

AS A POTENTIAL SUBSCRIBER YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS AND THE TRUST DEED (AVAILABLE ON REQUEST) PERTAINING TO THIS INTEREST SCHEME BEFORE SUBSCRIBING TO ANY INTEREST UNIT(S) PROMOTED BY CITY COIN TECHNOLOGY BERHAD.

**CITY COIN TECHNOLOGY BERHAD**  
(Incorporated in Malaysia)  
Company No. 201501011755 (1137090-D)

## **PROSPECTUS**

ISSUED PURSUANT UNDER SECTION 28 OF THE INTEREST SCHEMES ACT 2016

# **LAUNDRYBAR INVESTMENT SCHEME**

**OFFER FOR SUBSCRIPTION OF  
INTEREST UNITS**

EACH SUBSCRIBER OF AN INTEREST UNIT IS GIVEN A “COOLING-OFF PERIOD” OF TEN (10) WORKING DAYS (FROM THE DAY THE APPLICATION FOR THE SUBSCRIPTION OF AN INTEREST UNIT IS LODGED WITH THE COMPANY) TO WITHDRAW THE APPLICATION WITHOUT ANY DEDUCTION OR PENALTY.

A COPY OF THIS PROSPECTUS HAS BEEN LODGED WITH AND REGISTERED BY THE REGISTRAR OF COMPANIES, MALAYSIA WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

**THIS PROSPECTUS IS DATED 5<sup>th</sup> JANUARY 2022 AND EXPIRES ON 4<sup>th</sup> JULY 2022**

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## **DEFINITIONS**

In this Prospectus, except where the context requires otherwise, the following words and expressions shall have the following meanings-

<b>Applicant</b>	Means such person who has submitted the prescribed Application Form to the Management Company to become an Interest Unit Holder by the subscription of Interest Units.
<b>Application Form</b>	Means the prescribed application form prepared by the Management Company to be filled in by an Applicant to become Interest Unit Holders by the subscription of specified numbers of Interest Units.
<b>Approved Company Auditor</b>	Means a person approved as such by the Minister under Section 263 of the Companies Act whose approval has not been revoked as defined in the Companies Act.
<b>Business Day</b>	Means a day (other than Saturday, Sunday or public holiday in Kuala Lumpur) on which banks are open for business in Kuala Lumpur.
<b>Business Office</b>	Means the business office of the Management Company at No. 13, Jalan Perindustrian Desa Aman 1B, Industri Desa Aman, 52200 Kepong, Kuala Lumpur.
<b>Capital Reserve Fund</b>	Means a reserve fund to be established and managed by the Trustee in respect of the obligations of the Management Company in respect of the Scheme and the contribution to the reserve fund shall be based on the rate of contribution by the Management Company as provided in the Trust Deed.
<b>City Coin Laundry Group or the Group</b>	Means a collective reference to corporate affiliation and business relationship between the Management Company, City Coin Laundry Sdn Bhd (Company Number 201001026419 (910338-D), CC Laundry Solution Sdn Bhd (Company Number 201501035959 (1161279-H) and City Coin Chem Sdn Bhd (Company Number 201501030118 (1155441-K).
<b>Commencement Date</b>	Means the date of commencement of the respective Management Agreement within a Prospectus Period specified in the Management Agreement being the date on which the Interest Value is fully paid by each Interest Unit Holder to the Management Company and, the Management Company's record of this date shall be regarded as the final and conclusive record of the Commencement Date.
<b>Companies Act</b>	Means the Malaysian Companies Act 2016 (Act 777) and Companies Regulations 2017.
<b>Cooling-Off Period</b>	Means a period of ten (10) Business Days after the date on which the Applicant lodges the Application Form with the Management Company during which

period the Applicant may withdraw or rescind the Application without any deduction or penalty.

<b>Court</b>	Means the High Court of Malaya or a judge thereof.
<b>Enterprise</b>	Means the business activity that involves the establishment, management and operation by the Management Company of a retail network of self-service laundry outlets under the Scheme which may also be referred individually and collectively as “ <b>LaundryBar Outlet</b> ” or “ <b>LaundryBar Outlets</b> ” as the case may be.
<b>Gazette</b>	Means the official <i>Gazette</i> of the Federation of Malaysia and, includes supplements thereto as defined in Section 66 of the Interpretation Acts 1948 and 1967 (Act 388).
<b>Independent Consultant</b>	Means the professional adviser, firm or company having the requisite experience and expertise in the proper management and operation of the Enterprise.
<b>Initial Launch Date</b>	Means the date of the first Prospectus in respect of the Scheme herein.
<b>Interest Unit Holder</b>	Means a person who has subscribed to the Interest Units and entered into a Management Agreement with the Management Company and the plural expression shall be “ <b>Interest Unit Holders</b> ”.
<b>Interest Schemes Act</b>	Means the Interest Schemes Act 2016 (Act 778) and the Interest Schemes Regulations 2017.
<b>Interest Unit or Interest Units</b>	Means any of the 10,500 Interest Units representing 70% of the Total Interest Units created under the Scheme herein in respect of which any Interest Unit Holder who pays the Interest Value to obtain a contractual right which entitles the Interest Unit Holder to receive an annual Net Yield and a redemption of the Interest Value at the Maturity Date or earlier termination of the Scheme.
<b>Interest Value</b>	Means the redeemable consideration payable by each Interest Unit Holder to subscribe for one (1) Interest Unit or multiples thereof as specified in Section 3 of the First Schedule thereto at the times and in the manner stated in the Second Schedule thereto.
<b>Management Agreement</b>	Means the agreement entered into or, to be entered into, between the Interest Unit Holder and the Management Company as set out as Annexure “A” and attached to the Trust Deed.
<b>Management Company</b>	Means <b>City Coin Technology Berhad</b> (Company No. 201501011755 (1137090-D) the Management Company for the Scheme.



<b>Maturity Date</b>	Means one of the dates set out for illustrative purposes in the Second Schedule of the Trust Deed being the date upon which a specific Management Agreement shall expire as specified in the Fifth Schedule of such Management Agreement.
<b>Minister</b>	Means the Minister charged with the responsibility for companies as defined in the Companies Act.
<b>Net Yield</b>	Means the annual financial payment to be made by the Management Company to each Interest Unit in each calendar year based on eight percent (8%) of the Interest Value commencing on the 1 <sup>st</sup> day of January and ending on the 31 <sup>st</sup> day of December to be received by each registered Interest Unit Holder and payable by the Management Company Interest Unit Holder under the respective Management Agreement within fourteen (14) days from the 31 <sup>st</sup> day of January of the next following calendar year save and except that the Net Yield shall be a pro-rated amount during the period between the Commencement Date and the first 31 <sup>st</sup> day of December date following the Commencement Date and, the Net Yield shall be a pro-rated amount during the period between the 1 <sup>st</sup> day of January date of the final anniversary of the Term and the Maturity Date or such date upon which the Scheme is terminated.
<b>Prospectus</b>	Means the statement issued from time to time in respect of the Scheme created herein pursuant to the Interest Schemes Act the first of which being issued on the Initial Launch Date.
<b>Prospectus Period</b>	Means the relevant validity period set out for illustrative purposes in the First Schedule of the Trust Deed within which the Commencement Date of a Management Agreement shall be specified as provided in the Fourth Schedule of such Management Agreement.
<b>Prospectus Period Start Date</b>	Means the date on which each Prospectus Period comes into effect as set out in the second column of the First Schedule of the Trust Deed and more particularly specified in each Management Agreement.
<b>Register of Interest Units</b>	Means the register of Interest Units established and maintained by the Management Company entering and updating the same from time to time those registered as existing Interest Unit Holders of the Scheme.
<b>Registrar of Companies</b>	Means the Registrar of Companies as designated under subsection 20A(1) of the Companies Commission of Malaysia Act 2001 (Act 614).
<b>Reserved Interest Units</b>	Means the 4,500 Interest Units that are held by the Management Company not for public subscription and may be released for public subscription only upon the approval of the Registrar of Companies.
<b>RM or Ringgit Malaysia</b>	Means the lawful currency of Malaysia.

<b>Scheme</b>	Means the <b>LaundryBar Investment Scheme</b> being the approved investment scheme under the Trust Deed.
<b>Scheme Expiry Date</b>	Means the date of expiry of the Scheme being the 20 <sup>th</sup> anniversary date from the Initial Launch Date.
<b>Scheme Period</b>	Means the time period of 20 years commencing on the Initial Launch Date and expiring on the Scheme Expiry Date.
<b>Term</b>	Means the validity period of 9 years in respect of each Management Agreement and the Interest Units subscribed for by an Interest Unit Holder which shall commence on the Commencement Date and shall expire on the Maturity Date as specified in each Management Agreement.
<b>Total Interest Units</b>	Means the 15,000 Interest Units created under the Scheme herein.
<b>Total Interest Value</b>	Means the sum of RM75,000,000.00 derived from 15,000 Interest Units created under the Scheme herein.
<b>Transfer Fee</b>	Means a sum of RM100.00 payable to the Management Company in relation to any application for transfer/assignment of the Interest Units.
<b>Transfer Form</b>	Means the form to record the intention of any Interest Unit Holder to sell, transfer or to assign any Interest Units as set out in the Third Schedule to the Management Agreement.
<b>Transferee</b>	Means the third party to whom any Interest Units is sold or transferred by any Interest Unit Holder.
<b>Trust Account</b>	Means the bank account to be established and managed by the Trustee in respect of the Interest Value received under this Scheme.
<b>Trust Deed or Deed</b>	Means the Trust Deed entered into between the Management Company of the first part, the Trustee of the second part and the Interest Unit Holders of the final part and shall include any amendments, modifications or changes made thereto from time to time and shall include the attachments, schedules and annexures herein.
<b>Trustee</b>	Means <b>UBB Amanah Berhad</b> (Company No. 198801001043 (168400-P) and shall include the trustee for the time being of the Trust Deed, whether original, additional or substituted.

## **Salient Features of the LaundryBar Investment Scheme**

<b>Name of Interest Scheme</b>	: LaundryBar Investment Scheme
<b>Total Interest Units approved</b>	: 15,000 Interest Unit
<b>Interest Units for public subscription</b>	: 10,500 Interest Units
<b>Reserved Interest Units</b>	: 4,500 Interest Units
<b>Interest Value price per Interest Unit</b>	: RM5,000/-
<b>Total Interest Value approved</b>	: RM75,000,000/-
<b>Target Interest Value fund size</b>	: RM52,500,000/-
<b>Net Yield payable annually</b>	: 8% of Interest Value
<b>Scheme Period</b>	: 20 years
<b>Duration of each Interest Unit in each Term</b>	: 9 years
<b>Maturity Date</b>	: The date upon which an Interest Unit expires and Interest Value is fully refunded to the registered Interest Unit Holder.

