the historical consolidated statements of financial position as at 31 December 2018, 31 December 2019 and 31 December 2020 which have been extracted from the Accountants' Report set out in Section 12 of this Prospectus. It should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" set out in Section 11.2 of this Prospectus and the Accountants' Report set out in Section 12 of this Prospectus.

	Audited		
	FYE 2018 (RM'000)	**FYE 2019 (RM'000)**	**FYE 2020 (RM'000)**
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	27,200	29,073	28,892
Intangible assets	13	12	21
Deferred tax assets	1,037	700	631
TOTAL NON-CURRENT ASSETS	**28,250**	**29,785**	**29,544**
CURRENT ASSETS			
Inventories	15,304	14,889	16,500
Current tax assets	668	1,367	1,486
Trade and other receivables	11,921	10,500	14,022
Other investments	1,403	1,984	-
Derivative financial assets	42	45	-
Cash and short-term deposits	9,658	15,980	12,852
TOTAL CURRENT ASSETS	**38,996**	**44,765**	**44,860**
TOTAL ASSETS	**67,246**	**74,550**	**74,404**

11. FINANCIAL INFORMATION *(cont'd)*

	Audited		
	FYE 2018 (RM'000)	FYE 2019 (RM'000)	FYE 2020 (RM'000)
EQUITY AND LIABILITIES			
Equity attributable to owners of Volcano			
Share capital	70,000	70,000	70,000
Other reserves [(i)]	(62,024)	(59,240)	(59,798)
Retained earnings	54,106	56,886	57,170
TOTAL EQUITY	**62,082**	**67,646**	**67,372**
NON-CURRENT LIABILITIES			
Employee benefits	90	171	143
Deferred tax liabilities	359	758	642
TOTAL NON-CURRENT LIABILITIES	**449**	**929**	**785**
CURRENT LIABILITIES			
Trade and other payables	4,715	5,975	6,247
TOTAL CURRENT LIABILITIES	**4,715**	**5,975**	**6,247**
TOTAL LIABILITIES	**5,164**	**6,904**	**7,032**
TOTAL EQUITY AND LIABILITIES	**67,246**	**74,550**	**74,404**
NA (RM'000)	62,082	67,646	67,372
NA per Share (RM)	0.09 [(ii)]	0.10 [(ii)]	0.48 [(iii)]

Notes: -

(i) Other reserves comprise of the following: -

	Audited		
	FYE 2018 (RM'000)	FYE 2019 (RM'000)	FYE 2020 (RM'000)
Exchange reserve [(a)]	5,976	8,760	8,202
Reorganisation reserve [(b)]	(68,000)	(68,000)	(68,000)
TOTAL EQUITY	(62,024)	(59,240)	(59,798)

(a) The exchange reserve is in compliance with MFRS 121 The Effects of Changes in Foreign Exchange Rates.

(b) The reorganisation reserve is the difference between the cost of acquisition of VNP over the nominal value of share capital of the subsidiary acquired which is based on a generally accepted accounting practise which is the merger method of accounting.

(ii) Computed based on NA divided by our existing number of issued Shares of 700,000,000 Shares before IPO and Share Consolidation.

(iii) Computed based on NA divided by our existing number of issued Shares of 140,000,000 Shares after Share Consolidation but before the IPO.

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11. FINANCIAL INFORMATION *(cont'd)*

11.1.3 Historical statements of cash flows

The following table sets out the consolidated statements of cash flows for the FYE 2018, FYE 2019 and FYE 2020 which have been extracted from the Accountants' Report set out in Section 12 of this Prospectus. It should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" set out in Section 11.2 of this Prospectus and the Accountants' Report set out in Section 12 of this Prospectus.

	Audited		
	FYE 2018 (RM'000)	FYE 2019 (RM'000)	FYE 2020 (RM'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	**8,681**	**6,481**	**4,257**
Adjustments for: -			
Amortisation and depreciation of property, plant and equipment	2,313	2,138	2,388
Amortisation and depreciation of right-of-use assets	-	126	146
(Gain)/Loss on disposal of property, plant and equipment	41	(10)	(48)
Amortisation of intangible asset	15	10	9
Inventories written down	-	45	63
Net fair value loss/(gain) on derivatives	3	(3)	45
Interest income	(140)	(168)	(97)
Interest expense	1	-	1
Dividend income	(17)	(37)	(39)
Employee benefits	(55)	80	(28)
Property, plant and equipment written off	-	2	-
Unrealised loss/(gain) on foreign exchange	193	395	417
Operating profit before working capital changes	**11,035**	**9,059**	**7,114**
Changes in working capital: -			
Inventories	(2,353)	371	(1,674)
Receivables	559	1,378	(3,939)
Payables	(952)	2,375	272
Employee benefits	(66)	-	-
Net cash generated from operations	**8,223**	**13,183**	**1,772**
Income tax paid	(2,156)	(1,664)	(1,040)
NET CASH FROM OPERATING ACTIVITIES	**6,067**	**11,519**	**732**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(1,207)	(2,642)	(2,806)
Proceeds from disposal of property, plant and equipment	76	18	86
Purchase of intangible assets	(5)	(8)	(18)
Dividends received	17	37	39
Interests received	141	168	97
NET CASH USED IN INVESTING ACTIVITIES	**(978)**	**(2,427)**	**(2,602)**

11. FINANCIAL INFORMATION *(cont'd)*

	Audited		
	FYE 2018 (RM'000)	FYE 2019 (RM'000)	FYE 2020 (RM'000)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid	(4,000)	(2,000)	(3,100)
Change in pledged deposits	(279)	(96)	4
Interests paid	(1)	-	(1)
NET CASH USED IN FINANCING ACTIVITIES	**(4,280)**	**(2,096)**	**(3,097)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**809**	**6,996**	**(4,967)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEARS	5,837	6,749	13,556
Effect of exchange rate changes on cash and cash equivalents	103	(189)	(149)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEARS	**6,749**	**13,556**	**8,440**
ANALYSIS OF CASH AND CASH EQUIVALENTS: -			
Fixed deposits placed with licensed banks	4,761	5,004	5,023
Less: Pledged deposits [(i)]	(4,312)	(4,408)	(4,412)
	449	596	611
Short term investments	1,403	1,984	-
Cash and bank balances	4,897	10,976	7,829
	6,749	**13,556**	**8,440**

Note: -

(i) Pledged deposits are short-term deposit pledged to financial institution for bank guarantees and foreign currency forward contracts.

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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 Financial Years Under Review refers to the historical financial information of Volcano Group. The financial information has been prepared based on the assumption that the current structure of our Group has been in existence throughout the Financial Years Under Review.

The discussion of our business, financial condition and results of operations for the Financial Years Under Review should be read in conjunction with the Accountants' Report set out in Section 12 of this Prospectus.

This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below or elsewhere in this Prospectus, particularly in the section entitled Risk Factors set out in Section 9 of this Prospectus.

11.2.1 Overview of our operations

(i) Principal activities

Our Group is principally involved in the manufacturing of parts and components used in the E&E and automotive industries, namely: -

(a) Manufacturing of nameplates; and

(b) Manufacturing of plastic injection moulded parts.

We produce nameplates and plastic injection moulded parts based on materials, sizes, designs and specifications requested by our customers.

We have two (2) manufacturing plants. Our head office cum factory is located in Perai, Penang and the second factory is in Rayong, Thailand.

Our operations in Perai, Penang is through our wholly-owned subsidiary, VNP. VNP is solely involved in the manufacturing of nameplates and is the main contributor to our financial performance. On the other hand, our operations in Thailand is through our wholly-owned subsidiary, VTT, which focuses more on the manufacturing of plastic injection moulded parts and is complemented by the manufacturing of nameplates.

The combined skills, experience and knowledge that we possess in both the manufacturing of nameplates and manufacturing of plastic injection moulded parts provide us the unique position in fulfilling customers' demand as a one-stop solution in these areas. For further details, please refer to Section 7 of this Prospectus.

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11. FINANCIAL INFORMATION *(cont'd)*

(ii) Revenue

Our Group's revenue is segmented to the two (2) principal products/activities as follows: -

(a) Nameplates

(1) Revenue generated from the nameplates segment consists mainly of sales of nameplates for brand recognition, product identification and instructional purposes. The nameplates that we manufacture are mainly used in E&E products such as laptops and home appliances.

(2) Other products with similar manufacturing processes consist of overlays, panels, spacer, insulators, die-cut parts, stamping parts, control panels and membrane switches.

The nameplates segment which comprises of metal and non-metal nameplates is our main business which contributed an average of 64.16% of our Group's revenue for the Financial Years Under Review.

(b) Plastic injection

Revenue generated from the plastic injection segment consists mainly of sales of parts made of resin using the plastic injection moulding process. We manufacture plastic injection moulded parts used mainly for washing machines, refrigerators, power tools, microwave ovens, sewing machines, and automotive vehicles.

The plastic injection moulded parts segment contributed an average of 35.84% of our Group's revenue for the Financial Years Under Review.

(iii) Cost of sales

Our cost of sales mainly comprises the following key elements: -

(a) Manufacturing of nameplates

(1) Purchase of raw materials such as stainless steel, aluminium and thermoplastic, adhesive tape, ink, additional works on surface finishing of raw materials along with direct expenses including transportation charges (i.e. carriage inwards of raw materials) and other miscellaneous costs;

(2) Amortisation and depreciation on land and building, machines and equipment;

(3) Manpower costs related to the manufacturing process of nameplates; and

(4) Repair and maintenance of plant, machinery and tools.

(b) Manufacturing of plastic injection moulded parts and components

(1) Purchase of raw materials such as resins and direct expenses including freight charges, transportation charges and other miscellaneous costs;

(2) Depreciation on building, machines and equipment;

(3) Manpower costs related to the manufacturing process and sub-assembly of plastic injection moulded parts; and

(4) Repair and maintenance of plant, machinery and tools.

(iv) Other income

Other income includes primarily interest income, dividend income, gain on foreign exchange, gain on foreign currency forward contract and insurance compensation.

(v) Administrative expenses

Administrative expenses mainly comprise: -

(a) Costs incurred to maintain our business operations such as manpower costs, directors' remuneration, travelling expenses, utilities expenses, upkeep expenses, depreciation of property, plant and equipment; and

(b) Other operating expenses which are not directly related to our operations such as loss on foreign exchange, professional fees, bank charges, inventories written down and miscellaneous office expenses.

(vi) Distribution expenses

Distribution expenses mainly comprise expenses incurred for marketing and distribution of our products such as sales commission, transportation charges, travelling expenses and upkeep and depreciation of motor vehicles.

(vii) Finance costs

Our finance costs comprise interest expense incurred on invoice factoring and operating lease.

(viii) Recent developments

Save as disclosed below, there were no significant events during and subsequent to our Group's audited consolidated financial statements for FYE 2020.

(a) Covid-19 outbreak

On 11 March 2020, the World Health Organisation declared the 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 MCO starting from 18 March 2020 to curb the spread of the Covid-19 outbreak in Malaysia. The quarantine in Wuhan city which was then extended to other cities in China in early 2020 and the MCO has disrupted the operations of VNP under the restrictions imposed by MITI with, among others, temporary suspension of operations, reducing our employees to a minimum level for the operations or reducing approximately 50% of our workforce for the operations and to adhere to social distancing measures. For VTT, the Ministry of Industry, Thailand has issued control measures for businesses to observe, however, it does not prohibit manufacturing facilities and offices to operate. Notwithstanding this, some of VTT's customers have implemented between one (1) to two (2) weeks of shut down in April 2020 as precautionary measures. Since then, there have been various control measures implemented in Malaysia and other countries to curb the Covid-19 pandemic.

For further details, please refer to Sections 7.13 and 9.1 of this Prospectus.

(b) On 18 May 2020, the ordinary shares of the Company was consolidated on a basis of five (5) existing ordinary shares to one (1) ordinary share.

As a result of the above, the total number of shares issued of Volcano of 700,000,000 had been consolidated to 140,000,000 ordinary shares.

(ix) Audit qualifications

Our audited financial statements for the Financial Years Under Review were not subject to any audit qualification.

(x) Accounting policies that are peculiar to our business

There are no accounting policies that are peculiar to our business as the nature of our business is manufacturing and does not require special accounting policies.

(xi) Significant factors affecting our business

Section 9 of this Prospectus details the risk factors relating to our business and the industry in which we operate in. Some of these risk factors have an impact on our Group's revenue and financial performance. The main factors which affect revenues and profits include the following: -

(a) Dependency on our major customers

We are dependent on our major customers and we do not have any long-term contract with our customers. Our major customers in aggregate contributed for approximately 69.50% of our total revenue for the FYE 2020. The loss of any major customers and/or the inability to secure new purchase orders may adversely impact our operating results.

(b) Dependency on third party suppliers

We are dependent on third party suppliers for raw materials, components and parts. Any unforeseen or sudden severance of the relationship with our major suppliers and/or any future disruption in the supply of raw materials, components and parts may negatively impact our Group's ability to supply our product to our customers.

(c) Ability to continuously or consistently meet customer expectations

We are dependent on our ability to continuously and consistently meet customer expectations. Should we fail to meet customers' specification or expectation, our business and financial conditions may be adversely affected.

(d) Fluctuation in prices of raw materials

We may be exposed to fluctuation in prices of raw materials as our raw materials are mainly commodity products which are subject to price fluctuation. Any rise in our raw materials prices will result in lower operating margin to our Group if we are unable to reflect the increased cost in the selling price of our finished products.

(e) Fluctuation in exchange rate

We are exposed to fluctuations in exchange rates as part of our Group's

11. FINANCIAL INFORMATION *(cont'd)*

revenue and purchases are denominated in foreign currencies. Any significant fluctuations in exchange rates, particularly the USD and THB, may have a significant impact on our reported income as they are required to be stated in RM in our financial statements.

(f) Competition

Notwithstanding our competitive strengths, we continue to face competition from existing and prospective competitors which may be capable of offering similar products at lower cost.

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.

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11. FINANCIAL INFORMATION *(cont'd)*

11.2.2 Review of operations

(i) Revenue

The revenue segmentation of our Group by company, business segments and principal markets for the Financial Years Under Review is set out below.

Analysis of revenue by company and business segment (in figures)

	Audited								
	FYE 2018			FYE 2019			FYE 2020		
	Nameplates	Plastic injection	Total	Nameplates	Plastic injection	Total	Nameplates	Plastic injection	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
VNP	32,342	-	32,342	29,605	-	29,605	25,743	-	25,743
VTT	4,537	21,770	26,307	6,061	20,226	26,287	8,901	17,883	26,784
Total	**36,879**	**21,770**	**58,649**	**35,666**	**20,226**	**55,892**	**34,644**	**17,883**	**52,527**

Analysis of revenue by company and business segment (in percentage)

	Audited								
	FYE 2018			FYE 2018			FYE 2020		
	Nameplates	Plastic injection	Total	Nameplates	Plastic injection	Total	Nameplates	Plastic injection	Total
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
VNP	55.15	-	55.15	52.97	-	52.97	49.01	-	49.01
VTT	7.73	37.12	44.85	10.84	36.19	47.03	16.95	34.04	50.99
Total	**62.88**	**37.12**	**100.00**	**63.81**	**36.19**	**100.00**	**65.96**	**34.04**	**100.00**

11. FINANCIAL INFORMATION *(cont'd)*

Analysis of revenue by geographical segment

	Audited					
	FYE 2018		FYE 2019		FYE 2020	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Local						
- Malaysia	2,336	3.98	2,315	4.14	2,188	4.17
Overseas						
- Singapore	28,077	47.87	23,520	42.08	23,102	43.98
- Thailand	24,207	41.28	23,806	42.59	23,171	44.11
- USA	1,637	2.79	3,395	6.08	722	1.37
- China	1,049	1.79	911	1.63	1,051	2.00
- Germany	358	0.61	307	0.55	499	0.95
- Indonesia	508	0.87	984	1.76	1,324	2.52
- Others*	477	0.81	654	1.17	470	0.90
Total	**58,649**	**100.00**	**55,892**	**100.00**	**52,527**	**100.00**

Note: -

* *Others mainly includes countries such as, Denmark, Italy, Hong Kong, Japan, Netherlands, New Zealand, the Philippines, Puerto Rico, Switzerland, Taiwan, Cambodia and the United Kingdom.*

Commentary on revenue

Comparison by business segments

Comparison between FYE 2018 and FYE 2019

Our Group's revenue decreased by RM2.76 million or 4.71% from RM58.65 million in the FYE 2018 to RM55.89 million in the FYE 2019. The nameplates segment is our main business which contributed 63.81% of our Group's total revenue in FYE 2019.

Revenue from the nameplates segment decreased by RM1.21 million or 3.28% in FYE 2019 as a result of the change in sales mix towards non-metal nameplates which have lower average sales value compared to metal nameplates. The sales mix shift to non-metal nameplates was attributed by the lower demand of metal nameplates from one of our major customers as they seek for a cost saving approach as well as differentiation in business strategy whereby metal nameplates are used in their medium to high range products.

The decrease in revenue contribution from plastic injection moulded parts by RM1.54 million or 7.07% has also caused the decrease in overall revenue in FYE 2019. This was mainly due to the cessation of supply to one of our customers, namely Electrolux Thailand as they streamlined their operations. Electrolux Thailand has contributed RM1.29 million of revenue in FYE 2019 prior to the cessation of supply in August 2019 as compared to RM6.42 million in FYE 2018. The decrease was mainly offset by the increase in sales from four other customers in the E&E industry amounting to RM3.77 million.

Comparison between FYE 2019 and FYE 2020

Our Group's revenue decreased by RM3.36 million or 6.01% from RM55.89 million in the FYE 2019 to RM52.53 million in the FYE 2020. The nameplates segment is our main business which contributed 65.96% of our Group's total revenue in FYE 2020.

Revenue from the nameplates segment decreased by RM1.03 million or 2.89% from RM35.67 million in the FYE 2019 to RM34.64 million in the FYE 2020. This was mainly due to the disruption of operations caused by the outbreak of Covid-19 and MCO.

Revenue from plastic injection moulded parts segment also declined by RM2.35 million or 11.62% from RM20.23 million in the FYE 2019 to RM17.88 million in the FYE 2020 as a result of the decrease in demand caused by the outbreak of Covid-19.

Comparison by geographical markets

Our Group derives a major portion of our revenue from overseas. Singapore is the principal market for our nameplates product and have been our major export market contributing an average of 44.71% in terms of revenue for the Financial Years Under Review. The revenue contribution from Singapore decreased from RM28.08 million in FYE 2018 to RM23.10 million in FYE 2020. This was mainly due to decreasing orders from our customer from Singapore, namely HP in view of the changes in sales mix towards non-metal nameplates with lower average selling prices (in view of cost cutting measures, nameplates for middle and lower ranged products by HP) and disruption of operations caused by the outbreak of Covid-19 and MCO which resulted in sales loss due to the disruptions in our operations during the MCO under the restrictions imposed by MITI with, among others, temporary suspension of operations from 18 March 2020 to 3 April 2020, reducing our employees to a minimum level for the operations or reducing approximately 50% of our workforce for the operations from 6 April 2020 to 28 April 2020 and to adhere to social distancing measures. Nevertheless, the Group is working closely with HP to manufacture nameplates with improved features, and also to secure orders from other customers in Thailand, Indonesia and Vietnam to improve the Group's revenue in the future.

Our second largest revenue contributor is from Thailand and is the principal market for our plastic injection moulded parts. The average contribution from Thailand is approximately 43.06% in terms of revenue for the Financial Years Under Review. The contribution from Thailand increased from 41.28% in FYE 2018 to 42.59% in FYE 2019 and 44.11% in FYE 2020. These two (2) overseas markets contributed a total of 89.15%, 84.67% and 87.32% to our Group's revenue for each of the Financial Years Under Review.

For information, intercompany sales are negligible and are mainly on sales of raw materials based on arm's length price.

	Audited					
	FYE 2018		FYE 2019		FYE 2020	
	(RM'000)	(%) [(i)]	(RM'000)	(%) [(i)]	(RM'000)	(%) [(i)]
Sales from VNP to VTT	177	0.30	225	0.40	1,135	2.16
Sales from VTT to VNP	6	0.01	9	0.02	19	0.04

Note: -

(i) As a percentage of total revenue for the respective Financial Years Under Review.

11. FINANCIAL INFORMATION *(cont'd)*

(II) Cost of sales, GP and GP margin

(a) Cost of sales

The analysis of our cost of sales, GP and GP margin and the year-on-year commentary for the Financial Years Under Review is explained below.

Analysis of cost of sales by nature and company (in figures)

	Audited								
	FYE 2018			FYE 2019			FYE 2020		
	VNP	VTT	Total	VNP	VTT	Total	VNP	VTT	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Material and additional works	11,583	13,394	24,977	10,682	13,039	23,721	9,205	11,037	20,242
Labour cost	5,267	4,250	9,517	5,584	4,341	9,925	5,031	5,300	10,331
Overheads	1,577	3,605	5,182	1,528	3,587	5,115	1,999	4,816	6,815
Total	**18,427**	**21,249**	**39,676**	**17,794**	**20,967**	**38,761**	**16,235**	**21,153**	**37,388**

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11. FINANCIAL INFORMATION *(cont'd)*

Analysis of cost of sales by nature and business segment (in figures)

	Audited								
	FYE 2018			FYE 2019			FYE 2020		
	Nameplates	Plastic Injection	Total	Nameplates	Plastic Injection	Total	Nameplates	Plastic Injection	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Material and additional works	13,129	11,848	24,977	12,324	11,397	23,721	11,570	9,306	20,876
Labour cost	6,001	3,516	9,517	6,672	3,253	9,925	6,897	3,434	10,331
Overheads	2,038	3,144	5,182	2,487	2,628	5,115	3,522	2,659	6,181
Total	**21,168**	**18,508**	**39,676**	**21,483**	**17,278**	**38,761**	**21,989**	**15,399**	**37,388**

Analysis of cost of sales by company and business segment (in figures)

	Audited								
	FYE 2018			FYE 2019			FYE 2020		
	Nameplates	Plastic injection	Total	Nameplates	Plastic injection	Total	Nameplates	Plastic injection	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
VNP	18,427	-	18,427	17,794	-	17,794	16,235	-	16,235
VTT	2,741	18,508	21,249	3,689	17,278	20,967	5,754	15,399	21,153
Total	**21,168**	**18,508**	**39,676**	**21,483**	**17,278**	**38,761**	**21,989**	**15,399**	**37,388**

11. FINANCIAL INFORMATION *(cont'd)*

Analysis of cost of sales by company and business segment (in percentage)

	Audited								
	FYE 2018			FYE 2019			FYE 2020		
	Nameplates	Plastic injection	Total	Nameplates	Plastic injection	Total	Nameplates	Plastic injection	Total
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
VNP	46.44	-	46.44	45.91	-	45.91	43.42	-	43.42
VTT	6.91	46.65	53.56	9.51	44.58	54.09	15.39	41.19	56.58
Total	**53.35**	**46.65**	**100.00**	**55.42**	**44.58**	**100.00**	**58.81**	**41.19**	**100.00**

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Commentary on cost of sales

Comparison between FYE 2018 and FYE 2019

Our Group's cost of sales decreased by RM0.92 million or 2.32% from RM39.68 million in the FYE 2018 to RM38.76 million in the FYE 2019. This was mainly due to decrease in the overall cost for plastic injection moulded parts.

Cost of sales for nameplates increased marginally by RM0.31 million or 1.46% from RM21.17 million in the FYE 2018 to RM21.48 million in the FYE 2019. This was mainly due to increase in labour cost of RM0.67 million attributed to the Minimum Wages Order which took effect on 1 January 2019 and annual salary increments.

Cost of sales for plastic injection moulded parts decreased by RM1.23 million or 6.65% from RM18.51 million in FYE 2018 to RM17.28 million in FYE 2019 which is in line with the decrease in sales of plastic injection moulded parts resulting from the cessation of supply to Electrolux Thailand. Electrolux Thailand has contributed RM1.29 million of revenue in FYE 2019 prior to the cessation of supply in August 2019.

Comparison between FYE 2019 and FYE 2020

Our Group's cost of sales decreased by RM1.37 million or 3.53% from RM38.76 million in the FYE 2019 to RM37.39 million in the FYE 2020. This was mainly due to the decrease in the sales of nameplates and plastic injection moulded parts.

Cost of sales for nameplates segment increased by RM0.51 million or 2.37% from RM21.48 million in the FYE 2019 to RM21.99 million in the FYE 2020 despite the decrease in sales. This was mainly due to the increase in overheads which was attributed by the upkeep of machinery of RM0.45 million as we have serviced and replaced certain parts of our machines and higher depreciation expenses of RM0.17 million due to a new laser cutting machine purchased in FYE 2020.

Cost of sales for plastic injection moulded parts segment dropped by RM1.88 million or 10.88% from RM17.28 million in the FYE 2019 to RM15.40 million in the FYE 2020. This was mainly due to lower material cost of RM2.09 million as a result of lower sales of plastic injection moulded parts during the FYE 2020.

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11. FINANCIAL INFORMATION *(cont'd)*

(b) GP and GP margin

Analysis of GP by company and business segment

	Audited								
	FYE 2018			FYE 2019			FYE 2020		
	Nameplates	Plastic injection	Total	Nameplates	Plastic injection	Total	Nameplates	Plastic injection	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
VNP	13,915	-	13,915	11,811	-	11,811	9,508	-	9,508
VTT	1,796	3,262	5,058	2,372	2,948	5,320	3,147	2,484	5,631
Total	**15,711**	**3,262**	**18,973**	**14,183**	**2,948**	**17,131**	**12,655**	**2.484**	**15,139**

Analysis of GP margin by company and business segment

	Audited								
	FYE 2018			FYE 2019			FYE 2020		
	Nameplates	Plastic injection	Total	Nameplates	Plastic injection	Total	Nameplates	Plastic injection	Total
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
VNP	43.02	-	43.02	39.90	-	39.90	36.93	-	36.93
VTT	39.59	14.98	19.23	39.14	14.58	20.24	35.36	13.89	21.02
Total	**42.60**	**14.98**	**32.35**	**39.77**	**14.58**	**30.65**	**36.53**	**13.89**	**28.82**

Commentary on GP and GP margin

Comparison between FYE 2018 and FYE 2019

Our Group's GP decreased by RM1.84 million or 9.70% from RM18.97 million in FYE 2018 to RM17.13 million in FYE 2019 due to the decline in GP for nameplates. In FYE 2019, the GP for nameplates decreased by RM1.53 million or 9.74% to RM14.18 million as compared to RM15.71 million in the FYE 2018.

This was mainly due to the decline in total revenue of nameplates by RM1.21 million or 3.28% in FYE 2019 and higher labour cost for nameplates of RM0. 67 million as a result of the Minimum Wages Order which took effect on 1 January 2019 and annual salary increments.

Our GP margin declined by 1.70% from 32.35% in FYE 2018 to 30.65% in FYE 2019 due to the decline in GP margin of nameplates. The GP margin of nameplates reduced by 2.83% from 42.60% in FYE 2018 to 39.77% in FYE 2019. The reduction was mainly attributable to the higher labour cost as mentioned above and certain overhead costs which are fixed in nature such as amortisation and depreciation.

Comparison between FYE 2019 and FYE 2020

Our Group's GP decreased by RM1.99 million or 11.62% from RM17.13 million in FYE 2019 to RM15.14 million in FYE 2020 due to the decline in GP for nameplates by RM1.53 million from RM14.18 million in FYE 2019 to RM12.66 million in FYE 2020.

The decreased was also mainly due to the decline in total revenue of nameplates by RM1.03 million or 2.89% in FYE 2020 and higher overheads for nameplates of RM1.04 million attributed to the higher upkeep of machinery of RM0.45 million as we have serviced and replaced certain parts for our machines and incurred higher depreciation expenses of RM0.17 million due to a new laser cutting machine purchased in FYE 2020.

Our GP margin declined by 1.83% from 30.65% in FYE 2019 to 28.82% in FYE 2020 due to the decline in GP margin of nameplates by 3.24% from 39.77% in FYE 2019 to 36.53% in FYE 2020. The reduction was mainly attributable to the higher overhead expenses incurred as explained above as well as lower operation efficiencies as a result of disruptions in our operations during the MCO under the restrictions imposed by MITI with, among others, temporary suspension of operations from 18 March 2020 to 3 April 2020, reducing our employees to a minimum level for the operations or reducing approximately 50% of our workforce for the operations from 6 April 2020 to 28 April 2020 and to adhere to social distancing measures. Please refer to Section 7.13 of this Prospectus for further information on the impact of the outbreak of Covid-19 and MCO on our business operations.

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11. FINANCIAL INFORMATION *(cont'd)*

(iii) Other income

Other income of our Group comprises mainly the following: -

	Audited					
	FYE 2018		FYE 2019		FYE 2020	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Dividend income [(i)]	17	1.63	37	6.94	39	18.06
Interest income [(ii)]	140	13.42	168	31.52	97	44.91
Fair value gain on forward contract	-	-	3	0.56	-	-
Realised gain on foreign exchange	76	7.29	228	42.78	-	-
Gain on disposal of property, plant and equipment	-	-	10	1.88	48	22.22
Insurance compensation	655	62.80	-	-	-	-
Other income [(iii)]	155	14.86	87	16.32	32	14.81
Total	**1,043**	**100.00**	**533**	**100.00**	**216**	**100.00**

Notes: -

(i) *Being dividend income received from cash management funds which are portfolios of investments managed by licensed financial institutions similar to unit trust portfolios.*

(ii) *Being interest income from placement of fixed deposits with licensed banks.*

(iii) *Being other miscellaneous income such as refund of withholding tax, mould charges and other service charges from VTT. Other income in FYE 2019 includes scrap sales of RM111,842.*

Comparison between FYE 2018 and FYE 2019

Our Group's other income slipped by approximately RM0.51 million or 49.04% from approximately RM1.04 million in the FYE 2018 to RM0.53 million in the FYE 2019. The higher other income in FYE 2018 was due to the one-off insurance compensation of RM0.66 million recorded in the previous financial year.

Dividend income increased marginally by RM0.02 million or from RM0.02 million in FYE 2018 to RM0.04 million FYE 2019 due to higher dividend received from the cash management funds.

Interest income increased marginally by RM0.03 million or from RM0.14 million in FYE 2018 to RM0.17 million FYE 2019 due to higher fixed deposit placement during FYE 2019.

Comparison between FYE 2019 and FYE 2020

Our Group's other income decreased by approximately RM0.31 million or 52.78% from approximately RM0.53 million in the FYE 2019 to RM0.22 million in the FYE 2020. The lower other income was mainly due to realised gain on foreign exchange recorded in the FYE 2019 but not in FYE 2020.

(iv) Operating expenses

The breakdown of our operating expenses for the Financial Years Under Review is as follows: -

	Audited					
	FYE 2018		FYE 2019		FYE 2020	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
(A) Administrative expenses						
Salaries and staff related expenses	6,674	62.17	6,579	61.83	6,201	58.64
Utilities	1,109	10.33	1,123	10.55	1,073	10.15
Travelling	358	3.34	347	3.26	156	1.47
Depreciation	333	3.10	250	2.35	310	2.93
Professional fee	225	2.10	264	2.48	639	6.04
Miscellaneous duties and taxes	143	1.33	184	1.73	301	2.85
Printing, postage & stationery	119	1.11	121	1.14	133	1.26
Marketing expenses	115	1.07	160	1.51	96	0.91
Upkeep and maintenance	97	0.90	47	0.44	52	0.49
Rental	97	0.90	115	1.08	142	1.34
Insurance	95	0.88	81	0.76	65	0.61
Telecommunication	70	0.65	67	0.63	59	0.56
Bank charges	48	0.45	43	0.40	44	0.42
Net unrealised loss on foreign exchange	193	1.80	395	3.71	554	5.24
IPO related expenses	838	7.81	607	5.70	448	4.24
- Others [(i)]	221	2.06	258	2.43	302	2.86
Total	**10,735**	**100.00**	**10,641**	**100.00**	**10,575**	**100.00**

Note: -

(i) Other administrative expenses consist of licence fee, quit rent and assessment, penalty, postage and small value assets expenses.

Comparison between FYE 2018 and FYE 2019

Our Group's administrative expenses decreased by RM0.10 million or 0.93% from RM10.74 million in the FYE 2018 to RM10.64 million in the FYE 2019. The decrease was mainly due to lower IPO expenses by RM0.23 million or 27.38% and lower staff related expenses by RM0.16 million or 2.40%.

Comparison between FYE 2019 and FYE 2020

Our Group's administrative expenses decreased marginally by RM0.06 million or 0.56% from RM10.64 million in the FYE 2019 to RM10.58 million in the FYE 2020. The decrease was mainly due to lower salary and staff related expenses by RM0.38 million or 5.75% and lower travelling expenses by RM0.19 million or 55.04%.