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## 1 INTRODUCTION

### 1.1 **Background**

The Management Company is a part of the City Coin Laundry Group which are 7terilizin distributors in Malaysia for the Alliance Laundry System (ALS) which is the world's No.1 in manufacturer of commercial washing machines and dryers. In addition to company-owned LaundryBar Outlets the Group also provides opportunities for entrepreneurs through a franchise model where guidance and training is provided to maximise returns on investment through operating self-service laundromats.

#### *Coin Operated Laundry Business In Malaysia*

LaundryBar's unique value proposition lies within its role as an exclusive distributor for ALS IPSO brand washing machines in Malaysia, which incidentally, is the only American-grade washing machine that provides 7-year warranties across South East Asia. ALS provides the world finest laundry products and services, and is renowned for their uncompromising levels of quality, reliability and performance.



The Group's business model includes a 24-hours care line to respond promptly to complaints of any equipment breakdown. The Group has warehousing facilities to ensure equipment and spare parts are readily available and sufficiently stocked to avoid losses during downtime due to inevitable machine breakdown. Under the Group's franchise model franchisees are able to set up their new business within 3 months of their appointment.

#### *Proven Performance and Reliability*

The Group's LaundryBar operations is ISO Certified on self-service laundry and maintenance. The Group is approved as a franchisor and regulated by the Ministry of Domestic Trade and Consumer Affairs (Kementerian Perdagangan Dalam Negeri dan Hal Ehwal Pengguna or KPDNHEP).

The Group has successfully established 350 outlets across Malaysia within the past 3 years, with zero failure rates in addition to achieving on average, 30% return on investment per year. Many franchisees have achieved breakeven on their franchise business returns within just 18 months of operation.

*Innovative Research & Development team*

The Group's LaundryBar operations is a pioneer within the Malaysian laundry industry to provide built-in antiseptic and sterilizing chemical dispensers into its washing machines. The Group is also among the first in Malaysia to provide free in-house formulated laundry chemicals (detergent, softener, and sanitizer) to our laundry users.

Over the years, the Group's highly innovative team of engineers have also successfully brought about many positive changes in the industry to enable the use of its washing machines to be more user-friendly. Some of the enhancements and new features include the Card Kiosk System, Chemical Vending Machine, Smart Card and Remote Return Coin System.

The Card Kiosk System was introduced to provide maximum customer convenience and a hassle-free experience of having to change and prepare coins to operate the washing machine. The Chemical Vending Machine makes it easy and convenient for customers to purchase the Group's self-formulated LOVAS brand laundry chemicals whenever they are at any LaundryBar outlet to wash their laundry.



The Group's Smart Card system can also be used as a marketing tool, aside from solely a sales performance monitor.

The Remote Return Coin System, incorporated with technological advancements, is aimed to refund tokens to unsatisfied customer within 10 seconds. These value-added systems were specifically created to boost customer satisfaction and loyalty.

*Highly trained and customer-focused technical team*

The Group is sensitive to and, understands the struggle and frustration of experiencing technical issues. To address this, it has a zero-downtime solution for all customers and franchisees. Customers can reach out to LaundryBar's 24-hour helpline should they encounter any issues while using LaundryBar's self-service laundry services. LaundryBar also has a group of highly trained (by ALS USA) and customer-focused technical team that aims to provide support and prompt repairs of malfunctioned washing machines within 24 working hours. The Group also has service centres in

Central and Southern parts of the west coast of Peninsular Malaysia and, in Sabah and Sarawak to support franchisees.

### *Targeted Marketing*

With the change and evolution of modern technologies, LaundryBar utilizes social media and Search Engine Marketing (SEM) to increase the LaundryBar's brand visibility online and engage potential customers. Along with digital marketing, other marketing campaigns that are employed include Intelligent SMS Marketing, distribution of laundry bags and billboard advertising on highways. On top of that, the City Coin Laundry Group also actively participates in trade exhibitions, both locally and internationally to increase brand awareness and attract potential investors.

## 1.2 **Prospectus**

The Management Company intends to establish, manage and operate the **LaundryBar Investment Scheme** based on the Enterprise whereby the Management Company agrees to offer redeemable Interest Units in respect of which the Interest Unit Holder pays the Interest Value and, in consideration of which the Interest Unit Holder obtains contractual rights provided in the Management Agreement and, is entitled to receive such number of Interest Units as the Interest Unit Holder shall have subscribed to.

The Scheme will involve the offer to the public of Interest Units in respect of the Operations. The Interest Units are established pursuant to the Interest Schemes Act which provides for the creation of Interest Units in respect of the Enterprise.

Each Interest Unit shall have an Interest Value of RM5,000.00 at the Initial Launch Date and all subsequent Interest Units shall be at such subscription price as shall be stipulated by the Management Company from time to time based on market forces.

The Management Company will establish the Total Interest Units under the Scheme of which the Interest Units are intended for public subscription to the public and the remaining Reserved Interest Units are designated as Reserved Interest Units not for public subscription and may be released for public subscription only upon the approval of the Registrar of Companies.

An Applicant who subscribes to any Interest Units shall be designated as an Interest Unit Holder and shall receive the Net Yield in each calendar year during the Term and the redemption of the Interest Value at the Maturity Date or earlier termination of the Scheme as provided in this Deed.

The Scheme will be operated by the Management Company whereby only Applicants who are invited or permitted or approved by the Management Company shall be allowed to participate in the Scheme upon such terms and conditions as the Management Company shall stipulate, with prior consent from the Trustee, in the Management Agreement annexed hereto as Annexure "A" to be entered into between the Management Company and each Applicant. The Management Company will be the operator and issuer of the Interest Units. The Management Company is not liable to be removed by the Trustee or the Interest Unit Holders.

It is hereby expressly stipulated that the Management Agreement shall not confer on any Interest Unit Holder any proprietary right, title, interest, estate or share over the assets whether movable or immovable of the Enterprise or the Management Company but will only confer upon the Interest Unit Holder the right to participate in the Scheme in the manner provided in this Deed and the Management Agreement. Accordingly, no property will be vested in the Trustee nor the Interest Unit Holder.

This Prospectus has been lodged with the Registrar of Companies who takes no responsibility for its contents and is obtainable at the Business Office of the Management Company during office hours.

The Management Company hereby declares-

- (2) that no Interest Unit shall be transferred pursuant to this Prospectus later than six (6) months after the date of this Prospectus, unless otherwise approved by the Registrar of Companies;
- (ii) that Interest Unit Certificate evidencing each Interest Unit shall be issued to any Applicant who subscribes for an Interest Unit pursuant to this Prospectus not later than two (2) months after the date of the full payment of the Interest Value by the Interest Unit Holder.

The Trustee or representatives of the Trustee shall ensure that the Register of Interest Units is properly maintained and to this end the Trustee is empowered and required to ensure compliance by the Management Company in issuing the Interest Unit Certificates to the Interest Unit Holder as aforesaid.

### **1.3 History of the Management Company**

The Management Company is a subsidiary within the City Coin Laundry Group and, its original focus was on technology research and development. It has a professional R&D team that incorporates technological advancements into self-service laundromats. The Management Company has helped the City Coin Laundry Group to become a pioneer in the Malaysian laundry industry to incorporate built-in antiseptic and sterilising chemical dispensers into washing machines to provide maximum hygiene assurance. With the Scheme, the Management Company will spearhead the City Coin Laundry Group's establishment of company-owned and operated LaundryBar Outlets. This will augment the City Coin Laundry Group's continued expansion of its network of franchisees.

### **1.4 Appointment of Marketing Agent**

The Management Company may with the prior consent of the Registrar of Companies appoint a marketing agent to promote and/or offer for public subscription the Interest Units and/or provide management services upon such terms and conditions as shall be agreed upon between the Management Company and the marketing agent.

**1.5 Number of Interest Units Subscribed**

Total Number of Interest Units Available for Subscription	Number of Interest Unit Subscribed or Sold As At The Date of Statement	Movement since the Previous Prospectus	Balance of Interest Unit Available For Subscription
10,500	166	19	10,334

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## 2. CORPORATE INFORMATION

### 2.1 Corporate Information of the Management Company

#### Directors

<b>Name</b>	<b>Residential Address</b>	<b>Occupation</b>
Ang Beng Teck	19, Jalan PJU 10/11D Saujana Damansara 47800 Petaling Jaya Selangor Darul Ehsan	Director
Chua Wuan Yeen	19, Jalan PJU 10/11D Saujana Damansara 47800 Petaling Jaya Selangor Darul Ehsan	Director
Choo Chin Thye	32, Jalan Bilis Bangsar 59100 Kuala Lumpur	Director

#### Secretary

<b>Name</b>	<b>Residential Address</b>	<b>Occupation</b>
Chew Choy Choy	23, Jalan Wangsa 1/4 Taman Wangsa Permai 51200 Kuala Lumpur	Company Secretary

#### Management

<b>Name</b>	<b>Residential Address</b>	<b>Occupation</b>
Ang Beng Teck	-same as above-	-same as above-
Chua Wuan Yeen	-same as above-	-same as above-

#### Shareholders

<b>Name</b>	<b>Number of shares</b>	<b>Percentage (%)</b>
City Coin Laundry Sdn Bhd	4,500,000	90%
Ang Beng Teck	250,000	5%
Chua Wuan Yeen	250,000	5%

**Registered Office**

No. 3-15D, Jalan Desa 2/2  
Desa Aman Puri  
Kuala Lumpur

**Chief Executive Officer**

Ang Beng Teck (Paul)  
No. 13, Jalan Perindustrian Desa Aman  
1B, Industri Desa Aman, 52200  
Kepong, Kuala Lumpur  
Tel: +603 62799010  
Email: paul@laundrybar.com.my

**Trustees**

UBB Amanah Berhad  
198801001043 (168400-P)  
B-G-9, Galeria Hartamas, No, 21, Jalan  
26/70a, Desa Sri Hartamas, 50480 Kuala  
Lumpur, Federal Territory of Kuala  
Lumpur  
Email: *info@ubbamanah.com*

**Auditor**

SY Lee & Co  
Chartered Accountants (AF 1317)  
No.29-1, Jalan 46A/26  
Taman Sri Rampai,  
53300 Kuala Lumpur

**Solicitors**

CTChoo&Co  
Advocates & Solicitors  
B-5-6, Tower B  
Plaza Pantai  
Jalan Pantai Baharu  
59100 Kuala Lumpur  
Email: *ctchoo@ctchoo.com*

**Independent Consultant**

SEA NQA PLT (LLP0017988-LGN)  
A-3-9, 8, Avenue Business Centre  
Jalan 8/1, 46050 Petaling Jaya  
Selangor  
Email: *dalec\_ng@yahoo.com*

**The Register of Interest Units will be kept at-**

No. 13, Jalan Perindustrian Desa Aman 1B  
Industri Desa Aman  
52200 Kepong, Kuala Lumpur

**Accessible during Office Hours**

Mon-Fri 9.00 a.m. to 5.00 p.m.