11. FINANCIAL INFORMATION *(cont'd)*

	Audited					
	FYE 2018		FYE 2019		FYE 2020	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
(B) Distribution expenses						
- Depreciation	255	42.57	191	35.24	212	40.61
- Travelling and transportation	200	33.39	262	48.34	243	46.55
- Commission	121	20.20	44	8.12	58	11.11
- Others [(i)]	23	3.84	45	8.30	9	1.73
Total	**599**	**100.00**	**542**	**100.00**	**522**	**100.00**

Note: -

(i) Other distribution expenses consist of upkeep of vehicles related to distribution and miscellaneous distribution expenses.

Comparison between FYE 2018 and FYE 2019

Our Group's distribution expenses decreased marginally by RM0.06 million or 10.00% from RM0.60 million in the FYE 2018 to RM0.54 million in the FYE 2019. The decrease was mainly due to lower commission payment as a result of lower sales.

Comparison between FYE 2019 and FYE 2020

Our Group's distribution expenses decreased marginally by RM0.02 million or 3.70% from RM0.54 million in the FYE 2019 to RM0.52 million in the FYE 2020. The decrease was mainly due to lower travelling and transportation expenses as a result of lower sales.

(v) Finance costs

The breakdown of our finance cost for the Financial Years Under Review is as follows: -

	Audited					
	FYE 2018		FYE 2019		FYE 2020	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Interest expenses						
- Invoice factoring charges	1	100.00	-	-	-	-
- Other charges	-	-	-	-	1	100
Total	**1**	**100.00**	**-**	**-**	**1**	**100.00**

In FYE 2018, the finance cost was in relation to invoice factoring charges where the receivable was sold to financial institutions. Invoice factoring is a financing scheme arranged for one of our customers which allows us to collect our sales proceeds from a designated bank prior to the expiry of the credit term. The finance cost incurred in FYE 2020 was operating lease expenses for forklift.

11. FINANCIAL INFORMATION *(cont'd)*

(vi) PBT and PBT margin

	Audited		
	FYE 2018	FYE 2019	FYE 2020
PBT (RM'000)	8,681	6,481	4,257
PBT margin (%)	14.80	11.60	8.10

Comparison between FYE 2018 and FYE 2019

Our Group's PBT slipped by RM2.20 million or 25.35% from RM8.68 million in the FYE 2018 to RM6.48 million in the FYE 2019. The PBT margin also reduced by 3.20% from 14.80% in the FYE 2018 to 11.60% in the FYE 2019. The decline in PBT and PBT margins were mainly due to the decrease in GP and GP margin of nameplates and plastic injection moulded parts.

Comparison between FYE 2019 and FYE 2020

Our Group's PBT decreased by RM2.22 million or 34.26% from RM6.48 million in the FYE 2019 to RM4.26 million in the FYE 2020. The PBT margin also reduced by 3.50% from 11.60% in the FYE 2019 to 8.10% in the FYE 2020. The decline in PBT and PBT margins were mainly due to the decrease in GP and GP margin of nameplates and plastic injection moulded parts.

For illustration purpose, our Group's PBT and PBT margin without IPO expenses was set out as follows: -

	Audited		
	FYE 2018	FYE 2019	FYE 2020
PBT (RM'000)	8,681	6,481	4,257
Add: IPO expenses	838	607	448
PBT without IPO expenses	9,519	7,088	4,705
PBT margin without IPO expenses (%)	16.23	12.68	8.96

(vii) Taxation

Our tax expenses in the statements of profit or loss and other comprehensive income represent the aggregate amount of current tax and deferred tax.

Our taxation expense and effective tax rate for Financial Years Under Review are as follows: -

	Audited		
	FYE 2018 (RM'000)	FYE 2019 (RM'000)	FYE 2020 (RM'000)
VNP			
- Income tax	1,635	900	831
- Deferred tax	(72)	399	-
	1,563	1,299	831
VTT [(i)]			
- Deferred tax	166	402	43
Total	**1,729**	**1,701**	**874**
Effective tax rate (%) [(ii)]			
- Group	19.92	26.25	20.53
- VNP	20.81	24.76	21.38
- VTT [(iv)]	8.27	4.79	5.92

11. FINANCIAL INFORMATION *(cont'd)*

	Audited		
	FYE 2018 (RM'000)	FYE 2019 (RM'000)	FYE 2020 (RM'000)
Statutory tax rate (%)			
- Malaysia	24.00	24.00	24.00
- Thailand	20.00	20.00	20.00

Notes: -

(i) VTT has been granted certain promotional privileges under the Investment Promotion Act B.E. 2520 of Thailand with 100% tax exemption on its statutory income for a period of 8 years (24 December 2008 to 23 December 2016) and 50% tax exemption on its statutory income for further 5 years (24 December 2016 to 23 December 2021).

(ii) Effective tax rate is computed based on current year tax expense divided by PBT.

(iii) VTT assumes responsibility for the withholding of taxes at the source, where required.

(iv) The effective tax rate of VTT for the Financial Years Under Review relates to deferred tax liabilities arising from provision for defined benefits plan.

Comparison between FYE 2018 and FYE 2019

Our Group's taxation decreased by RM0.03 million or 1.73% from RM1.73 million in the FYE 2018 to FYE RM1.70 million in the FYE 2019. This was mainly due to the decrease in PBT of VNP from RM7.51 million in the FYE 2018 to RM5.25 million in the FYE 2019.

VNP's effective tax rate of 24.76% for the FYE 2019 approximated to the statutory tax rate of 24.00%.

Comparison between FYE 2019 and FYE 2020

Our Group's taxation decreased by RM0.89 million or 52.35% from RM1.70 million in the FYE 2019 to RM0.87 million in the FYE 2020. This was mainly due to the decrease in PBT of VNP from RM5.25 million in the FYE 2019 to RM3.89 million in the FYE 2020.

VNP's effective tax rate of 21.38% for the FYE 2020 was slightly lower than the statutory tax rate of 24.00% mainly due to over provision of income tax of RM0.14 million in prior years.

For the Financial Years Under Review, VTT recorded lower effective tax rate in the range of 4.79% to 8.27% as a result of tax incentive granted to VTT.

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11.2.3 Review of financial position

(i) Assets

Our assets for the Financial Years Under Review comprise the following: -

	Audited		
	FYE 2018 (RM'000)	FYE 2019 (RM'000)	FYE 2020 (RM'000)
Non-current assets			
Property, plant and equipment	27,200	29,073	28,892
Intangible assets	13	12	21
Deferred tax assets	1,037	700	631
Total non-current assets	**28,250**	**29,785**	**29,544**
Current assets			
Inventories	15,304	14,889	16,500
Current tax assets	668	1,367	1,486
Trade and other receivables	11,921	10,500	14,022
Other investments	1,403	1,984	-
Derivative financial assets	42	45	-
Cash and short-term deposits	9,658	15,980	12,852
Total current assets	**38,996**	**44,765**	**44,860**
Total assets	**67,246**	**74,550**	**74,404**

Comparison between FYE 2018 and FYE 2019

Our Group's total assets increased by RM7.30 million or 10.86% from RM67.25 million in the FYE 2018 to RM74.55 million in the FYE 2019. The increase was mainly due to the increase in cash and short-term deposits by RM6.32 million or 65.42% from RM9.66 million in the FYE 2018 to RM15.98 million in the FYE 2019.

Comparison between FYE 2019 and FYE 2020

Our Group's total assets decreased by RM0.15 million or 0.20% from RM74.55 million in the FYE 2019 to RM74.40 million in the FYE 2020. The decrease was mainly due to the decrease in cash and short-term deposits by RM3.13 million which was mainly utilised for payment of dividend of RM3.10 million.

The trade and other receivables increased by RM3.52 million or 33.52% from RM10.50 million in the FYE 2019 to RM14.02 million in the FYE 2020 as a result of improved sales recorded towards year end which was due to the increase in orders of nameplates and plastic injection moulded parts by our customers. In addition, inventories increased by RM1.61 million or 10.82% from RM14.89 million in the FYE 2019 to RM16.50 million in the FYE 2020. The increase in raw materials such as thermoplastic and stainless steel is to ensure smooth production in case of any future disruption in supply as most of the raw materials are imported from China. In addition, the increase in work-in-progress and finished goods was in anticipation of shipment of finished goods to our customers in the first quarter of FYE 2021 based on purchase orders.

(ii) Liabilities

Our liabilities for the Financial Years Under Review comprise the following: -

	Audited		
	FYE 2018 (RM'000)	FYE 2019 (RM'000)	FYE 2020 (RM'000)
Non-current liabilities			
Employee benefits	90	171	143
Deferred tax liabilities	359	758	642
Total non-current liabilities	**449**	**929**	**785**
Current liabilities			
Trade and other payables	4,715	5,975	6,247
Total current liabilities	**4,715**	**5,975**	**6,247**
Total liabilities	**5,164**	**6,904**	**7,032**

Comparison between FYE 2018 and FYE 2019

Our Group's total liabilities increased by RM1.74 million or 33.72% from RM5.16 million in the FYE 2018 to RM6.90 million in the FYE 2019. This was mainly due to higher trade payables of RM0.86 million due to higher purchases made towards year end of FYE 2019 and the balance purchase sum for the acquisition of machinery of RM0.85 million.

Comparison between FYE 2019 and FYE 2020

Our Group's total liabilities increased by RM0.13 million or 1.88% from RM6.90 million in the FYE 2019 to RM7.03 million in the FYE 2020. Trade and other payables increased by RM0.27 million or 4.52% from RM5.98 million in FYE 2019 to RM6.25 million in FYE 2020. This was mainly due to higher purchases of inventories made towards year end of FYE 2020.

11.2.4 Review of cash flows

The following table sets out the summary of the audited statements of cash flows of our Group for the Financial Years Under Review, which have been extracted from the Accountants' Report set out in Section 12 of this Prospectus. It should be read in conjunction with the Accountants' Report set out in Section 12 of this Prospectus.

	Audited		
	FYE 2018 (RM'000)	FYE 2019 (RM'000)	FYE 2020 (RM'000)
Net cash from operating activities	6,067	11,519	732
Net cash used in investing activities	(978)	(2,427)	(2,602)
Net cash used in financing	(4,280)	(2,096)	(3,097)
Net changes in cash and cash equivalents	809	6,996	(4,967)
Cash and cash equivalents at the beginning of the financial year	5,837	6,749	13,556
Effect of exchange translation differences on cash and cash equivalents	103	(189)	(149)
Cash and cash equivalents at the end of the financial years	**6,749**	**13,556**	**8,440**

11. FINANCIAL INFORMATION *(cont'd)*

	Audited		
	FYE 2018 (RM'000)	FYE 2019 (RM'000)	FYE 2020 (RM'000)
Analysis of cash and cash equivalents			
Fixed deposits placed with licensed banks	4,761	5,004	5,023
Less: Pledged deposits [(i)]	(4,312)	(4,408)	(4,412)
	449	596	611
Short term highly liquid investment	1,403	1,984	-
Cash and bank balances	4,897	10,976	7,829
	6,749	**13,556**	**8,440**

Note: -

(i) Pledged deposits are short-term deposit pledged to financial institution for bank guarantees and foreign currency forward contracts.

Commentary of cash flows

Comparison between FYE 2018 and FYE 2019

For the FYE 2019, we had a net increase in cash and cash equivalents of RM7.00 million. This was due to the cash generated from operations of RM11.52 million. This was offset by net cash used in the investing activities of RM2.43 million and net cash used in financing activities of RM2.10 million.

Net cash from operating activities

Our Group generated a net cash from operating activities of RM11.52 million in FYE 2019, an increase of RM5.45 million or 89.79% from RM6.07 million in FYE 2018.

This was mainly due to a decrease in cash payment to suppliers and subcontractors amounting to RM5.95 million from RM34.85 million in FYE 2018 to RM 28.90 million in FYE 2019 which was in line with the decrease in purchases for inventories from RM27.48 million in the FYE 2018 to RM22.42 million in the FYE 2019. The increase of our trade payable turnover period from 28 days in FYE 2018 to 31 days in FYE 2019 was due to higher purchases made towards year end of FYE 2019.

Our Group recorded cash collected from customers of RM57.56 million in FYE 2019 as compared to RM58.98 million in FYE 2018, representing a decline of RM1.42 million or 2.41%. This was mainly due to a decrease in revenue of RM2.76 million or 4.71% from RM58.65 million in FYE 2018 to RM55.89 million in FYE 2019. Despite the decrease in revenue, there was an improvement in collection from customers as shown in the decrease in trade receivables turnover period from 69 days in FYE 2018 to 66 days in FYE 2019.

The increase in operating cash flows was also due to the decrease in payments to income tax of RM0.53 million from RM2.13 million in FYE 2018 to RM1.60 million in FYE 2019.

Net cash used in investing activities

Our Group's net cash used in investing activities was RM2.43 million in FYE 2019, an increase in net cash used of RM1.45 million or 147.96% from RM0.98 million in FYE 2018. This was mainly due to an increase in acquisition of property, plant and equipment of RM1.43 million from RM1.21 million in FYE 2018 to RM2.64 million in FYE 2019. We have acquired one (1) unit of photovoltaic system of RM0.50 million, two (2) units of laser cutting machines of RM0.94 million and one (1) unit of plastic injection machine with robotic arm of RM0.45 million during FYE 2019. The acquisition of the aforesaid system and machineries were aimed to enhance our automation and manufacturing efficiency.

Net cash used in financing activities

Our Group's net cash used in financing activities of RM2.10 million in FYE 2019, a decrease in net cash used of RM2.18 million or 50.93% from RM4.28 million in FYE 2018. This was mainly due to a decrease in dividends paid by VNP by RM2.00 million from RM4.00 million in FYE 2018 to RM2.00 million in FYE 2019.

Comparison between FYE 2019 and FYE 2020

For the FYE 2020, we had a net decrease in cash and cash equivalents of RM4.97 million. This was due to lower cash generated from operations of RM0.73 million in FYE 2020 as compared to RM11.52 million in FYE 2019, coupled with cash used in financing activities of RM3.10 million and investing activities of RM2.60 million.

Net cash from operating activities

Our Group generated a net cash from operating activities of RM0.73 million in FYE 2020, a decrease of RM10.79 million or 93.66% from RM11.52 million in FYE 2019. This was mainly due to cash collected from customers decreased by RM8.59 million or 14.92% from RM57.56 million in FYE 2019 to RM48.97 million in FYE 2020 coupled with the increase of our trade receivables turnover period from 66 days in FYE 2019 to 77 days in FYE 2020 as a result of higher sales towards year end due to the increase in orders of nameplates and plastic injection moulded parts by our customers.

The decrease in operating cash flows was also due to the increase in inventories by RM1.61 million or 10.82% from RM14.89 million in the FYE 2019 to RM16.50 million in the FYE 2020. The increase in inventories for FYE 2020 was in anticipation of shipment of finished goods to our customers in the first quarter of FYE 2021 based on purchase orders.

Net cash used in investing activities

Our Group's net cash used in investing activities was RM2.60 million in FYE 2020, an increase in net cash used of RM0.17 million or 7.00% from RM2.43 million in FYE 2019. This was mainly due to an increase in acquisition of property, plant and equipment of RM0.16 million in FYE 2020 which was used to acquire, amongst others, one (1) unit of laser cutting machine and one (1) unit of automatic die cutting machine.

Net cash used in financing activities

Our Group's net cash used in financing activities of RM3.10 million in FYE 2020, an increase in net cash used of RM1.00 million or 47.62% from RM2.10 million in FYE 2019. This was mainly due to an increase in dividends paid by VNP by RM1.10 million.

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11. FINANCIAL INFORMATION *(cont'd)*

11.3 CAPITALISATION AND INDEBTEDNESS

The following table summarises our proforma cash and cash equivalents, capitalisation and indebtedness as at FYE 2020 based on our proforma audited consolidated statements of financial position as at 31 December 2020 and as adjusted to show the effects of the Listing Scheme, the cash proceeds arising from the Public Issue, the utilisation of proceeds and granting of ESOS: -

	Audited as at 31 December 2020 (RM'000)	Proforma I	Proforma II	Proforma III
		After the Public Issue (RM'000)	After Proforma I and the Utilisation of Proceeds (RM'000)	After Proforma II and granting of ESOS (RM'000)
Cash and cash equivalents	**8,440**	**17,190**	**15,890**	**15,890**
Total indebtedness	**-**	**-**	**-**	**-**
Capitalisation				
Total shareholders' equity	67,372	76,122	74,672	74,672
Total capitalisation	**67,372**	**76,122**	**74,672**	**74,672**
Total capitalisation and indebtedness	**67,372**	**76,122**	**74,672**	**74,672**

The above table should be read in conjunction with the accompanying notes and assumptions included in the proforma consolidated statements of financial position as set out in Section 13 of this Prospectus.

11.4 LIQUIDITY AND CAPITAL RESOURCES

11.4.1 Working capital

Our primary sources of funds are mainly derived from the net cash generated internally from our operations and to a certain extent, external source of funds which comprises credit terms granted by our suppliers. The average credit terms granted to us ranges between 30 days to 90 days. We may raise additional capital or funds through debt or equity offerings in the future to part finance our expansion plans or to meet our financing requirements should the need arise.

Our Board is of the opinion that, after taking into consideration the funds to be generated from our business operations, the internally generated funds to our Group as well as the proceeds to be raised from our Public Issue, our Group will have sufficient working capital for a period of twelve (12) months from the date of this Prospectus.

There are no legal, financial or economic restrictions on the ability of our subsidiary companies to transfer/receive funds to/from our Company in the form of cash dividends, loan or advances. In addition, our Group does not have any bank borrowings as at the FYE 2020. Therefore, we are confident that we can meet our cash obligations.

11.4.2 Borrowings

As at the FYE 2020, our Group does not have any bank borrowings.

11. FINANCIAL INFORMATION *(cont'd)*

11.5 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES

As at the LPD, we do not utilise any other financial instruments except for bank guarantees issued in favour of Ketua Pengarah Kastam Malaysia of RM80,000. The notional principal amount of our outstanding forward exchange contracts as at 31 December 2020 is zero (31 December 2019: RM1.68 million and 31 December 2018: RM4.59 million).

There were no outstanding forward currency contracts as at the LPD.

Any unfavourable foreign currency difference arising from the settlement of the forward currency contract will have adverse impact on our financial performance. Please refer to Section 9.1.7 of this Prospectus for the details of the risk of forward currency contract and its financial impact to the Group.

11.6 MATERIAL CAPITAL COMMITMENTS, LITIGATION AND CONTINGENT LIABILITY

11.6.1 Material capital commitment

Save as disclosed below, we do not have any material commitments as at the LPD.

Description	Amount (RM'000)	Down payment (RM'000)	Balance (RM'000)
One (1) unit of laser cutting machine	398	119	279

All the material capital commitments are for the Perai, Penang factory and will be funded via internally generated funds.

As part of our continuous effort on automation to enhance production efficiency, we have committed to purchase one (1) unit of laser cutting machine for the production of nameplates products. The delivery of the machines will be by piecemeal basis and is expected to be fully delivered by the second quarter of FYE 2021.

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 do not know of any proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially or adversely affect our position or business as at the LPD.

As at the LPD, there are no contingent liabilities incurred by us or our subsidiaries, which upon becoming enforceable, may have a material effect on our financial position or our subsidiaries.

11.7 KEY FINANCIAL RATIOS

The key financial ratios of our Group for the Financial Years Under Review are as follows: -

	Audited		
	FYE 2018	FYE 2019	FYE 2020
Trade receivable turnover (days) [(i)]	69	66	77
Trade payable turnover (days) [(ii)]	28	31	39
Inventory turnover (days) [(iii)]	130	142	153
Current ratio (times) [(iv)]	8.27	7.49	7.18
Gearing ratio (times)	-	-	-

11. FINANCIAL INFORMATION *(cont'd)*

The trade receivable turnover period for the Financial Years Under Review ranged from 66 days to 77 days and were within the credit terms granted by us of between 30 to 120 days. The trade receivable turnover period was 69 days in FYE 2018 and subsequently decreased to 66 days in FYE 2019 and increased to 77 days in FYE 2020. The improved trade receivable turnover period for FYE 2019 was mainly due to the improvement in collection from customers especially with the cessation of supply to one of our customers with longer credit term, namely Electrolux Thailand. The outstanding amount from Electrolux Thailand as at FYE 31 December 2019 is RM0.11 million. As at the LPD, there is no outstanding amount from Electrolux Thailand. The increased in trade receivable turnover for FYE 2020 was mainly due to the improved sales recorded towards year end.

The credit terms granted to us by our suppliers are between 30 to 90 days. The trade payable turnover period increased from 28 days for FYE 2018 to 31 days in FYE 2019 and 39 days for FYE 2020. We practise prompt payment to our suppliers to secure better offer in terms of competitive purchase price of which the cost savings arising from the purchase price is between 0.5% to 3.0%. The increased trade payable turnover period for FYE 2020 was due to higher purchases towards year end in tandem with the increase in orders received by the Group for our nameplates and plastic injection moulded parts.

The inventory turnover period increased from 130 days to 142 days from FYE 2018 to FYE 2019 and increased to 153 days in FYE 2020. The increase was mainly due to higher raw materials were kept in anticipation of an increase in the prices of raw materials (e.g., stainless steel and aluminium) after taking into consideration factors such as supply, demand, price trend and currency exchange rates. The increase in inventory turnover for FYE 2019 was also due to slow moving of raw materials such as aluminium due to the shift of metal nameplates to non-metal nameplates. The increase in inventory turnover for FYE 2020 was attributed to higher level of raw materials stored such as thermoplastic and stainless steel to ensure smooth production in case of any future disruption in supply as most of the raw materials are imported from China. In addition, the increase in work-in-progress and finished goods was in anticipation of shipment of finished goods to our customers in the first quarter of FYE 2021 based on purchase orders.

Notes: -

(i) *Computed based on the average trade receivables as at the beginning and ending dates of the respective statement of financial position over revenue for each of the Financial Years Under Review multiplied by 365 days.*

(ii) *Computed based on the average trade payables as at the beginning and ending dates of the respective statement of financial position over cost of sales for each of the Financial Years Under Review multiplied by 365 days.*

(iii) *Computed based on the average inventories of the respective statement of financial position over cost of sales for each of the Financial Years Under Review multiplied by 365 days. The average inventories are calculated as follows: -*

	Audited		
	FYE 2018 (RM'000)	***FYE 2019 (RM000)***	***FYE 2020 (RM'000)***
Opening inventories	*12,951*	*15,304*	*14,889*
Closing inventories	*15,304*	*14,889*	*16,500*
Average inventories	*14,128*	*15,097*	*15,695*

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11. FINANCIAL INFORMATION *(cont'd)*

For information purposes, the breakdown of the total inventories held by the Group are as follows: -

	Audited		
	FYE 2018 (RM'000)	***FYE 2019 (RM000)***	***FYE 2020 (RM'000)***
Raw materials	*9,555*	*10,044*	*10,381*
Work-in-progress	*1,564*	*767*	*1,237*
Finished goods	*4,185*	*4,078*	*4,882*
Total	*15,304*	*14,889*	*16,500*

(iv) Computed based on current assets over current liabilities for each of the Financial Years Under Review.

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11. FINANCIAL INFORMATION *(cont'd)*

11.7.1 Trade receivables turnover

The ageing analysis of our trade receivables as at 31 December 2020 is as follows: -

	Audited					
	Trade receivables as at 31 December 2020		Amount collected subsequent to 31 December up to the LPD		Trade receivables net of subsequent collections	
	RM'000	% of trade receivables	RM'000	% collected	RM'000	% of trade receivables net of subsequent collections
	(a)	(a) / total of (a)	(b)	(b) / (a)	(c)	(c) / total of (c)
Neither past due nor impaired	11,527	89.62	5,974	51.83	5,553	98.23
Past due but not impaired: -						
- Less than 30 days	1,127	8.76	1,099	97.52	28	0.49
- 31 days to 60 days	134	1.04	99	73.88	35	0.62
- 61 days to 90 days	24	0.19	24	100.00	-	-
- 91 days to 120 days	15	0.12	13	86.67	2	0.04
- More than 120 days	35	0.27	-	-	35	0.62
Impaired	-	-	-	-	-	-
Total	**12,862**	**100.00**	**7,209**	**56.05**	**5,653**	**100.00**

There is no impairment of trade receivables made during the Financial Years Under Review.

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11.7.2 Trade payables turnover

The ageing analysis of our trade payables as at 31 December 2020 is as follows: -

	Trade payables as at 31 December 2020		Amount paid subsequent to 31 December 2020 up to the LPD		Trade payables net of subsequent payments	
	RM'000	% of trade payables	RM'000	% of payment	RM'000	% of trade payables
Within credit period	3,157	74.32	2,502	79.25	655	69.62
Exceeding credit period: -						
- Less than 30 days	717	16.88	639	89.12	78	8.26
- 31 to 60 days	85	2.00	40	47.06	45	4.75
- 61 to 90 days	30	0.70	30	100.00	-	-
- More than 90 days	259 (i)	6.10	96	37.07	163	17.37
	4,248	100.00	3,307	77.85	941	100.00

Note: -

(i) Comprise of one supplier whereby we were granted favourable payment terms due to bulk purchase wherein the repayment to this supplier shall be made on a monthly basis based on the usage of supplies used for the month. The outstanding balance will be fully paid by April 2021.

11.7.3 Current ratio

Our current ratio throughout the Financial Years Under Review ranged from 7.18 times to 8.27 times. Our current assets and current liabilities as at 31 December 2018 to 31 December 2020 are as follows: -

	Audited		
	FYE 2018 (RM'000)	FYE 2019 (RM'000)	FYE 2020 (RM'000)
Current assets	38,996	44,765	44,860
Current liabilities	4,715	5,975	6,247
Net current assets	34,281	39,790	38,613
Current ratio (times)	8.27	7.49	7.18

Our current ratios have decreased from FYE 2018 to FYE 2020 mainly due to the increase in trade and other payables arising from higher purchases towards year end.

11.7.4 Inventories

Our inventories mainly comprise raw materials such as stainless steel sheets, aluminium sheets, thermoplastic sheets, resins and other supplemental materials, work-in-progress and finished goods such as nameplates and plastic injection moulded parts. Resin, thermoplastic and ink do not have a specific shelf life. The lifetime is subject to storage conditions such as temperature and humidity. Adhesive tapes have a shelf life of two (2) years but it can be extended subject to the storage conditions such as temperature and humidity.

11. FINANCIAL INFORMATION *(cont'd)*

As at FYE 2020, the inventory ageing analysis is as follows: -

	0-6 months (RM'000)	7-12 months (RM'000)	13-18 months (RM'000)	19-24 months (RM'000)	More than 24 months (RM'000)	Total (RM'000)
Raw materials						
Stainless steel	521	482	427	287	107	1,824
Aluminium	620	670	277	212	125	1,904
Thermoplastic	1,088	625	123	129	122	2,087
Resin	1,090	230	191	27	388	1,926
Others[(i)]	1,992	374	123	14	137	2,640
Sub-total	5,311	2,381	1,141	669	879	10,381
Work-in-progress	1,123	114	-	-	-	1,237
Finished goods[(ii)]	3,607	623	296	178	178	4,882
	10,041	3,118	1,437	847	1,057	16,500

Notes: -

(i) Consist of supplemental products such as parts for assembly, adhesive tapes, tools, inks, packing materials and labels.

(ii) Consist of nameplates and plastic injection moulded parts.

In view of long-term business relationship with one of our major customers, the finished goods with ageing more than six (6) months are mainly due to the following working arrangements with the aforesaid major customer: -

(a) The products are produced based on order schedule which is a forecast production schedule prepared by the customer for a period of six (6) months and will be updated progressively from time to time. The customer will be updated on the status of work-in-progress and finished goods produced under order schedule via the weekly inventory report sent by us. The finished goods that are produced based on order schedule are followed through with a purchase order and all products produced under the order schedule are under the liability of the customer.

(b) In addition, the Group will also produce buffer inventories based on the order schedule to cater for any unexpected events and prevent interruption during the production process of the customer's final products. This is to also ensure that the customer is able to produce its products in respond to sudden surges in market demand and to maintain sufficient inventories available for service parts. These buffer inventories are expected to gradually reduce in line with the lifecycle of the products of the customer.

(c) We are bound to maintain the level of service parts placed by the customer and continue to supply all service parts based on the same type of materials and specifications for five (5) years from the last order date on which the service parts were sold to the said customer until further notice from them. In addition, we shall not discard the inventories including the reserved service parts together with the relevant die, jig or production apparatus used to manufacture that service parts without the customer's prior consent.

The Group reviews our slow moving/obsolete inventories of more than twelve (12)-month by adopting a specific identification approach which requires our management to consider the frequency of demand of our inventories to ensure a consistent supply of various raw materials to fulfil our orders from our customers. Any changes in the judgement of our management on the realisable value of the inventories will result in an impairment.

Raw materials more than twenty-four (24)-month comprise mainly of various types of stainless steel, aluminium, thermoplastic and resins which were purchased in bulk and is being used gradually by the Group. These materials do not have a specific shelf life and is subject to storage conditions such as temperature and humidity.

The Board is of the opinion that there are no material slow moving or obsolete inventories as at the LPD, premised on the following: -

(i) the raw materials are useable and long lasting;

(ii) the work-in-progress and finished goods comprise of nameplates and plastic injection moulded parts which are produced according to purchase orders and order schedule; and

(iii) there were no instances of damage to the inventory identified.

Our impairment of inventories for FYE 2019 and FYE 2020 are RM0.05 million and RM0.06 million respectively. There is no impairment of inventories for the FYE 2018. The inventories were impaired due to the following: -

(i) not useable raw materials;

(ii) rejected work-in-progress due to poor quality of products; and

(iii) obsolete finished goods due to change in model/specifications of products.

11.7.5 Gearing ratio

The gearing ratio of our Group is zero during the Financial Years Under Review as our Group does not have any bank borrowings.

The Group has been funding its business operations through internally generated funds from its operations as well as utilising the credit terms extended by its suppliers. The overall capital management objective of the Group is to optimise returns and benefits to stakeholders. In order to meet this objective, the Group strives to reduce the cost of capital while sustaining its business. However, we would consider and assess the funding of our purchases, working capital or acquisition of assets via borrowings on case-by-case basis taking into consideration various factors such as risk-reward analysis, company's cash flows requirements, future plan and level of distributable reserves.

11.8 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES

The risks relating to government, economic, fiscal or monetary policies, which may materially affect our operations, are set out in Section 9 of this Prospectus.

There is no material impact of government, economic, fiscal or monetary policies or factors on our profitability and financial position during the Financial Years Under Review.

11.9 IMPACT OF INFLATION

There is no material impact of inflation on our financial results during the Financial Years Under Review. However, any material increase in inflation rates in the future may affect our operations and financial performance if we are not able to pass such increase in cost, especially the cost of raw materials, to our customers.

11. FINANCIAL INFORMATION *(cont'd)*

11.10 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/OR COMMODITY PRICES

11.10.1 Impact of foreign exchange rates

We may be exposed to foreign currency exchange risks from the dealings with our customers and suppliers as majority of our customers are located overseas. Any significant change in foreign exchange rates may affect our Group's financial results.

We practice a natural hedge against foreign exchange fluctuations in our daily operations by setting-off the Group's revenue in USD against the cost of purchase in USD. We also maintain foreign currency bank accounts in USD with our financial institutions to facilitate and support of our business operations.

Notwithstanding the above, we may also enter into derivative contracts available in the financial markets to hedge against foreign exchange risks should we deem fit to execute so. Further, our management closely monitors the movement of the USD in managing our foreign currency exchange risks. Our foreign currency total sales and purchases for the FYE 2020 are as follows: -

FYE 2020	USD (RM'000)	THB (RM'000)	Others [(i)] (RM'000)	Total (RM'000)	(%)
Sales	26,454	24,264	3	50,721	96.56 [(ii)]
Purchases	5,022	8,945	1,919	15,886	70.66 [(iii)]

Notes: -

(i) Other currencies include among others, JPY, RMB and EUR.
(ii) Computed based on total foreign currency sales over total sales for the FYE 2020.
(iii) Computed based on total foreign currency purchases over total purchases for the FYE 2020.

Details of the risk of forward currency contract and its financial impact to the Group have been set out in Section 9.1.7 of this Prospectus.

11.10.2 Impact of interest rates

Our Group's financial results for the Financial Years Under Review were not materially affected by fluctuations in interest rates as our Group does not have any bank borrowings as at FYE 2020 and as at the LPD.

11.10.3 Impact of commodity price

As set out in Section 7.18 of this Prospectus, our raw materials mainly consist of stainless steel, aluminium sheet, thermoplastics sheet and resin which are used for the manufacturing of nameplates and plastic injection moulded parts. As at the LPD, our Group did not experience any major fluctuations in prices of our raw materials that have materially affected our financial position.

We closely monitor the fluctuation of our raw materials prices, to minimise the impact of commodity prices. We practice bulk source of materials to optimise on competitive pricing or purchase in advance in anticipation of an increase in prices of raw materials. Further, we will pass the cost increases to our customers. However, there may be adverse impact on our financial performance in the event that we are unable to pass the cost increases to our customers.

11. FINANCIAL INFORMATION *(cont'd)*

11.11 DIRECTORS' DECLARATION ON OUR GROUP'S FINANCIAL PERFORMANCE

Our Board is of the opinion that: -

(i) Our revenue will remain sustainable with expected growth trend;

(ii) Our liquidity will improve subsequent to the Public Issue given the additional funds to be raised for us to carry out our business strategies as stated in Sections 3.4 and 7.20.1 of this Prospectus; and

(iii) Our financial resources will strengthen, taking into account the amount to be raised from the IPO as well as internally generated funds. We may consider debt funding for our business expansion should the need arises.

In addition to the above, our Board is not aware of any circumstances which would result in a significant decline in our revenue and GP margins or know of any factors that are likely to have a material impact on our liquidity, revenue or profitability.

11.12 TREND INFORMATION

As at the LPD, after making all reasonable enquiries and to the best of our Directors' knowledge and belief, save as disclosed in Sections 11.2, 11.4 and 11.14 of this Prospectus, 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 financial performance, position and operations and capital resources;

(ii) unusual, infrequent events or transactions or any significant economic changes that have materially affected our financial performance, position and operations of our Group;

(iii) known events, 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 liquidity and capital resources; and

(iv) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of our future performance and position.

Our Board is positive about our future prospects, based on the outlook of the E&E and automotive industry as set out in the IMR Report in Section 8 of this Prospectus, in consideration of our competitive position as set out in Sections 3.3 and 7.19 of this Prospectus and our commitment towards the business strategies and prospects of our Group as set out in Sections 3.4 and 7.20 of this Prospectus.

11.13 SIGNIFICANT CHANGES

Save as disclosed in Sections 7.13, 9.1 and 11.2.1 of this Prospectus, there is no significant changes that has occurred which may have a material effect on the financial position and results of our Group subsequent to the Financial Years Under Review.

11. FINANCIAL INFORMATION *(cont'd)*

11.14 DIVIDEND POLICY

It is our Board's policy to recommend and distribute a dividend of at least 30% of our annual audited PAT to shareholders of our Company. The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any distribution of the final dividends for the year is subject to our shareholders' approval.

Our ability to declare dividends or make other distributions to our shareholders in the future years will depend upon various factors, including but not limited to, our Group's cash flows requirements for operations, financing commitments and capital expenditure, availability of adequate distributable reserves, financial performance and any other factors considered relevant by our Board.

During the Financial Years Under Review, we have declared and paid the dividends to our shareholders as follows: -

	Audited		
	FYE 2018 (RM'000)	**FYE 2019 (RM'000)**	**FYE 2020 (RM'000)**
Dividends declared and paid	4,000	2,000	3,100
PAT	6,952	4,780	3,383
Dividend payout ratio (%)	57.54	41.84	91.63

Subsequent to the Financial Years Under Review and up to the LPD, there was no dividend declared or payable by our Group.

You should note that this dividend policy merely describes our Group's present intention and shall not constitute legally binding statements in respect of our Group's future dividends that are subject to modification at our Board's discretion.

11.15 ORDER BOOK

Generally, we do not have any long-term contracts with our customers as our sales are made based on confirmed orders. As at the LPD, our outstanding confirmed orders for nameplates and plastic injection moulded parts stood at approximately RM4.19 million and RM2.16 million respectively which are expected to be delivered within four (4) weeks. This is in line with our typical sales cycle, where the time taken from receipt of orders with standard designs to product delivery averages between two (2) to four (4) weeks. Any reschedule of delivery date indicated in the order schedule to a later date will prolong the inventory turnover in days as the inventories has been produced and ready for delivery based on the indicated delivery date in order schedule.

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12. ACCOUNTANTS' REPORT

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA)
Chartered Accountants (AF 0117)
Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
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info@bakertilly.my
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2 March 2021

The Board of Directors
Volcano Berhad
No. 1411, Jalan Perusahaan
Kawasan Perusahaan Perai 1
13600 Perai
Penang

Dear Sirs,

Reporting Accountants' Opinion on the Financial Statements of Volcano Berhad

Opinion

We have audited the financial statements of Volcano Berhad ("Volcano" or the "Company") and its subsidiaries (the "Volcano Group"), which comprise the consolidated statements of financial position as at 31 December 2018, 31 December 2019 and 31 December 2020, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of Volcano Group for the financial years ended 31 December 2018, 31 December 2019 and 31 December 2020, and a summary of significant accounting policies and other explanatory notes as set out in pages 2 to 85. This historical consolidated financial statements has been prepared for the inclusion in the Prospectus of Volcano in connection with the proposed listing and quotation of the entire issued share capital of Volcano on the ACE Market of Bursa Malaysia Securities Berhad.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Volcano Group as at 31 December 2018, 31 December 2019 and 31 December 2020 and of its financial performance and cash flows for the financial years then ended in accordance with the 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 Statements* section of our report. We are independent of the Volcano 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Baker Tilly Monteiro Heng PLT 201906000600 (LLP0019411-LCA) (AF 0117) is a member of the Baker Tilly International network, the members of which are separate and independent legal entities.



Registration No. 201801004790 (1266804-D)

Responsibilities of the Directors for the Financial Statements

The directors of Volcano are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards. The directors of Volcano are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of Volcano that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of Volcano, the directors are responsible for assessing Volcano'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 intend to liquidate Volcano or to cease operations, or have no realistic alternative but to do so.

The directors of Volcano are responsible for overseeing Volcano's financial reporting process.

Reporting Accountants' Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of Volcano as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 statements.

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 statements of Volcano, 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 Volcano's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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Registration No. 201801004790 (1266804-D)

Reporting Accountants' Responsibilities for the Audit of Financial Statements (continued)

- 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 Volcano's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of Volcano 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 auditors' report. However, future events or conditions may cause Volcano to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of Volcano, including the disclosures, and whether the financial statements of Volcano 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 Volcano to express an opinion on the financial statements of Volcano. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate 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 identify during our audit.

Restriction on Distribution and Use

This report has been made solely to Volcano for inclusion in the prospectus to be issued in relation to the proposed offering of the shares of Volcano in connection with Volcano's listing on the ACE Market of Bursa Malaysia Securities Berhad and for no other purpose.

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Dato' Lock Peng Kuan
No. 02819/10/2022 J
Chartered Accountant

Kuala Lumpur

Date: 2 March 2021

VOLCANO BERHAD
Accountants' Report

STATEMENT BY DIRECTORS

We, **DATUK CH'NG HUAT SENG** and **DATO' WONG TZE PENG**, being two of the directors of **Volcano Berhad**, do hereby state that in the opinion of the directors, the accompanying financial statements are drawn up in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial positions of Volcano Berhad as at 31 December 2018, 31 December 2019 and 31 December 2020 and of their financial performance and cash flows for the financial years then ended.

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

.....

DATUK CH'NG HUAT SENG
Director

.....

DATO' WONG TZE PENG
Director

Kuala Lumpur

Date: 02 MAR 2021

STATEMENTS OF FINANCIAL POSITION

		Consolidated		
		As at 31 December		
	Note	2018 RM'000	2019 RM'000	2020 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	5	27,200	29,073	28,892
Intangible assets	6	13	12	21
Deferred tax assets	7	1,037	700	631
Total non-current assets		**28,250**	**29,785**	**29,544**
Current assets				
Inventories	8	15,304	14,889	16,500
Current tax assets		668	1,367	1,486
Trade and other receivables	9	11,921	10,500	14,022
Other investments	10	1,403	1,984	-
Derivative financial assets	11	42	45	-
Cash and short-term deposits	12	9,658	15,980	12,852
Total current assets		**38,996**	**44,765**	**44,860**
TOTAL ASSETS		**67,246**	**74,550**	**74,404**
EQUITY AND LIABILITIES				
Equity attributable to owners				
Share capital	13	70,000	70,000	70,000
Other reserves	14	(62,024)	(59,240)	(59,798)
Retained earnings		54,106	56,886	57,170
TOTAL EQUITY		**62,082**	**67,646**	**67,372**

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

		Consolidated		
		As at 31 December		
	Note	2018 RM'000	2019 RM'000	2020 RM'000
Non-current liabilities				
Employee benefits	**15**	90	171	143
Deferred tax liabilities	**7**	359	758	642
Total non-current liabilities		**449**	**929**	**785**
Current liabilities				
Trade and other payables	**16**	4,715	5,975	6,247
Total current liabilities		**4,715**	**5,975**	**6,247**
TOTAL LIABILITIES		**5,164**	**6,904**	**7,032**
TOTAL EQUITY AND LIABILITIES		**67,246**	**74,550**	**74,404**

STATEMENTS OF COMPREHENSIVE INCOME

		Consolidated		
		FYE 31 December		
		2018	2019	2020
	Note	RM'000	RM'000	RM'000
Revenue	17	58,649	55,892	52,527
Cost of sales		(39,676)	(38,761)	(37,388)
Gross profit		**18,973**	**17,131**	**15,139**
Other income	18	1,043	533	216
Admistrative expenses		(10,735)	(10,641)	(10,575)
Distribution expenses		(599)	(542)	(522)
Operating profit		**8,682**	**6,481**	**4,258**
Finance costs	19	(1)	-	(1)
Profit before tax	20	**8,681**	**6,481**	**4,257**
Income tax expense	22	(1,729)	(1,701)	(874)
Profit for the financial years		**6,952**	**4,780**	**3,383**
Other comprehensive income, net of tax				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations		733	2,784	(558)
Total comprehensive income for the financial years		**7,685**	**7,564**	**2,825**

STATEMENTS OF CHANGES IN EQUITY

	Note	Share capital RM'000	Exchange reserve RM'000	Reorganisation reserve RM'000	Retained earnings RM'000	Total equity RM'000
		|------- Attributable to the owners of Volcano Berhad -------|				
At 1 January 2018		2,000	5,243	-	51,154	58,397
Total comprehensive income for the financial year						
Profit for the financial year		-	-	-	6,952	6,952
Other comprehensive income for the financial year		-	733	-	-	733
Total comprehensive income		-	733	-	6,952	7,685
Transaction with owners						
Issue of ordinary shares		70,000	-	-	-	70,000
Reorganisation		(2,000)	-	(68,000)	-	(70,000)
Dividends paid on shares	**23**	-	-	-	(4,000)	(4,000)
At 31 December 2018		70,000	5,976	(68,000)	54,106	62,082
Total comprehensive income for the financial year						
Profit for the financial year		-	-	-	4,780	4,780
Other comprehensive income for the financial year		-	2,784	-	-	2,784
Total comprehensive income		-	2,784	-	4,780	7,564
Transaction with owners						
Dividends paid on shares	**23**	-	-	-	(2,000)	(2,000)
At 31 December 2019		70,000	8,760	(68,000)	56,886	67,646
Total comprehensive income for the financial year						
Profit for the financial year		-	-	-	3,383	3,383
Other comprehensive income for the financial year		-	(558)	-	-	(558)
Total comprehensive income		-	(558)	-	3,383	2,825
Transaction with owners						
Dividends paid on shares	**23**	-	-	-	(3,100)	(3,100)
At 31 December 2020		70,000	8,202	(68,000)	57,169	67,371

STATEMENTS OF CASH FLOWS

	Note	Consolidated FYE 31 December 2018 RM'000	2019 RM'000	2020 RM'000
Cash flows from operating activities				
Profit before tax		8,681	6,481	4,257
Adjustments for:				
Depreciation of property, plant and equipment		2,313	2,138	2,388
Depreciation of right-of-use assets		-	126	146
(Gain)/Loss on disposal of property, plant and equipment		41	(10)	(48)
Amortisation of intangible assets		15	10	9
Inventories written down		-	45	63
Net fair value loss/(gain) on derivatives		3	(3)	45
Interest income		(140)	(168)	(97)
Interest expense		1	-	1
Dividend income		(17)	(37)	(39)
Employee benefits		(55)	80	(28)
Property, plant and equipment written off		-	2	-
Unrealised loss/(gain) on foreign exchange		193	395	417
Operating profit before changes in working capital		**11,035**	**9,059**	**7,114**
Changes in working capital:				
Inventories		(2,353)	371	(1,674)
Receivables		559	1,378	(3,939)
Payables		(952)	2,375	272
Employee benefits		(66)	-	-
Net cash generated from operations		8,223	13,183	1,772
Income tax paid		(2,156)	(1,664)	(1,040)
Net cash from operating activities		6,067	11,519	732

STATEMENTS OF CASH FLOWS (CONTINUED)

		Consolidated		
		FYE 31 December		
		2018	2019	2020
	Note	RM'000	RM'000	RM'000
Cash flows from investing activities				
Purchase of property, plant and equipment		(1,207)	(2,642)	(2,806)
Proceeds from disposal of property, plant and equipment		76	18	86
Purchase of intangible assets		(5)	(8)	(18)
Dividends received		17	37	39
Interests received		141	168	97
Net cash used in investing activities		(978)	(2,427)	(2,602)
Cash flows from financing activities	(a)			
Dividends paid		(4,000)	(2,000)	(3,100)
Change in pledged deposits		(279)	(96)	4
Interests paid		(1)	-	(1)
Net cash used in financing activities		(4,280)	(2,096)	(3,097)
Net decrease in cash and cash equivalent		809	6,996	(4,967)
Cash and cash equivalents at the beginning of the financial years		**5,837**	**6,749**	**13,556**
Effects of exchange rate changes on cash and cash equivalents		103	(189)	(149)
Cash and cash equivalents at the end of the financial years	**12**	**6,749**	**13,556**	**8,440**

(a) Changes in liabilities arising from financing activities comprise of the net cash flows from the amount owing to related companies. There are no non-cash changes in liabilities arising from financing activities.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Volcano is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at 9-1, 9th Floor, Wisma Penang Garden, 42, Jalan Sultan Ahmad Shah, 10050 George Town, Penang. The principal place of business of the Company is located at No. 1411, Jalan Perusahaan, Kawasan Perusahaan Perai 1, 13600 Perai, Penang.

Volcano had on 2 March 2018 acquired the entire equity interest in Volcano Name Plate Sdn. Bhd.

The principal activity of Volcano is investment holdings. The details of the subsidiaries are as follows:

Company	Principal place of business/ country of incorporation	Principal activities
Subsidiary of Volcano		
Volcano Name Plate Sdn. Bhd.	Malaysia	Manufacturing of nameplates.
Subsidiary of Volcano Name Plate Sdn. Bhd.		
Volcano Tec. (Thailand) Co., Ltd	Thailand	Manufacturing of nameplates and plastic injection moulded parts.

There has been no significant change in the nature of these activities during the financial years under review.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 2 March 2021.

2. BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of these financial statements in conformity with Malaysian Financial Reporting Standards ("MFRSs") requires the directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosures of contingent assets and contingent liabilities. The directors are also required to exercise their judgement in the process of applying the accounting policies. Although these estimates and assumptions are based on the directors' best knowledge of events and actions, actual results could differ from those estimates.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

2.1 Consolidated financial statements for the financial years ended 31 December 2018, 31 December 2019 and 31 December 2020

The consolidated financial statements for the financial years ended 31 December 2018, 31 December 2019 and 31 December 2020 of Volcano had been prepared in accordance with MFRSs and IFRSs.

During the financial year ended 31 December 2018, Volcano applied the merger method of accounting on a retrospective basis arising from the acquisition of the entire equity interest of Volcano Name Plate Sdn. Bhd. and Volcano Tec. (Thailand) Co., Ltd. in business combinations under common control.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory. Subsidiaries acquired which have met the criteria for pooling-of-interests are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the business combination had been effected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the difference between costs of acquisition over the nominal value of share capital of the subsidiaries is taken to reorganisation reserve or reorganisation deficit.

Acquisition of entities under common control does not result in any change in economic substance. Accordingly, Volcano is a continuation of the acquired entity 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;
- the retained earnings and other equity balances of acquired entity immediately before the business combination are those of Volcano;
- the equity structure, however, reflects the equity structure of Volcano and the difference arising from the change in equity structure of Volcano will be accounted for in reorganisation reserve/deficit.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

2.1 Statement of compliance

The consolidated financial statements of Volcano have been prepared as a general-purpose financial statements and prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRS").

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int")

Volcano has adopted the following amendments/improvements to MFRSs that are mandatory for the current financial year:

Amendments/Improvements to MFRSs	
MFRS 3	Business Combinations
MFRS 7	Financial Instruments: Disclosure
MFRS 9	Financial Instruments
MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error
MFRS 139	Financial Instruments: Recognition and Measurement

The adoption of the above new MFRSs, amendments/improvements to MFRSs and new IC Int did not have any significant effect on the consolidated financial statements of Volcano and did not result in significant changes to Volcano's existing accounting policies.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

Volcano has not adopted the following new MFRSs, amendment/improvements to MFRSs, new IC Int and amendments of IC Int that have been issued, but not yet effective

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 17	Insurance Contracts	1 January 2023
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of MFRSs	1 January 2022^/ 1 January 2023#
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023#
MFRS 4	Insurance Contracts	1 January 2021/ 1 January 2023
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2021/ 1 January 2023#
MFRS 9	Financial Instruments	1 January 2021/ 1 January 2022^/ 1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2021/ 1 January 2022^
MFRS 101	Presentation of Financial Statements	1 January 2022/ 1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2021
MFRS 140	Investment Property	1 January 2023#
MFRS 141	Agriculture	1 January 2022 ^

^ *The Annual Improvements to MFRSs 2018-2020*
Amendments as to the consequence of MFRS 17 Insurance Contracts

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

2.3.1 Volcano plans to adopt the above applicable new MFRSs and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRSs and amendments/improvements to MFRSs are summarised below.

Annual Improvements to MFRSs 2018-2020

Annual Improvements to MFRSs 2018-2020 covers amendments to:

- MFRS 1 *First-time Adoption of MFRSs* – simplifies the application of MFRS 1 by a subsidiary that becomes a first-time adopter after its parents in relation to the measurement of cumulative translation differences.
- MFRS 9 *Financial Instruments* – clarified the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- Illustrative Examples accompanying MFRS 16 *Leases* – deletes from Illustrative Example 13 the reimbursement relating to leasehold improvements in order to remove any potential confusion regarding the treatment of lease incentives.
- MFRS 141 *Agriculture* – removes the requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in MFRS 141 with those other MFRSs.

Amendments to MFRS 3 Business Combinations

The amendments update MFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version which was issued by MASB in April 2018.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

2.3.1 (continued)

Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosures, MFRS 4 Insurance Contracts, and MFRS 16 Leases

The Interest Rate Benchmark Reform—Phase 2 amends some specific requirements in MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16, with respect to issues that affect financial reporting during the reform of an interest rate benchmark.

The amendments provides a practical expedient whereby an entity would not derecognise or adjust the carrying amount of financial instruments for modifications required by interest rate benchmark reform, but would instead update the effective interest rate to reflect the change in the interest rate benchmark. On hedging relationship, entities would be required to amend the formal designation of a hedging relationship to reflect the modifications and/or changes made to the hedged item and/or hedging instruments as a result of the reform. However, the modification does not constitute discontinuation of the hedging relationship nor the designation of a new hedging relationship.

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

Amendments to MFRS 116 Property, Plant and Equipment

The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity shall recognise such sales proceeds and related cost in profit or loss.

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

2.3.2 Volcano is currently performing a detailed analysis to determine the election of the practical expedients and to quantify the financial effects arising from the adoption of the new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

2.4 Functional and presentation currency

The individual financial statements of each entity in Volcano are measured using the currency of the primary economic environment in which they operate (the "functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also Volcano's functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

2.5 Basis of measurement

The financial statements of Volcano have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

2.6 Use of estimates and judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying Volcano's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the financial statements are disclosed in Note 4.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the consolidated financial statements of Volcano.

3.1 Basis of consolidation

The consolidated financial statements of Volcano comprise the financial statements of Volcano, Volcano Name Plate Sdn. Bhd. and Volcano Tec. (Thailand) Co., Ltd. The financial statements of the subsidiaries used in the preparation of the consolidated financial statement are prepared for the same reporting date as Volcano. Consistent accounting policies are applied to like transactions and events in similar circumstances.

Subsidiaries are entities (including structured entities) over which Volcano is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The acquisitions of Volcano Name Plate Sdn. Bhd. and Volcano Tec. (Thailand) Co., Ltd. have been accounted for as a business combination amongst entities under common control. Accordingly, the financial statements of Volcano have been consolidated using the merger method of accounting.

Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the combined financial statements and consolidated financial statements. Where necessary, adjustments are made to the financial statements of the subsidiary to ensure consistency of accounting policies with those of the Group.

(a) Subsidiary and business combination

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquires until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation (consolidated)

(a) Subsidiary and business combination (continued)

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisitions-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

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

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

If the business combination is archived in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combinations occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(a) Subsidiary and business combination (continued)

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture, an AFS financial asset or held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiary not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated financial statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the loses exceed the non-controlling interests.

(c) Transactions eliminated on consolidation

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

3.2 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of Volcano entities at the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of initial transactions.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Foreign currency transactions and operations (continued)

(a) Translation of foreign currency transactions (continued)

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of Volcano's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments

Financial instruments are recognised in the statement of financial position when, and only when, Volcano becomes a party to the contract provisions of the financial instrument.

Except for the trade receivables that do not contain a significant financing component or for which Volcano has applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which Volcano has applied the practical expedient are measured at the transaction price determined under MFRS 15.

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

(a) Subsequent measurement

Volcano categorises the financial instruments as follows:

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Volcano reclassifies financial assets when and only when its business models for managing those assets change.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

(a) Subsequent measurement (continued)

Volcano categorises the financial instruments as follows:

(i) Financial assets (continued)

Debt instruments
Subsequent measurement of debt instruments depends on Volcano's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which Volcano classifies its debt instruments:

- **Amortised cost**
  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- **Fair value through other comprehensive income (FVOCI)**
  Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

- **Fair value through profit or loss (FVPL)**
  Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

  Financial assets at FVPL are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

(a) Subsequent measurement (continued)

(i) Financial assets (continued)

Equity instruments

Volcano subsequently measures all equity investments at fair value. Upon initial recognition, Volcano can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when Volcano benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

(ii) Financial liabilities

Volcano classifies its financial liabilities in the following measurement categories:

- Financial liabilities at FVPL
- Financial liabilities at amortised cost

Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. Volcano has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost
Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liablities are derecognised and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

Volcano categorises the financial instruments as follows:

(b) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(c) Regular way purchase or sale of financial assets

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

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date Volcano commits itself to purchase or sell an asset).

Trade date accounting refers to:

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

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive cash flows from the financial asset expire, or
(ii) Volcano has transferred its rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) Volcano has transferred substantially all the risks and rewards of the asset; or (b) Volcano has neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

(d) Derecognition (continued)

Volcano evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, Volcano continues to recognise the transferred asset to the extent of their continuing involvement. In that case, Volcano also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that Volcano has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that Volcano could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

(e) Offsetting of financial instruments

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

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

(f) Derivatives

Volcano uses interest swap contracts to hedge the exposure of floating interest rate. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

(g) Hedge accounting

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, Volcano formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

Beginning 1 January 2018, the documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how Volcano will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that Volcano actually hedges and the quantity of the hedging instrument that Volcano actually uses to hedge that quantity of hedged item.

Fair value hedge

The change in the fair value of a hedging instrument is recognised in the profit or loss as other expense (or other comprehensive income, if the hedging instrument hedges an equity instruments for which Volcano has elected to present changes in fair value in other comprehensive income). The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the profit or loss as other expense. If the hedged item is an equity instrument for which Volcano has elected to present changes in fair value in other comprehensive income, those amounts remain in other comprehensive income.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the effective interest rate ("EIR") method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. The amortisation is based on a recalculated effective interest rate at the date of amortisation begins.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

(g) Hedge accounting (continued)

Fair value hedge (continued)

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

Cash flow hedge

In a cash flow hedge, the effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income must be accounted for depending on the nature of the underlying transaction as described above.

Hedge of a net investment

In a net investment hedge, the effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

The cumulative gain or loss recognised in other comprehensive income is reclassified from equity to profit or loss on disposal of the foreign operation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9(b).

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits.

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

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

(b) Subsequent costs

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property, plant and equipment (continued)

(c) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives (years)
Leasehold land	25 – 68
Buildings	50
Factory equipment, plant and machinery	2 – 20
Electrical installation	10
Motor vehicles	5
Office equipment, furniture and fittings	3 – 10
Computer equipment	2.5
Renovations	5 – 10

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

Fully depreciated assets are retained in the financial statements until the assets are no longer in use.

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

3.5 Leases

At inception of a contract, Volcano assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, Volcano assesses whether:

- the contract involves the use of an identified asset;
- Volcano has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- Volcano has the right to direct the use of the asset.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Leases (continued)

Accounting policies applied until 31 December 2018

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

(a) Lessee accounting

At the lease commencement date, Volcano recognises a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9(b).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Leases (continued)

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, Volcano uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

Volcano remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Leases (continued)

Variable lease payments that do not depend on an index or a rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statements of comprehensive income.

Volcano has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low value assets

Volcano has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. Volcano recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Accounting policies applied until 31 December 2018

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, Volcano does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Leases (continued)

(b) Lessor accounting

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

When Volcano is the intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.5(a), then it classifies the sub-lease as an operating lease.

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

When a contract includes lease and non-lease components, Volcano applies MFRS 15 to allocate the consideration under the contract to each component

3.6 Intangible assets

(a) Computer software

Computer software that are acquired by Volcano, which have finite useful lives, are measured at cost less accumulated amortisation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9(b).

(b) Amortisation

The amortisation methods used and the estimated useful lives are as follows:

	Method	**Useful lives (years)**
Computer software	Straight-line	3

The residual values, useful lives and amortisation methods are reviewed at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Inventories

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

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in-first out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

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

3.8 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.9 Impairment of assets

(a) Impairment an uncollectibility of financial assets

Financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income ("FVOCI"), lease receivables, contract assets or a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

Volcano measures loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Impairment of assets (continued)

(a) Impairment an uncollectibility of financial assets (continued)

For trade receivables, contract assets and lease receivables, Volcano applies the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, Volcano considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on Volcano's historical experience and informed credit assessment and including forward-looking information.

Volcano assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Volcano considers a financial asset to be in default when:

- the borrower is unable to pay its credit obligations to Volcano in full, without taking into account any credit enhancements held by Volcano; or
- the contractual payment of the financial asset is more than 120 days past due unless Volcano has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which Volcano is exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Impairment of assets (continued)

(a) Impairment an uncollectibility of financial assets (continued)

At each reporting date, Volcano assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of expected credit losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, Volcano makes an estimate of the assets' recoverable amounts.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs").

The recoverable amount of an asset of a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Impairment of assets (continued)

(b) Impairment of non-financial assets (continued)

Where the carrying amount of an asset exceeds the recoverable amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU of groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit of groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there have been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.10 Share capital

Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of Volcano after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.11 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to Volcano.

(b) Defined contribution plans

As required by law, Volcano contributes to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Employee benefits (continued)

(c) Defined benefit plans

Volcano operates defined benefit pension plans (funded) to employees as provided in the employment agreements between the companies in Volcano and their employees.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds in Thailand from the Thai Bond Market Association that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related defined benefit obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability) and the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in other comprehensive income. Remeasurements are not reclassified to profit or loss in subsequent periods.

The plan benefit is unfunded and the plan liability is recognised in the statement of financial position.

The net interest is calculated by applying the discount to the net balance of the defined benefit obligation and fair value of plan assets.

Volcano recognises the following costs in profit or loss:

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

3.12 Provisions

Provisions are recognised when Volcano has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Revenue and other income

Volcano recognises revenue that depict the transfer of promised goods to customers in an amount that reflects the consideration to which Volcano expects to be entitled in exchange for those goods.

Volcano measures revenue from sale of good at its transaction price, being the amount of consideration to which Volcano expects to be entitled in exchange for transferring promised good to a customer, excluding amounts collected on behalf of third parties such as goods and service tax.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the standalone selling price is not directly observable, Volcano estimates it by using the costs plus margin approach.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. Volcano has assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

Financing components
Volcano has applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if Volcano expects that the period between the transfer of the promised goods to the customer and payment by the customer will be one year or less.

(a) Sale of goods – manufacturing

Volcano manufactures and distributes name plates and plastic injection products. Revenue from sale of manufactured goods are recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a credit term of 30 days to 120 days, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

Revenue is recognised based on the price specified in the contract.

Where consideration is collected from customer in advance for sale of manufactured good, a contract liability is recognised for the customer deposits. Contract liability would be recognised as revenue upon sale of manufactured goods to the customer.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Revenue and other income (continued)

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established

3.14 Income tax

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

(a) Current tax

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

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches, associates and interests in joint ventures, except where Volcano is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Income tax (continued)

(c) Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

3.15 Earnings per share

Volcano presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of Volcano by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

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

3.16 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Managing Director of Volcano, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Fair value measurements

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

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

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that Volcano can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

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

3.18 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of Volcano.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. SUMMARY OF ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial years include the following:

4.1 Determining the functional currency

A subsidiary of Volcano operates in overseas jurisdictions but conducts sales, purchases and other transactions in multiple currencies. Judgement is applied in determining the functional currency wherever the indications are mixed. Volcano uses, in a hierarchy, sale indicators as the primary basis, followed by purchase and operating expense indicators, and in the event that those indicators are not conclusive, the currency in which borrowings and other funds are raised for financing the operations.

4.2 Depreciation and useful lives of property, plant and equipment

As disclosed in Note 3.4, Volcano reviews the residual values, useful lives and depreciation methods at the end of each reporting period. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and therefore, future depreciation charges could be revised.

The carrying amounts of Volcano's property, plant and equipment are disclosed in Note 5.

4.3 Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statements of financial position cannot be measured based on quoted prices in active markets, their fair value are measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The information on the fair value measurements of financial assets and liabilities are disclosed in Note 24(c).

4.4 Impairment of financial assets

The impairment provisions for financial assets and contract assets are based on assumptions about risk of default and expected loss rate. Volcano uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on Volcano's past history, existing market conditions as well as forward looking estimate at the end of each reporting period.

Volcano uses a provision matrix to calculate expected credit losses for trade receivable and contract assets. The provision rate depends on the number of days that a trade receivable is past due. Volcano uses the grouping according to the customer segments that have similar loss patterns. The criteria include geographical region, product type, customer type and rating, collateral or trade credit insurance.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. SUMMARY OF ACCOUNTING ESTIMATES AND JUDGEMENTS

4.4 Impairment of financial assets (continued)

The assessment of the correlation between historical observed default rates, forward-looking estimate and expected credit losses is a significant estimate. The amount of expected credit loss is sensitive to changes in circumstances and of forecast economic over the expected lives of the financial assets and contract assets. Volcano's historical credit loss experience and forecast of the economic conditions may also not be representative of customer's actual default in the future.

The information about the expected credit losses on Volcano's financial assets are disclosed in Note 26(a).

4.5 Measurement of income taxes

Volcano operates in various jurisdictions and are subject to income taxes in each jurisdiction. Significant judgement is required in determining Volcano's estimation for current and deferred taxes. When the final outcome of the tax payable is determined with the tax authorities, the amounts might be different from the initial estimates of the taxes payables. Such differences may impact the current and deferred taxes in the period when such determination is made. Volcano will make adjustments for current or deferred taxes in respect of prior years in the current period on those differences arise. The income tax expenses of Volcano are disclosed in Note 22.

4.6 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unabsorbed capital allowances based on the projected future profits of the subsidiaries to the extent that is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future performance and taxable profits of the subsidiary.

The carrying amount of Volcano's recognised deferred tax assets is disclosed in Note 7.

4.7 Write-down of obsolete or slow moving inventories

Volcano writes down its obsolete or slow moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write-down of obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

The carrying amounts of Volcano's inventories are disclosed in Note 8.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. SUMMARY OF ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.8 Impairment of non-financial assets

Volcano assesses impairment of non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may be irrecoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost of disposal for that asset and its value-in-use. Volcano uses fair value less cost to sell as the recoverable amount. Fair values are arrived at using comparison method and valuation technique method to suit the assets characteristic of Volcano.

4.9 Defined benefit liabilities

Volcano has defined benefit plans for their employees. The measurement of the present value of defined benefit obligations is based on a number of assumptions and factors that are determined on an actuarial basis. The assumptions used in the measurement of the defined benefit costs and the related liabilities or assets include projected employee salaries, employee turnover, inflation, interest cost and an appropriate discount rate using yields of high qualify corporate bonds in each jurisdiction. Any changes in these assumptions will have an impact on the carrying amount of the defined benefit obligations.

The carrying amount of Volcano's employee benefits and the details of these actuarial assumptions and the sensitivity of the changes in key assumptions are disclosed in Note 21.

4.10 Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. Volcano uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Any changes in these assumptions will have an impact on the carrying amounts of the derivatives and other financial instruments.