### 3. **CORPORATE PROFILE**

#### 3.1 **Corporate Profile of the Management Company**

##### **Directors and Senior Management**

###### **Ang Beng Teck (Paul) – Managing Director and Chief Executive Officer**

Paul Ang, 46 years old, is the co-founder of the City Coin Laundry Group. He is the Managing Director and Chief Executive Officer of the Group. He has professional training in accounting and taxation. Paul was appointed as council member of the Malaysian Franchise Association (MFA) in July 2018.

He and fellow Director, Sandra Chua, created the LaundryBar brand which now represents City Coin Laundry Group's principal corporate brand. He, then, vigorously promoted the LaundryBar franchise to SME entrepreneurs. Today, there are more than 400 LaundryBar stores in Malaysia, Brunei, Turkey, and Thailand. Paul has also led the City Coin Laundry Group to receive numerous accolades including the SME 100 Awards 2016, Nan Yang Golden Eagle Award 2017, and Sin Chew Award 2017 for its fast-growing, environmentally-friendly, and sustainable business model.

###### **Chua Wuan Yeen (Sandra) – Executive Director**

Sandra Chua, 45 years old, is the Executive Director and co-founder of the City Coin Laundry Group. Previously, Sandra was involved in the swiftlet farming and bird nest business where she supplied high quality bird's nest to businessmen from Hong Kong, China, Thailand and Indonesia. Sandra also provide technology and fast stay technique made for swiftlet farming. She was also a Maxis authorised dealer in the east coast region of Malaysia.

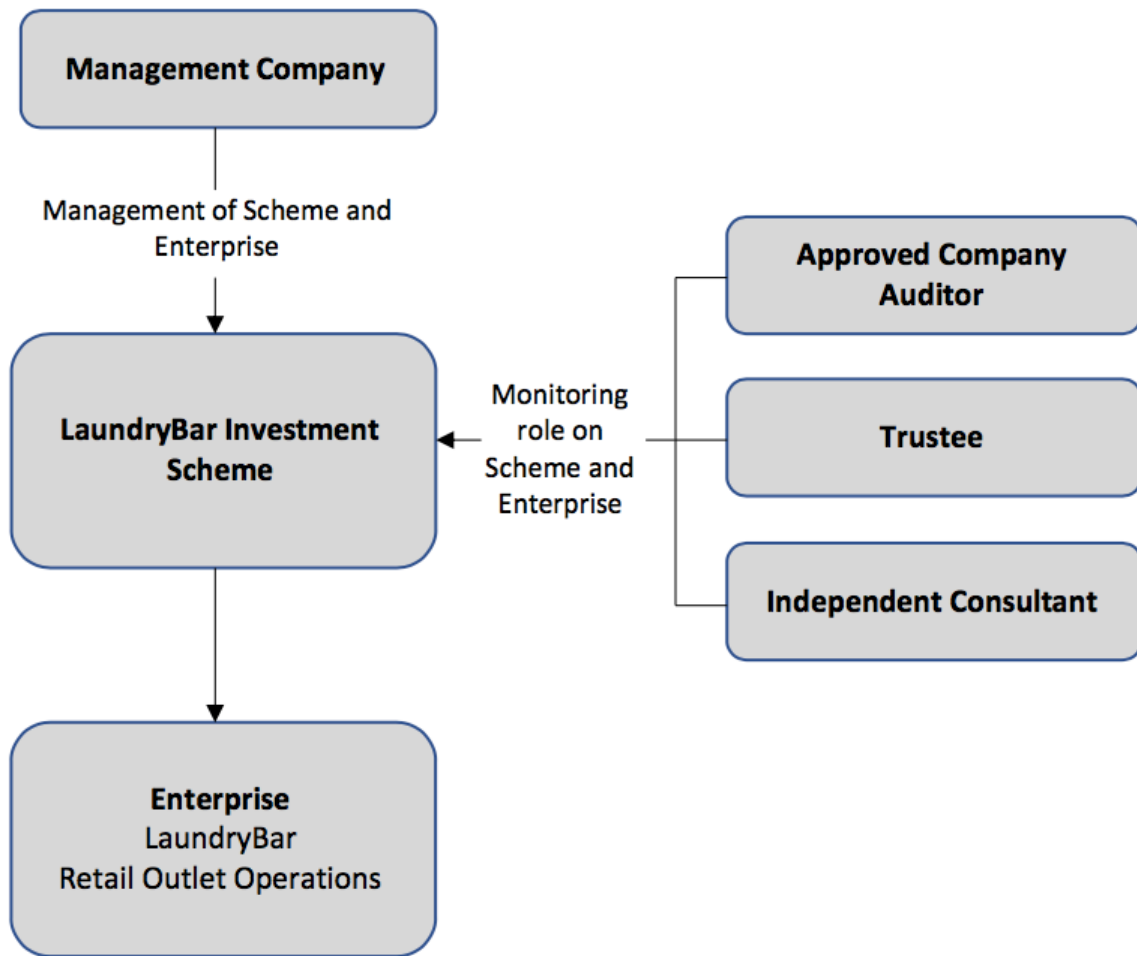
Sandra is a member of the Council of ASEAN Retail Chains & Franchise Federation (ARFF), She is also a winner of SME Women Entrepreneur Award 2016 and the Star Outstanding Business Award (SOBA) Female Entrepreneur of the year 2017.

###### **Choo Chin Thye – Non-Executive Director**

CT Choo, 58 years old, B.Ec, LL.B (Monash), LL.M (Malaya) is an Advocate & Solicitor. He was the Legal Officer and Company Secretary for Usaha Tegas Sdn Bhd (1988-1992), Chief Executive Officer for the corporate group in Sabah that managed the Sandakan Turf Club 4-Digit operations, automotive spare parts and timber processing (1994-1999), Non-Executive Director for Country Heights Holdings Berhad (2005-2008) and ASSA ABLOY Malaysia Sdn Bhd (2005-2010). CT has been Advisor to ICT Zone Ventures Berhad since 2011.

CT served in the Lembaga Tatatertib Peguambela & Peguamcara (2015-2017) and he has been a member of the Bar Council Corporate and Commercial Law Committee since 2015. He is also a member of the SSM Interest Scheme Working Committee (ISWC) and the SSM Corporate Practice Consultative Forum (CPCF) since 2015. He is one of the Founders and key Committee Member of the Federation of Interest Scheme Operators Malaysia (FISOM).

### 3.2 Corporate and Scheme Structure



## 4. MAIN FEATURES OF THE SCHEME

### 4.1 The Offer

The public is invited to participate in the Scheme which is involved in the Enterprise operations by subscribing to Interest Units and entering into the Management Agreement with the Management Company where Interest Unit Holders shall receive an annual Net Yield at 8% of the Interest Value and the redemption of the Interest Value at the Maturity Date.

The terms and conditions governing the Scheme and the Interest Units are as stated in this Prospectus, the Trust Deed, the Management Agreement.

#### 4.2 Arrangements for buy back of Interest Units

The Minister has granted a three (3) years exemption to the Management Company from the requirement of Section 47 of the Interest Schemes Act which relates to the obligation of the Management Company to repurchase any Interest Unit at the request of the Interest Unit Holders.

The period of exemption shall commence on the Initial Launch Date and shall expire on the third (3<sup>rd</sup>) anniversary date from the Initial Launch Date.

After the expiry of the period of exemption the Management Company shall, at the request of an Interest Unit Holder, buyback any Interest Unit from the Interest Unit Holder at Eighty Percent (80%) of the Interest Value based on the costs incurred in respect of marketing expenses, sales commission and administration charges.

Any Interest Unit bought back by the Management Company may be re-offered for public subscription by the Management Company at a value to be determined by the Management Company based on market forces.

For administrative efficiency and effectiveness, any and all Interest Units to be bought back to the Management Company shall be processed only during the calendar months of March, June, September and December.

In each calendar year commencing from the Initial Launch Date, the Management Company's obligation to accept the buyback of any Interest shall be as follows-

Year	1	2	3	4	5	6	7	8	9	Total (%)
Buy back limit in Percentage of the value of the total number of Interest Units already subscribed (%)	0	0	0	10	10	15	15	20	30	100

#### **4.3 Transfer or Assignment and Transmission of Interest Units**

The Interest Units are freely transferable or assignable subject to the terms of the Management Agreement and subject to the transferor giving a copy of the current Prospectus as at the date of such transfer or assignment is furnished to the subsequent subscriber. Non-compliance with this provision may render the Interest Unit Holder's offering to assign or transfer his Interest Units to be in contravention of the section 28(3)(b) of the Interest Schemes Act.

Requests for transfer must be in writing in the prescribed Transfer Form as set out in the Management Agreement or such other form as the Management Company may from time to time prescribe, stating the particulars of the Transferee and the consideration paid or payable by the Transferee for the transfer. The Transfer Form will be provided by the Management Company upon request. Upon the approval of the Management Company, the Transfer Fee is payable to the Management Company.

The Management Company shall provide to an Interest Unit Holder who intends to sell, assign or transfer his Interest Units with a copy of its current Prospectus within fourteen (14) days of such written request by the Interest Unit Holder at a fee of RM20.00 only.

The Management Company may decline to register any transfer of any Interest Unit unless the Interest Unit Holder complies with the terms and conditions as set out in the Management Agreement.

#### **4.4 Right to request for Prospectus and Certificate of good standing**

Any Interest Unit Holder who wishes to assign/transfer his Interest Units is entitled to procure the following from the Management Company within fourteen (14) days from the date on which a written request is made by the Interest Unit Holder-

- (a) a copy of the current prospectus which shall be provided by the Management Company to the Interest Unit Holder who so decides to transfer his Interest Unit on payment of a fee of RM20.00 to the Management Company. The Interest Unit Holder is required to furnish to the Transferee of the Interest Unit with a copy of the current prospectus failing which such Interest Unit Holder will be committing an offence under section 28(3)(b) of the Interest Schemes Act;
- (b) a certificate certifying among other things-
  - (i) whether there are any legal proceedings in existence or contemplated in respect of the Management Company as far as the Management Company is aware; and
  - (ii) whether the assets in the Enterprise operations are sufficiently covered by insurance.

A copy of such certificate will be furnished within fourteen (14) days of the date on which the written request is made and the Management Company shall be entitled to impose a fee of RM5.00 only.