The carrying amounts of the derivatives and other financial instruments are disclosed in Note 24(c).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT

2018

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Factory equipment, plant and machinery RM'000	Electrical installation RM'000	Motor vehicles RM'000	Office equipments, furniture and fittings RM'000	Computer equipment RM'000	Renovations RM'000	Total RM'000
Cost										
At 1 January 2018	2,255	1,072	18,396	19,939	1,033	1,408	2,643	455	2,389	49,590
Additions	-	-	-	968	3	-	63	50	123	1,207
Disposals	-	-	-	(76)	-	(352)	(4)	-	-	(432)
Exchange differences	50	-	317	211	-	20	30	-	25	653
At 31 December 2018	2,305	1,072	18,713	21,042	1,036	1,076	2,732	505	2,537	51,018
Accumulated amortisation/depreciation										
At 1 January 2018	-	266	2,743	12,080	762	953	2,278	423	2,091	21,596
Amortisation/depreciation for the financial year	-	21	392	1,404	57	121	128	36	154	2,313
Disposals	-	-	-	(69)	-	(243)	-	(4)	-	(316)
Exchange differences	-	-	40	122	-	13	27	-	23	225
At 31 December 2018	-	287	3,175	13,537	819	844	2,433	455	2,268	23,818
Net carrying amount										
At 1 January 2018	2,255	806	15,653	7,859	271	455	365	32	298	27,994
At 31 December 2018	2,305	785	15,538	7,505	217	232	299	50	269	27,200

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2019

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Factory equipment, plant and machinery RM'000	Electrical installation RM'000	Motor vehicles RM'000	Office equipments, furniture and fittings RM'000	Computer equipment RM'000	Renovations RM'000	Right-of-use assets RM'000	Capital work-in-progress RM'000	Total RM'000
Cost												
At 1 January 2019, as previously reported	2,305	1,072	18,713	21,042	1,036	1,076	2,732	505	2,537	-	-	51,018
Effect of adoption of MFRS 16	-	(1,072)	(4,189)	-	-	-	-	-	-	5,261	-	-
Adjusted balance at 1 January 2019	2,305	-	14,524	21,042	1,036	1,076	2,732	505	2,537	5,261	-	51,018
Additions	-	-	-	1,646	505	16	133	30	278	-	34	2,642
Disposals	-	-	-	(28)	-	(11)	-	-	-	-	-	(39)
Written off	-	-	-	(1)	-	-	(4)	-	-	-	-	(5)
Exchange differences	180	-	1,135	811	-	58	114	-	102	-	1	2,401
At 31 December 2019	2,485	-	15,659	23,470	1,541	1,139	2,975	535	2,917	5,261	35	56,017

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2019 (continued)

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Factory equipment, plant and machinery RM'000	Electrical installation RM'000	Motor vehicles RM'000	Office equipments, furniture and fittings RM'000	Computer equipment RM'000	Renovations RM'000	Right-of-use assets RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated amortisation/depreciation												
At 1 January 2019	-	287	3,175	13,537	819	844	2,433	455	2,268	-	-	23,818
Effect of adoption of MFRS 16	-	(287)	(1,214)	-	-	-	-	-	-	1,501	-	-
Adjusted balance at 1 January 2019	-	-	1,961	13,537	819	844	2,433	455	2,268	1,501	-	23,818
Amortisation/depreciation for the financial year	-	-	302	1,485	61	38	117	37	98	126	-	2,264
Disposals	-	-	-	(20)	-	(11)	-	-	-	-	-	(31)
Written off	-	-	-	(1)	-	-	(2)	-	-	-	-	(3)
Exchange differences	-	-	164	501	-	41	102	-	88	-	-	896
At 31 December 2019	-	-	2,427	15,502	880	912	2,650	492	2,454	1,627	-	26,944
Net carrying amount												
At 1 January 2019 (adjusted)	2,305	-	12,563	7,505	217	232	299	50	269	3,760	-	27,200
At 31 December 2019	2,485	-	13,232	7,968	661	227	325	43	463	3,634	35	29,073

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2020

	Land RM'000	Leasehold land RM'000	Buildings RM'000	Factory equipment, plant and machinery RM'000	Electrical installation RM'000	Motor vehicles RM'000	Office equipments, furniture and fittings RM'000	Computer equipment RM'000	Renovations RM'000	Right-of-use assets RM'000	Capital work-in-progress RM'000	Total RM'000
Cost												
At 1 January 2020	2,485	-	15,659	23,470	1,541	1,139	2,975	535	2,917	5,261	35	56,017
Additions	-	-	-	1,216	13	-	147	15	339	119	957	2,806
Disposals	-	-	-	(383)	-	-	(2)	-	-	-	-	(385)
Transfers from/(to)	-	-	-	-	-	-	-	-	34	-	(34)	-
Exchange difference	(50)	-	(311)	(235)	-	(16)	(34)	-	(34)	-	(10)	(690)
At 31 December 2020	2,435	-	15,348	24,068	1,554	1,123	3,086	550	3,256	5,380	948	57,748
Accumulated amortisation/depreciation												
At 1 January 2020	-	-	2,427	15,502	880	912	2,650	492	2,454	1,627	-	26,944
Amortisation/depreciation for the financial year	-	-	310	1,644	101	32	130	29	142	146	-	2,534
Disposals	-	-	-	(345)	-	-	(2)	-	-	-	-	(347)
Exchange difference	-	-	(51)	(157)	-	(12)	(34)	5	(26)	-	-	(275)
At 31 December 2020	-	-	2,686	16,643	980	932	2,744	526	2,570	1,773	-	28,856
Net carrying amount												
At 1 January 2020	2,485	-	13,232	7,967	661	227	325	43	463	3,634	35	29,073
At 31 December 2020	2,435	-	12,662	7,424	574	191	342	24	686	3,607	948	28,892

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Right-of-use assets

Volcano leases leasehold land and buildings.

Information about leases for which Volcano is a lessee is presented below:

	Leasehold land RM'000	Buildings RM'000	Forklifts RM'000	Total RM'000
Cost				
At 1 January/31 December 2019	1,072	4,189	-	5,261
Accumulated amortisation/ depreciation				
At 1 January 2019	288	1,213	-	1,501
Amortisation/depreication for the financial year	22	104	-	126
At 31 December 2019	310	1,317	-	1,627
Net carrying amount				
1 January 2019 (adjusted)	784	2,976	-	3,760
At 31 December 2019	762	2,872	-	3,634
Cost				
At 1 January 2020	1,072	4,189	-	5,261
Additions	-	-	119	119
At 31 December 2020	1,072	4,189	119	5,380
Accumulated amortisation/ depreciation				
At 1 January 2020	310	1,317	-	1,627
Amortisation/depreication for the financial year	22	104	20	146
At 31 December 2020	332	1,421	20	1,773
Net carrying amount				
At 1 January 2020	762	2,872	-	3,634
At 31 December 2020	740	2,768	99	3,607

Volcano leases leasehold land and buildings as their office space, factory and forklifts. The lease of office space, factory and forklifts generally have a lease term of between 2 to 68 years.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. INTANGIBLE ASSETS

	Consolidated		
	As at 31 December		
	2018 RM'000	2019 RM'000	2020 RM'000
Software licenses			
Cost			
At 1 January	140	144	152
Additions	5	8	18
Disposal	(1)	-	-
At 31 December	144	152	170
Accumulated amortisation			
At 1 January	118	131	140
Amortisation charge for the financial year	15	10	9
Disposal	(1)	-	-
Exchange differences	(1)	(1)	*
At 31 December	131	140	149
Net carrying amount	**13**	**12**	**21**

* *RM334*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. DEFERRED TAX ASSETS/(LIABILITIES)

	Consolidated		
	As at 31 December		
	2018 RM'000	2019 RM'000	2020 RM'000
Deferred tax assets			
Unused tax losses			
At 1 January	1,177	1,037	700
Recognised in:			
- profit or loss	(166)	(402)	(43)
- other comprehensive income	-	-	(12)
- exchange differences	26	65	(14)
At 31 December	1,037	700	631
Deferred tax liabilities			
Property, plant and equipment			
At 1 January	(431)	(359)	(758)
Recognised in profit or loss	72	(399)	116
At 31 December	(359)	(758)	(642)
	678	(58)	(11)

The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to requirements under the Income Tax Act, 1967 and guidelines issued by the tax authority.

Pursuant to Section 11 of Act 812, a special provision relating to Section 43 & 44 of the Income Tax Act 1967, a time limit has been imposed on the unutilised business losses, to be carried forward from the year of assessment 2019 for a maximum of 7 consecutive years of assessment (ie. years of assessment 2020 to 2026).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. INVENTORIES

	Consolidated		
	As at 31 December		
	2018 RM'000	2019 RM'000	2020 RM'000
At the lower of cost and net realisable value:			
Raw materials	9,555	10,044	10,270
Work in progress	1,564	767	1,237
Finished goods	4,185	4,078	4,882
Raw materials in transit	-	-	111
	15,304	14,889	16,500

(a) The cost of inventories of Volcano recognised as expense RM20,876,574 (31.12.2018: RM25,895,609 and 31.12.2019: RM22,451,126).

(b) The cost of inventories of Volcano recognised as an expense in cost of sales during the financial years in respect of write-down of inventories to net realisable value was RM62,775 (31.12.2018: RM Nil and 31.12.2019: RM45,575).

9. TRADE AND OTHER RECEIVABLES

	Consolidated		
	As at 31 December		
	2018 RM'000	2019 RM'000	2020 RM'000
Trade			
Trade receivables	10,974	9,307	12,862
Non-trade			
Other receivables	609	728	523
Deposits	135	116	129
Prepayments	203	349	508
	947	**1,193**	**1,160**
Total trade and other receivables	**11,921**	**10,500**	**14,022**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables are non-interest bearing and normal credit terms offered by Volcano ranges from 30 to 120 days from the date of invoices. Other credit terms are assessed and approved on a case by case basis.

Volcano maintains an ageing analysis in respect of trade receivables only. The ageing analysis of Volcano's trade receivables are as follows:

	Consolidated		
	As at 31 December		
	2018 RM'000	2019 RM'000	2020 RM'000
Neither past due nor impaired	9,690	8,163	11,527
Past due but not impaired	1,284	1,144	1,335
1-30 days past due not impaired	1,024	820	1,127
31-60 days past due not impaired	205	176	134
61-90 days past due not impaired	27	89	24
91-120 days past due not impaired	16	59	15
More than 121 days past due not impaired	12	-	35
	10,974	9,307	12,862

10. OTHER INVESTMENTS

	Consolidated		
	As at 31 December		
	2018 RM'000	2019 RM'000	2020 RM'000
Financial assets at FVTPL			
- Investment in unit trust, quoted in Malaysia	1,403	1,984	-
Market value of quoted unit trust	1,403	1,984	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. DERIVATIVE FINANCIAL (LIABILITIES)/ASSETS

	Consolidated		
	As at 31 December		
	2018 RM'000	2019 RM'000	2020 RM'000
Derivative used for hedging:			
Forward foreign exchange contracts	42	45	-

Forward exchange contracts are used to manage foreign currency exposures arising from Volcano's receivables and payables denominated in currencies other than the functional currencies of Volcano entities. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward contracts are rolled over at maturity. The notional principal amounts of Volcano's outstanding forward foreign exchange contract as at 31 December 2020 were RM Nil (31.12.2018: RM4,589,145, and 31.12.2019: RM1,681,155).

12. CASH AND SHORT-TERM DEPOSITS

	Consolidated		
	As at 31 December		
	2018 RM'000	2019 RM'000	2020 RM'000
Short-term deposits placed with licensed banks	4,761	5,004	5,023
Cash and bank balances	4,897	10,976	7,829
	9,658	15,980	12,852

For the purpose of the statements of cash flows, cash and cash equivalents comprise of the following:

	Consolidated		
	As at 31 December		
	2018 RM'000	2019 RM'000	2020 RM'000
Short-term deposits placed with licensed banks	4,761	5,004	5,023
Less: Pledged deposits	(4,312)	(4,408)	(4,412)
	449	596	611
Short-term investments	1,403	1,984	-
Cash and bank balances	4,897	10,976	7,829
	6,749	13,556	8,440

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. CASH AND SHORT-TERM DEPOSITS (CONTINUED)

The fixed deposits placed with licensed banks have maturity dates ranging from 1 month to 12 months (2018 and 2019: 1 month to 12 months), which bear interest at rates ranging from 1.00% to 2.95% (31.12.2018: 1.00% to 3.35% and 31.12.2019: 1.00% to 2.95%).

Included in short-term deposits placed with licensed banks is an amount of RM4,412,280 (31.12.2018: RM4,311,864, 31.12.2019: RM4,408,134) which have been pledged to licensed banks to secure bank guarantees and foreign currency forward contracts facilities granted to Volcano Name Plate Sdn. Bhd.

Short-term investments represent investments in money market fund which can be redeemed within a period of 30 days. The market value of short-term investments as at the reporting date is RMNil (31.12.2018: RM1,403,231 and 31.12.2019: RM1,984,236).

13. SHARE CAPITAL

	Consolidated		
	As at 31 December		
	2018	2019	2020
	Unit'000	Unit'000	Unit'000
Issued and fully paid up:			
At 31 December	700,000	700,000	700,000
Consolidation of shares	-	-	(560,000)
	700,000	700,000	140,000

	Consolidated		
	As at 31 December		
	2018	2019	2020
	RM'000	RM'000	RM'000
Issued and fully paid up:			
At 31 December	70,000	70,000	70,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. SHARE CAPITAL (CONTINUED)

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of Volcano. All ordinary shares rank equally with regards to Volcano's residual assets.

On 18 May 2020, the ordinary shares of Volcano are consolidated on a basis of 5 existing ordinary shares to 1 ordinary share.

As a result of the above, the total number of shares issued of Volcano of 700,000,000 had been consolidated to 140,000,000 ordinary shares.

14. OTHER RESERVES

	Consolidated		
	As at 31 December		
	2018 RM'000	2019 RM'000	2020 RM'000
Exchange reserve	5,976	8,760	8,203
Reorganisation reserve	(68,000)	(68,000)	(68,000)
	(62,024)	(59,240)	(59,797)

(a) Exchange reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of a foreign operation whose functional currency is different from that of Volcano's presentation currency.

(b) Reorganisation reserve

The reorganisation reserve resulted from the difference between the carrying value of the investment in a subsidiary and the nominal value of shares of the subsidiary upon consolidation under the reorganisation scheme.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. EMPLOYEE BENEFITS

	Consolidated		
	As at 31 December		
	2018 RM'000	2019 RM'000	2020 RM'000
Liability:			
Defined benefit plan	90	171	143
Profit or loss - included in operating profit for (Note 21):			
Defined benefit plan	(55)	70	(24)

(a) Defined benefit plan

Defined benefit plan arose from the Thailand operating entity. In Thailand, companies are required to provide legal severance pay benefit for their employees upon termination of employment. This benefit is payable on retirement at a fixed retirement age and involuntary leaving service.

The provision requirements are based on the actuarial measurement framework set out in accordance to the legal severance pay benefits prescribed under chapter 11 in section 118 of Thai Labour Protection Act 1998 (Revised 2010). Employees are not required to contribute to the plans.

Movement in the net defined benefit liability
The following table illustrates a reconciliation of the net defined benefit liability and its components:

	Consolidated		
	As at 31 December		
	2018 RM'000	2019 RM'000	2020 RM'000
At 1 January	208	90	171
Included in profit or loss			
Current service cost	35	59	(24)
Interest expense	4	2	-
Post-service cost from change in defined benefit plan	-	9	-
Reversal of provision	(94)	-	-
	(55)	70	(24)
Others			
Effects of changes in foreign currency exchange rates	3	11	(4)
Benefits payment	(66)	-	-
Actuarial gains			
At 31 December	90	171	143

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. EMPLOYEE BENEFITS (CONTINUED)

Significant actuarial assumptions

The significant actuarial assumptions applied in the measurement of defined benefit pension plan are as follows:

	Consolidated		
	As at 31 December		
	2018	**2019**	**2020**
	Thailand	**Thailand**	**Thailand**
	%	**%**	**%**
Discount rate	1.7	1.7	1.5
Future salary growth	5.0	5.0	5.0

Assumptions on future mortality are determined based on the published past statistics and actual experience in each jurisdiction. The measurements assume an average life expectancy of 29 years for an employee retiring at age 60.

Sensitivity analysis

The sensitivity of the defined benefit obligation to the significant actuarial assumptions at the end of reporting period are shown below:

	Reasonably possible change in assumption	**Effect on defined benefit obligation**
	%	**RM**
31.12.2018		
Discount rate	1.0	(6)
Future salary growth	1.0	8
31.12.2019		
Discount rate	1.0	(12)
Future salary growth	1.0	16
31.12.2020		
Discount rate	1.0	(16)
Future salary growth	1.0	19

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in significant actuarial assumptions occurring at the end of reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. TRADE AND OTHER PAYABLES

	Note	Consolidated As at 31 December 2018 RM'000	2019 RM'000	2020 RM'000
Trade				
Trade payables	(a)	2,907	3,764	4,248
		2,907	3,764	4,248
Non-trade				
Other payables		763	1,473	1,315
Accruals		922	628	584
Deposits		123	110	100
		1,808	**2,211**	**1,999**
Total trade and other payables		**4,715**	**5,975**	**6,247**

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit term granted to Volcano ranges from 30 to 90 days.

For explanations on Volcano's liquidity risk management processes, refer to Note 24(b)(ii).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. REVENUE

	Consolidated		
	FYE 31 December		
	2018	2019	2020
	RM'000	RM'000	RM'000
Sale of goods	58,649	55,892	52,527
Timing of revenue recognition:			
At a point in time	58,649	55,892	52,527

18. OTHER INCOME

	Consolidated		
	FYE 31 December		
	2018	2019	2020
	RM'000	RM'000	RM'000
Dividend income	17	37	39
Net fair value gain on derivatives	-	3	-
Gain on disposal of property, plant and equipment	-	10	48
Interest income	140	168	97
Realised gain on foreign exchange	76	228	-
Insurance compensation	655	-	-
Others	155	87	32
	1,043	533	216

19. FINANCE COSTS

	Consolidated		
	FYE 31 December		
	2018	2019	2020
	RM'000	RM'000	RM'000
Interest expenses on:			
Factoring charges	1	-	-
Other charges	-	-	1
	1	-	1

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. PROFIT BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged in arriving at profit before tax:

		Consolidated		
		FYE 31 December		
		2018	2019	2020
	Note	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment		2,313	2,138	2,388
Depreciation of right-of-use assets		-	126	146
Amortisation of intangible assets		15	10	9
Auditors' remuneration				
- Malaysian operation				
- current year		37	45	46
- Overseas operation				
- current year		30	49	27
- overprovision in prior year		-	-	(18)
Employees benefits expense	21	13,047	13,642	13,824
Expenses relating to short-term lease		-	34	51
Inventories written down		-	45	63
Loss on disposal of property, plant and equipment		41	-	-
Net fair value loss on derivatives		3	-	-
Net realised loss on foreign exchange		-	-	99
Net unrealised loss on foreign exchange		193	395	417
Property, plant and equipment written off		-	2	-
Rental expenses		24	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. EMPLOYEE BENEFITS EXPENSE

	Consolidated		
	FYE 31 December		
	2018	2019	2020
	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	11,731	12,387	12,720
Defined contribution plans	906	854	774
Defined benefit plans	70	71	39
Other staff related expenses	340	330	291
	13,047	13,642	13,824
Included in employee benefits expenses are:			
Directors' other emoluments	3,711	3,109	2,607
	3,711	3,109	2,607

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 December 2018, 31 December 2019 and 31 December 2020 are as follow:

	Consolidated		
	FYE 31 December		
	2018	2019	2020
	RM'000	RM'000	RM'000
Statements of comprehensive income			
Current income tax:			
Taxation in Malaysia			
- Current income tax charge	1,635	900	948
Deferred tax:			
Origination/(Reversal) of temporary differences	94	801	(73)
Income tax expense recognised in profit or loss	1,729	1,701	874

Domestic income tax is calculated at the Malaysian statutory rate of 24% of the estimated assessable profit for the financial years.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. INCOME TAX EXPENSE (CONTINUED)

The reconciliation from the tax amount at the statutory income tax rate to Volcano's tax expenses are as follows:

	Consolidated		
	FYE 31 December		
	2018	2019	2020
	RM'000	RM'000	RM'000
Profit before tax	8,681	6,481	4,257
Tax at Malaysian statutory income tax rate of 24%	2,083	1,555	1,022
Different tax rates in other country	(101)	(126)	(29)
Adjustments:			
Income not subject to tax	(4)	(9)	(17)
Non-deductible expenses	679	401	249
Under/(Over)provision of income tax in prior years	(270)	429	(175)
Utilisation of previously unrecognised tax losses	(155)	(238)	(68)
Tax incentive	(503)	(311)	(108)
	1,729	1,701	874

(a) The subsidiary has been granted certain promotional privileges under the Investment Promotion Act B.E. 2520 of Thailand with 100% tax exemption on its statutory income for a period of 8 years and 50% tax exemption on its statutory income for further 5 years commencing 7 January 2009.

(b) Tax investigation on Volcano Name Plate Sdn. Bhd.

Pursuant to the letter of initial findings by the Inland Revenue Board ("IRB") dated 17 August 2020, the IRB has highlighted the following matters:

(i) Interest-free inter-company advances from Volcano Name Plate Sdn. Bhd. to Volcano Tec. (Thailand) Co., Ltd should have been charged interests based on the Base Lending Rate; and

(ii) The gain on disposal of a property by Volcano Name Plate Sdn. Bhd. was not disclosed to the IRB in the year of assessment 2014.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. INCOME TAX EXPENSE (CONTINUED)

(b) (continued)

The directors of Volcano, through the tax agent, are in the midst of addressing the above matters with the IRB.

In respect of item (i), the directors of Volcano are of the view that the current treatment of these interest-free advances does not fall under the provisions of the Income Tax Act, 1967 in Malaysia as any interest charged would be exempt as it is a foreign source income.

In respect of item (ii), the directors have recognised the corresponding real property gains tax and any penalty thereupon amounting to RM175,564 and RM43,892 respectively, in accordance with the provisions of the Real Property Gains Tax Act, 1976. The IRB had engaged Volcano for further discussions on the basis of the disposal of the property. The directors of Volcano are of the view that the treatment are in line with the provisions of the Real Property Gains Tax Act, 1976.

23. DIVIDENDS

	Consolidated		
	FYE 31 December		
	2018 RM'000	2019 RM'000	2020 RM'000
Recognised during the financial years			
- Single tier dividend for the FYE 31 December 2018:			
- RM1.03135 per ordinary share paid on 30 September 2018	4,000	-	-
- Single tier dividend for the FYE 31 December 2019:			
- RM0.00285714 per ordinary share paid on 22 January 2019	-	2,000	-
- Single tier dividend for the FYE 31 December 2020:			
- RM0.00314286 per ordinary share paid on 10 February 2020	-	-	2,200
- Single tier dividend for the FYE 31 December 2020:			
- RM0.0012857 per ordinary share paid on 30 December 2020	-	-	900
	4,000	2,000	3,100

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

(i) Amortised costs
(ii) Designated as fair value through profit or loss ("DFVPL")

	Note	Carrying amount RM'000	Amortised cost RM'000	DFVPL RM'000
At 31 December 2018				
Financial assets				
Trade and other receivables, less prepayments	**9**	11,718	11,718	-
Other investments	**10**	1,403	-	1,403
Derivative financial assets	**11**	42	-	42
Cash and short-term deposits	**12**	9,658	9,658	-
		22,821	21,376	1,445
Financial liabilities				
Trade and other payables	**16**	(4,715)	(4,715)	-
		(4,715)	(4,715)	-
At 31 December 2019				
Financial assets				
Trade and other receivables, less prepayments	**9**	10,151	10,151	-
Other investments	**10**	1,984	-	1,984
Derivative financial assets	**11**	45	-	45
Cash and short-term deposits	**12**	15,980	15,980	-
		28,160	26,131	2,029
Financial liabilities				
Trade and other payables	**16**	(5,975)	(5,975)	-
		(5,975)	(5,975)	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

	Note	Carrying amount RM'000	Amortised cost RM'000	DFVPL RM'000
At 31 December 2020				
Financial assets				
Trade and other receivables, less prepayments	**9**	13,514	13,514	-
Cash and short-term deposits	**12**	12,852	12,852	-
		26,366	26,366	-
Financial liabilities				
Trade and other payables	**16**	(6,247)	(6,247)	-
		(6,247)	(6,247)	-

(b) Financial risk management

Volcano's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and foreign currency risk. Volcano's overall financial risk management objective is to optimise value for its shareholders. Volcano do not trade in financial instruments.

The Board of Directors of Volcano reviews and agrees to policies and procedures for the management of these risks, which are executed by Volcano's senior management.

(i) Credit risk

Credit risk is the risk of financial loss to Volcano that may arise on outstanding financial instruments should a counterparty default on its obligations. Volcano are exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. Volcano have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

The carrying amount of trade receivables is not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, Volcano consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. Volcano have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Credit risk concentration profile

Volcano has a significant concentration of credit risk in the form of three (3) (31.12.2018: five (5), and 31.12.2019: three (3)) trade receivables, representing approximately 69% (31.12.2018: 84% and 31.12.2019: 55%) of Volcano's trade receivables.

Volcano apply the simplified approach to providing for expected credit losses prescribed by MFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Credit risk concentration profile (continued)

The information about the credit risk exposure on Volcano's trade receivables using a provision matrix are as follows:

	Trade receivables						
	Current RM'000	**1 to 30 days past due RM'000**	**> 30 days past due RM'000**	**> 60 days past due RM'000**	**> 90 days past due RM'000**	**> 120 days past due RM'000**	**Total RM'000**
At 31 December 2018							
Expected credit loss rate	0%	0%	0%	0%	0%	0%	0%
Gross carrying amount at default	9,690	1,024	205	27	16	12	10,974
Expected credit loss	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management (continued)

(i) Credit risk (continued)

Credit risk concentration profile (continued)

	Trade receivables						
	Current RM'000	1 to 30 days past due RM'000	> 30 days past due RM'000	> 60 days past due RM'000	> 90 days past due RM'000	> 90 days past due RM'000	Total RM'000
At 31 December 2019							
Expected credit loss rate	0%	0%	0%	0%	0%	0%	0%
Gross carrying amount at default	8,163	820	176	89	59	-	9,307
Expected credit loss	-	-	-	-	-	-	-
At 31 December 2020							
Expected credit loss rate	0%	0%	0%	0%	0%	0%	0%
Gross carrying amount at default	11,527	1,127	134	24	15	35	12,862
Expected credit loss	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Other receivables and other financial assets

For other receivables and other financial assets (including investment securities, cash and cash equivalents and derivatives), Volcano minimises credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, Volcano's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Volcano considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk Volcano compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Other receivables and other financial assets (continued)

Intercompany loans between entities within Volcano are repayable on demand. For loans that are repayable on demand, expected credit losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, Volcano will consider the expected manner of recovery and recovery period of the intercompany loan.

Refer to Note 3.9(a) for Volcano's other accounting policies for impairment of financial assets.

(ii) Liquidity risk

Liquidity risk is the risk that Volcano will encounter difficulty in meeting financial obligations when they fall due. Volcano's exposure to liquidity risk arises primarily from mismatches of the maturities between financial assets and liabilities. Volcano's exposure to liquidity risk arises principally from trade and other payable.

Volcano's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. Volcano maintains sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. Volcano uses a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment. Volcano's finance department also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

Maturity analysis

The maturity analysis of Volcano's financial liabilities by their relevant maturity at the reporting date is based on contractual undiscounted repayment obligations are as follows:

		|------- Contractual cash flows -------|		
	Carrying amount RM'000	On demand or within one year RM'000	More than one year RM'000	Total RM'000
At 31 December 2018				
Trade and other payables	4,715	4,715	-	4,715
At 31 December 2019				
Trade and other payables	5,975	5,975	-	5,975
At 31 December 2020				
Trade and other payables	6,247	6,247	-	6,247

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. Volcano's exposure to the risk of changes in foreign exchange rates relates primarily to Volcano's operating activities (when sales, purchases and borrowings that are denominated in a foreign currency) and Volcano's net investment in foreign subsidiaries.

The foreign currencies in which these transactions are denominated are mainly United States Dollar ("USD"), Singapore Dollar ("SGD"), Euro ("EUR"), Japanese Yen ("JPY"), Chinese Yuan ("CNY") and Swiss Franc ("CHF").

Volcano's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows:

	As at 31 December		
	2018	**2019**	**2020**
	RM'000	**RM'000**	**RM'000**
Financial assets and liabilities not held in functional currencies:			
Trade receivables			
USD	5,761	4,103	6,294
SGD	1	-	1
EUR	-	38	38
	5,762	4,141	6,333
Cash and bank balances			
USD	1,610	2,982	3,446
SGD	237	242	244
JPY	61	61	63
CNY	-	-	41
	1,908	3,285	3,794

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iii) Foreign currency risk (continued)

	As at 31 December		
	2018	**2019**	**2020**
	RM'000	**RM'000**	**RM'000**
Trade payables			
USD	(595)	(804)	(722)
JPY	(268)	(168)	-
CNY	-	-	(67)
CHF	-	-	(10)
	(863)	(972)	(799)

Sensitivity analysis for foreign currency risk

Volcano's principal foreign currency exposure relates mainly to USD, SGD, EUR, JPY, CNY and CHF.

The following table demonstrates the sensitivity to a reasonably possible change in the USD, SGD, EUR, JPY, CNY and CHF, with all other variables held constant on Volcano's total equity and profit for the financial years.

	Changes in rate	**Effect on profit for the financial years RM'000**	**Effect on equity RM'000**
31 December 2018			
USD	+5%	257	257
	-5%	(257)	(257)
SGD	+5%	9	9
	-5%	(9)	(9)
JPY	+5%	(8)	(8)
	-5%	8	8

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iii) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk (continued)

	Changes in rate	Effect on profit for the financial years RM'000	Effect on equity RM'000
31 December 2019			
USD	+5%	239	239
	-5%	(239)	(239)
SGD	+5%	9	9
	-5%	(9)	(9)
EUR	+5%	1	1
	-5%	(1)	(1)
JPY	+5%	(4)	(4)
	-5%	4	4
31 December 2020			
USD	+5%	343	343
	-5%	(343)	(343)
SGD	+5%	9	9
	-5%	(9)	(9)
EUR	+5%	1	1
	-5%	(1)	(1)
JPY	+5%	2	2
	-5%	(2)	(2)
CNY	+5%	(1)	(1)
	-5%	1	1
CHF	+5%	(0)	(0)
	-5%	0	0

Volcano uses forward exchange contracts to manage foreign currency exposures arising from Volcano's receivables denominated in currencies other than the functional currency of Volcano. All of the forward exchange contracts have maturities of less than one year after the end of the reporting period. When necessary, the forward contracts are rolled over at maturity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement

The carrying amounts of cash and cash equivalents, short-term receivables and payables reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

There have been no transfers between Level 1, Level 2 and Level 3 during the financial years end (31.12.2018 and 31.12.2019: no transfer in either directions).

25. CAPITAL COMMITMENTS

Volcano has made commitments for the following capital expenditures:

	Consolidated		
	As at 31 December		
	2018 RM'000	2019 RM'000	2020 RM'000
Property, plant and equipment	2,809	900	536

26. RELATED PARTIES

(a) Identification of related parties

Parties are considered to be related to Volcano if Volcano has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where Volcano and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of Volcano include:

(i) Related companies; and
(ii) Key management personnel of the company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities or indirectly.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. RELATED PARTIES (CONTINUED)

(b) **Significant related party transactions**

There is no significant related party transaction other than disclosed elsewhere in the financial statements.

(c) **Compensation of key management personnel**

	Consolidated		
	FYE 31 December		
	2018 RM'000	2019 RM'000	2020 RM'000
Salaries, allowances and bonuses	3,491	3,010	2,370
Defined contribution plan	567	516	437
Directors' other emoluments	3	8	3
Other staff related benefits	-	-	1
	4,061	3,534	2,811

27. EARNINGS PER SHARE

Basic earnings per ordinary share

Basic earnings per share are based on the profit for the financial year attributable to owners of Volcano and the weighted average number of ordinary shares outstanding during the financial years, calculated as follows:

	As at 31 December		
	2018 RM'000	2019 RM'000	2020 RM'000
Profit attributable to the owners owners of the Company	6,952	4,780	3,448
Weighted average number of ordinary shares for basic earnings per share ('000)	634,836	700,000	352,110
Basic earnings per ordinary share (sen)	1.10	0.68	0.98

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. EARNINGS PER SHARE (CONTINUED)

Diluted earnings per ordinary shares

Diluted earnings per share are based on the profit for the financial year attributable to the owners of Volcano and the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary share that would be issued on initial public offering of all the dilutive potential ordinary shares into ordinary shares, calculated as follows:

	As at 31 December		
	2018	**2019**	**2020**
	RM'000	**RM'000**	**RM'000**
Profit attributable to the owners of the Company, being profit used to determinediluted earnings per ordinary share	6,952	4,780	3,448
Weighted average number of ordinary shares for diluted earnings per share ('000)	634,836	700,000	352,110
Effect from dilution from shares issued from initial public offering ('000)	125,000	25,000	25,000
	759,836	725,000	377,110
Diluted earnings per ordinary share (sen)	0.91	0.66	0.91

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. CAPITAL MANAGEMENT

The primary objective of Volcano's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value. Volcano manages their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, Volcano may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years under reviews.