#### 4.5 **Right in contract only**

The rights held by any Interest Unit Holder in the form of any Interest Unit are in the nature of a contractual and rest in contract only and shall not create in or confer any tenancy or any estate or interest in or over the Management Company, the Enterprise or the Scheme or any part thereof. Save and except for the payment of the Net Yield in each calendar year during the Term and the redemption of the Interest Value at the Maturity Date as provided in the Interest Unit Holder's Management Agreement there shall be no distribution of any additional income, dividends, bonuses, shares, any other form of profit or gains to the Interest Unit Holders nor any right to participate in any-

- (a) profits, assets or realisation of any financial or business undertaking forming part of the Scheme;
- (b) common enterprise in relation to which Interest Unit Holders are led to expect profits and rent from the efforts of the promoter of any enterprise or third party; or
- (c) investment contract.

#### 4.6 **Income tax payable on Net Yield received**

The Interest Unit Holder will be subjected to the relevant income tax on any Net Yield received annually.

### 5. **NUMBER OF INTEREST UNITS AND RESERVED INTEREST UNITS**

#### 5.1 **Number of Interest Units**

The Management Company covenants that the maximum number of Interest Units that will be issued by the Management Company shall not exceed the Total Interest Units of 15,000. At the Initial Launch Date the Management Company shall offer for public subscription 10,500 Interest Units.

The Management Company intends to offer the Interest Units at the Initial Launch Date of the Scheme for public subscription at the initial subscription price of RM5,000-00. After the Initial Launch Date, the Interest Value will be determined by the Management Company from time to time based on market forces.

#### 5.2 **Reserved Interest Units**

The Management Company is required to hold the remaining 4,500 Interest Units as Reserved Interest Units which shall not be available for public subscription and may be released for public subscription only upon the approval of the Registrar of Companies.

## 6. RISK FACTORS

*Before subscribing for any Interest Unit, you should pay particular attention to the fact that the Scheme, and to a large extent, the Scheme's activities, are subject to legal, regulatory and business environment in Malaysia. The Enterprise operations business is subject to a number of factors, many of which are outside the Management Company's control. Prior to making the decision to subscribe for any Interest Unit, you should carefully consider along with the other matters in this Prospectus, the risk considerations set out below. The risks set out below are not an exhaustive list of the challenges that we currently face or that may develop in the future. Additional risks, whether known or unknown, may in the future have a material adverse effect on the Management Company or the Scheme.*

### **Supply and cost of utilities**

Changes in utility rates for electricity, natural gas, water and sewerage affect the Enterprise because LaundryBar Outlets rely on electricity, natural gas, water and sewerage to conduct operations. To address this, the Management Company has contingency plans on water and electricity supply. Where there is a change of utility price the most direct management response method is to increase the rate of washing and drying as this is an overall effect to the self-service laundry industry. It is noted that for the laundry dryer function gas consumption is the highest compared to other utilities.

### **Parts and maintenance costs**

Repairs are an ongoing matter for the Enterprise. Even new machines wear down with constant use. The Management Company has contingency plans to address this by way of-

- **Parts inventory management.** As an authorised distributor from Alliance Laundry Systems the Management Company will always monitor and top up on regular service parts and also critical parts to avoid shortages and machine downtime.
- **Well-trained technicians for repairs and maintenance.** Increase of manpower especially technical force to service all LaundryBar Outlets in various regions. Northern, Southern, East and Central the standard index calculation is for every 25 outlets there will be 1 technical support staff; and
- **Geospatial distribution of parts storage at locations throughout Malaysia.** Parts distribution will be allocated to various service centres throughout whole Malaysia especially regular service parts

### **Rental costs**

In localities that are popular, the challenge of increase in rental rates for premises may occur from time to time. To address the exposure to high rental the Management Company has contingency plans for relocation of affected LaundryBar Outlets to new locations within the same neighbourhood. Usually, tenancies of premises will be locked in on a 3 years with option to renew



for another 3 year. The rental rate will be fixed for the first 3 years. The only risk is where a landlord dispose of the premises to a third party without notifying the Management Company. Most of landlords are reluctant to insert a first right of refusal provision in the tenancy agreement.

### **Security**

There is always a challenge with security at LaundryBar Outlets that are open on a 24-hours cycle. Security risks include-

- Equipment abuse, vandalism and threats to patrons. To mitigate this risk every LaundryBar Outlet is armed with alarm systems which have significantly addressed the risk. The premises are well-lit and equipped with good resolution CCTV cameras at strategic spots in each outlet. The CCTVs are monitored. All incidents are promptly reported to the law enforcement agencies.
- Theft of cash from token dispenser machines onsite. To address this challenge the Management Company limits the cash onsite by a procedure to remove surplus cash from the token machines on a regular basis daily. Use of Visa Paywave cashless systems has also mitigated the risk.

All outlets have adequate insurance coverage against usual risks to business premises.

### **Covid-19 Pandemic**

The recent COVID-19 pandemic has led to the implementation of national lockdown policies in many countries, including Malaysia. In Malaysia, the Movement Control Order (“MCO”), which was implemented in March, entailed the closure of all Government and private premises except those involved in essential services (water, electricity, energy, telecommunications, postal, transportation, irrigation, oil, gas, fuel, lubricants, broadcasting, finance, banking, health, pharmacy, fire, prison, port, airport, safety, defence, cleaning, retail and food supply). The subsequent transition to Conditional MCO in May and Recovery MCO in June provided some relief to corporations as they were allowed to operate, though at a limited capacity. Although Conditional MCO and Enhanced MCO are implemented in October in several states and territories including Kuala Lumpur, Selangor, Putrajaya, Penang and Sabah due to a resurgence in number of new COVID-19 cases, the corporations are still allowed to operate at a limited capacity and are subject to travel restrictions in the relevant areas.

The Management Company has taken all necessary measures to mitigate the effect of the MCO and the customer base of the LaundryBar Outlets have proven to be loyal and resilient even during these challenging period.

7. **PROCEDURE FOR APPLICATION FOR INTEREST UNITS**

An Applicant is required to fill in the Application Form attached with this Prospectus and become an Interest Unit Holder with the issuance of the number of Interest Units applied for after execution of the Management Agreement. The Applicant will have to pay the cash sum for the Interest Value upon submission of the Application Form.

The Management Company reserves the right to refuse any application without assigning any reason therefore. A rejection notice will be given to unsuccessful applicants together with a refund of any monies paid free of interest.

Any Applicant may by giving notice in writing duly served on the Management Company within the Cooling-Off Period rescind the Management Agreement and receive a full refund of all amounts paid to the Management Company pursuant to the Management Agreement. Upon the expiry of the Cooling-Off Period, failure on the part of the Applicant (who becomes an Interest Unit Holder upon execution of the Management Agreement) to comply with the terms and conditions of the Management Agreement (including the payment of any outstanding monies due and payable by the Interest Unit Holder) may result, at the Management Company's absolute discretion, in the termination of the Management Agreement and the forfeiture of all monies paid by the Interest Unit Holder.

8. **INDEPENDENT CONSULTANT**

An Independent Consultant shall be appointed by the Management Company and the Independent Consultant shall conduct a semi-annual review and inspection of the Scheme's operations which encompasses a review of the quality of work carried out at the Scheme and, the Independent Consultant will prepare a semi-annual written report a copy of which will be submitted to the Management Company, Trustee and the Registrar of Companies and, also be incorporated into the next published Prospectus.

9. **CHIEF EXECUTIVE OFFICER**

The Management Company shall appoint a Chief Executive Officer subject to the prior consent of the Registrar of Companies.

The Chief Executive Officer shall handle the operations and responsibilities of the Management Company upon such terms as shall be agreed upon between the Management Company and the Chief Executive Officer.

The Chief Executive Officer shall be responsible to look into and resolve any complaints relating to the Scheme and its operations.

10. **COVENANTS AND DUTIES OF THE MANAGEMENT COMPANY**

10.1 The Management Company has represented to the Trustee as follows-

- (a) that it is a public limited company incorporated in Malaysia with an issued and paid-up share capital of RM5,000,000.00 and is empowered to carry on the business of operating the Scheme and offering Interest Units to members of the public in respect of the Scheme;
- (b) that some of its officers involved in the development, management and operation of the Scheme have had prior experience and expertise in managing companies or related businesses; and
- (c) that it is majority owned by local shareholders.

10.2 The Management Company has covenanted with the Trustee that so long as any Interest Unit is issued by it and such Interest Unit remains valid and binding on it, it shall-

- (a) use its best endeavours to carry on and conduct its business in a proper and efficient manner and to ensure any contract, arrangement, undertaking or enterprise to which the trust deed or contractual agreement relates is carried on and conducted in a proper and efficient manner;
- (b) not sell any Interest Units to which the Trust Deed relates otherwise than at an Interest Value calculated in accordance with the Trust Deed;
- (c) ensure that no moneys available for investment under the Trust Deed will be invested in or lent to the Management Company, the Trustee or any company other than which is allowed under the Interest Schemes Act;
- (d) give such particulars as are sufficient to disclose the nature of the contract, arrangement, undertaking or enterprise, and the nature of the Interest Units to which the Trust Deed relates; and
- (e) ensure that the Trust Deed creates a trust or declaration of trust, including precise information as to the circumstances in which the money, marketable securities, investments and other property subject to the trust are or will be vested in the Trustee, and the obligations towards the Interest Unit Holders in regard to the property.

10.3 The Management Company further covenants to the Trustee as follows-

- (a) it shall insure and/or caused to be insured all relevant Enterprise assets from loss or damage by fire or other relevant perils up to their respective full insurable value and to pay all premiums necessary for that purpose;
- (b) save and except in the ordinary course of business of the Enterprise, it shall not encumber any Enterprise assets in any way except with the prior written consent of the Trustee;

- (c) all Enterprise premises has obtained the approval and consent from the relevant local authorities;
- (d) it shall comply with all relevant written laws, notices, directions, orders, requirements or demands of any government, statutory bodies or other authority affecting the Scheme or the Enterprise;
- (e) it will not alter or vary its nature of business of the Scheme without the prior written consent of the Registrar of Companies;
- (f) it shall ensure that-
  - (i) the advertisements shall not contain any statement or information that may mislead the public or create a misleading impression about this Scheme; and
  - (ii) fulfill any promises and benefits that are stated in the advertisement, including benefits that are not listed in the Trust Deed or any Prospectus;
- (g) it shall obtain approval from the Trustee before the advertisement can be published and disseminated to the public;
- (h) it shall submit to the Registrar of Companies a certificate before publishing or disseminating the advertisement. The certificate shall be signed by at least 2 directors of the Management Company;
- (i) it shall ensure that the advertisement shall contain a statement which carries the following meaning-

*“Application must be attached to a printed copy of the prospectus.”*
- (j) it shall assign a reference number to each advertisement. The advertisement shall be stated in each published advertisement;
- (k) it shall ensure that the statements in the advertisements are consistent with the disclosures contained in the Prospectus and shall not include additional facilities or amenities that are not stated in the Prospectus or change the substantive nature of the Scheme; and
- (l) it shall ensure that where any advertisement is disseminated by means of broadcasting, television or cinematograph, the advertisement should contain the address where a copy of the Prospectus can be requested by the public. The prospectus shall be supplied to the public within seven 7 days from the date of such request.

10.4 The Management Company is not liable to be removed by the Trustee or the Trustee’s representative or by the Interest Unit Holders.

- 10.5 An Approved Company Auditor shall be appointed by the Trustee in relation to the funds in the Trust Account to be established under the Trust Deed. The Trustee may also from time to time remove or replace the Approved Company Auditor and appoint another or others in its place and the Approved Company Auditor may also resign by giving three (3) months' prior written notice to the Trustee.
- 10.6 The Management Company further covenants as from a day to be fixed by the Minister by notice published in the Gazette that it will not exercise the right to vote in respect of any shares relating to the Interest Units to which this Deed relates held by the Management Company or the Trustee if any as the case may be at any election for directors of a corporation where shares are so held, without the consent of the majority of the holders of Interest Units to which this Deed relates present in person and voting given at a meeting of those holders summoned in the manner provided in this Deed for the purpose of authorising the exercise of the right at the next election.

## 11. **TRUSTEE FOR THE SCHEME**

As required by the Interest Schemes Act, the invitation to the Applicants in this Prospectus requires a Trust Deed. A copy of the Trust Deed will be made available to Interest Unit Holders for their perusal at the Management Company's premises during office hours. The Trustee is a trust company registered under the Trust Companies Act, 1949.

The parties to the Trust Deed are-

- (i) City Coin Technology Berhad;
- (ii) UBB Amanah Berhad; and
- (iii) Interest Unit Holders.

The main purpose of the Trust Deed is to protect the interests and rights of all Interest Unit Holders. The Trust Deed also sets out duties and responsibilities of the Trustee.

### 11.1 **Duties of Trustee**

Under the terms of the Trust Deed, specific provisions are provided for the following duties of the Trustee-

#### (a) **Due Diligence**

The Trustee shall exercise due diligence and vigilance in carrying out its functions and duties and in monitoring the rights and interests of the Interest Unit Holders to which the Trust Deed relates.

#### (b) **Trust Account**

The Trustee shall establish a bank account and interest-bearing Trust Account in the name of the Trustee for the Management Company for the purpose of depositing and holding on trust all Interest Value received by the Management Company from the Interest Unit Holders. Upon the expiry of the Cooling-off Period, the Trustee shall, subject to such funds as shall be

retained for the Capital Reserve Fund, release to the Management Company all and any Interest Value received by it from the Management Company and deposited into the Trust Account together with any interest accrued thereon upon the following conditions being fulfilled-

- (i) Expiry of the Cooling-Off Period and confirmation by the Management Company of its acceptance of the application by the Applicant within seven (7) days from the date of expiry of the Cooling-Off Period; and
- (ii) Receiving a a letter of intent issued by the Management Company, whether in electronic form via email or in printed form containing a confirmation of the designated and specific LaundryBar Outlet that the Interest Value shall be applied to.

Any Interest Value deposited into the Trust Account by the Management Company prior to the expiry of the Cooling-Off Period shall be held in trust by the Trustee for the Applicant until the expiry of the Cooling-Off Period and in the event that any application is withdrawn by an Applicant during the Cooling-Off Period, the Trustee shall release such Interest Value, free of interest, to the Applicant.

(c) **Capital Reserve Fund**

The Trustee shall cause to be established another trust account in the name of the Trustee for the Management Company with a reputable bank approved by the Management Company for purposes of setting up a Capital Reserve Fund by the Management Company in respect of the Enterprise operations and the Scheme.

Upon the anniversary of each Prospectus Period Start Date, the Management Company is obliged to contribute to the Capital Reserve Fund from the annual revenue received by the Management Company from the Enterprise operations and the amount of such annual contribution shall be calculated based on the following table where the monetary value of the annual contribution is shown as a percentage of the Interest Value received by the Scheme from the Interest Unit Holders-

<b>Year</b>	<b>Annual contribution to Capital Reserve Fund by the Management Company as a percentage of each Interest Value received by the Scheme in respect of each Interest Unit</b>
1	0%
2	5%
3	5%
4	5%

5	10%
6	10%
7	15%
8	20%
9	30%
<b>Total</b>	<b>100%</b>

**(d) Partial utilisation of Capital Reserve Fund**

At the written request of the Management Company from time to time for specific amounts supported by a written request showing the proposed utilisation of the moneys for the Enterprise operations under the Scheme, the Trustee may withdraw from the Capital Reserve Fund and transfer to the Management Company such amounts requested free of any interest imposition save and except that the amount requested shall not exceed at any time 70% of the total value of the Capital Reserve Fund.

The amount utilised shall reviewed by the Trustee from time to time during the Scheme Period in a meeting with the Management Company where the Trustee and the Management Company may by mutual agreement make the following determination-

- (i) renew the utilisation of the amount or any part thereof by the Management Company for a further calendar year; or
- (ii) notify the Management Company that the entire amount utilised or any part thereof is required to be returned to the Capital Reserve Fund within 6 months from the date of the notification or such date as shall be mutually agreed between the Trustee and the Management Company.

**(e) Maturity Date arrangements for each Management Agreement**

Within 7 days from any Maturity Date in respect of any specific Management Agreement, the Management Company shall notify the Trustee in writing that the specific Management Agreement involving the Interest Value for such numbers of Interest Units subscribed for under the Management Agreement has expired after reaching full maturity and a refund of such Interest Value is required to be made to the Interest Unit Holder.

Within 14 days of receiving such notification the Trustee shall make immediate arrangements to issue a sum equivalent to the Interest Value from the Capital Reserve Fund and remit the sum to the Management Company.

Upon receiving the remittance of the Interest Value from the Trustee, the Management Company shall remit the Interest Value to the Interest Unit Holder or his designated bank account within 7 days.

Upon the completion of the remittance of the Interest Value by the Management Company to the Interest Unit Holder-

- (i) the Management Agreement and the Interest Units in respect of the Management Agreement shall be deemed to have been fully performed, completed and thereafter neither the Management Company nor the Trustee shall have any further obligations to the Interest Unit Holder; and
- (ii) the particulars of the Interest Unit Holder shall be removed from the Register of Interest Units.

(f) **Investment by Trustee**

All sums deposited in the Capital Reserve Fund may be invested by the Trustee in suitably liquid and secure investments or any other investments authorised by law and approved by the Management Company as well as any interest earned thereon shall be accumulated to the principal until release thereof to the Management Company in accordance with the Trust Deed.

(g) **Accounts to be Audited**

The Trustee shall keep or cause to be kept proper books of account in relation to the funds in the Trust Account and of all disbursement thereof and, ensure that a statement of the accounts with the report of the Approved Company Auditor thereon is available for inspection by Interest Unit Holders at the Management Company's Business Office within 2 months of the end of the financial year.

(h) **Register of Interest Units**

The Trustee shall ensure that the Register of Interest Units is properly maintained and kept up to date by the Management Company, and also made available for inspection by the Trustee and Interest Units at the place of business of the Management Company free of charge during the working hours of the Management Company.

(i) **Maximum Number of Interest Units Available for public subscription**

The Trustee shall ensure that the maximum number of Interest Units sold does not exceed 10,500.

(j) **Insurance**

The Trustee shall ensure that all relevant Enterprise operations assets are insured under an approved insurer from loss or damage by fire up to their respective full insurable value.



(k) **Consent to Public Subscriptions and Advertising**

The Management Company shall notify the Registrar of Companies before publishing or causing to be published, any advertisement circular or other document containing any statement with respect to the subscription price of Interest Units or containing any invitation to subscribe to any Interest Units.

(l) **Winding up or termination of the Scheme**

The Scheme herein shall continue to subsist for so long as there shall be a valid Management Agreement, Interest Unit and its related Interest Unit Certificate in existence or for such other time as shall be agreed between the Trustee and the Management Company.

(i) Winding up at the direction of Interest Unit Holders

The Interest Unit Holders may call for a meeting to consider and vote on a resolution to direct the Management Company to wind up the Scheme. The resolution shall be approved by at least 75% of the Interest Unit Holders of the Scheme.

(ii) Winding up in the event of accomplishment or non-accomplishment of the purpose of the Scheme

If the Management Company considers that the purpose of the Scheme has been accomplished or cannot be accomplished the Management Company shall send to the Interest Unit Holders of the Scheme, the Registrar of Companies and the Trustee a notice in writing-

- (aa) explaining the proposal to wind up the Scheme, including explaining how the Scheme's purpose has been accomplished or why that purpose cannot be accomplished;
- (bb) informing the Interest Unit Holders of their right to call a meeting of Interest Unit Holders to consider the proposed winding up of the Scheme and to vote on the proposal to wind up the Scheme; and
- (cc) informing the Interest Unit Holders that the Management Company is permitted to wind up the Scheme unless a meeting is called to consider the proposed winding up of the Scheme within 28 days from the date of the notice.

The Management Company may wind up the Scheme if no meeting is called within 28 days above to consider the proposed winding up and the Registrar of Companies is satisfied of that fact after receiving certification from the Trustee.

(m) **Remuneration of the Trustee**

The Management Company shall pay the Trustee by way of remuneration for its services hereunder such sum as shall be agreed upon between the Trustee and the Management Company commencing from the date of the Trust Deed and throughout the period the Trustee shall remain as Trustee of the Trust Deed.

All out of pocket expenses to be incurred by the Trustee for the performance of its duties under the Trust Deed shall be reimbursed by the Management Company to the Trustee as and when the same is incurred.

(n) **Statement of Accounts**

The Trustee shall ensure that a statement of the accounts with the report of the Approved Company Auditor thereon is available for inspection by Interest Unit Holders at the Management Company's Business Office within 2 months of the end of the financial year.

(o) **Meetings with Independent Consultant**

The Trustee shall hold meetings with the Independent Consultant to obtain the necessary feedback on the operations of the Property and Building and procure and obtain reports from the Independent Consultant to ensure that the Enterprise operations is managed and operated efficiently.

(p) **Visits to the Enterprise operations**

The Trustee shall make visits to inspect Enterprise operations and seek remedial action if matter is unsatisfactory.

(q) **Investigation of complaints by Interest Unit Holders**

The Trustee shall investigate any reasonable complaints made by any Interest Unit Holders to the Trustee.