Volcano monitors capital using gearing ratio. The gearing ratio is calculated as total debts divided by equity attributable to the owners of Volcano. The gearing ratio at 31 December 2018, 31 December 2019 and 31 December 2020 are as follows:

		Consolidated		
		As at 31 December		
	Note	2018 RM'000	2019 RM'000	2020 RM'000
Trade and other payables	16	4,715	5,975	6,247
Derivative financial liabilities	11	-	-	-
Total debts		4,715	5,975	6,247
Total equity		62,082	67,646	67,372
Gearing ratio		0.08	0.09	0.09

There were no changes in Volcano's approach to capital management during the financial years under review.

Volcano is not subject to externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29. SIGNIFICANT EVENTS DURING THE FINANCIAL YEARS

COVID-19 outbreak

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 Thailand in which Volcano operates.

Volcano has performed an assessment of the overall impact of the situation on Volcano's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurements of assets and liabilities, and concluded that there is no material adverse effects on the financial statements for the financial year ended 31 December 2020.

Given the fluidity of the situation, Volcano's will continuously monitor the impact of COVID-19 and take appropriate and timely measures to minimise the impact of the outbreak on Volcano's operations.

30. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There have been no events subsequent to the end of the financial year which required adjustments of or disclosure in the financial statements or notes thereto.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31. SEGMENT INFORMATION

Volcano prepared the following segment information in accordance with MFRS 8 *Operating Segments* based on the internal reports of Volcano's strategic business units which are regularly reviewed by Volcano's Chief Executive Officer ("CEO") for the purpose of making decisions about resource allocation and performance assessment.

The two reportable segments are as follows:

Segments	**Products**
Name plate	Manufacturing of nameplates.
Plastic injection	Manufacturing and trading of plastic injection moulded parts

There is no inter-segment pricing.

Factors used to identify reportable segments

Volcano is organised into business units based on its business segment purposes.

Segment profit

Segment performance is used to measure performance as Volcano's CEO believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on the operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets

The total of segment assets is measured based on all assets of a segment, as included in the internal reports that are reviewed by Volcano's CEO.

Segment liabilities

Segment liabilities are not included in the internal reports that are reviewed by Volcano's CEO, hence no disclosures are made on segment liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31. SEGMENT INFORMATION (CONTINUED)

	Name plate RM'000	Plastic injection RM'000	Total RM'000
31 December 2018			
Revenue:			
Revenue from external customers	36,879	21,770	58,649
Results:			
Included in the measure of segment profit are (Unallocated corporated expenses):			
Interest income	-	-	140
Dividend income	-	-	17
Interest expenses	-	-	(1)
Depreciation and amortisation	-	-	(2,328)
Rental expenses	-	-	(24)
Employee benefits expense	-	-	(13,047)
Segment profit	-	-	**8,681**
Income tax expenses	-	-	(1,729)
Profit for the financial year	-	-	**6,952**
Assets:			
Additions to non-current assets	-	-	1,207
Segment assets	-	-	**67,246**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31. SEGMENT INFORMATION (CONTINUED)

	Name plate RM'000	Plastic injection RM'000	Total RM'000
31 December 2019			
Revenue:			
Revenue from external customers	35,666	20,226	55,892
Results:			
Included in the measure of segment profit are (Unallocated corporated expenses):			
Interest income	-	-	168
Dividend income	-	-	37
Depreciation and amortisation	-	-	(2,274)
Expenses relating to short-term lease	-	-	(34)
Employee benefits expense	-	-	(13,642)
Segment profit	**-**	**-**	**6,481**
Income tax expenses	-	-	(1,701)
Profit for the financial year	-	-	**4,780**
Assets:			
Additions to non-current assets	-	-	2,642
Segment assets	**-**	**-**	**74,550**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31. SEGMENT INFORMATION (CONTINUED)

	Name plate RM'000	Plastic injection RM'000	Total RM'000
31 December 2020			
Revenue:			
Revenue from external customers	34,644	17,883	52,527
Results:			
Included in the measure of segment profit are (Unallocated corporated expenses):			
Interest income	-	-	97
Dividend income	-	-	39
Depreciation and amortisation	-	-	(2,543)
Employee benefits expense	-	-	(13,824)
Segment profit	**-**	**-**	**4,257**
Income tax expenses	-	-	(874)
Profit for the financial year	-	-	**3,383**
Assets:			
Additions to non-current assets	-	-	2,806
Segment assets	**-**	**-**	**74,404**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31. SEGMENT INFORMATION (CONTINUED)

Geographical information

	Revenue RM'000	Non-current assets RM'000
31 December 2018		
Singapore	28,077	-
Thailand	24,207	20,455
Malaysia	2,336	7,795
United States of America	1,637	-
China	1,049	-
Germany	358	-
Other countries	985	-
	58,649	28,250
31 December 2019		
Singapore	23,520	-
Thailand	23,806	20,638
Malaysia	2,316	8,435
United States of America	3,395	-
China	911	-
Germany	307	-
Other countries	1,637	-
	55,892	29,073
31 December 2020		
Singapore	22,350	-
Thailand	23,923	20,724
Malaysia	2,188	8,168
United States of America	722	-
China	1,051	-
Indonesia	1,324	-
Germany	499	-
Other countries	470	-
	52,527	28,892

Information about major customers

For the sales segment, revenue from three customers contributed approximately RM31,345,000 (31.12.2018: RM37,094,000 and 31.12.2019: RM31,112,000) to Volcano's total revenue.

13. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION



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2 March 2021

The Board of Directors
Volcano Berhad
No. 1411, Jalan Perusahan
Kawasan Perusahaan Perai 1
13600 Perai
Penang

Dear Sirs,

VOLCANO BERHAD AND ITS SUBSIDIARIES

REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION INCLUDED IN A PROSPECTUS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

We have completed our assurance engagement to report on the compilation of the pro forma consolidated statement of financial position of Volcano Berhad ("Volcano" or the "Company") and its subsidiaries (collectively hereinafter referred to as the "Volcano Group") for which the directors of Volcano are solely responsible. The pro forma consolidated statement of financial position as at 31 December 2020 together with the accompanying notes thereon, as set out in the accompanying statements, for which we have stamped for the purpose of identification. The applicable criteria on the basis of which the directors of Volcano have compiled the pro forma consolidated statement of financial position are as described in Note 3 to the pro forma consolidated statement of financial position and in accordance with the requirements of the *Prospectus Guidelines – Equity* issued by the Securities Commission Malaysia ("Prospectus Guidelines") ("Applicable Criteria").

The pro forma consolidated statement of financial position of the Volcano Group has been compiled by the directors of Volcano, for illustrative purposes only, for inclusion in the prospectus of Volcano ("Prospectus") in connection with the proposed listing of and quotation for the entire issued and enlarged share capital of Volcano on the ACE Market of Bursa Malaysia Securities Berhad (the "Listing"), after making certain assumptions and such adjustments to show the effects on the pro forma consolidated financial position of Volcano Group as at 31 December 2020 the public issue, the utilisation of proceeds and the granting of the ESOS Options as described in Notes 1.2, 3.2.2 and 1.4.

Baker Tilly Monteiro Heng PLT 201906000600 (LLP0019411-LCA) (AF 0117) is a member of the Baker Tilly International network, the members of which are separate and independent legal entities.

As part of this process, information about Volcano Group's pro forma consolidated financial position have been extracted by the directors of Volcano from the audited consolidated financial statements of Volcano for the financial year ended 31 December 2020.

The audited financial statements of the proposed subsidiary for the financial year ended 31 December 2020 were reported by the auditors to its members without any modifications.

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

The directors of Volcano are responsible for compiling the pro forma consolidated statement of financial position based on the Applicable Criteria.

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the By-Laws (on Professional Ethics, Conduct and Practice) issued by the Malaysian Institutes of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies *International Standard on Quality Control 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, on whether the pro forma consolidated statement of financial position has been compiled, in all material respects, by the directors of Volcano based on the Applicable Criteria.

We conducted our engagement in accordance with *International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Statement of Financial Position 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 plan and perform procedures to obtain reasonable assurance about whether the directors of Volcano have compiled, in all material respects, the pro forma consolidated statement of financial position based on the Applicable Criteria.

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

Reporting Accountants' Responsibilities

The purpose of the pro forma consolidated statement of financial position included in the Prospectus is solely to illustrate the impact of significant events or transactions on the unadjusted statement of financial position of the Volcano Group as if the events had occurred or the transactions had been undertaken at an earlier date selected for illustrative purposes only. Accordingly, we do not provide any assurance that the actual outcome of the Listing would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated statement of financial position has been compiled, in all material respects, based on the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the directors of Volcano in the compilation of the pro forma consolidated statement of financial position of the Volcano Group provide a reasonable basis for presenting the significant effects directly attributable to the Listing as described in Note 2 to the pro forma consolidated statement of financial position, and to obtain sufficient appropriate evidence about whether:

(a) the pro forma consolidated statement of financial position of the Volcano Group has been properly prepared on the basis and assumptions set out in the accompanying notes to the pro forma consolidated statement of financial position, based on the audited consolidated statement of financial position of Volcano as at 31 December 2020, and in a manner consistent with both the format of the financial statements and the accounting policies adopted by Volcano Group in the preparation of its audited financial statements for the financial year ended 31 December 2020, which had been adopted by Volcano as its group accounting policies; and

(b) each material adjustment made to the information used in the preparation of the pro forma consolidated statement of financial position is appropriate for the purpose of preparing the pro forma consolidated statement of financial position.

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

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

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

Our opinion

In our opinion:

(a) the pro forma consolidated statement of financial position of the Volcano Group has been properly prepared on the basis and assumptions set out in the accompanying notes to the pro forma consolidated statement of financial position, based on the audited financial statements of Volcano for the financial year ended 31 December 2020 and its accountants' report for the financial year ended 31 December 2020, and in a manner consistent with both the format of the financial statements and the accounting policies adopted by Volcano in the preparation of its accountants' report for the financial year ended 31 December 2020, which had been adopted by Volcano as its group accounting policies; and

(b) each material adjustment made to the information used in the preparation of the pro forma consolidated statement of financial position of the Volcano Group is appropriate for the purpose of preparing the pro forma consolidated statement of financial position.

Other matters

This report has been prepared for inclusion in the Prospectus of Volcano in connection with the Listing. As such, this report should not be used, circulated, quoted or otherwise referred to in any document or used for any other purpose without our prior written consent. 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,

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Dato' Lock Peng Kuan
No. 02819/10/2022 J
Chartered Accountant

VOLCANO BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

1. **INTRODUCTION**

The pro forma consolidated statement of financial position of Volcano Berhad ("Volcano" or the "Company") and its subsidiaries (hereinafter collectively referred to as "Volcano Group") has been compiled by the directors of Volcano, for illustrative purposes only, for inclusion in the prospectus of Volcano in connection with the proposed listing of and quotation for the entire issued and enlarged share capital of Volcano on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") (the "Listing").

1.1 Volcano is undertaking a proposed listing of and quotation for the entire enlarged issued share capital on the ACE Market of Bursa Securities. The Listing comprises the following:

1.2 **Public Issue**

The public issue of 25,000,000 new ordinary shares in Volcano ("Share(s)"), at the issue price of RM0.35 for each IPO share, representing approximately 15.15% of the enlarged share capital of Volcano, to be allotted in the following manner:

(i) 8,250,000 new Shares available for application by the Malaysian public.

(ii) 8,250,000 new Shares available for application by the eligible directors, key senior management personnel, employees and business associates/persons who have contributed to the success of Volcano Group.

(iii) 8,500,000 new Shares by way of private placement to identified investors.

(Collectively hereinafter referred to as "Public Issue")

1.3 **Offer For Sale**

The offer for sale of 35,000,000 Shares ("Offer Shares") at the issue price of RM0.35 for each IPO share, representing approximately 21.21% of the enlarged share capital of Volcano, to be allotted in the following manner:

(i) 14,375,000 Offer Shares by way of private placement to identified investors.

(ii) 20,625,000 Offer Shares by way of private placement to Bumiputera investors approved by the Ministry of International Trade and Industry.

1.4 **Employee Share Option Scheme ("ESOS")**

Upon successful listing of and quotation of its entire issued and enlarged share capital, Volcano intends to grant ESOS Options to eligible persons of up to thirty percent (30%) of the total number of the entire issued and enlarged share capital subject to the salient terms and conditions of the proposed ESOS Options.

For the purpose of the pro forma, the directors of Volcano have illustrated the granting of the ESOS Options at the maximum level of 49,500,000 Shares, representing 30% of the entire issued and enlarged share capital of Volcano comprising 165,000,000 Shares at a subscription price equivalent to the issue price of each IPO share at RM0.35.

The fair value of RM0.1493 per ESOS is determined by an external independent valuer with appropriate recognised professional qualifications.



PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

1. INTRODUCTION (CONTINUED)

1.5 Listing

Upon completion of the Public Issue, Volcano will seek the listing of and quotation for its entire issued and enlarged share capital of RM78,750,000 (before deducting defrayment of estimated expenses for the issuance of shares of RM3,200,000) comprising 165,000,000 Shares on the ACE Market of Bursa Securities.

2. BASIS OF PREPARATION OF THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

2.1 The pro forma consolidated statement of financial position has been prepared to illustrate that the pro forma consolidated statement of financial position of Volcano Group as at 31 December 2020, adjusted for the Public Issue and the utilisation of proceeds as described in Notes 1.2 and 3.2.2, respectively.

2.2 Other than as stated below, the pro forma consolidated statement of financial position has been prepared based on the following financial statements of the Volcano Group:

2.3 The audited financial statements of the proposed subsidiary for the financial year under review were reported by the auditors to its members without any modifications.

2.4 The pro forma consolidated statement of financial position of the Volcano Group has been prepared for illustrative purposes only and, such information may not, because of its nature, give a true picture of the actual financial position and the results of the Volcano Group and does not purport to predict the future financial position and results of the Volcano Group.

2.5 The pro forma consolidated statement of financial position of the Volcano Group have been properly prepared on the basis set out in the accompanying notes to the pro forma consolidated statement of financial position based on the consolidated financial statements of Volcano for the financial year ended 31 December 2020 which have been prepared in accordance with the Malaysian Financial Reporting Standards and the International Financial Reporting Standards.

2.6 The statement of financial position of the Volcano Group is measured using the currency of the primary economic environment in which the Volcano Group operates. The functional and presentation currency of the Volcano Group is Ringgit Malaysia ("RM").

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

3. PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF VOLCANO GROUP

3.1 The pro forma consolidated statement of financial position of the Volcano Group as set out below, for which the directors of Volcano are solely responsible, have been prepared for illustrative purposes only, to show the effects on the audited consolidated statement of financial position of Volcano as at 31 December 2020, had the Public Issue, the utilisation of proceeds and the granting of the ESOS Options as described in the notes been effected on that date, and should be read in conjunction with the notes accompanying thereto.

	Audited Consolidated Statement of Financial Position as at 31 December 2020 RM'000	Pro Forma I After the Public Issue RM'000	Pro Forma II After Pro Forma I and the Utilisation of Proceeds RM'000	Pro Forma III After Pro Forma II and granting of ESOS RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	28,892	28,892	28,892	28,892
Intangible assets	21	21	21	21
Deferred tax assets	631	631	631	631
Total non-current assets	29,544	29,544	29,544	29,544
Current assets				
Inventories	16,500	16,500	16,500	16,500
Current tax assets	1,486	1,486	1,486	1,486
Trade and other receivables	14,022	14,022	13,872	13,872
Cash and short-term deposits	12,852	21,602	20,302	20,302
Total current assets	44,860	53,610	52,160	52,160
TOTAL ASSETS	**74,404**	**83,154**	**81,704**	**81,704**
EQUITY AND LIABILITIES				
Equity attributable to owners of Volcano				
Share capital	70,000	78,750	78,265	78,265
Other reserves	(59,798)	(59,798)	(59,798)	(59,798)
Share option reserve	-	-	-	7,390
Retained earnings	57,170	57,170	56,205	48,815
Total equity	67,372	76,122	74,672	74,672

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VOLCANO BERHAD

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

3. **PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF VOLCANO GROUP (CONTINUED)**

3.1 (continued)

	Audited Consolidated Statement of Financial Position as at 31 December 2020 RM'000	Pro Forma I After the Public Issue RM'000	Pro forma II After Pro Forma I and the Utilisation of Proceeds RM'000	Pro Forma III After Pro Forma II and granting of ESOS RM'000
Non-current liabilities				
Employee benefits	143	143	143	143
Deferred tax liabilities	642	642	642	642
Total non-current liabilities	785	785	785	785
Current liabilities				
Trade and other payables	6,247	6,247	6,247	6,247
Total current liabilities	6,247	6,247	6,247	6,247
Total liabilities	7,032	7,032	7,032	7,032
TOTAL EQUITY AND LIABILITIES	**74,404**	**83,154**	**81,704**	**81,704**
Number of ordinary shares assumed to be in issued ('000)	140,000	165,000	165,000	165,000
Net assets ("NA") (RM'000)	67,372	76,122	74,672	74,672
NA per ordinary share (RM)	0.48	0.46	0.45	0.45

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

3. PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF VOLCANO GROUP (CONTINUED)

3.2 Notes to the pro forma consolidated statement of financial position are as follows:

3.2.1 **Basis of Preparation**

The pro forma consolidated statement of financial position of the Volcano Group, for which the directors of Volcano are solely responsible, have been prepared for illustrative purposes only, to show the effects on the unaudited statement of financial position of Volcano as at 31 December 2020, had the Public Issue, the utilisation of proceeds and the granting of the ESOS Options as described in Notes 1.2, 3.2.2 and 1.4, respectively been effected on that date, and should be read in conjunction with the notes accompanying thereto.

3.2.2 The proceeds from the Public Issue would be utilised in the following manner:

	RM'000	%	Estimated timeframe for utilisation upon Listing
Property, plant and equipment	5,550	63%	Within 24 months
Estimated listing expenses	3,200	37%	Immediately
	8,750	100%	

(1) As at the latest practicable date, Volcano Group has yet to enter into any contractual binding agreements or issue any purchase orders in relation to the utilisation of proceeds earmarked for the purchase of property, plant and equipment. Accordingly, the use of proceeds earmarked for purchase of property, plant and equipment is not reflected in the pro forma consolidated statements of financial position.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

3. PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF VOLCANO GROUP (CONTINUED)

3.2.3 The pro forma consolidated statement of financial position should be read in conjunction with the notes below:

(a) Pro Forma I

Pro Forma I incorporates the cumulative effects of the audited consolidated statement of financial position of Volcano as 31 December 2020 and the Public Issue as described in Note 1.2.

The Public Issue will have the following impact on the pro forma consolidated statement of financial position of the Volcano Group as at 31 December 2020:

	Increase/(Decrease)	
	Effects on Total Assets RM'000	**Effects on Total Equity RM'000**
Cash and short-term deposits	8,750	-
Share capital	-	8,750
	8,750	8,750

(b) Pro Forma II

Pro Forma II incorporates the cumulative effects of Pro Forma I and the utilisation of proceeds from the Public Issue.

The proceeds expected from the Public Issue of RM5.55 million earmarked for the purchase of property, plant and equipment will be utilised in the manner as described in Note 3.2.2 to the pro forma consolidated statement of financial position.

As at 31 December 2020, approximately RM1.90 million of the total estimated listing expenses of RM3.20 million has been incurred of which RM0.15 million has been recognised as prepayment and the balance of RM1.75 million has been charged to profit or loss. The remaining estimated expenses are RM1.30 million of which RM0.96 million will be included in Retained Earnings Accounts while RM0.34 million will be included in Share Capital Account. The RM0.15 million which was recognised as prepayment is reclassified to Share Capital Account.

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PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

3. PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF VOLCANO GROUP (CONTINUED)

3.2.3 (continued)

(c) Pro Forma II (Continued)

The utilisation of proceeds will have the following impact on the pro forma consolidated statement of financial position of the Volcano Group as at 31 December 2020:

	Increase/(Decrease)	
	Effects on Total Assets RM'000	**Effects on Total Equity RM'000**
Cash and short-term deposits	(1,300)	-
Prepayments	(150)	-
Share capital	-	(485)
Retained earnings	-	(965)
	(1,450)	(1,450)

(d) Pro Forma III

Pro forma III incorporates the cumulative effects of Pro Forma II and the granting of the ESOS Options as described in Note 1.4.

	Increase/(Decrease)	
	Effects on Total Assets RM'000	**Effects on Total Equity RM'000**
ESOS reserve	-	7,390
Retained earnings	-	(7,390)
	-	-

VOLCANO BERHAD

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

3. **PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF VOLCANO GROUP (CONTINUED)**

3.2.4 Movements in share capital and reserves are as follows:

	Share Capital RM'000	Other Reserves RM'000	ESOS Reserve RM'000	Retained Earnings RM'000
Consolidated statement of financial position of Volcano as at 31 December 2020	70,000	(59,798)	-	57,170
Arising from the Public Issue	8,750	-	-	-
As per Pro Forma I	**78,750**	**(59,798)**	**-**	**57,170**
Defrayment of estimated expenses in relation to the Listing	(485)	-	-	(965)
As per Pro Forma II	**78,265**	**(59,798)**	**-**	**56,205**
Granting of ESOS	-	-	7,390	(7,390)
As per Pro Forma III	**78,265**	**(59,798)**	**7,390**	**48,815**

3.2.5 Movements in cash and short-term deposits are as follows:

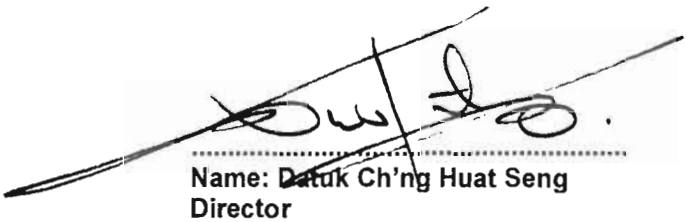
	RM'000
Consolidated statement of financial position of Volcano Group as at 31 December 2020	12,852
Arising from the Public Issue	8,750
As per Pro Forma I	**21,602**
Arising from the utilisation of proceeds:	
- defrayment of estimated expenses in relation to the Listing	(1,300)
As per Pro Forma II and III	**20,302**

13. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION *(cont'd)*

VOLCANO BERHAD

APPROVAL BY BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of Volcano Berhad in accordance with a resolution dated 02 MAR 2021



Name: Datuk Ch'ng Huat Seng
Director



Name: Dato' Wong Tze Peng
Director



14. ESOS BY-LAWS

VOLCANO BERHAD
(Registration No.: 201801004790(1266804-D))

BY-LAWS OF THE ESOS

1. NAME OF SCHEME

This Scheme shall be called the "**Volcano Berhad's Employees' Share Option Scheme**" and for purposes of these By-Law(s), it shall be referred to as the "**Employees' Share Option Scheme**" or the "**Scheme**".

2. DEFINITIONS AND INTERPRETATIONS

2.1 In these By-Laws unless the context otherwise requires the following terms and expressions shall have the following meanings: -

"Act"	:	The Companies Act, 2016 and any subsequent amendments from time to time includes every statutory modification or re-enactment thereof for the time being force;
"Adviser"	:	A person who is permitted to carry on the regulated activity of advising corporate finance under the Capital Markets and Services Act 2007, which includes a Principal Adviser as defined in the Securities Commission's Principal Adviser's Guidelines;
"Authorised Nominee"	:	A person who is authorised to act as a nominee as specified in accordance with the schedule prescribed under Part VIII of the Rules of Bursa Depository;
"Available Balance"	:	The unissued share capital of the Company which is available for offer of Option(s) subject to the maximum limit as set out in By-Law 3.2 and after deducting all Shares under Options which have been granted;
"Board"	:	The Board of Directors of Volcano Berhad;
"Bursa Depository" or "the Depository"	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W));
"Bursa Securities" or "the Exchange"	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W));
"By-Law(s)"	:	The rules, terms and conditions of the Scheme set out herein;
"CDS"	:	Central Depository System;
"CDS Account"	:	Account established by Bursa Depository for a depositor for the recording of deposits of securities and dealings in such securities by the depositor;

14. ESOS BY-LAWS *(cont'd)*

"Central Depositories Act"	:	The Securities Industry (Central Depositories) Act 1991 including any amendments made thereto from time to time;
"Date of Expiry"	:	The last day of the duration of the Scheme referred to in By-Law 4 hereof or such other date which the ESOS Committee may in its discretion decide, subject always to any further extension of period or early termination in accordance with the provisions of By-Law 4 hereof;
"Deposited Security(ies)"	:	A security standing to the credit of a CDS Account and includes a security in a CDS Account that is in suspense;
"Depositor"	:	A holder of a CDS Account;
"Director"	:	A natural person who holds a directorship in an executive or non-executive capacity in any company in the Volcano Group;
"Effective Date"	:	The date the last of the approvals and/or conditions referred to in By-Law 4.1 hereof have been obtained and/or complied with;
"Eligible Person(s)"	:	An Employee(s) or Director(s) of the Volcano Group who meets the criteria of eligibility for participation in the Scheme as set out in By-Law 6 hereof;
"Employee"	:	A natural person who is employed by and on the payroll of any company in the Volcano Group, including Director(s) within the Volcano Group;
"Entitlement Date"	:	The date as at the close of business on which the names of the shareholders of the Company must appear on the Company's record of depositors in order to participate in any dividends, rights, allotments or other distributions;
"ESOS" or "Scheme"	:	The Employees' Share Option Scheme for the grant of Options to selected Eligible Person(s) to subscribe for new Volcano Share(s) on the terms as set out herein;
"ESOS Committee"	:	The committee appointed from time to time by the Board pursuant to By-Law 17 to administer the Scheme;
"Exercise Period"	:	The specific period or periods within an Option Period during which Options may be exercised by Grantee(s), as determined by the ESOS Committee subject to By-Law 4 hereof;
"Grantee(s)"	:	Any Eligible Person(s) who has accepted the Offer by the Company in accordance with the terms of the Scheme;
"Government"	:	The Government of Malaysia;

14. ESOS BY-LAWS *(cont'd)*

"Listing Requirements"	:	The ACE Market Listing Requirements of Bursa Securities;
"Market Day(s)"	:	Any day(s) on which Bursa Securities is open for trading of securities;
"Maximum Allowable Allotment"	:	The maximum number of new Volcano Share(s) that can be offered to an Eligible Person(s) falling within a particular category of Eligible Person(s) as stipulated in By-Law 7 hereof;
"Maximum Scheme Limit"	:	The maximum number of new Volcano Share(s) which may be made available and/or issued under the Scheme which shall be not more than thirty percent (30%) of the total number of issued Share(s) of the Company (excluding treasury shares) at any one time;
"Offer"	:	An offer made in writing by the ESOS Committee to a selected Eligible Person(s) in the manner indicated in By-Law 5 hereof;
"Offer Date"	:	The date on which an Offer is made to a selected Eligible Person(s) to participate in the Scheme by the ESOS Committee;
"Official List"	:	A list specifying all securities which have been admitted for listing on Bursa Securities and which have not been removed;
"Option(s)"	:	The right of a Grantee(s) to subscribe for new Volcano Share(s) pursuant to the contract constituted by the selected Eligible Person's acceptance of an Offer in the manner indicated in By-Law 8 hereof;
"Option Period"	:	A period commencing from the date an Offer is accepted in accordance with By-Law 8 and expiring on the last day of the period referred to in By-Law 4 hereof or such other date which the ESOS Committee may in its discretion decide, subject always to any further extension of period or early termination in accordance with the provisions of By-Law 4 hereof, provided that no Option Period shall extend beyond the period referred to in By-Law 4 hereof;
"Person connected"	:	Has the meaning given to "person connected" adopted in Paragraph 1.01 of the Listing Requirements;
"Registered Office"	:	The registered address of Volcano;
"RM and sen"	:	Ringgit Malaysia and sen, respectively;
"Rules of Bursa Depository"	:	The Rules of Bursa Depository as issued pursuant to the Central Depositories Act;

14. ESOS BY-LAWS *(cont'd)*

"Senior Management"	:	An Employee of the Volcano Group holding the position of senior manager and above or other senior positions as may be determined by the ESOS Committee from time to time;
"Subscription Price"	:	The price at which the Grantee(s) shall be entitled to subscribe for every new Volcano Share(s) by exercising his Option(s) as determined in accordance with By-Law 9 hereof;
"Subsidiaries"	:	Subsidiary companies within the meaning of Section 4 of the Act of Volcano Group which are not dormant and shall include subsidiary companies which are existing as at the Effective Date and those which are incorporated or acquired at any time during the duration of the Scheme but exclude subsidiary companies which have been divested in the manner provided for in By-Law 25.2 and which is determined by the ESOS Committee at its absolute discretion from time to time to be a corporation participating under the Scheme in accordance with By-Law 6;
"Volcano Group" or the "Group"	:	Volcano Berhad and its Subsidiaries as defined in Section 4 of the Act;
"Volcano Berhad" or the "Company"	:	Volcano (Registration No. 201801004790 (1266804-D));
"Volcano Share(s)" or the "Share(s)"	:	Ordinary share(s) of the Company.
"VWAMP"	:	Volume weighted average market price

2.2 In these By-Law(s): -

(i) Any reference to a statutory provision shall include any subordinate legislation made from time to time under the provision and any listing requirements, policies and/or guidelines of Bursa Securities and/or any other relevant regulatory authority (whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed to by Bursa Securities and/or any other relevant regulatory authority);

(ii) Any reference to a statutory provision shall include that provision as from time to time modified or re-enacted whether before or after the date of these By-Law(s) so far as such modification or re-enactment applies or is capable of applying to any Option(s) offered and accepted prior to the expiry of the Scheme and shall include also any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly been replaced;

(iii) Words denoting the singular shall include the plural and references to gender shall include both genders and the neuter;

(iv) Any liberty or power which may be exercised or any determination which may be made hereunder by the ESOS Committee or the Board may be exercised at the ESOS Committee's or the Board's discretion;

14. ESOS BY-LAWS *(cont'd)*

(v) The heading in these By-Law(s) are for convenience only and shall not be taken into account in the interpretation of these By-Law(s); and

(vi) If an event occurs on a stipulated day which is not a Market Day(s), then the stipulated day will be taken to be the first Market Day(s) after that day provided always if such date shall fall beyond the duration of the Scheme, then the stipulated day shall be taken to be the preceding Market Day(s).

2A. THE OBJECTIVES OF THE SCHEME

The establishment of this ESOS is to: -

(i) recognise the contribution of the Eligible Person(s) whose services are valued and considered vital to the operations and continued growth of Volcano Group;

(ii) motivate the Eligible Person(s) towards improved performance through greater productivity and loyalty;

(iii) inculcate a greater sense of belonging and dedication as the Eligible Person(s) are given the opportunity to participate directly in the equity of the Company;

(iv) retain the Eligible Person(s), hence ensuring that the loss of key personnel is kept to a minimum level; and

(v) reward the Eligible Person(s) by allowing them to participate in the Volcano Group's profitability and eventually realise any capital gains arising from appreciation in the value of the Volcano Share(s).

The Scheme is also extended to the non-executive Directors of the Volcano Group to instil a greater sense of involvement and enhance the working relationship between the non-executive Directors and the Group, as they discharge important functions, and their services and contributions are valued by the Volcano Group.

3. MAXIMUM NUMBER OF SHARES AVAILABLE UNDER THE SCHEME

3.1 Each Option(s) shall be exercisable into one (1) new Volcano Share(s) in accordance with the provisions of these By-Law(s).

3.2 The total number of new Volcano Share(s) which may be made available and/or issued under the Scheme shall not be more than the Maximum Scheme Limit. The ESOS Committee has the discretion in determining whether the total number of new Volcano Share(s) which may be made available under the Scheme shall be staggered over the duration of the Scheme.

3.3 Notwithstanding the provision of By-Law 3.2 above or any other provisions contained herein, in the event the maximum number of new Volcano Share(s) comprised in the Option(s) granted under the Scheme exceeds the Maximum Scheme Limit as a result of the Company purchasing its own Share(s) or undertaking any corporate proposal and thereby diminishing its issued Share(s), no further Option(s) shall be offered until the total number of new Volcano Share(s) to be issued under the Scheme falls below the Maximum Scheme Limit. Any Option(s) granted prior to the adjustment of the issued Share(s) of the Company shall remain valid and exercisable in accordance with the provisions of this Scheme.