(r) **Reporting on non-compliance**

The Trustee shall report to the Registrar of Companies any non-compliance of Trust Deed by Management Company

## 11.2 Powers and Liabilities of Trustee

In addition to all powers privileges and indemnities given by law to trustees and by these presents to the Trustee and by way of supplement thereto it is hereby expressly declared as follows-

- (a) the Trustee may in relation to the enforcement of the provisions contained in the Trust Deed act upon the opinion or advice of any lawyer or any information furnished in writing by any Interest Unit Holder;
- (b) any such advice, opinion or information may be sent by letter, telex, telegram, cablegram, facsimile transmission or radiogram and the Trustee shall not be liable for acting on any advice opinion or information purported to be conveyed by any such letter, facsimile transmission or email although the same may contain errors or is not authentic;
- (c) the Trustee shall not be responsible for any loss incurred through any act, neglect, mistake or default of the Management Company or of any agent of the Management Company and shall not be under any liability on account of anything done or suffered by the Trustee in good

faith in accordance with or in pursuance of any request or advise of the Management Company. When pursuant to any provision of the Trust Deed any certificate, notice, instruction or other communication is to be given by the Management Company to the Trustee, the Trustee may accept as sufficient evidence thereof a document signed or purporting to be signed on behalf of the Management Company by any person or person whose signature(s) the Trustee is for the time being authorised by the Management Company to accept;

- (d) the Trustee shall not be responsible for any misconduct, mistake, oversight, error of judgment, or want of prudence, on the part of any attorney, banker, lawyer, agent or other person appointed by him or be bound to supervise the actions of any such appointee unless the same is caused by the wilful default or neglect of the Trustee;
- (e) the Trustee shall as regard all the powers authorities and discretions vested in him hereunder have absolute and unfettered discretion as to the exercise thereof whether in relation to the manner or as to the mode of time for the exercise thereof and in the absence of fraud or negligence he shall be in no way responsible for any loss, costs, damages or liabilities that may result from the exercise or non-exercise thereof;
- (f) the Trustee shall not be under any obligation to appear in, prosecute or defend any action or suit in respect of the provisions hereof or any part thereof which in the Trustee's opinion would or might involve the Trustee in expense or liability, unless the Management Company shall so reasonably request in writing and shall so often as required by the Trustee furnish the Trustee an indemnity satisfactory to the Trustee against any such expense or liability; and
- (g) the Trustee shall have full power to determine all questions and doubts arising relating to any of the provisions in the Trust Deed and every such determination whether made upon a question actually raised or implied in the acts or proceedings of the Trustee or the Management Company shall be conclusive and shall bind the Management Company and any and all Interest Unit Holders;

PROVIDED ALWAYS that the foregoing provisions shall not be construed in any way so as to exempt the Trustee against liability for breach of trust arising out of the wilful negligence, dishonesty or fraud of the Trustee.

The Management Company and the Trustee covenant with each other and each of the Interest Unit Holders that they will comply with such guidelines and requirements of the relevant authorities which may be issued/imposed from time to time, unless variations are allowed or exemptions granted, and within the provisions of the Trust Deed.

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Company No. 201501011755 (1137090-D)

12. **ACCOUNTANT'S REPORT**



No. 29-1, Jalan 46A/26  
Taman Sri Kempas, 53100 Kuala Lumpur  
Tel: 03-4142 2030 (6 lines)  
Fax: 03-4149 4745  
E-mail: sylco2019@gmail.com

Date: **15 DEC 2021**

The Board of directors  
CITY COIN TECHNOLOGY BERHAD  
No.13, Jalan Perindustrian Desa Aman 1B,  
Industri Desa Aman,  
52200 Kepong, Kuala Lumpur

Dear Sirs,

**CITY COIN TECHNOLOGY BERHAD ACCOUNTANT'S REPORT**

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1. **INTRODUCTION**

This Accountants' Report ("Report") has been prepared for the inclusion in the Prospectus to be issued under Section 28 of Interest Scheme Act 2016 in connection with the Company's invitation to the public to subscribe for Laundrybar Investment Scheme ("the Scheme") promoted by CITY COIN TECHNOLOGY BERHAD ("the Management Company").

Unless otherwise defined in this Report, words and expressions defined in the Prospectus have the same meaning when used herein.

2. **SCOPE OF WORK**

The Report covers areas specifically set out in the following sections. The scope of our work conducted in the preparation of this Report does not constitute an audit and the information contained in this Report has not been independently verified by us and hence we do not render any such audit opinion.

This Report sets out the information provided to us by the management of the Management Company and the financial information extracted from the audited financial statements of the Management Company for the five financial years / periods ended 30 JUNE 2017, 30 JUNE 2018, 28 FEBRUARY 2019, 29 FEBRUARY 2020 and 28 FEBRUARY 2021.

We have obtained written confirmation from the Management Company for the factual accuracy, attribution of opinion and the material completeness of representations given, both written and oral.

Company No. 201501011755 (1137090-D)

### 3. GENERAL INFORMATION

#### 3.1 Incorporation

The Management Company was incorporated in Malaysia on 25 MARCH 2015 as a private limited liability company under the name of CITY COIN TECHNOLOGY SDN BHD. On 23 APRIL 2019, the Management Company was converted to a public limited company and assumed its current name, CITY COIN TECHNOLOGY BERHAD.

The Management Company is not listed on any stock exchange. The holding company is CITY COIN LAUNDRY SDN BHD, which is incorporated in Malaysia.

#### 3.2 Principal activities

The Management Company is principally engaged in laundry equipment traders, provision of laundry services and operates as a management company of laundrybar investment scheme. The subsidiary company, CITY COIN WAJEEHA SDN BHD is principally engaged in provision of 24 hours self-service laundry.

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

### 4. SHARE CAPITAL

The issued and paid-up share capital of the Management Company as at 28 FEBRUARY 2021 was RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each. (\*)

The movement in the issued and paid-up ordinary share capital of the Management Company from the date of incorporation up to 28 FEBRUARY 2021 are as follows:

Date of allotment	No. of ordinary share of RM 1 each allotted	Consideration	Total cumulative issued and fully paid-up share capital RM
25.3.2015	3	Cash	3
23.5.2018	499,997	Cash	500,000
15.1.2019	1,500,000	Cash	2,000,000
28.1.2019	3,000,000	Cash	5,000,000

(\*) Please refer to Note 16.14 in the Note to the Statements of Assets and Liabilities.

Company No. 201501011755 (1137090-D)

**5. DIVIDEND**

No dividend was declared by the Management Company since the date of incorporation.

**6. AUDITORS, FINANCIAL STATEMENTS AND FINANCIAL ACCOUNTING DATES**

The financial statements of the Management Company for the financial years / periods ended 30 JUNE 2017, 30 JUNE 2018 and 28 FEBRUARY 2019 under review were audited by James & Co. Chartered Accountants (AF0984) and for the financial year 29 FEBRUARY 2020 and 28 FEBRUARY 2021 under review was audited by SY Lee & Co. Chartered Accountants (AF 1317). The audited financial statements for the relevant financial years were not subject to any audit qualification and did not contain any adverse comment made under Section 174(3) of the Companies Act, 1965 and Section 266(3) of the Companies Act, 2016 respectively in Malaysia.

During the financial period 28 FEBRUARY 2019, the Company has changed its financial year end from 30 JUNE to 28 FEBRUARY.

**7. LAUNDRYBAR INVESTMENT SCHEME ("THE SCHEME")**

The Management Company had established and implemented an interest scheme known as "Laundrybar Investment Scheme" ("the Scheme") involving offer for sale to the public units of interest in the Laundrybar investment interest scheme. The interest scheme is based on enterprise involving the establishment, management and operation of a retail network of self-service laundry outlets.

The Scheme involves the creation of units of interests in the Scheme (ISUs) by the Management Company which are offered to the public.

A total of 15,000 units of interest scheme ("ISU") are created under the Scheme, of which 10,500 ISU, representing 70% of the total ISU created will be offered to the public subject to the terms and conditions set out in the Laundrybar Investment Scheme Management Agreement, and the remaining 4,500 ISU will be held by the Management Company as Reserved Interest units not for public subscription and may be released for subscription only upon approval of the Registrar of Companies.

On 26 NOVEMBER 2019 ("Initial Launch Date"), the purchase price of the ISU offered for sale is RM5,000 only per ISU. The Management Company shall have the right to increase the selling price in accordance with the market forces.

An investor of the scheme shall be entitled to fixed interest return and net yield. The annual financial payment to be made by the Company to each Interest Unit in each calendar year based on eight percent (8%) of the Interest Value commencing on the 1st day of January and ending on the 31st day of December to be received by each registered Interest Unit Holder and payable by the Company to Interest Unit Holder under the respective Management Agreement within fourteen (14) days from the 31st day of January of the next following calendar year save and except that the net yield shall be a pro-rated amount during the period between the Commencement Date and the first 31<sup>st</sup> day of December date following the commencement date and, the net yield shall be a pro-rated amount during the period between the 1<sup>st</sup> day of January date of the final anniversary of the term and the maturity date or such date upon which the Scheme is terminated.

Company No. 201501011755 (1137090-D)

**7. LAUNDRYBAR INVESTMENT SCHEME ("THE SCHEME") (CONT'D)**

The followings refers to the number of ISU sold as at 30 NOVEMBER 2021:

	Total Number	Number subscribed or sold	Balance of Interest unit
Public subscription	10,500	(166)	10,334
Reserved interest units	4,500	-	4,500
	<u>15,000</u>	<u>(166)</u>	<u>14,834</u>

The rights and liabilities of the Interest Unit Holder are spelt out in the Prospectus.

**8. OBLIGATION TO REPURCHASE**

The Minister has granted a three (3) years exemption to the Company from the requirement of Section 47 of the Interest Schemes Act which relates to the obligation of the Company to repurchase any Interest Unit at the request of the Interest Unit Holders.

The period of exemption shall commence on the Initial Launch Date and shall expire on the third (3rd) anniversary date from the Initial Launch Date.

After the expiry of the period of exemption, the Management Company is under the obligation to repurchase Interest Unit at the request from any Interest Unit Holder as disclosed in Paragraph 4.2 of the Prospectus.

Any Interest Unit bought back by the Management Company may be re-offered for public subscription by the Management Company at a value to be determined by the Management Company based on market forces.

**9. TENURE OF THE SCHEME AND VALIDITY PERIOD OF MANAGEMENT AGREEMENT**

9.1 The tenure of the Scheme is 20 years commencing on Initial Launch Date and expiring on the 20<sup>th</sup> year from the Initial Launch Date ("Scheme Expiry Date").

9.2 The validity period of 9 years in respect of each Management Agreement and the Interest Units subscribed for by an Interest Unit Holder which shall commence on the Commencement Date and shall expire on the Maturity Date as specified in each Management Agreement.

**10. OTHER SCHEMES**

The Management Company has not entered into any other undertaking, schemes or investment contracts involving the issue of interest to the public from the date of incorporation to the date of this Report, other than as disclosed in this Report.

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**11. THE TRUSTEE**

UBB AMANAH BERHAD has been appointed as the Trustee to the Investors in respect of the Scheme to ensure the latter's compliance with such guideline and requirements of the relevant authorities which may be issued from time to time and within the provision of the Trust Deed dated 1 NOVEMBER 2019.



Company No. 201501011755 (1137090-D)

**12. SUMMARISED STATEMENTS OF COMPREHENSIVE INCOME**

The audited financial results of the Management Company for the five financial years / periods are set out below:

Group	Note	1.3.2020	1.3.2019	1.7.2018	1.7.2017	1.7.2016
		to 28.2.2021	to 29.2.2020	to 28.2.2019	to 30.6.2018	to 30.6.2017
		RM	RM	RM	RM	RM
				Restated	Restated	
Revenue	12.1	11,688,129	10,262,549	2,862,619	2,467,576	-
Cost of sales	12.2	(5,353,843)	(4,542,384)	(1,792,107)	(1,481,581)	-
Gross profit		6,334,286	5,720,165	1,070,512	985,995	-
Other operating income	12.3	412,820	87,935	274,767	-	-
		6,747,106	5,808,100	1,345,279	985,995	-
Administrative expenses		(6,783,332)	(4,612,072)	(1,646,470)	(1,353,330)	-
(Loss) / Profit from operations		(36,226)	1,196,028	(301,191)	(367,335)	-
Finance costs	12.4	(1,619,680)	(908,783)	(263,901)	(174,954)	-
(Loss) / Profit before taxation		(1,655,906)	287,245	(565,092)	(542,289)	-
Taxation	12.5	(35,166)	(7,496)	(9,504)	-	-
(Loss) / Profit after taxation for the year / period, representing total comprehensive (loss) / income for the year / period		(1,691,072)	279,749	(574,596)	(542,289)	-
(Loss) / Profit per share (RM)	12.6	(0.34)	0.06	(0.11)	(1.08)	-
Weighted average number of shares of RM1/-each		5,000,000	5,000,000	5,000,000	500,000	-
<b>Company</b>						
Revenue	12.1	11,559,572	10,084,366	2,750,208	2,288,041	1,005,660
Cost of sales	12.2	(5,262,391)	(4,461,241)	(1,731,824)	(1,420,501)	(598,246)
Gross profit		6,297,181	5,623,125	1,018,384	867,540	407,414
Other operating income	12.3	417,802	95,002	280,529	10,134	-
		6,714,983	5,718,127	1,298,913	877,674	407,414
Administrative expenses		(6,677,306)	(4,488,220)	(1,557,436)	(1,142,504)	(460,847)
Profit / (Loss) from operations		37,677	1,229,907	(258,523)	(264,830)	(53,433)
Finance costs	12.4	(1,619,680)	(908,783)	(263,901)	(174,954)	-
(Loss) / Profit before taxation		(1,582,003)	321,124	(522,424)	(439,784)	(53,433)
Taxation	12.5	(35,166)	(7,496)	(9,504)	-	-
(Loss) / Profit after taxation for the year / period, representing total comprehensive (loss) / income for the year / period		(1,617,169)	313,628	(531,928)	(439,784)	(53,433)
(Loss) / Profit per share (RM)	12.6	(0.32)	0.06	(0.11)	(0.88)	(17,811.00)
Weighted average number of shares of RM1/-each		5,000,000	5,000,000	5,000,000	500,000	3

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**12. SUMMARISED STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)**

**12.1 REVENUE**

Group / Company

Revenue was generated from provision of laundry services, hiring income, consultant income and management income.

**12.2 COST OF SALES**

Group / Company

Cost of sales consist of cleaning fee, detergent, gas, token, maintenance fee, management fee, rental, telecommunication, transaction fee, wages and water and electricity.

**12.3 OTHER OPERATING INCOME**

Group / Company

Other operating income consist of finance lease interest income, gain on derecognition of lease liabilities, interest income, rental income, rent concessions, subsidy income and sundry income.

**12.4 FINANCE COSTS**

Group / Company

Finance costs consist of hire purchase and lease liabilities interest, interest scheme interest expenses, overdue interest and term loan interest.

**12.5 TAXATION**

Group / Company

The Group and the Company has no taxable income for the financial years / periods ended 30 JUNE 2017, 30 JUNE 2018 and 28 FEBRUARY 2019. For the financial years ended 29 FEBRUARY 2020 and 28 FEBRUARY 2021, taxable income arose from profit received during the financial year.

**12.6 (LOSS) / PROFIT PER SHARE**

Group / Company

The net (loss) / profit per share is calculated based on (loss) / profit after taxation and the weighted average number of shares issued during the financial years / periods.

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**13. SUMMARISED STATEMENTS OF FINANCIAL POSITION**

The audited financial position of the Management Company for the five financial years / periods are set out below:

Group	As at 28.2.2021 RM	As at 29.2.2020 RM	As at 28.2.2019 RM Restated	As at 30.6.2018 RM Restated
<b>Assets</b>				
Non-current assets				
Property, plant and equipment	10,968,719	11,320,596	6,942,158	3,269,665
Right-of-use assets	24,224,657	18,699,011	10,378,530	4,482,781
Investment property	1,202,430	1,224,385	-	-
Intangible assets	1,135,933	931,967	233,312	110,917
Other investment	-	-	10,000	10,000
Finance lease receivables	116,099	-	-	-
	<u>37,647,838</u>	<u>32,175,959</u>	<u>17,564,000</u>	<u>7,873,363</u>
Current assets				
Inventories	250,030	286,660	127,820	71,110
Trade receivables	1,614	47,299	16,692	5,823
Other receivables	1,607,555	2,016,727	1,277,640	502,103
Finance lease receivables	41,074	-	-	-
Current tax assets	30,839	67,685	47,333	34,826
Cash and cash equivalents	725,626	544,729	63,538	152,383
	<u>2,656,738</u>	<u>2,963,100</u>	<u>1,533,023</u>	<u>766,245</u>
<b>Total assets</b>	<u>40,304,576</u>	<u>35,139,059</u>	<u>19,097,023</u>	<u>8,639,608</u>
<b>Equity and liabilities</b>				
Equity				
Share capital	5,000,000	5,000,000	5,000,000	500,000
Accumulated losses	(2,568,602)	(910,820)	(1,211,636)	(650,626)
Equity attributable to owners of the Company	2,431,398	4,089,180	3,788,364	(150,626)
Non-controlling interest	96,299	129,589	150,656	(45,713)
	<u>2,527,697</u>	<u>4,218,769</u>	<u>3,939,020</u>	<u>(196,339)</u>
Non-current liabilities				
Bank borrowings	950,438	953,016	927,835	-
Hire purchase and lease liabilities	20,245,909	14,764,120	8,099,821	3,577,026
Fund of Interest Scheme Units (ISU)	665,000	335,000	-	-
	<u>21,861,347</u>	<u>16,052,136</u>	<u>9,027,656</u>	<u>3,577,026</u>

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13. SUMMARISED STATEMENTS OF FINANCIAL POSITION (CONT'D)

Group	As at 28.2.2021 RM	As at 29.2.2020 RM	As at 28.2.2019 RM 0	As at 30.6.2018 RM Restated
Current liabilities				
Trade payables	79,206	14,776	43,384	20,322
Other payables	859,190	155,059	1,258,151	4,013,355
Amount owing to directors	117,893	152,718	164,718	287,240
Amount owing to holding company	10,512,206	10,609,356	2,420,740	-
Bank borrowings	36,255	33,785	67,448	-
Hire purchase and lease liabilities	4,300,465	3,897,752	2,175,906	938,004
Fund of Interest Scheme Units (ISU)	10,317	4,708	-	-
	<u>15,915,532</u>	<u>14,868,154</u>	<u>6,130,347</u>	<u>5,258,921</u>
Total liabilities	<u>37,776,879</u>	<u>30,920,290</u>	<u>15,158,003</u>	<u>8,835,947</u>
<b>Total equity and liabilities</b>	<u>40,304,576</u>	<u>35,139,059</u>	<u>19,097,023</u>	<u>8,639,608</u>

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## 13. SUMMARISED STATEMENTS OF FINANCIAL POSITION (CONT'D)

Company	As at 28.2.2021 RM	As at 29.2.2020 RM	As at 28.2.2019 RM Restated	As at 30.6.2018 RM Restated	As at 30.6.2017 RM
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	10,653,550	10,984,240	6,557,875	2,859,931	1,328,413
Right-of-use assets	24,159,670	18,595,031	10,235,557	4,313,813	-
Investment property	1,202,430	1,224,385	-	-	-
Intangible assets	1,129,997	920,095	215,504	89,152	-
Investment in subsidiary company	290,850	290,850	290,850	55	-
Other investment	-	-	10,000	10,000	-
Finance lease receivables	147,508	76,604	119,601	176,434	-
	<u>37,584,005</u>	<u>32,091,205</u>	<u>17,429,387</u>	<u>7,449,385</u>	<u>1,328,413</u>
<b>Current assets</b>					
Inventories	250,030	286,660	127,820	71,110	-
Trade receivables	1,614	47,299	16,692	5,823	-
Other receivables	1,606,275	2,003,447	1,264,360	488,824	144,233
Finance lease receivables	86,270	42,997	56,833	24,638	-
Amount owing by subsidiary company	15,941	37,100	3,268	309,250	-
Current tax assets	30,839	67,685	47,333	34,826	-
Cash and cash equivalents	723,963	537,882	52,170	141,448	55,005
	<u>2,714,932</u>	<u>3,023,070</u>	<u>1,568,476</u>	<u>1,075,919</u>	<u>199,238</u>
<b>Total assets</b>	<u>40,298,937</u>	<u>35,114,275</u>	<u>18,997,863</u>	<u>8,525,304</u>	<u>1,527,651</u>
<b>Equity and liabilities</b>					
<b>Equity</b>					
Share capital	5,000,000	5,000,000	5,000,000	500,000	3
Accumulated losses	(2,401,971)	(784,802)	(1,098,430)	(566,502)	(87,433)
	<u>2,598,029</u>	<u>4,215,198</u>	<u>3,901,570</u>	<u>(66,502)</u>	<u>(87,430)</u>
<b>Non-current liabilities</b>					
Bank borrowings	950,438	953,016	927,835	-	-
Hire purchase and lease liabilities	20,245,909	14,764,120	8,099,821	3,577,026	-
Fund of Interest Scheme	-	-	-	-	-
Units (ISU)	665,000	335,000	-	-	-
	<u>21,861,347</u>	<u>16,052,136</u>	<u>9,027,656</u>	<u>3,577,026</u>	<u>-</u>