14. ESOS BY-LAWS *(cont'd)*

4. DURATION AND TERMINATION OF THE SCHEME

4.1 The Effective Date for the implementation of the Scheme shall be the date the last of the following approvals and/or conditions have been obtained and/or complied with: -

(a) the submission to Bursa Securities of the final copy of the By-Law(s) together with a letter of compliance pursuant to paragraphs 2.12 and 6.43 of the Listing Requirements and a checklist showing compliance with Appendix 6E of the Listing Requirements;

(b) the approval in-principle from Bursa Securities for the listing of the new Volcano Share(s) to be issued under the Scheme;

(c) the shareholders' approval for the Scheme at an extraordinary general meeting;

(d) the approval of any other relevant authorities for the Scheme (if any); and

(e) the fulfilment of all conditions attached to the above approvals, if any.

Unless otherwise terminated in accordance with By-Law 4.2 herein and subject to the compliance of the terms herein contained, the Scheme shall come in force on the Effective Date for a period of **five (5) years** commencing from the Effective Date **PROVIDED ALWAYS THAT** on or before the expiry thereof, the Board shall have the discretion upon recommendation of the ESOS Committee, without having to obtain the approval of the shareholders, to extend in writing the duration of the Scheme for another five (5) years or such shorter period as it deems fit immediately from the expiry of the first five (5) years commencing from the Effective Date **PROVIDED FURTHER THAT** the total duration of the Scheme shall not be more than ten (10) years from the Effective Date or such other period as may be allowed under the Listing Requirements. In the event that the Scheme is extended or renewed in accordance with the terms herein, the ESOS Committee shall inform the renewed duration of the Scheme to the relevant Grantee(s) in such manner of communication as the ESOS Committee deems fit. Unless otherwise required by the relevant authorities, no further approvals shall be required for the extension of the Scheme provided that the Company shall serve appropriate notices to Grantee(s) and make any announcements to Bursa Securities (if required) within thirty (30) days prior to the expiry of the original Scheme.

4.2 Offers can only be made during the duration of the Scheme.

4.3 The Company may at any time during the duration of the Scheme terminate the Scheme and shall immediately announce to Bursa Securities the: -

(a) effective date of termination of the Scheme;

(b) number of Option(s) exercised or Share(s) vested; and

(c) reasons for termination of the Scheme;

4.4 Notwithstanding anything to the contrary, all unexercised Option(s) shall lapse at 5.00p.m. on the Date of Expiry.

4.5 The Company shall through its Adviser submit no later than five (5) Market Day(s) after the Effective Date of the implementation of these By-Law(s), a confirmation to Bursa Securities of the full compliance of By-Law 4.1 above stating the effective date of implementation of the Scheme, together with a certified true copy of the relevant resolutions passed by the shareholders of the Company in the general meeting approving the Scheme.

14. ESOS BY-LAWS *(cont'd)*

5. OFFER

5.1 The ESOS Committee may, at any time during the duration of the Scheme as defined in By-Law 4 hereof, make Offer in writing to any Eligible Person(s) (based on the criteria of allocation as set out in By-Law 7 herein) selected by the ESOS Committee which selection shall be at the absolute discretion of the ESOS Committee.

5.2 The actual number of new Volcano Share(s) which may be offered to an Eligible Person(s) shall be at the sole and absolute discretion of the ESOS Committee and, subject to any adjustments that may be made under By-Law 14 hereof, but not more than the Maximum Allowable Allotment.

5.3 The ESOS Committee shall state the following particulars in the letter of Offer: -

(a) The number of Option(s) that are being offered to the Eligible Person(s);

(b) The number of Volcano Share(s) which the Eligible Person(s) shall be entitled to subscribe for upon the exercise of the Option(s) being offered;

(c) The Option(s) Period;

(d) The Exercise Period;

(e) The Subscription Price;

(f) The Validity Period as defined in By-Law 8.1; and

(g) Any other information deemed necessary by the ESOS Committee.

5.4 Without prejudice to By-Law 18, in the event of an error on the part of the Company in stating any of the particulars referred to in By-Law 5.3, the following provisions shall apply: -

(a) Within one (1) month after discovery of the error, the Company shall issue a supplemental letter of Offer, stating the correct particulars referred to in By-Law 5.3;

(b) In the event that the error relates to particulars other than the Subscription Price, the Subscription Price applicable in the supplemental letter of Offer shall remain as the Subscription Price as per the original letter of Offer; and

(c) In the event that the error relates to the Subscription Price, the Subscription Price applicable in the supplemental letter of Offer shall be the Subscription Price applicable as at the date of the original letter of Offer, save and except with respect to any Option(s) which have already been exercised as at the date of issue of the supplemental letter of Offer.

5.5 Subject to By-Law 3 hereof, nothing herein shall prevent the ESOS Committee from making more than one (1) Offer to any Eligible Person(s) **PROVIDED ALWAYS THAT** the total aggregate number of Volcano Share(s) which may be offered to any Eligible Person(s) (inclusive of Volcano Share(s) previously offered under the Scheme, if any) shall not exceed the Maximum Allowable Allotment of that Eligible Person as set out in By-Law 7 hereof.

5.6 The ESOS Committee has the discretion not to make further additional Offers regardless of the amount of Available Balance.

14. ESOS BY-LAWS *(cont'd)*

5.7 The Offer shall automatically lapse and be null and void in the event of the death of the Eligible Person or the Eligible Person(s) ceasing to be employed by the Volcano Group (as in the case of a non-executive Director, resigning from the Board) for any reason whatsoever prior to the acceptance of the Offer by the Eligible Person in the manner set out in By-Law 8 hereof.

5.8 An Offer may be made upon such terms and conditions as the ESOS Committee may decide from time to time. Each Offer shall be made in writing and is personal to the Eligible Person(s) and is non-assignable and non-transferable.

5.9 After each adjustment following an alteration of the Company's share capital as stipulated in By-Laws 14.1 and 14.2 and the Company informing the Grantee(s) of such adjustment pursuant to By-Law 14.6, upon the return by a Grantee(s) of the original letter of Offer to the Company, that letter of Offer shall be amended or a new letter of Offer shall be issued within one (1) month from the date of return of the original letter, to reflect the adjustment made to the number of Option(s) granted to the Grantee(s) and/or the Subscription Price.

5.10 The Company shall keep and maintain at its own expense a register of Grantee(s) and shall enter the names, addresses and identify card numbers of the Grantee(s), the Maximum Allowable Allotment, the number of Option(s) offered, the number of Option(s) exercised, the Date of Offer and the Subscription Price and other particulars as may be prescribed under Section 129 of the Act.

5.11 For the avoidance of doubt, there shall be no legal, equitable or other obligation whatsoever on the part of the ESOS Committee to consider making, or to make, any Offer to any or all of the Eligible Person(s).

6. ELIGIBILITY

6.1 Subject to By-Laws 6.2, 6.4 and 6.5 below, any Director or an Employee of the Volcano Group shall be eligible to be considered for the offer of Option(s) under the Scheme.

6.2 In the case of an Eligible Person(s), he/she will be eligible if at the date of the Offer, the following eligibility criteria is fulfilled: -

(a) he/she has attained the age of at least eighteen (18) years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;

(b) with the exception of the non-executive Director(s), he/ she is employed on full time basis and who has been confirmed in service; and/or

(c) is under such categories and criteria that the ESOS Committee may from time to time decide at its absolute discretion,

PROVIDED ALWAYS THAT the selection of any Director or Employee for participation in the Scheme shall be at the discretion of the ESOS Committee and the decision of the ESOS Committee shall be final and binding. In determining the eligibility of an Eligible Person(s) to participate in the Scheme, the ESOS Committee may take into account amongst other factors, seniority, job grading, length of service and/or contribution to the relevant company within the Group, and/or such other factors that the ESOS Committee may in its sole and absolute discretion deem fit. The ESOS Committee shall also have the sole and absolute discretion to determine whether to stagger the allocation of Option(s) available over the duration of the Scheme and to determine the vesting period (if any) for the Option(s) granted under the Scheme.

14. ESOS BY-LAWS *(cont'd)*

6.3 No Offer, allocation of Option(s) under the Scheme and the related allotment of Volcano Share(s) shall be made to the following persons unless the shareholders of Volcano Share(s) in a general meeting shall have approved the specific allocation and allotment to such persons: -

(a) any person who is a director, major shareholder or chief executive of Volcano Berhad or holding company of Volcano Berhad ("**interested director**", "**interested major shareholder**" and "**interested chief executive**"); or

(b) a person connected with an interested director, interested major shareholder or interested chief executive ("**interested person connected with a director, major shareholder or chief executive**").

In a meeting to obtain shareholder approval in respect of the above allocation and allotment: -

(aa) the interested director, interested major shareholder, interested chief executive or interested person connected with a director, major shareholder or chief executive; and

(bb) where the allocation and allotment is in favour of an interested person connected with a director, major shareholder or chief executive, such director, major shareholder or chief executive,

must not vote on the resolution approving the said allocation and allotment. An interested director, interested major shareholder or interested chief executive must ensure that such persons connected with him/her abstain from voting on the resolution approving the said allocation and allotment.

6.4 For the avoidance of doubt, the following persons are not Eligible Person(s) and do not qualify for participation in the Scheme: -

(a) subject to By-Law 24 below, employees of a company which has ceased to be a subsidiary of Volcano;

(b) a Director or employee of a company within the Group which is dormant;

(c) unless decided otherwise by the ESOS Committee in its discretion, employees recruited on a full time basis which has been employed for less than six (6) months;

(d) unless decided otherwise by the ESOS Committee in its discretion, employees recruited under contracts of employment; and

(e) employees that are on probation.

6.5 A Grantee(s) under the Scheme shall not be entitled to participate in any other share issuance scheme which may be implemented by any other company in the Volcano Group during the duration of the Scheme.

6.6 Eligibility under the Scheme does not confer on an Eligible Person(s) a claim or right to participate in or any rights whatsoever under the Scheme and an Eligible Person(s) does not acquire or have any rights over or in connection with the Option(s) or the Volcano Share(s) comprised herein unless an Offer has been made by the ESOS Committee to the Eligible Person and the Eligible Person(s) has accepted the Offer in accordance with the terms of the Offer and the Scheme.

14. ESOS BY-LAWS *(cont'd)*

6.7 Subject to By-Laws 3.2 and 7.1, in the event that the ESOS Committee has determined that certain Eligible Person(s) are entitled to be offered additional Option(s) and the Available Balance is insufficient to grant their full additional entitlements, the Available Balance may be distributed on such basis as the ESOS Committee may determine.

6.8 The ESOS Committee has the discretion not to make further Offers regardless of the amount of Available Balance.

6.9 Where an Offer to an Eligible Person(s) who is a member of the ESOS Committee, such grant of Option(s) shall be decided and carried out by the ESOS Committee PROVIDED ALWAYS that such Eligible Person(s) and persons connected to him who are also members of the ESOS Committee shall abstain from all deliberations and voting in respect of the Offer proposed to be granted to him/her at the relevant ESOS Committee meetings.

7. MAXIMUM ALLOWABLE ALLOTMENT AND BASIS OF ALLOCATION

7.1 Subject to any adjustments which may be made under By-Law(s) and the maximum allowable allocation limit on the total number of Share(s) (including Share(s) already issued under the Scheme) under Option(s) pursuant to By-Law 3, the aggregate number of new Volcano Share(s) that may be offered and allotted to any of the Eligible Person(s) who are entitled to participate in the Scheme shall be on the basis set out in By-Law 7.2 subject always to the following main parameters: -

(a) the Directors and Eligible Person(s) do not participate in the deliberation or discussion of their own allocation and the allocation to any person connected with them; and

(b) the number of Volcano Share(s) allocated to any Eligible Person(s) who, either singly or collectively through persons connected with the Eligible Person(s), holds twenty percent (20%) or more in the total number of issued Share(s) (excluding treasury shares) of the Company, shall not exceed ten percent (10%) of the total number of Volcano Share(s) to be issued under the Scheme and any other schemes involving issuance of new Share(s) to the Eligible Person(s) to be implemented from time to time; and

(c) not more than seventy percent (70%) of the new Volcano Share(s) available under the Scheme shall be allocated in aggregate to the Directors and Senior Management,

PROVIDED ALWAYS THAT it is in accordance with any prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time.

7.2 The basis for determining the aggregate number of new Volcano Share(s) that may be offered under the Scheme and/or to an Eligible Person(s) shall be at the sole and absolute discretion of the ESOS Committee after taking into consideration, *inter alia*, the seniority, job grading, length of service and/or contribution to the Group by the Eligible Person(s) and/or such other matters which the ESOS Committee may in its sole and absolute discretion deem fit and the maximum allowable allocation limit on the total number of Share(s) (including Share(s) already issued under the Scheme) under Option(s) to be offered to an Eligible Person(s) shall be based on the group of Employees as decided by the ESOS Committee.

14. ESOS BY-LAWS *(cont'd)*

7.3 Subject to By-Law 18, the ESOS Committee may at its sole and absolute discretion and pursuant to By-Law 17, amend or vary and/or include or preclude any basis or criteria which is applied in considering Offers to Eligible Person(s) including details of the category of Employees and/or thresholds of Maximum Allowable Allotment for which it shall deem necessary to introduce during the duration of the Scheme provided that these additional categories and/or basis are in compliance with the relevant Listing Requirements and applicable laws.

7.4 Any Eligible Person(s) who holds more than one (1) position within the Volcano Group (including a Director who is an Employee of the Volcano Group and who sits on the board(s) of directors of any one (1) or more corporations within the Volcano Group), and is therefore an Eligible Person(s) in more than one category or capacity, shall be entitled to the Maximum Allowable Allotment of only one (1) category to be determined by the ESOS Committee at its sole and absolute discretion.

7.5 In the event that an Eligible Person(s) is promoted to a higher category, he/she shall be entitled to continue to hold and to exercise all unexercised Option(s) held by him/her as at the effective date of promotion and his/her Maximum Allowable Allotment shall be increased in accordance with his/her new category as provided in By-Law 7.2 effective from such date.

7.6 In the event that an Eligible Person(s) is demoted to a lower category, he/she shall be entitled to continue to hold and to exercise all unexercised Option(s) held by him/her as at the effective date of demotion and his/her Maximum Allowable Allotment shall be reduced in accordance with his/her new category as provided in By-Law 7.2 effective from such date, unless otherwise determined by the ESOS Committee. In the event the total number of Share(s) in respect of Option(s) which have been accepted by such demoted Eligible Person(s) up to the effective date of his/her demotion is higher than the Maximum Allowable Allotment for his/her new category pursuant to such demotion, he/she shall not be entitled to be offered any further Option(s) unless and until he/she is subsequently promoted to a higher category or in such event where the Maximum Allowable Allotment is amended as provided in By-Law 7.3 or revised by the ESOS Committee resulting in his/her Maximum Allowable Allotment being increased to an amount greater than the total number of Share(s) in respect of Option(s) which have already been accepted by him/her.

7.7 The ESOS Committee shall not be obliged in any way to offer to an Eligible Person(s) all of the specified Maximum Allowable Allotment. The decision of the ESOS Committee shall be final and binding.

7.8 The allocation of Option(s) pursuant to the Scheme shall be verified by the Company's Audit Committee, as being in compliance with the criteria set out in these By-Law(s) (where relevant) at the end of each financial year of the Company.

8. ACCEPTANCE OF THE OFFER

8.1 An Offer shall be valid for a period of thirty (30) calendar days from the Offer Date or such longer period as the ESOS Committee at its discretion, may determine on a case to case basis (**"Validity Period"**). Acceptance of the Offer by an Eligible Person(s) shall be made by way of a written notice from the Eligible Person(s) to the ESOS Committee in the form prescribed by the ESOS Committee and accompanied by the payment of Ringgit Malaysia One (RM1.00) only as non-refundable consideration for the acceptance of each Offer (regardless of the number of shares comprised therein).

8.2 In the event that the Eligible Person(s) fails to accept the Offer or pay the acceptance consideration as set out in By-Law 8.1 hereof within the Validity Period and in the manner aforesaid, the Offer shall be deemed to have lapsed.

14. ESOS BY-LAWS *(cont'd)*

8.3 Within thirty (30) calendar days after the due acceptance of the Offer in accordance with the provisions of this By-Law, the ESOS Committee shall issue to the Grantee(s) a certificate of Option(s) in such form as may be determined by the ESOS Committee. For the avoidance of doubt, the Grantee(s) is entitled to exercise the Option(s) granted to and accepted by him/her in accordance with By-Law 8.1 above pending the issuance of a certificate of Option(s) by the ESOS Committee to the Grantee(s).

8.4 An administrative cost of Ringgit Malaysia Thirty (RM30.00) and any associated cost for the replacement of lost certificate of Option(s) shall be fully borne by the Grantee(s) and such Grantee(s) shall have to sign a statutory declaration for the loss of the certificate of Option(s).

9. SUBSCRIPTION PRICE

9.1 The Subscription Price of each Share(s) comprised in any Option(s) shall at the discretion of the ESOS Committee, be based on a discount of not more than 10% or such higher limit as may be permitted from time to time by Bursa Securities or any other relevant authorities to five-(5) day VWAMP of the Share(s) transacted on Bursa Securities immediately preceding the Offer Date.

9.2 The Subscription Price shall be stipulated on each certificate of Option(s).

9.3 The Subscription Price shall be subject to any adjustments provided under By-Law 14 herein.

10. EXERCISE OF OPTION(S)

10.1 Subject to By-Laws 10.2 and 10.7 hereof, an Option(s) can be exercised by the Grantee(s) by notice in the prescribed form to the Company on such day(s) of the calendar month (which shall be a Market Day(s)) as the ESOS Committee may notify the Grantee(s) during the Exercise Period in respect of all or any part of the Volcano Share(s) comprised in the Option(s), such part being in multiples of one hundred (100) Volcano Share(s) unless the ESOS Committee shall otherwise agree. Any partial exercise of an Option shall not preclude the Grantee(s) from exercising the Option in respect of the balance of the Share(s) comprised in the Option(s).

10.2 Subject to By-Laws 14 and 18 hereof, the ESOS Committee may, at any time and from time to time, before and after an Option(s) is granted: -

(a) limit the exercise of the Option(s) to a maximum number of new Volcano Share(s) and/or such percentage of the total new Volcano Share(s) comprised in the Option(s) during such periods within the Option(s) Period,

(b) subject the exercise of the Option(s) to any vesting condition determined by the ESOS Committee at its sole and absolute discretion including but not limited to performance targets being achieved before an Option(s) can be exercised, and/or

(c) impose any other terms and/or conditions (including the time period to exercise the Option(s)) as the ESOS Committee may, in its sole discretion deem appropriate including amending or varying any terms and conditions imposed earlier.

14. ESOS BY-LAWS *(cont'd)*

10.3 Every such notice to exercise the Option(s) referred to in By-Law 10.1 hereof shall be accompanied by a remittance in RM in the form of a bankers' draft or cashiers' order drawn and payable in Malaysia or any other form acceptable to the ESOS Committee for the full amount of the Subscription Price in relation to the number of new Volcano Share(s) in respect of which the written notice is given.

10.4 The Company shall allot and issue such new Volcano Share(s) to the Grantee(s) in accordance with the provisions of the Company's Constitution, the Central Depositories Act and the Rules of Bursa Depository, despatch the notice of allotment to the Grantee(s) and make an application for the listing of and quotation for the new Volcano Share(s) within eight (8) Market Day(s) from the receipt by the Company of the aforesaid notice and remittance from the Grantee(s) or such other period as may be prescribed by Bursa Securities.

10.5 The ESOS Committee, the Board and the Company shall not under any circumstances whatsoever be liable for any costs, expenses, charges and damages whatsoever and howsoever arising whether arising directly or indirectly from any delay on the part of the Company in allotting and issuing the new Volcano Share(s) or in procuring Bursa Securities to list the new Volcano Share(s) for which the Grantee(s) is entitled to subscribe or otherwise.

10.6 The Grantee(s) who exercises his Option(s) shall provide the ESOS Committee with his CDS Account number or the CDS Account number of his Authorised Nominee, as the case may be, in the notice referred to in By-Law 10.1 hereof. The new Volcano Share(s) to be issued pursuant to the exercise of an Option(s) will be credited directly into the CDS Account of the Grantee(s) or his Authorised Nominee, as the case may be and a notice of allotment stating the number of shares credited into such CDS Account will be issued to the Grantee(s) within eight (8) Market Day(s) from the receipt by the Company of the written notice of exercise of the Option(s) together with the requisite remittance of subscription monies and no physical share certificate will be issued.

10.7 In the event that a Grantee(s) is subject to disciplinary proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of service) the ESOS Committee shall have the right, to suspend the Grantee's Option(s) pending the outcome of such disciplinary proceedings. The ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate having regard to the nature of the charges made or brought against the Grantee(s) **PROVIDED ALWAYS THAT**: -

(a) in the event that such Grantee(s) shall subsequently be found not guilty of the charges which give rise to such disciplinary proceedings, the ESOS Committee shall reinstate the rights of such Grantee(s) to exercise his Option(s);

(b) in the event the disciplinary proceedings result in a recommendation for the dismissal or termination of service of such Grantee(s), the Option(s) shall immediately cease without notice and be null and void and of no further force and effect upon pronouncement of the dismissal or termination of service of such Grantee(s) notwithstanding that such recommendation may be subsequently challenged by the Grantee(s) in any other forum; and

(c) in the event such Grantee(s) is found guilty but not dismissed or termination of service is not recommended, the ESOS Committee shall have the right to determine at its discretion whether or not the Grantee(s) may continue to exercise his Option(s) and if so, to impose such limits, terms and conditions as it deems appropriate, on such exercise.

14. ESOS BY-LAWS *(cont'd)*

The Board may, after a warning/caution letter has been issued to a Grantee(s) by the relevant company within the Group, recommend to the ESOS Committee to suspend the Grantee's Option(s). The ESOS Committee shall, upon receipt of such recommendation by the Board, suspend the Grantee's Option(s) until such time as the Board determines at its discretion whether or not the Grantee(s) may continue to exercise his Option(s) and if so, whether to impose such limits, terms and conditions as the Board deems appropriate, on such exercise.

For the purpose of this By-Law(s), a Grantee(s) shall be deemed to be subject to "disciplinary proceedings" if: -

(i) he/she is suspended from work pending investigation into his/ her conduct;

(ii) he/she is issued with a letter requiring him/ her to attend an internal domestic inquiry; or

(iii) such other instances as the Board may deem as being subject to disciplinary proceedings.

10.8 All Option(s) to the extent unexercised on the expiry of the Option(s) Period applicable thereto shall lapse.

10.9 The Company will undertake to keep sufficient unissued Volcano Share(s) to satisfy all outstanding Option(s), which may be exercisable from time to time during the existence of the Scheme.

10.10 Any failure to comply with the procedures specified by the ESOS Committee or to provide information as required by the Company in the notice to exercise or inaccuracy in the CDS Account number provided shall result in the notice to exercise being rejected at the discretion of the ESOS Committee. The ESOS Committee shall inform the Grantee(s) of the rejection of the notice of exercise within ten (10) Market Day(s) from the date of rejection and the Grantee(s) shall not have deemed to have exercised his/her Option(s).

10.11 The Company, the Board and the ESOS Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities whatsoever and howsoever arising in the event of any delay on the part of the Company in allotting and issuing the Share(s) or in procuring the relevant authorities to list and quote the Share(s) subscribed for by a Grantee(s) or any delay in receipt or non-receipt by the Company of the notice to exercise the Option(s) or for any errors in any Offers or any other matters or dealings which are outside the control of the Company, the Board and/or the ESOS Committee.

10.12 Every Option(s) shall be subject to the condition that no new Volcano Share(s) shall be issued pursuant to the exercise of an Option(s) if such issue would be contrary to any law, enactment, rule and/or regulation of any legislative or non-legislative body which may be in force during the Option Period or such period as may be extended.

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14. ESOS BY-LAWS *(cont'd)*

11. RIGHTS ATTACHING TO OPTION(S) AND THE NEW SHARE(S)

11.1 The Option(s) shall not carry any right to vote at any general meeting of the Company.

11.2 A Grantee(s) shall not be entitled to any dividends, right or other entitlements on his unexercised Option(s) in relation to the Share(s) yet to be issued.

11.3 The new Volcano Share(s) to be allotted upon the exercise of the Option(s) shall upon allotment, issuance and full payment, rank *pari passu* in all respects with the existing Volcano Share(s) save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions declared, the Entitlement Date of which is prior to the date of allotment of the said new Volcano Share(s).

11.4 The new Volcano Share(s) will be subject to all provisions of the Constitution of the Company.

12. NON-TRANSFERABILITY

12.1 An Option(s) is personal to the Grantee(s) and subject to the provisions of By-Laws 13.1, 13.2, 13.3 and 13.5, it is exercisable only by the Grantee(s) personally during his lifetime whilst he is in the employment in any company in the Group.

12.2 An Option(s) so granted shall not be transferred, assigned, disposed of or subject to any encumbrances by the Grantee save and except in the event of the death of the Grantee(s) as provided under By-Law 13.5. Any attempt to transfer, assign, dispose or encumber an Option(s) by the Grantee(s) shall result in the automatic cancellation of the Option(s).

13. TERMINATION OF THE OPTION(S)

13.1 In the event a Grantee(s) ceases to be in the employment of the Group for whatever reason prior to the full exercise of an Option(s), such Option(s) or the balance thereof, as the case may be, shall forthwith cease to be valid without any claim against the Company **PROVIDED ALWAYS THAT** the ESOS Committee may, at its absolute discretion, by notice in writing, permit such Option(s) to remain exercisable during the Option Period if such cessation occurs by reason of: -

(a) retirement on attaining the retirement age under the Group's retirement policy; or

(b) retirement before attaining the normal retirement age but with the consent of the ESOS Committee; or

(c) transfer to any company outside the Group at the direction of the Company; or

(d) redundancy; or

(e) ill-health, injury, physical or mental disability; or

(f) the insanity or bankruptcy of the Grantee(s); or

(g) any other circumstances which are acceptable to the ESOS Committee subject to the approval and/or ratification by the Board.

14. ESOS BY-LAWS *(cont'd)*

Upon the termination of Option(s) pursuant to the above, the Grantee(s) shall have no right to compensation or damages or any claim against the Company for any loss of any right or benefit under the Scheme which he/she might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from his/her ceasing to hold office or employment or from the suspension of his/her right to exercise his/her Option(s) or his/her Option(s) ceasing to be valid.

13.2 Unless otherwise agreed in writing by the ESOS Committee at its absolute discretion, upon the resignation of the Grantee(s) from his employment or directorship with the Group (as the case may be), an Option(s) shall lapse forthwith on the date the Grantee(s) tenders his resignation. Any Option(s) which lapses upon the resignation of the Grantee(s) from his employment or directorship with Group (as the case may be), at the discretion of the ESOS Committee, shall be offered to other Eligible Person(s).

13.3 An Option(s) shall immediately become void and of no further force and effect upon the Grantee(s) being adjudicated a bankrupt.

13.4 In the event of the liquidation of the Company, all unexercised or partially exercised Option(s) shall lapse.

13.5 Where a Grantee(s) dies before the expiry of the Option Period, the whole or any part of the Option(s) held by the Grantee(s) that is unexercised shall lapse after the expiry of twelve (12) months from the date of the Grantee's death unless exercised by the legal representatives of the Grantee(s) prior to the expiry of such period in accordance with the terms and/or conditions as set out by the ESOS Committee **PROVIDED ALWAYS THAT** no Option(s) shall be exercised after the expiry of the Option Period.

14. ALTERATION OF SHARE CAPITAL DURING THE OPTION PERIOD

14.1 In the event of any alteration in the capital structure of the Company during the Option Period, whether by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of Volcano Share(s) or reduction of capital or any other variation of capital, the Company shall cause such adjustment to be made to: -

(a) the number of Volcano Share(s) which a Grantee(s) shall be entitled to subscribe for upon the exercise of each Option(s); and/or

(b) the Subscription Price.

14.2 The following provisions shall apply in relation to an adjustment which is made pursuant to By-Law 14.1: -

(a) any adjustment to the Subscription Price shall be rounded up to the nearest one (1) sen ; and

(b) in determining a Grantee's entitlement to subscribe for Volcano Share(s), any fractional entitlements will be disregarded.

14.3 By-Law 14.1 shall not be applicable where an alteration in the capital structure of the Company arises from any of the following: -

(a) an issue of new Volcano Share(s) or other securities convertible into Volcano Share(s) or rights to acquire or subscribe for Volcano Share(s) in consideration or part consideration for an acquisition of any other securities, assets or business;

14. ESOS BY-LAWS *(cont'd)*

(b) a special issue of new Volcano Share(s) to Bumiputera investors nominated by the Ministry of International Trade and Industry, Malaysia and/or other government authority to comply with the Government policy on Bumiputera capital participation;

(c) a private placement/restricted issue of new Volcano Share(s) by the Company;

(d) an issue of new Volcano Share(s) arising from the exercise of any conversion rights attached to securities convertible to Volcano Share(s) or upon exercise of any other rights including warrants and/or convertible loan stocks (if any) issued by the Company;

(e) an issue of new Volcano Share(s) upon the exercise of Option(s) pursuant to the Scheme;

(f) an issue of further Option(s) to Eligible Person(s) under these By-Law(s); and

(g) a purchase by the the Company of its own Share(s) pursuant to Section 127 of the Act.

14.4 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Subdivision 2, Division 7, Part III of the Act, By-Law 14.1 shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company, save that By-Law 14.3 shall be applicable in respect of such part(s) of the Scheme which involve(s) any alteration(s) in the capital structure of the Company which falls within By-Law 14.3.

14.5 In the event the Court sanctions a compromise or arrangements between the Company and its members proposed for the purposes of, or in connection with, a scheme for arrangement or reconstruction of the Company under Subdivision 2, Division 7, Part III of the Act or its amalgamation with any other company or companies under Subdivision 2, Division 7, Part III of the Act, any Option(s) should remain exercisable by the Grantee(s) at any time and from time to time in the period commencing with the date upon which the compromise or arrangements is sanction by the court and ending with the date upon which it becomes effective or within the Option Period, whichever expires first. Upon the compromise or arrangement becoming effective, all Option(s), to the extent unexercised shall automatically lapse and shall become null and void.

14.6 Upon any adjustment being made, the ESOS Committee shall within ten (10) Market Day(s) give notice in writing to the Grantee(s), or his legal or personal representative where the Grantee(s) is deceased, to inform him/her of the adjustment and the event giving rise thereto.

14.7 Save for any alteration in the capital structure of the Company during the Option Period arising from bonus issues, all adjustments must be confirmed in writing by an approved company auditor or the Company's Adviser, acting as an expert and not as an arbitrator, to be in his opinion fair and reasonable. In addition, the Company shall, at the request of any Grantee(s), furnish such Grantee(s) with a certificate from an approved company auditor or the Company's Adviser (as the case may be) to the effect that in the opinion of such auditor or the Company's Adviser (as the case may be), acting as an expert and not as an arbitrator, an adjustment is fair and reasonable either generally or as regards such Grantee(s), and such certification shall be final and binding on all parties. For the purposes of this By-Law, an approved company auditor shall have the meaning given in Section 2(1) of the Act and shall be the external auditors for the time being of the Company or such other external auditors as may be nominated by the Board.

14.8 The Company shall ensure that any adjustments made must be in compliance with the provisions for adjustment as provided in By-Law 14.9.

14. ESOS BY-LAWS *(cont'd)*

14.9 In addition to By-Law 14.1 and not in derogation thereof, the Subscription Price and the number of new Volcano Share(s) relating to the Option(s) so far unexercised shall from time to time be adjusted in accordance with the following relevant provisions in consultation with an Adviser and/or an auditor: -

(a) If and whenever a Volcano Share(s) by reason of any consolidation or subdivision or conversion shall have a different value, the Subscription Price shall be adjusted and the additional number of new Volcano Share(s) relating to the Option(s) to be issued shall be calculated in accordance with the following formula: -

New Subscription Price $= \left[\frac{A}{B}\right] \times S$

For consolidation of Share(s): -

New number of Share(s) under Option(s) $T \times \left[\frac{B}{A}\right]$

For subdivision of Share(s): -

Additional Share(s) under Option(s) $T \times \left[\frac{B}{A}\right] - T$

where: -

A = the aggregate number of issued and paid-up Volcano Share(s) immediately before such consolidation or subdivision or conversion;

B = the aggregate number of issued Share(s) immediately after such consolidation or subdivision or conversion;

S = Existing Subscription Price; and

T = Existing number of Share(s) under the Option(s).

Each such adjustment will be effective from the close of business on the Market Day(s) next following the date on which the consolidation or subdivision or conversion becomes effective (being the date when the Volcano Share(s) are traded on Bursa Securities at the new value), or such period as may be prescribed by Bursa Securities.

14. ESOS BY-LAWS *(cont'd)*

(b) If whenever the Company shall make any issue of Volcano Share(s) to ordinary shareholders credited as fully paid, by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature and including any capital redemption reserve fund), the Subscription Price shall be adjusted by multiplying it by the following fraction: -

$$\textit{New Subscription Price} = S \times \left[\frac{A}{A+B}\right]$$

and the additional number of new Volcano Share(s) relating to the Option(s) to be issued shall be calculated as follows: -

$$\textit{Number of Additional Volcano Share(s)} = T \times \left[\frac{A+B}{A}\right] - T$$

where: -

A = the aggregate number of issued and paid-up Volcano Share(s) immediately before such bonus issue or capitalisation issue;

B = the aggregate number of Volcano Share(s) to be issued pursuant to any allotment to ordinary shareholders credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature and including any capital redemption reserve fund); and

T = existing number of Volcano Share(s) relating to the Option(s).

Each such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day(s) following the books closure date for such issue.

(c) If and whenever the Company shall make: -

(i) a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or

(ii) any offer or invitation to its ordinary shareholders whereunder they may acquire or subscribe for Volcano Share(s) by way of rights; or

(iii) any offer or invitation to its ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into Volcano Share(s) or securities with rights to acquire or subscribe for Volcano Share(s),

then and in respect of each such case, the Subscription Price shall be adjusted by multiplying it by the following fraction: -

$$\frac{C - D}{C}$$

and in respect of the case referred to in By-Law 14.9(c)(ii) hereof, the number of additional new Share(s) comprised in the Option to be issued shall be calculated as follows: -

14. ESOS BY-LAWS *(cont'd)*

$$\textit{Number of Additional Share(s)} = T \times \left[\frac{C}{C\text{-}D^*} \right] - T$$

where: -

T = existing number of Volcano Shares relating to the Option(s);

C = the current market price of each Share on the Market Day(s) immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation; and

D = (i) in the case of an offer or invitation to acquire or subscribe for Volcano Share(s) by way of rights under By-Law 14.9(c)(ii) above or for securities convertible into Volcano Share(s) or securities with rights to acquire or subscribe for Volcano Share(s) under By-Law 14.9(c)(iii) above, the value of rights attributable to one (1) Share (as defined below); or

(ii) in the case of any other transaction falling within By-Law 14.9(c) hereof, the fair market value, as determined by the Adviser and/or an auditor, of that portion of the Capital Distribution attributable to one (1) Share.

For the purpose of definition (i) of D above, the "*value of the rights attributable to one (1) Share*" shall be calculated in accordance with the formula: -

$$\frac{C - E}{F + 1}$$

where: -

C = as C above;

E = the subscription consideration for one (1) additional Share under the terms of such of offer or invitation or subscription price for one (1) additional Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for one (1) Share under the offer or invitation;

F = the number of Volcano Share(s) which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share or security convertible into rights to acquire or subscribe for one (1) additional Share; and

D* = the value of rights attributable to one (1) Share (as defined below).

For the purpose of definition D* above, the "*value of rights attributable to one (1) Share*" shall be calculated in accordance with the formula: -

$$\frac{C - E^*}{F^* + 1}$$

14. ESOS BY-LAWS *(cont'd)*

where: -

C = as C above;

E* = the subscription price for one (1) additional Share under the terms of such offer or invitation; and

F* = the number of Volcano Share(s) which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share.

For the purpose of By-Law 14.9(c) hereof, "Capital Distribution" shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of Shares (not falling under By-Law 14.9(b) hereof) or other securities credited as fully or partly paid-up by way of capitalisation of profits or reserves (whether of a capital or income nature and including any capital redemption reserve fund).

Any dividend declared or provided for by the Company in the accounts of any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless the aggregate dividends declared or provided for the financial year is less than ten percent (10%) of the value of the Volcano Share(s).

Any dividend charged or provided for in the accounts of any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders as shown in the audited consolidated profit and loss accounts of the Company.

Such adjustments will be effective (if appropriate retroactively) from the commencement of the next Market Day(s) following the book closure date for the above transactions.

(d) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 14.9 (b) above and also makes an offer or invitation to its ordinary shareholders as provided in By-Law 14.9(c)(ii) or (iii) above and the book closure date for the purpose of the allotment is also book closure date for the purpose of the offer or invitation, the *Subscription Price* shall be adjusted by multiplying it by the following fraction: -

$$\frac{(G \times C) + (H \times I)}{(G + H + B) \times C}$$

and where the Company makes an allotment to its ordinary shareholders as provided in By-Law 14.9(b) above and also makes an offer or invitation to its ordinary shareholders as provided in By-Law 14.9(c)(ii) above and the entitlement date for the purpose of the allotment is also the book closure date for the purpose of the offer or invitation, the number of additional new Volcano Share(s) relating to the Option(s) to be issued shall be calculated as follows: -

Number of Additional Volcano Share(s) = $$T \times \left[\frac{[(G + H^* + B) \times C]}{(G \times C) + (H^* \times I^*)} \right] - T$$

where: -

B = as B above;

C = as C above;

G = the aggregate number of issued and paid-up Volcano Share(s) on the book closure date;

14. ESOS BY-LAWS *(cont'd)*

H = the aggregate number of new Volcano Share(s) under an offer or invitation to acquire or subscribe for Volcano Share(s) by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Volcano Share(s) or rights to acquire or subscribe for Volcano Share(s), as the case may be;

H* = the aggregate number of new Volcano Share(s) under an offer or invitation to acquire or subscribe for Volcano Share(s) by way of rights;

I = the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Volcano Share(s) or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Volcano Share(s), as the case may be;

I* = the subscription price of one (1) additional Share(s) under the offer or invitation to acquire or subscribe for Volcano Share(s); and

T = as T above.

Such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day(s) following the book closure date for such issue.

(e) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Volcano Share(s) as provided in By-Law 14.9(c)(ii) above together with an offer or invitation to acquire or subscribe for securities convertible into or rights to acquire or subscribe for ordinary shareholders as provided in By-Law 14.9(c)(iii) above, the *Subscription Price* shall be adjusted by multiplying it by the following fraction: -

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

and the number of additional new Volcano Share(s) relating to the Option(s) to be issue shall be calculated as follows: -

Number of Additional Volcano Share(s) = $T \times \left[\frac{(G + H^*) \times C - T}{(G \times C) + (H^* \times I^*)} \right]$

where: -

C = as C above;

G = as G above;

H = as H above;

H* = as H* above;

I = as I above;

I* = as I* above;

J = the aggregate number of Volcano Share(s) to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for Volcano Share(s) by the ordinary shareholders;

14. ESOS BY-LAWS *(cont'd)*

K = the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Volcano Share(s); and

T = as T above.

Such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day(s) following the book closure date for the above transactions.

(f) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 14.9(b) above and also makes an offer or invitation to acquire or subscribe for Volcano Share(s) to its ordinary shareholders as provided in By-Law 14.9(c)(ii) above, together with rights to acquire or subscribe for Volcano Share(s) as provided in By-Law 14.9(c)(iii) above, and the book closure date for the purpose of allotment is also the book closure for the purpose of the offer or invitation, the *Subscription Price* shall be adjusted by multiplying it by the following fraction: -

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J + B) \times C}$$

and the number of additional new Volcano Share(s) relating to the Option(s) to be issued shall be calculated as follows: -

$$\textit{Number of Additional Volcano Share(s)} = T \times \left[\frac{[(G + H^* + B) \times C] - T}{(G \times C) + (H^* \times I^*)} \right]$$

where: -

B = as B above;

C = as C above;

G = as G above;

H = as H above;

H* = as H* above;

I = as I above;

I* = as I* above;

J = as J above;

K = as K above; and

T = as T above.

Such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day(s) following the books closure date for the above transaction.

14. ESOS BY-LAWS *(cont'd)*

(g) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders and requiring an adjustment under By-Laws 14.9(c)(ii), (c)(iii), (d), (e) or (f) above), the Company shall issue either any Volcano Share(s) or any securities convertible into Volcano Share(s) or any rights to acquire or subscribe for Volcano Share(s), and in any such case, the Total Effective Consideration per Volcano Share(s) (as defined below) is less than ninety per cent (90%) of the Average Price for one (1) Share(s) (as defined below) or, as the case may be, the price at which the Volcano Share(s) will be issued upon conversion of such securities or exercise of such rights is determined, the *Subscription Price* shall be adjusted by multiplying it by the following fraction: -

$$\frac{L + M}{L + N}$$

where: -

L = the number of Volcano Share(s) in issue at the close of business on the Market Day(s) immediately preceding the date on which the relevant adjustment becomes effective;

M = the number of Volcano Share(s) which the Total Effective Consideration (as defined below) would have purchased at the Average Price (exclusive of expenses); and

N = the aggregate number of Volcano Share(s) so issued or, in the case of securities convertible into Volcano Share(s) or rights to acquire or subscribe for Volcano Share(s), the maximum number (assuming no adjustment of such rights) of Volcano Share(s) issuable upon full conversion of such securities or the exercise in full of such rights.

For the purpose of By-Law 14.9(g), the "*Total Effective Consideration*" shall be determined by the Board with the concurrence of an Adviser and/or an auditor and shall be: -

(i) in the case of the issue of Volcano Share(s), the aggregate consideration receivable by the Company on payment in full for such Share(s); or

(ii) in the case of the issue by the Company of securities with rights to acquire or subscribe for Volcano Share(s), the aggregate consideration receivable by the Company on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by the Company upon full conversion of such securities (if any); or

(iii) in the case of the issue by the Company of securities with rights to acquire or subscribe for Volcano Share(s), the aggregate consideration attributable to the issue of such rights together with the total amount receivable by the Company upon full exercise of such rights;

in each case without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and "*Total Effective Consideration per Share*" shall be the Total Effective Consideration divided by the number of Volcano Share(s) issued as aforesaid or, in the case of securities convertible into Volcano Share(s) or securities with rights to acquire or subscribe for Volcano Share(s), by the maximum number of Volcano Share(s) issuable on full conversion of such securities or on exercise in full of such rights.

14. ESOS BY-LAWS *(cont'd)*

For the purpose of By-Law 14.9(g), the Average Price of a Share(s) shall be the average price of one (1) Share(s) as derived from the last dealt prices for one or more board lots of Volcano Share(s) as quoted on Bursa Securities on the Market Day(s) comprised in the period used as a basis upon which the issue price of such Volcano Share(s) is determined.

Each such adjustment will be calculated (if appropriate retroactively) from the close of business on Bursa Securities on the next Market Day(s) following the date on which the issue is announced, or (failing any such announcement) on the next Market Day(s) following the date on which the Company determines the offering price of such Volcano Share(s). Each such adjustment will be effective (if appropriate retroactively) from the close of the Market Day(s) preceding the date on which the issue is announced or (failing any such announcement) immediately preceding the date on which the Company determined the offering price of such Volcano Share(s), securities or rights.

14.10 Notwithstanding the other provisions referred to in By-Law 14.9, in any circumstances where the ESOS Committee consider that adjustments to the Subscription Price and/or any additional new Volcano Share(s) relating to Option(s) to be issued as provided for under the provisions hereof should not be made or should be calculated on a different basis or different date or that an adjustment to the Subscription Price and/or the issuance of additional new Volcano Share(s) relating to Option(s) should be made notwithstanding that no adjustment or further issuance is required under the provisions hereof, the Company may appoint an Adviser and/or an auditor to consider whether for any reasons whatever the adjustment calculation or determination to be made (or the absence of an adjustment calculation or determination) is appropriate or inappropriate as the case may be. If such Adviser and/or auditor shall consider the adjustment calculation or determination to be inappropriate, the adjustments shall be modified or nullified (or an adjustment calculation or determination made even though not required to be made) in such manner as may be considered by such Adviser and/or auditor to be in their opinion appropriate.

15. QUOTATION OF NEW SHARES

If at the time of allotment of the new Volcano Share(s) pursuant to the exercise of an Option(s), the existing issued ordinary shares of the Company are quoted on Bursa Securities, the Company shall make an application to Bursa Securities for its permission to deal in and for quotation of the new Volcano Share(s) so allotted in accordance with By-Law 10.4.

16. RETENTION PERIOD

The new Volcano Share(s) to be allotted and issued to the Grantee(s) pursuant to the exercise of any Option(s) under this Scheme will not be subjected to any retention period except that a Non-Executive Director must not sell, transfer or assign Share(s) obtained through the exercise of Option(s) offered to him pursuant to the Scheme within one (1) year from the Offer Date.

14. ESOS BY-LAWS *(cont'd)*

17. ADMINISTRATION

This Scheme shall be administered by the ESOS Committee comprising such persons as shall be appointed from time to time by the Board. The Board shall have the discretion as it deems fit to approve, rescind and/or revoke the appointment of any person in the ESOS Committee. The ESOS Committee shall be vested with such powers and duties as are conferred upon it by the Board to administer the Scheme in such manner it shall in its discretion deem fit. The ESOS Committee may, for the purpose of administering the Scheme, do all acts and things and enter into any transactions, agreements, deeds, documents or arrangements, and make rules, regulations or impose terms and conditions or delegate part of its power relating to the Scheme which the ESOS Committee may in its discretion consider to be necessary or desirable for giving full effect to the Scheme.

18. AMENDMENT AND/OR MODIFICATION TO THE SCHEME

18.1 Subject to the compliance with the requirements of Bursa Securities and any other relevant authorities and their approvals being obtained (if required under the Listing Requirements and applicable laws and regulations), the ESOS Committee may at any time and from time to time recommend to the Board any additions or amendments to or deletions of these By-Law(s) as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these By-Law(s) upon such recommendation **PROVIDED ALWAYS THAT** no additions or amendments to or deletions of these By-Law(s) shall be made which will: -

(a) Prejudice any rights then accrued to any Grantee(s) without the prior consent or sanction of that Grantee(s);

(b) Prejudice any rights of the shareholders of the Company without the prior approval of the Company's shareholders in a general meeting; or

(c) Alter to the advantage of any Eligible Person(s) in respect of any matters which are required to be contained in the By-Law(s) by virtue of Appendix 6E of the Listing Requirements, without the prior approval of the Company's shareholders in a general meeting unless allowed otherwise by the provisions of the Listing Requirements.

18.2 Any amendments/modifications to the By-Law(s) shall not contravene any of the provisions of the guidelines on employee share issuance schemes as stipulated under the Listing Requirements and/or any other relevant regulatory authority in relation to ESOS.

18.3 Upon amending and/or modifying all or any of the provisions of the Scheme, the Company shall within five (5) Market Day(s) after the effective date of the amendments cause to be submitted to Bursa Securities the amended By-Law(s) and a confirmation letter in the form required under the Listing Requirements that the said amendment and/or modification complies and does not contravene any of the provisions of the Listing Requirements on ESOS and the Rules of Bursa Depository.

18.4 The Grantee(s) shall be given written notices in the term prescribed by the ESOS Committee from time to time if any conditions, amendments to and/or modifications of these By-Law(s) within five (5) Market Day(s) of any of the foregoing taking effect.

14. ESOS BY-LAWS *(cont'd)*

19. DISPUTES

In the event of any dispute or difference arising between the ESOS Committee and an Eligible Person(s) or a Grantee(s), as to any matter or thing of any nature arising hereunder, the ESOS Committee shall determine such dispute or difference by a written decision (without the obligation to give any reason thereof) to the Eligible Person(s) or the Grantee(s), as the case may be **PROVIDED THAT** where the dispute or difference is raised by a member of the ESOS Committee, the said member shall abstain from voting in respect of the decision of the ESOS Committee in that instance. The said decision shall be final and binding on the parties unless the Eligible Person(s) or the Grantee(s), as the case may be, shall dispute the same by written notice to the ESOS Committee within fourteen (14) calendar days of the receipt of the written decision, in which case such dispute or difference shall be referred to the decision of the approved Company external auditors as defined under Section 2(1) of the Act for the time being, acting as experts and not as arbitrators, whose decision shall be final and binding in all respects. In the event that the external auditors are unable to reach a decision in respect of the dispute, such dispute shall be referred to a court of law of competent jurisdiction in Malaysia, whose decision shall be final and binding in all respects.

20. SCHEME NOT A TERM OF EMPLOYMENT

This Scheme shall not form part of or constitute or in any way be construed as a term or condition of employment of any employee. This Scheme shall not confer or be construed to confer on an Eligible Person(s) any special rights or privileges over the Eligible Person's terms and conditions of employment in the Volcano Group under which the Eligible Person(s) is employed or any rights additional to any compensation or damages that the Eligible Person(s) may be normally entitled to arising from the cessation of such employment.

21. COSTS AND EXPENSES

All fees, costs and expenses incurred in relation to the administration and management of the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of the new Volcano Share(s) pursuant to the exercise of any Option(s) shall be borne by the Company. Notwithstanding this, the Grantee(s) shall bear any fees, costs and expenses incurred in relation to his/ her acceptance and exercise of the Option(s).

22. COMPANY'S CONSTITUTION

Notwithstanding the terms and conditions contained in these By-Law(s), if a situation of conflict should arise between these By-Law(s) and the Constitution of the Company, the provisions of the Constitution of the Company shall prevail at all times.

23. INSPECTION OF AUDITED ACCOUNTS

All Grantee(s) are entitled to inspect the latest audited accounts of the Company during the normal office hours on any working day at the Registered Office of the Company.

24. TRANSFER FROM OTHER COMPANIES TO THE GROUP

In the event that: -

(a) a Director or an Employee who was employed in a company which is not within the Group and is subsequently transferred from such company to any company within the Group; and

14. ESOS BY-LAWS *(cont'd)*

(b) a Director or an Employee who was in the employment of a company which subsequently becomes a member of the Group as a result of a restructuring exercise or otherwise involving the Company and/or any company within the Group with any of the first mentioned company stated in (i) above;

(the first mentioned company in (i) and (ii) above are hereinafter referred to as the "**Previous Company**"), such a Director or an Employee of the Previous Company ("**the Affected Director/Employee**"), subject to By-Law 6 hereof, will: -

(i) be entitled to continue to exercise all such unexercised Option(s) which were granted to him/her under the Previous Company's ESOS in accordance with the By-Law(s) of such Previous Company's ESOS but he/she shall not, upon such transfer or restructuring or divestment as the case may be, be eligible to participate for further options of such Previous Company's ESOS; and/or

(ii) be eligible to participate in the Scheme only for the remaining duration of the Scheme, subject to the ESOS Committee's approval; and/or

(iii) if the Affected Director/Employee had participated in the Previous Company's ESOS, the number of new Volcano Share(s) to be offered to such Affected Director/Employee under the Scheme shall be subject to the discretion of the ESOS Committee.

25. DIVESTMENT FROM THE GROUP

25.1 If a Grantee(s) who was in the employment of a company in the Volcano Group, which was subsequently divested wholly, or in part, from the Volcano Group, then such Grantee(s): -

(a) will be entitled to continue to exercise all such unexercised Option(s) which were granted to him/her under the Scheme within a period of three (3) months from the date of completion of such divestment and within the Option Period, failing which the right of such Grantee to subscribe for that number of the new Volcano Share(s) or any part thereof granted under such unexercised Option(s) shall automatically lapse upon the expiration of the said three(3)-month period and be null and void and of no further force and effect; and

(b) shall not be eligible to participate for further Option(s) under the Scheme.

For the avoidance of doubt, where the Grantee(s) was in the employment of a company in the Volcano Group and that company was subsequently partially divested from the Volcano Group, which resulted in a subsequent holding of fifty percent (50%) or more by the Volcano Berhad, then such Grantee(s) shall be entitled to all his/ her rights in relation to the unexercised Option(s) and he/ she shall be eligible for further participation of the Option(s) under the Scheme.

25.2 For the purpose of By-Law 25.1, a company shall be deemed to be divested from the Volcano Group in the event that such company would no longer be a subsidiary of Volcano Berhad pursuant to Section 4 of the Act.

14. ESOS BY-LAWS *(cont'd)*

26. TAKEOVER

Notwithstanding By-Law 10 hereof and subject to the provisions of any applicable statutes, rules, regulations and/or conditions issued by the relevant regulatory authorities, in the event of: -

(i) a take-over offer being made for the Company, under the Rules on Take-Over, Mergers, and Compulsory Acquisitions, to acquire the whole of the issued ordinary share capital of the Company (or such part thereof not at the time held by the person making the take-over offer ("**Offeror**") or any persons acting in concert with the Offeror), any unexercised Option(s) shall remain in force and be exercisable until the expiry of the Option Period applicable thereto; and

(i) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of new Volcano Share(s) under the provisions of the Capital Markets and Services Act 2007 and gives notice to the Company that it intends to exercise such right on a specific date, a Grantee(s) will be entitled to exercise all or any part of his Option(s) from the date of service of the said notice to the Company until and inclusive of the date on which the right of compulsory acquisition is exercised **PROVIDED ALWAYS THAT** any Option(s) to the extent unexercised after the date on which the right of compulsory acquisition is exercised shall lapse and immediately cease to have any effect.

27. SCHEME OF ARRANGEMENT, AMALGAMATION AND RECONSTRUCTION

Notwithstanding By-Law 10 hereof and subject to the discretion of the ESOS Committee, in the event of the court sanctioning a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme of arrangement and reconstruction of the Company under Section 370 of the Act or its amalgamation with any other company or companies under Section 370 of the Act, any Option(s) shall remain exercisable by the Grantee(s) at any time commencing from the date upon which the compromise or arrangement is sanctioned by the court and ending on the date upon which it becomes effective or such other date as the ESOS Committee may deem fit. Upon such date, all Option(s), to the extent unexercised shall automatically lapse and shall become null and void.

28. SUBSEQUENT EMPLOYEE SHARE ISSUANCE SCHEMES

Subject to the approval of the relevant authorities and/or the shareholders of the Company, the Company may establish a new ESOS after the expiry date of this Scheme if this Scheme is not renewed or upon termination of this Scheme. Where this Scheme has been renewed (in accordance with By-Law 4), a new ESOS may be established upon expiry of the renewed ESOS, if any.

29. NO COMPENSATION

29.1 A Grantee(s) who ceases to hold office or employment shall not be entitled to any compensation for the loss of any right or benefit or prospective right or benefit under the Scheme which he might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful dismissal or other breach of contract or by way of compensation for loss of office.

29.2 No Eligible Person(s) or Grantee(s) or legal personal representatives shall bring any claim, action or proceeding against the Company or the Board of Volcano Berhad or the ESOS Committee or any other party for compensation, loss or damages whatsoever and howsoever arising from the suspension of his rights to exercise his Option(s) or his Option(s) ceasing to be valid pursuant to the provisions of these By-Law(s), as may be amended from time to time in accordance with By-Law 18 hereof.

14. ESOS BY-LAWS *(cont'd)*

30. TAXES

All taxes (including income tax), if any, arising from the exercise of any Option(s) under the Scheme shall be borne by the Grantee(s).

31. WINDING UP

All outstanding Option(s) shall be automatically terminated in the event that a resolution is passed or a court order is made for the winding up of the Company.

32. RIGHTS OF A GRANTEE(S)

The Option(s) shall not carry any rights to vote at any general meeting of the Company. The Grantee(s) shall not in any event be entitled to any dividends, rights or other entitlements on his unexercised Option(s).

33. SEVERABILITY

Any term, condition, stipulation or provision in these By-Law(s) which is illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remaining provisions hereof, and any such illegality, voidness, prohibition or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation and provision herein contained.

34. GOVERNING LAW AND JURISDICTION

34.1 These By-Law(s) shall be governed and construed in accordance with the laws of Malaysia and the Grantee(s) shall submit to the exclusive jurisdiction of the Courts of Malaysia in all matters connected with the obligations and liabilities of the parties hereto under or arising out of these By-Law(s).

34.2 Any proceeding or action shall be instituted or taken in Malaysia and the Grantee(s) irrevocably and unconditionally waives any objection on the ground of venue or forum non-convenience or any other grounds.

34.3 Any Offer made to Eligible Person(s) pursuant to the Scheme shall be valid strictly in Malaysia only unless specifically mentioned otherwise by the ESOS Committee in the Offer.

35. NOTICE

35.1 Any notice or request which the Company is required to give, or may desire to give, to any Eligible Person(s) or the Grantee(s) pursuant to the Scheme shall be in writing and shall be deemed to be sufficiently given: -

(a) if it is sent by ordinary post by the Company to the Eligible Person(s) or the Grantee(s) at the last address known to the Company as being his address, such notice shall be deemed to have been received three (3) Market Day(s) after posting;

(b) if it is given by hand to the Eligible Person(s) or the Grantee(s), such notice or request shall be deemed to have been received on the date of delivery;

14. ESOS BY-LAWS *(cont'd)*

(c) if it is sent by electronic media, including but not limited to electronic mail, to the Eligible Person(s) or the Grantee(s), such notice or request shall be deemed to have been received upon confirmation or notification received after the sending of notice or request by the Company.

Any change of address of the Eligible Person(s) or the Grantee(s) shall be communicated in writing to the Company and the Option(s) Committee.

35.2 Any certificate, notification or other notice required to be given to the Company or the ESOS Committee shall be properly given if sent by registered post or delivered by hand to the Company at its registered address or any other address which may be notified in writing by the ESOS Committee from time to time.

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15. STATUTORY AND OTHER INFORMATION

15.1 SHARE CAPITAL

(i) No Shares will be allotted or issued on the basis of this Prospectus later than six (6) months after the date of issue of this Prospectus.

(ii) There is no founder, management or deferred shares in our Company. We have only one class of shares in our Company, namely ordinary shares, all of which rank *pari passu* with one another.

(iii) Save as disclosed in this Prospectus, no shares and/or debentures, warrants, options, convertible securities or uncalled capital of our Company or our subsidiary companies have been issued or are proposed to be issued as fully or partly paid-up in cash or otherwise, within the two (2) preceding years from the date of this Prospectus.

(iv) Save for the Pink Form Allocation and ESOS, there is no other scheme involving our Directors and employees in the capital of our Group.

(v) As at the date of this Prospectus, neither our Company nor our subsidiaries has any outstanding convertible debt securities.

(vi) There is no limitation on the right to own our Shares, including limitations on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares imposed by law or by the constituent documents of our Company.

15.2 CHANGES IN SHARE CAPITAL OF OUR SUBSIDIARIES

15.2.1 VNP

As at the LPD, VNP's issued share capital is RM2,000,000 comprising of 2,000,000 VNP shares.

The changes in the issued share capital of VNP since its incorporation are as follows:

Date of Allotment	No. of VNP Shares allotted	Consideration	Cumulative Issued Share Capital (RM)
02.02.1999	4	Subscribers' shares	4
09.02.1999	1	Cash	5
28.06.1999	99,995	Cash	100,000
11.10.2001	100,000	Cash	200,000
20.05.2004	300,000	Cash	500,000
14.11.2006	1,500,000	Otherwise than cash	2,000,000

As at the LPD, there are no discounts, special terms or instalment payment terms payable to the payment of consideration for the above allotments. In addition, there are no warrants, options, convertible securities or uncalled capital in VNP.

15. STATUTORY AND OTHER INFORMATION *(cont'd)*

15.2.2 VTT

As at the LPD, VTT's registered capital is THB80,000,000 comprising 800,000 ordinary shares each with a par value of THB100, and all issued shares are fully paid-up.

The changes in the issued share capital of VTT since its incorporation are as follows: -

Date of Allotment	No. of VTT Shares allotted	Consideration	Cumulative Issued Share Capital (THB)
29.08.2008	200,000	Cash	20,000,000
10.12.2010	600,000	Cash	80,000,000

As at the LPD, there are no discounts, special terms or instalment payment terms payable to the payment of consideration for the above allotments. In addition, there are no warrants, options, convertible securities or uncalled capital in VTT.

15.3 EXTRACTS OF OUR CONSTITUTION

The following provisions are extracted from our Company's Constitution and are qualified in its entirety by the remainder of our Constitution and by applicable law. The words and expressions appearing in the following provisions shall bear the same meanings used in our Constitution unless otherwise defined or the context otherwise requires: -

(a) Remuneration, voting and borrowing powers of Directors

Clause 105 – Remuneration of Directors

The fees of the Directors shall be such fixed sum as shall from time to time be determined by an ordinary resolution of the Company and shall (unless such resolution otherwise provided) be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office provided always that –

(a) fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;

(b) salaries payable to executive Directors shall not include a commission on or percentage of turnover but may include a commission on or percentage of profits;

(c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and

(d) any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

15. STATUTORY AND OTHER INFORMATION *(cont'd)*

Clause 106 – Reimbursement and special remuneration

(1) The Directors shall be entitled to be reimbursed for all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.

(2) If by arrangement with the Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a Member of a committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged.

Clause 109 – Approval of the Company required

Subject to the Act, the Directors shall not enter or carry into effect any arrangement or transaction for: -

(a) the acquisition of any undertaking or property of a substantial value; or

(b) the disposal of a substantial portion of the Company's undertaking or property unless: -

(i) the entering into the arrangement or transaction is made subject to the approval of the Company by way of a resolution; or

(ii) the carrying into effect of the arrangement or transaction has been approved by the Company by way of a resolution.

Clause 110(1) – Directors' borrowing power

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings, 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 of any related third party Provided Always that nothing contained in this Constitution shall authorise the Directors to borrow any money or mortgage or charge any of the Company's 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.

Clause 114 – Right to hold other office under the Company

(1) A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine.

15. STATUTORY AND OTHER INFORMATION *(cont'd)*

(2) No Director or intending Director shall be disqualified by his office from contracting with the Company with regard to his tenure of any such office or place of profit in any other respect nor shall any such contract, or any contract or arrangement entered into by or on behalf of any company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established Provided Always that all relevant provisions of Sections 221 and 228 of the Act, Listing Requirements and this Constitution are complied with.

Clause 129 – Disclosure of interest in contracts, property, offices, etc

Every Director shall comply with the provisions of Sections 221 and 219 of the Act in connection with the disclosures of his shareholding and 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 interests might be created in conflict with his duty or interest as a Director of the Company.

Clause 132 – Director may Vote on the Giving of security or indemnity where he is interested

A Director may vote in respect of –

(a) any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or

(b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security.

Clause 133 – Directors may become directors or other officers of any corporation promoted by the Company

(1) A Director may be or become 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 benefits 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.

(2) The Director 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 them 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 provided always that he has complied with Section 221 and all other relevant provisions of the Act and of this Constitution.

Clause 139 – Remuneration of Managing Directors and Deputy Managing Directors

The remuneration of the Managing Director and the Deputy Managing Director may subject to the terms of any agreement entered into in any particular case, be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but such remuneration shall not include a commission on or percentage of turnover but it may be a term of their appointment that they may receive pension, gratuity or other benefits upon their retirement.

(b) Changes to Share Capital

Clause 6 – Issue of Shares

Without prejudice to any special rights previously conferred on the holders of any existing Shares or class of Shares, and subject to the Act, the Central Depositories Act and to the conditions, restrictions and limitations expressed in this Constitution and to the provisions of any resolution of the Company, the Directors may allot, grant options over or otherwise dispose of the unissued share capital of the Company to such persons, at such time and on such terms and conditions, with such preferred or deferred or other special rights as they think proper, PROVIDED ALWAYS THAT: -

(a) no Shares shall be issued which shall have the effect of transferring a controlling interest in the Company without the prior approval of the Members in general meeting;

(b) in the case of Shares other than ordinary Shares, no special rights shall be attached until the same have been expressed in this Constitution or in a resolution of the Company expressing the same;

(c) every issue of Shares or options to employees and/or Directors of the Company or its subsidiaries pursuant to a share issuance scheme shall be approved by the Members in general meeting; no Director shall participate in a share issuance scheme unless the Members in general meeting have approved the specific allotment to be made to such Director.

Clause 7 – Issue of preference Shares

Without prejudice to any special rights previously conferred on the holders of any share or class of Shares already issued, but subject to the Act and this Constitution, any Shares in the Company (whether forming part of the original capital or not) may be issued on the terms that they are, or at the option of the Company are liable, to be redeemed, or have attached thereto such preferred, deferred or other special rights, or such restrictions, whether in regard to dividend, return of capital, voting or otherwise, as the Company may from time to time by ordinary resolution determine provided that:-

(i) Preference shareholders shall not have the right to vote at any general meeting of the Company except on each of the following circumstances: -

(a) when the dividend or part of the dividend on the share is in arrears for more than six (6) months;

(b) on a proposal to reduce the Company's share capital;

(c) on a proposal for the disposal of the whole of the Company's property, business and undertaking;

(d) on a proposal that affects rights attached to the share;

15. STATUTORY AND OTHER INFORMATION *(cont'd)*

(e) on a proposal to wind up the Company; and

(f) during the winding up of the Company.

(ii) 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.

(iii) The Company shall not unless with the consent of the existing preference shareholders at a class meeting pursuant to Clause 21 hereof, issue further preference capital ranking in priority above preference Shares already issued but may issue preference Shares ranking equally therewith.

Clause 13 – Share buy-back

Subject to and in accordance with the Act, the regulations and orders made pursuant to the Act, the provisions of this Constitution and the Listing Requirements and requirements of any other relevant authorities, the Company shall have the power to purchase its own Shares. Any Shares in the Company so purchased by the Company shall be dealt with as provided by the Act and the Listing Requirements and/or requirements of any other relevant authority.

Clause 20 – Alteration of preferential shareholders' rights

Notwithstanding Clause 21 hereof, the repayment of preference capital other than redeemable preference capital, or any other alteration of preference shareholders' rights, may 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 passed by a majority of not less than seventy-five per centum (75%) of the Members of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

Clause 21 – Alteration of class rights

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of Shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing by a majority of not less than seventy-five per centum (75%) of Members, or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that class. To every such separate general meeting the provisions of this Constitution relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two (2) Members personally present at a meeting or by proxy, who together represent at least one-third (1/3) of the voting right of the class and that any holder of Shares of the class present in person or by proxy may demand a poll. To every such special resolution the provisions of Section 292 of the Act shall, with such adaptations as are necessary, apply.

Clause 22 – No alteration of rights by issuance of new Shares

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 to participation in the profits or assets of the Company in some or in all respects pari passu therewith.

15. STATUTORY AND OTHER INFORMATION *(cont'd)*

Clause 57 – Increase of share capital

The Company may from time to time, whether all the Shares for the time being issued shall have been fully paid up or not, by ordinary resolution increase its share capital by the creation and issue of new Shares to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company may direct in the resolution authorising such increase.

Clause 58 – Issue of new Shares to existing Members

(1) Subject to any direction to the contrary that may be given by the Company in general meeting, all new Shares or other convertible 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.

(2) 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 likewise so dispose of any new Shares or securities which (by reason of the ratio which the new Shares or securities bear to Shares or securities held by persons entitled to an offer of new Shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.

Clause 59 – New capital to be considered as part of the current share capital of the Company

Except so far as otherwise provided by the condition of issue, any capital raised by the creation of new Shares shall be considered as part of the original share capital of the Company. All new Shares shall be subject to the provisions herein contained with reference to allotments, the payment of calls and installments, transmissions, forfeiture, lien or otherwise and shall also be subject to the Central Depositories Act and the Rules.

Clause 60 – Consolidation, sub-division and cancellation of Shares

(1) The Company may alter its share capital in any one or more of the following ways by passing a special resolution: -

(a) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided Share shall be the same as it was in the case of Share from which the subdivided Share is derived;

(b) convert all or any of its paid-up Shares into stock and may reconvert that stock into paid-up Shares; or

(c) subdivide its Shares or any of the Shares, whatever is in the subdivision, the proportion between the amount paid and the amount, if any, unpaid on each subdivided Share shall be the same as it was in the case of the Shares from which the subdivided Share is derived.

15. STATUTORY AND OTHER INFORMATION *(cont'd)*

(c) Transfer of Securities

Clause 42 – Transfer of securities by way of a book entry

Subject to this Constitution, the Act, the Central Depositories Act and the Rules (with respect to transfer of Deposited Security), Shares in the Company which have been deposited with the Bursa Depository shall be transferable but every transfer shall be by way of book entry by the Bursa Depository in accordance with the Rules of the Bursa Depository and, notwithstanding Sections 105, 106 and 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from the compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of listed securities.

Clause 43 – Transmission of securities

Where –

(a) the securities of the Company are listed on another stock exchange; and

(b) 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 Bursa Depository in respect of such securities,

the Company shall, upon request by 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.

Clause 44 – Refusal to register transfer

(1) Subject to the Central Depositories Act and the Rules, the Directors may in their absolute discretion and without assigning any reason thereof, authorise its registrar to cause the Bursa Depository to decline to register any transfer of share upon which the Company has a lien or which are not fully paid-up.

(2) Subject to the Central Depositories Act and the Rules, the Directors may also authorise its registrar to cause the Bursa Depository to decline to register any transfer unless such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer is deposited at such place as the Directors may appoint.

Clause 45 – Closing of Register

The Register of Members may be closed at such time and for such period as the Directors may from time to time determine PROVIDED ALWAYS that they shall not be closed for more than thirty (30) days in any year. Any notice of intention to fix a books closing date and the reason therefor shall be given to the Bursa Securities, such notice shall state the books closing date, which shall be at least ten (10) Market Day(s) after the date of notification to the Bursa Securities or such other period as may be prescribed by Bursa Securities from time to time, and the address of the share registrar at which documents will be accepted for registration. In relation to such closure, the Company shall give written notice, in accordance with the Rules to issue the appropriate Record of Depositors.

15. STATUTORY AND OTHER INFORMATION *(cont'd)*

Clause 46 – Registration of documents relating to title of Shares

There shall be paid to the Company in respect of the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title of any Shares, such fee as may be permitted by the relevant law and as the Directors may from time to time require or prescribe.

Clause 47 – Renunciation of allotment by the allottee

Nothing in this Constitution shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.

Clause 48 – Deposited Securities

All transfer of securities deposited with a Bursa Depository, including but not limited to the Deposited Security, shall be in compliance with the Central Depositories Act, the Rules and the relevant laws.

Clause 49 – Death of holder

In the case of death of a Member, the legal personal representatives of the deceased shall be the only persons recognised by the Company as having any title to his interest in the securities; but nothing herein contained shall release the estate of a deceased share holder from any liability in respect of any securities which had been held by the deceased Member.

Clause 50 – Rights on death or bankruptcy

(1) Any person becoming entitled to Shares in consequence of the death or bankruptcy of any Member may upon such evidence of title being produced as may from time to time be required by the Directors (but subject to the provisions hereinafter contained) elect either to register himself as a Member in respect of such Shares or to have some person nominated by him registered as transferee thereof but the Directors shall in either case have the same right to decline or suspend registration as they would have had in the case of a transfer of the Shares by that Member before his death or bankruptcy.

(2) Before recognizing any executor or administrator, the Directors may require him to take out probate or letters of administration as evidence Provided Always that where the Shares is a Deposited Security, a transfer or withdrawal of the Shares may be carried out by the person becoming so entitled, subject to Central Depositories Act and the Rules.

Clause 51 – Election with regard to registration

If the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects Provided Always that where the Shares is a Deposited Security and the person so becoming entitled elects to have the Shares transferred to him, the aforesaid notice must be served by him on the Bursa Depository. If he elects to have another person registered he shall testify his election by executing to that person a transfer of the Shares. All the limitations, restrictions and provisions of this Constitution relating to the right to transfer and the registration of transfers of Shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice of transfer were a transfer signed by that Member.

15. STATUTORY AND OTHER INFORMATION *(cont'd)*

Clause 52 – Person entitled to receive and give discharge for dividends

A person entitled to Shares in consequence of the death or bankruptcy of a Member shall be entitled upon the production of such evidence as may from time to time be properly required by the Directors in that behalf to receive and may give a discharge for all dividends and other moneys payable in respect of the Shares, but he shall not be entitled to receive notice of or to attend or vote at any meeting, or, save as aforesaid, to exercise any of the rights and privileges of a Member, unless and until he shall have become a Member in respect of the Shares.

(d) Rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights

Clause 77(1) – Voting on Resolutions

(1) At any general meeting of members, a resolution put to the vote of the meeting shall be decided by a show of hands of the Members present in person or by proxy or such other manner as directed by the Listing Requirements (if applicable), unless before or on the declaration of the result of a show of hands, a poll is demanded: -

(a) by the Chairman of the meeting; or

(b) by at least three (3) Members present in person or by proxy; or

(c) by any Member or Members present in person or by proxy and representing not less than ten per centum (10%) of the total voting rights of all the Members having the right to vote at the meeting; or

(d) by a Member or Members holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than ten per centum (10%) of the total paid up Shares conferring that right.

Provided that this Clause does not have effect if a poll is demanded in respect of the resolution, and the demand is not subsequently withdrawn.

Clause 85(2) & 85(3) – Number of votes

(2) Subject to any special rights or restrictions as to voting attached to any class or classes of Shares by or in accordance with this Constitution, on a show of hands every person present who is a Member or a Member's representative or proxy or attorney shall have one (1) vote and in the case of a poll every Member present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for every share held by him. A person entitled to more than one vote need not use all his votes or cast all the votes he uses on a poll in the same way.

(3) Where the capital of the Company consists of Shares of different monetary denominations, voting rights shall be prescribed in such manner that a unit of capital in each class, when reduced to a common denominator shall carry the same voting power when such right is exercisable.

15. STATUTORY AND OTHER INFORMATION *(cont'd)*

Clause 86 – Votes of corporation

Any corporation which is a Member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative either at a particular meeting of the Company, or at all meetings of the Company or any class of Members and the person so authorised shall act in accordance with his authority and until his authority is revoked by the corporation be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation, could exercise if it were an individual Member of the Company.

Clause 87 – Votes of Members of unsound mind

Any Member being of unsound mind or whose person or estate is liable to be dealt with in any way under the law relating to mental disorder may vote by his committee, receiver, curator bonis, or other legal guardian or such other person as properly has the management of his estate. Any one of such person may vote either personally or by proxy or by attorney PROVIDED such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the Office not less than forty eight (48) hours before the time appointed for holding the meeting.

Clause 88 – Votes of legal representatives of Member

The legal representative of a deceased Member or the person entitled under the Clauses 49 and 50 to any share in consequence of the death or bankruptcy of any Member 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 proposes to vote he shall satisfy the Directors of his right to any share in consequence of the death or bankruptcy of any Member unless the Directors shall have previously admitted his right to vote in respect thereof.

Clause 148 – Dividends in proportion to amounts paid up

Subject to the rights of persons (if any) entitled to Shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid up on the Shares in respect whereof the dividends is paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of this Clause as paid up on the share. All dividends shall be apportioned and paid pro-rata according to the amounts paid up on the Shares during any portion or portions of the period in respect of which the dividend is paid except that if any share is issued on terms providing that it shall rank for dividend as if paid up (in whole or in part) as from a particular date, such share shall rank for dividend accordingly.

Clause 152 – Power to retain dividends in respect of transmission of Shares

The Directors may retain the dividends payable upon Shares in respect of which any person is under the provisions as to the transmission of Shares hereinbefore contained entitled to become a Member, or which any person is under those provisions entitled to transfer, until such person shall become a Member in respect of such Shares or shall transfer the same.

Clause 154 – Transfer not to affect right to dividend declared before registration

A transfer of Shares shall not pass the right to any dividend declared on such Shares before the registration of the transfer provided that any dividend declared on Deposited Security shall accrue to the Depositors whose names appear on the Record of Depositors issued to the Company or the Company's registrar pursuant to the Rules.

15. STATUTORY AND OTHER INFORMATION *(cont'd)*

Clause 175 – Distribution of assets

Without prejudice to the rights of holders of Shares issued upon special terms and conditions pursuant to this Constitution the following provisions shall apply: -

(a) If the Company shall be wound up and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid up capital such assets shall be distributed so that as nearly as may be the losses shall be borne by the Members in proportion to the capital paid up, or which ought to have been paid up at the commencement of the winding-up, on the Shares held by them respectively.

(b) If in a winding-up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding-up, the excess shall be distributed among the Members in proportion to the capital paid up, or which ought to have been paid up at the commencement of the winding-up, on the Shares held by them respectively.

(c) If the Company shall be wound up and the assets distributed, the holders of preference Shares shall be entitled to the return of capital in preference to holders of ordinary Shares.

15.4 GENERAL INFORMATION

(i) Save for the dividends paid to the shareholders of VNP in respect of the FYE 2018, FYE 2019 and FYE 2020 and the Directors' remuneration as disclosed in Section 5.2.4 of this Prospectus, there are no other amount or benefit paid or given within the past two (2) years immediately preceding the date of this Prospectus, nor is it intended to be paid or given, to any of our Promoters, Directors or substantial shareholders.

(ii) None of our Directors or substantial shareholders have any interest, direct or indirect, in any contract or arrangement subsisting at the date of this Prospectus and which is significant in relation to the business of our Group.

(iii) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the details of the procedures for application of our Shares are set out in Section 16 of this Prospectus.

(iv) There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

15.5 LETTERS OF CONSENT

(i) The written consent of our Principal Adviser, Sponsor, Underwriter, Placement Agent, Company Secretary, Solicitors, Principal Banker, Registrars 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.

(ii) The written consent of our Reporting Accountants and Auditors to the inclusion in this Prospectus of their names, Accountants' Report and letter relating to the proforma consolidated statements of financial position and audit reports in the form and context in which they are contained in this Prospectus has been given before the issuance of this Prospectus and has not subsequently been withdrawn.

(iii) The written consent of our Independent Market Researcher to the inclusion in this Prospectus of their name and the IMR Report in the form and context in which they are contained in this Prospectus, has been given before the issuance of this Prospectus and has not subsequently been withdrawn.

15.6 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our registered office at 9-1, 9th Floor, Wisma Penang Garden, 42, Jalan Sultan Ahmad Shah, 10050 George Town, Penang during normal business hours for a period of six (6) months from the date of this Prospectus: -

(i) The Constitution of our Company;

(ii) The audited financial statements of Volcano for the FYE 2019 and FYE 2020;

(iii) The audited financial statements of VNP and VTT for the past three (3) FYE 2018 to FYE 2020;

(iv) The material contracts referred to in Section 6.6 of this Prospectus; and

(v) The IMR Report by Smith Zander as set out in Section 8 of this Prospectus;

(vi) The Reporting Accountants' letter relating to the proforma consolidated financial information as set out in Section 13 of this Prospectus;

(vii) The Accountants' Report as included in Section 12 of this Prospectus;

(viii) ESOS By-Laws as set out in Section 14 of this Prospectus; and

(ix) The letters of consent referred to in Section 15.5 of this Prospectus.

15.7 RESPONSIBILITY STATEMENTS

Our Directors and Promoters 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 there is no false or misleading statement or other facts which if omitted, would make any statement in the Prospectus false or misleading.

TA Securities 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 the IPO.

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16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF 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 COPY OF OUR 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.

16.1 OPENING AND CLOSING OF APPLICATION

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 16 March 2021

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 24 March 2021

Applications for the Public Issue Shares will open and close at the dates and times stated above. In the event there is any change to the dates and times stated above, we will advertise the notice of changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia.

Late Applications will not be accepted.

16.2 METHODS OF APPLICATION

16.2.1 Application must be made in relation to and subject to the terms of this Prospectus and our Constitution. The submission of an Application Form does not necessarily mean that the application will be successful. You agree to be bound by our Constitution.

Types of Application		Application Method
Applications by eligible Directors and employees and persons who have contributed to the success of our Group		Pink Form Applications 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

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16.2.2 Application by selected investors via Private 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
(b)	Bumiputera investors approved by the MITI	MITI will contact the Bumiputera Investors directly. They should follow MITI's instructions

Selected investors and Bumiputera Investors approved by MITI may still apply for the Public Issue Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

16.3 ELIGIBILITY

16.3.1 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 Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our 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 (1)** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST ONE HUNDRED (100) PUBLIC ISSUE SHARES OR MULTIPLES OF ONE HUNDRED (100) PUBLIC ISSUE 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 TEN (10) YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

16.3.2 Application by the Malaysian Public

You can only apply for our Public Issue Shares if you fulfill all of the following: -

(i) you must be one (1) of the following: -

(a) a Malaysian citizen who is at least eighteen (18) years old as at the date of the application for our Public Issue 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.

(ii) 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

(iii) you must submit Applications by using only one (1) of the following methods: -

(a) White Application Form;

(b) Electronic Share Application; or

(c) Internet Share Application.

16.3.3 Application by eligible Directors, key senior management personnel, employees and business associates (including any other persons who have contributed to the success of our Group)

The eligible Directors, key senior management personnel, employees and business associates (including any other persons who have contributed to the success of our Group) will be provided with Pink Application Forms and letters by us detailing their respective allocation.

The eligible Directors, key senior management personnel, employees and business associates (including any other persons who have contributed to the success of our Group) may request for a copy of the printed Prospectus from our Company at no cost and are given an option to have the printed Prospectus delivered to them free of charge, or to obtain the printed Prospectus from our Company, Issuing House, TA Securities, Participating Organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

16.4 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 Applications Form or which do not conform **STRICTLY** to the terms of this 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 RM0.35 for each Public Issue Share.

Payment must be made out in favour of **"TIIH SHARE ISSUE ACCOUNT NO. 700"** and crossed **"A/C PAYEE ONLY"** and endorsed on the reverse side with your name and address.

Please refer to the detailed procedures and terms and conditions as set out in the "**Detailed Procedures for Application and Acceptance**" accompanying the electronic copy of this Prospectus on the website of Bursa Securities or contact the Issuing House for further enquiries.

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16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(cont'd)*

Each completed Application Form, accompanied by the appropriate remittance and clear 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

or

(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 24 March 2021. We will not accept late Applications.

We, together with our 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 our Issuing House.

16.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATION

Only Malaysian individuals may apply for our Public Issue Shares by way of Electronic Share Application made available to the Malaysian Public.

Electronic Share Applications may be made through an 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.

Please refer to the detailed procedures and terms and conditions of Electronic Share Application set out in the "**Detailed Procedures for Application and Acceptance**" accompanying the electronic copy of this Prospectus on the website of Bursa Securities or contact the relevant Participating Financial Institution for further enquiries.

16.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATION

Only Malaysian individuals may use the Internet Share Application to apply for our Public Issue Shares made available 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 Participating Financial Institutions (unless waived) for each Electronic Share Application.

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

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(cont'd)*

The detailed procedures and terms and conditions for Internet Share Application are set out in the "**Detailed Procedures for Application and Acceptance**" accompanying the electronic copy of this Prospectus on the website of Bursa Securities or contact the relevant Internet Participating Financial Institution for further enquiries.

16.7 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 distributing our Public Issue 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: -

- do not conform to the instructions in this Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
- are illegible, incomplete or inaccurate; or
- 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 assigning any reason therefor; and

(iii) bank in all Application monies (including those from unsuccessful/partially successful applicants) which would subsequently be refunded, where applicable (without interest or any share of revenue or benefit arising therefrom), in accordance with Section 16.9 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 fourteen (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 shall it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

16.8 OVER/UNDER-SUBCRIPTION

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 distributing our Public Issue 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 in the trading of our Shares.

The basis of allocation of shares and the balloting results in connection therewith will be furnished by the issuing house to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on the issuing house's website at https://tiih.online within one (1) business day after the balloting date.

Pursuant to the Listing Requirements we are required to have a minimum of 25% of our Company's enlarged issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon completion of this IPO and at the time of Listing. We expect to achieve this at the point of Listing. In the event that the above requirement is not met, we may not be allowed to proceed with the Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest or any share of revenue or benefit arising therefrom).

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(cont'd)*

In the event of an under-subscription of Public Issue Shares by the Malaysian Public, subject to the underwriting arrangement and reallocation as set out in Section 4.4.3 of this Prospectus, any of the abovementioned Public Issue Shares not applied for will then be fully subscribed by our Underwriter based on the terms of the Underwriting Agreement.

16.9 UNSUCCESSFUL/PARTIALLY SUCCESSFUL APPLICANTS

Application monies in respect of the unsuccessful/partially successful applicants will be refunded without interest or any share of revenue or benefit arising therefrom in the following manner: -

16.9.1 For applications by way of Application Forms

(i) The Application monies or the balance of it, as the case may be, will be returned to you via the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account for purposes of cash dividend/distribution if you have provided such bank account information to Bursa Depository or by ordinary post to your address maintained at Bursa Depository (for partially successful applications) within ten (10) Market Day(s) from the date of the final ballot if you have not provided such bank account information to Bursa Depository at your own risk.

(ii) If your application was rejected because you did not provide a CDS account number, your Application monies will be sent to your address as stated in the National Registration Identity Card ("**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.

(iii) A number of Applications will be reserved to replace any balloted Applications which are rejected. The Application monies relating to these Applications which were subsequently rejected or unsuccessful or only partly successful will be refunded (without interest or any share of revenue or benefit arising therefrom) by the Issuing House as per item (i) and (ii) above (as the case may be).

(iv) The Issuing House reserves the right to bank in all Application monies from unsuccessful Applicants. These monies will be refunded within ten (10) Market Day(s) from the date of the final ballot by crediting into your bank account for purposes of cash dividend/distribution if you have provided such bank account information to Bursa Depository or by ordinary/registered post to your address maintained at 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).

16.9.2 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 Day(s) after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest or any share of revenue or benefit arising therefrom into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) within two (2) Market Day(s) after the receipt of confirmation from the Issuing House.

(ii) You may check your account on the 5th Market Day from the balloting day.

(iii) A number of Applications will be reserved to replace any balloted Applications which are rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest or any share of revenue or benefit arising therefrom) 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 Day(s) from the balloting date.

(iv) For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Issuing House shall inform the relevant Participating Financial Institutions of the non-successful or partly successful Applications within two (2) Market Day(s) after the final balloting date. The Internet Participating Financial Institutions will then credit the application monies (or any part thereof but without interest or any share of revenue or other benefit arising therefrom) into your account within two (2) Market Day(s) after the receipt of written confirmation from the Issuing House.

16.10 SUCCESSFUL APPLICANTS

If you are successful in your application: -

(i) Our Public Issue Shares allotted to you will be credited into your CDS account.

(ii) A notice of allotment will be despatched to you at the address last maintained with the Bursa Depository, at your own risk, before the Listing. This is your only acknowledgement of acceptance of the application.

Pursuant to the conditions imposed by Bursa Securities as disclosed in Section 2.1.1 of this Prospectus, we will also make an announcement on the basis of allotment/allocation of the IPO Shares on the website of Bursa Securities at least two (2) Market Day(s) prior to the Listing date.

(iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed the shares as Prescribed Securities. As such, the Public Issue Shares issued/offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the 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.

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16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(cont'd)*

16.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows: -

Mode of application	Parties to direct the enquiries
Application Forms	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 Public Issue Shares derived from successful balloting will be made available to the public at the Issuing House website at https://tiih.online, **one Market Day** after the balloting date.

You may also check the status of your Application at the above website, **five Market Day(s)** 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.

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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., 16 March 2021

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 24 March 2021

Applications for our Public Issue Shares will open and close at the times and dates stated above. In the event of any changes to the date or time for closing, we will advertise the notice of changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia. The dates for the ballot of the applications for our Public Issue Shares, the allotment of our Public Issue Shares and our Listing would then be extended accordingly.

Late Applications will not be accepted.

2. Methods of Applications

2.1 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.

Types of Application and category of investors	**Application Method**
Applications by eligible Directors and 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 Application by selected investors via Private 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.
(b) Bumiputera investors approved by MITI	MITI will contact the Bumiputera investors directly. They should follow MITI's instructions.

Selected investors and Bumiputera Investors approved by MITI may still apply for our Public Issue Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

3. Eligibility

3.1 Application by the Malaysian Public

You can only apply for our Public Issue 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 followings:

(a) a Malaysian citizen who is at least 18 years old as at the date of the application for our Public Issue 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;

(b) Electronic Share Application; or

(c) Internet Share Application.

3.2 Application by eligible Directors, key senior management personnel, employees and business associates (including any other persons who have contributed to the success of our Group)

The eligible Directors, key senior management personnel, employees and business associates (including any other 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.

Eligible Directors, key senior management personnel, employees and business associates (including any other persons who have contributed to the success of our Group) who apply for our Public Issue Shares must have a CDS account and a correspondence address in Malaysia.

Applicants provided with Pink Application Forms may also apply for our Public Issue Shares offered to the Malaysian Public.

You agree that any application which you make for our Public Issue Shares is irrevocable.

4. Procedures for application by way of Application Forms

Each application for our Public Issue 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 ONE HUNDRED (100) PUBLIC ISSUE SHARES OR MULTIPLES OF ONE HUNDRED (100) PUBLIC ISSUE 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 TA Securities, 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 Public Issue Shares or multiples of 100 Public Issue Shares.

(d) Prepare the appropriate form of payment in RM for the FULL amount payable based on the IPO Price of RM0.35 for each Public Issue Share.

Payment must be made out in favour of **TIIH SHARE ISSUE ACCOUNT NO. 700"** 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 24 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 Application

5.1 Participating Financial Institutions

Malaysian individuals may apply for our Public Issue 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 Public Issue 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. 700**;
- Your CDS account number;
- Number of Public Issue 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 record 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 Public Issue 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 Public Issue 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 Public Issue 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 Public Issue 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 Public Issue Shares applied for as stated in the Transaction Record or any lesser number of Public Issue 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 Public Issue Shares or not to allot or allocate any Public Issue 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 Public Issue Shares applied for shall signify, and shall be treated as, your acceptance of the number of Public Issue 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 Public Issue 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 Public Issue Shares allotted or allocated to you into your CDS account; and

(b) to issue share certificate(s) representing such Public Issue Shares or jumbo certificates which represent, amongst others, such Public Issue 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 Public Issue 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 Public Issue 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 Public Issue 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 Public Issue 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 Public Issue 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 Application

6.1 Internet Participating Financial Institutions

Applications for our Public Issue 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 PUBLIC ISSUE 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 Public Issue 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 Public Issue 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 Public Issue 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 Public Issue 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 FSA 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 Public Issue 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 Public Issue 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 Public Issue 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 Public Issue 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 Public Issue Shares applied for as stated on the Confirmation Screen or any lesser number of Public Issue 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 Public Issue 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 Public Issue 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 Public Issue 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 Public Issue 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 Public Issue 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 Public Issue 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 Bursa Depository;

(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-subsription

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 Public Issue 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 total number of Shares to be held by at least 200 public shareholders holding not less than 100 Shares each upon Listing and completion of our Listing. 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 Public Issue Shares by the Malaysian Public and / or Eligible Persons, subject to the underwriting arrangements and reallocation as set out in Section 4.4.3 of our Prospectus, any of the abovementioned Public Issue Shares not applied for will then be subscribed by the Sole Underwriter based on the terms of the Underwriting Agreement.

9. Unsucessful / 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 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 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 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 (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 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 Market Days after the receipt of confirmation from the Issuing House.

(ii) You may check your account on the 5th 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 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 Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within two Market Days after the receipt of confirmation from the Issuing House.

10. Sucessful applicants

If you are successful in your Application:

(i) Our Public Issue 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 Public Issue 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 Forms	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 Public Issue 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 below.

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

Name	Address and telephone number	Broker code
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 / 2613 1600	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
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	Mezzanine Floor Level 3A, Block B, HP Towers No. 12, Jalan Gelenggang 60000 Kuala Lumpur Tel No : 03-20808777	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

Name	Address and telephone number	Broker code
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 : 03-2172 2888	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
KENANGA INVESTMENT BANK BERHAD	Ground Floor West Wing ECM Libra Building 8, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No : 03-2089 2888	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.: 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.: 2201 2100	012-001

Name	Address and telephone number	Broker code
MAYBANK INVESTMENT BANK BERHAD	Level 5, Tower C MaybankLife Tower 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
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 : 03-9287 3888	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 - 6257 5869	087-028
RHB INVESTMENT BANK BERHAD	No. 5 & 7 Jalan Pandan Indah 4/33 Pandan Indah 55100 Kuala Lumpur Tel No : 03-4280 4798	087-054

Name	Address and telephone number	Broker code
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
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

Name	Address and telephone number	Broker code
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 – 7710 6613	086-001
CGS-CIMB SECURITIES SDN BHD	Level G & Level 1, Tropicana City Office Tower No 3 Jalan SS20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03 – 7717 3388	065-001
CGS-CIMB SECURITIES SDN BHD	1st Floor, 135 & 137 Jalan Sultan Abdul Samad 42700 Banting Selangor Darul Ehsan Tel No.: 03-3181 1337	065-001
CGS-CIMB SECURITIES SDN BHD	No. A-07-01 & A-07-02 Empire Office Tower Empire Subang Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5631 7934	065-001
CGS-CIMB SECURITIES SDN BHD	2nf Floor (No. 26-2) Lorong Batu Nilam 4B Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel No.: 03-3325 7105	065-001
CGS-CIMB SECURITIES SDN BHD	1st Floor (No. 11A) Jalan Kenari 1 Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No.: 03-5891 6852	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.: 03-5891 6852	065-001

Name	Address and telephone number	Broker code
JF APEX SECURITIES BERHAD	6th Floor, Menara Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No : 03 – 8736 1118	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 – 7620 1118	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
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	Suite 8.02, Level 8, Menara Trend Intan Millennium Square No. 68 Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Darul Ehsan Tel No.: 03-3050 8888	098-003

Name	Address and telephone number	Broker code
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
PM SECURITIES SDN BHD	1st Floor, 157- A, Jalan Kenari 23A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No : 03-8070 0773	064-003
PM SECURITIES SDN BHD	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No : 03-3341 5300	064-001
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 - 6092 8916	087-047
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

Name	Address and telephone number	Broker code
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 – 7729 5713	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	065-006
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
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

Name	Address and telephone number	Broker code
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
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

Name	Address and telephone number	Broker code
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	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
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

Name	Address and telephone number	Broker code
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
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	2nd Floor, No.6160 Jalan Ong Yi How Kawasan Perindustrian Teras Jaya 13400 Butterworth Penang Tel No.: 04-3291 112	065-001

Name	Address and Telephone Number	Broker Code
CGS-CIMB SECURITIES SDN BHD	1st Floor, 32A Jalan Mahsuri 11950 Bandar Bayan Baru Penang Tel No.: 04-6422 287	065-001
CGS-CIMB SECURITIES SDN BHD	No. 20-1 & 20-2 Persiaran Bayan Indah Bayan Bay, Sungai Nibong 11900 Bayan Lepas Penang Tel No.: 04-6412 881	065-001
CGS-CIMB SECURITIES SDN BHD	1st Floor, Unit 1308 &1309 Jalan Besar, Sungai Bakap 14200 Sungai Jawi Penang Tel No.: 04-6412 881	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
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

Name	Address and telephone number	Broker code
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
MALACCA SECURITIES SDN BHD	No. 9-1-37, Taman Kheng Tian Jalan Van Praagh 11600 , Jelutong Pulau Pinang Tel: 04-2821 1533	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		
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
MALACCA SECURITIES SDN BHD	P11-3, Jalan Chui Yin 28700 Bentong Pahang Darul Makmur Tel No : 09-2220993 / 014 – 9215 992	012-001

Name	Address and telephone number	Broker code
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		
CGS-CIMB SECURITIES SDN BHD	Level 4, Wisma TCH Jalan Pengkalan Chepa 15400 Kota Baru Kelantan Darul Naim Tel No.: 09-7419 050	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		
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.: 04-7774 400	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
AFFIN HWANG INVESTMENT BANK BERHAD	6, Upper Level, Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No : 06-4553188	068-013
CGS-CIMB SECURITIES SDN BHD	1st Floor, No.21 Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No.: 06-4553 155	065-001
CGS-CIMB SECURITIES SDN BHD	2nd Floor, Lot 3110 Jalan Besar, Lukut 71010 Port Dickson Negeri Sembilan Darul Khusus Tel No.: 06-6515 385	065-001
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.: 06-7614 651	065-001
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

Name	Address and telephone number	Broker code
PM SECURITIES SDN BHD	1st-3rd Floor 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7623131	064-002
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
JOHOR DARUL TAKZIM		
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	No 73, Ground Floor No 73A & 79A, First Floor Jalan Kuning Dua, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3405888	065-001

Name	Address and telephone number	Broker code
CGS-CIMB SECURITIES SDN BHD	1st Floor, 101 Jalan Gambir 8 Bandar Baru Bukit Gambir 84800 Muar Johor Darul Takzim Tel No.: 07-9764 559	065-001
CGS-CIMB SECURITIES SDN BHD	1st Floor, No.384A Jalan Simbang, Taman Perling 81200 Johor Bahru Johor Darul Takzim Tel No.: 07-2329 673	065-001
CGS-CIMB SECURITIES SDN BHD	2nd Floor, 113 & 114 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No.: 07-9311 509	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.: 07-3537 669	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

Name	Address and telephone number	Broker code
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
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: 07-663 8877	012-001
MALACCA SECURITIES SDN BHD	Lot 880, 3 ½ Mile Jalan Salleh 84000 Muar Johor Darul Takzim Tel: 06-953 6948	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

Name	Address and telephone number	Broker code
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
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

Name	Address and telephone number	Broker code
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
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
SARAWAK		
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
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	No. 6A, Ground Floor 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, Wisma STA 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	073-001
KENANGA INVESTMENT BANK BERHAD	Level 2-4, Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No : 082-338000	073-001
KENANGA INVESTMENT BANK BERHAD	11-12, Ground & 1st Floor Lorong Kampung Datu 3 96000 Sibu Sarawak Tel No : 084-313855	073-001
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	073-001
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 - 324 128	078-017
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 1st Floor No 16, Lorong Intan 6 96000 Sibu Sarawak Tel: 084-252 737	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 & 2nd Floor Central Building No.28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No : 088-328878	065-001
CGS-CIMB SECURITIES SDN BHD	1st Floor, Lot 12 Block A3, Phase 2 Utama Place Mile 6, Northern Road 90000 Sandakan Sabah Tel No.: 089-215 578	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