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13. SUMMARISED STATEMENTS OF FINANCIAL POSITION (CONT'D)

Company	As at	As at	As at	As at	As at
	28.2.2021	29.2.2020	28.2.2019	30.6.2018	30.6.2017
	RM	RM	RM	RM	RM
			Restated	Restated	
Current liabilities					
Trade payables	5,000	4,206	15,264	-	1,490
Other payables	857,425	144,416	1,224,561	3,999,536	1,543,750
Amount owing to directors	117,893	152,718	164,718	77,240	69,841
Amount owing to holding company	10,512,206	10,609,356	2,420,740	-	-
Bank borrowings	36,255	33,785	67,448	-	-
Hire purchase and lease liabilities	4,300,465	3,897,752	2,175,906	938,004	-
Fund of Interest Scheme Units (ISU)	10,317	4,708	-	-	-
	<u>15,839,561</u>	<u>14,846,941</u>	<u>6,068,637</u>	<u>5,014,780</u>	<u>1,615,081</u>
Total liabilities	<u>37,700,908</u>	<u>30,899,077</u>	<u>15,096,293</u>	<u>8,591,806</u>	<u>1,615,081</u>
Total equity and liabilities	<u>40,298,937</u>	<u>35,114,275</u>	<u>18,997,863</u>	<u>8,525,304</u>	<u>1,527,651</u>

13.1 No comparative figures are presented for the Group for the financial year ended 30 JUNE 2017 as the first set of consolidated financial statements are for the financial year ended 30 JUNE 2018.

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## 14. STATEMENTS OF ASSETS AND LIABILITIES AS AT 28 FEBRUARY 2021

The following is the statements of assets and liabilities of CITY COIN TECHNOLOGY BERHAD based on the audited financial statements as at 28 FEBRUARY 2021 and should be read in conjunction with the notes thereto:-

	Note	Group RM	Company RM
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16.4	10,968,719	10,653,550
Right-of-use assets	16.5	24,224,657	24,159,670
Investment property	16.6	1,202,430	1,202,430
Intangible assets	16.7	1,135,933	1,129,997
Investment in subsidiary company	16.8	-	290,850
Finance lease receivables	16.9	116,099	147,508
		<u>37,647,838</u>	<u>37,584,005</u>
<b>Current assets</b>			
Inventories	16.10	250,030	250,030
Trade receivables	16.11	1,614	1,614
Other receivables	16.12	1,607,555	1,606,275
Finance lease receivables	16.9	41,074	86,270
Amount owing by subsidiary company	16.8	-	15,941
Current tax assets		30,839	30,839
Cash and cash equivalents	16.13	725,626	723,963
		<u>2,656,738</u>	<u>2,714,932</u>
<b>Total assets</b>		<u>40,304,576</u>	<u>40,298,937</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	16.14	5,000,000	5,000,000
Accumulated losses		(2,568,602)	(2,401,971)
Equity attributable to owners of the Company		2,431,398	2,598,029
Non-controlling interest		96,299	-
		<u>2,527,697</u>	<u>2,598,029</u>
<b>Non-current liabilities</b>			
Bank borrowings	16.15	950,438	950,438
Hire purchase and lease liabilities	16.16	20,245,909	20,245,909
Fund of Interest Scheme Units (ISU)	16.17	665,000	665,000
		<u>21,861,347</u>	<u>21,861,347</u>

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14. STATEMENTS OF ASSETS AND LIABILITIES AS AT 28 FEBRUARY 2021 (CONT'D)

	Note	Group RM	Company RM
Current liabilities			
Trade payables	16.18	79,206	5,000
Other payables	16.19	859,190	857,425
Amount owing to directors	16.20	117,893	117,893
Amount owing to holding company	16.21	10,512,206	10,512,206
Bank borrowings	16.15	36,255	36,255
Hire purchase and lease liabilities	16.16	4,300,465	4,300,465
Fund of Interest Scheme Units (ISU)	16.17	10,317	10,317
		<u>15,915,532</u>	<u>15,839,561</u>
Total liabilities		<u>37,776,879</u>	<u>37,700,908</u>
<b>Total equity and liabilities</b>		<u>40,304,576</u>	<u>40,298,937</u>



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## 15. STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 28 FEBRUARY 2021

	Note	Group RM	Company RM
<b>Cash flows from operating activities</b>			
Loss before taxation		(1,655,906)	(1,582,003)
Adjustments for:			
Amortisation of intangible assets		123,621	117,685
Deposit forfeited		49,885	49,885
Depreciation of investment property		21,955	21,955
Depreciation of plant and equipment		1,389,464	1,339,627
Depreciation of right-of-use assets		4,323,125	4,284,132
Finance lease interest income		(3,464)	(8,446)
Loss on derecognition of lease receivables		-	3,590
Gain on derecognition of lease liabilities		(20,063)	(20,063)
Hire purchase and lease liabilities interest		1,544,920	1,544,920
Intangible assets written off		36,413	36,413
Interest income		(320)	(320)
Interest scheme interest expenses		40,609	40,609
Overdue interest		2	2
Plant and equipment written off		113,335	113,335
Rent concessions		(230,207)	(230,207)
Term loan interest		34,149	34,149
Operating profit before working capital changes		5,767,518	5,745,263
Decrease / (Increase) in working capital			
Inventories		36,630	36,630
Trade receivables		45,685	45,685
Other receivables		359,287	347,287
Amount owing by subsidiary company		-	21,159
Trade payables		64,430	794
Other payables		704,131	713,009
Amount owing to a director		(34,825)	(34,825)
Amount owing to holding company		(97,150)	(97,150)
		1,078,188	1,032,589
Net cash generated from operations		6,845,706	6,777,852
Interest received		320	320
Interest paid		(2)	(2)
Tax refund		21,528	21,528
Tax paid		(19,848)	(19,848)
Net cash from operating activities		6,847,704	6,779,850
<b>Cash flows from investing activities</b>			
Finance lease interest received		3,464	8,446
Finance lease rental received		12,536	51,942
Proceeds from disposal of plant and equipment		812,636	812,636
Purchase of right-of-use assets		(4,388)	(4,388)
Purchase of plant and equipment		(1,963,558)	(1,934,908)
Purchase of intangible assets		(364,000)	(364,000)
Net cash used in investing activities		(1,503,310)	(1,430,272)

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15. STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 28 FEBRUARY 2021  
(CONT'D)

	Note	Group RM	Company RM
<b>Cash flows from financing activities</b>			
Proceeds from issuance of Interest Scheme Units		330,000	330,000
Payment of interest to Interest Scheme holders		(35,000)	(35,000)
Payment of term loan interest		(34,149)	(34,149)
Repayment of term loan		(108)	(108)
Repayment of hire purchase and lease liabilities		(3,879,320)	(3,879,320)
Payment of interest expense on hire purchase and lease liabilities		<u>(1,544,920)</u>	<u>(1,544,920)</u>
Net cash used in financing activities		<u>(5,163,497)</u>	<u>(5,163,497)</u>
<b>Net increase in cash and cash equivalents</b>		180,897	186,081
<b>Opening balance of cash and cash equivalents</b>		<u>544,729</u>	<u>537,882</u>
<b>Closing balance of cash and cash equivalents</b>	16.13	<u>725,626</u>	<u>723,963</u>

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**16. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES**

**16.1 GENERAL INFORMATION**

**16.1.1 Corporate information**

The Company, CITY COIN TECHNOLOGY BERHAD is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at No 3-15D, Jalan Desa 2/2, Desa Aman Puri, 52100 Kuala Lumpur.

The principal place of business is located at No 13, Jalan Perindustrian Desa Aman 1B, Industri Desa Aman, 52200 Kepong Kuala Lumpur.

The Company is principally engaged in laundry equipment traders, provision of laundry services and operates as a management company of laundrybar investment scheme.

The subsidiary company is principally engaged in provision of 24 hours self-service laundry. The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the holding company in each subsidiary is as disclosed in Note 16.8 to the financial statements.

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

**16.1.2 Laundrybar Investment Scheme**

The Company launched a Laundrybar investment scheme, namely "Laundrybar Investment Scheme" ("the Scheme") on 26 NOVEMBER 2019. The tenure of the Scheme is 20 years commencing from 26 NOVEMBER 2019 and expiring 20 years from the date of Scheme.

A total of 15,000 units of interest scheme ("ISU") are created under the Scheme, of which 10,500 ISU, representing 70% of the total ISU created will be offered to the public subject to the terms and conditions set out in the Laundrybar Investment Scheme Management Agreement, and the remaining 4,500 ISU will be held by the Management Company.

An investor of the scheme shall be entitled to fixed interest return and net yield. The annual financial payment to be made by the Company to each Interest Unit in each calendar year based on eight percent (8%) of the Interest Value commencing on the 1st day of January and ending on the 31st day of December to be received by each registered Interest Unit Holder and payable by the Company Interest Unit Holder under the respective Management Agreement within fourteen (14) days from the 31st day of January of the next following calendar year save and except that the net yield shall be a pro-rated amount during the period between the Commencement Date and the first 31st day of December date following the commencement date and, the net yield shall be a pro-rated amount during the period between the 1st day of January date of the final anniversary of the term and the maturity date or such date upon which the Scheme is terminated.

Company No. 201501011755 (1137090-D)

**16. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)**

**16.1 GENERAL INFORMATION (CONT'D)**

**16.1.2 Laundrybar Investment Scheme (Cont'd)**

The Minister has granted a three (3) years exemption to the Company from the requirement of Section 47 of the Interest Schemes Act which relates to the obligation of the Company to repurchase any Interest Unit at the request of the Interest Unit Holders.

The period of exemption shall commence on the Initial Launch Date and shall expire on the third (3rd) anniversary date from the Initial Launch Date.

After the expiry of the period of exemption, the Management Company is under the obligation to repurchase Interest Unit at the request from any Interest Unit Holder as disclosed in Paragraph 4.2 of the Prospectus.

Any Interest Unit bought back by the Company may be re-offered for public subscription by the Company at a value to be determined by the Company based on market forces.

The current purchase price of the ISU offered for sale is RM5,000 only per ISU.

The followings refers to the number of ISU sold as at 28 FEBRUARY 2021:

	Total Number	Number subscribed or sold	Balance of Interest unit
Public subscription	10,500	(133)	10,367
Reserved interest units	4,500	-	4,500
	<u>15,000</u>	<u>(133)</u>	<u>14,867</u>

**16.2 BASIS OF PREPARATION**

**16.2.1 Statement of compliance**

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 MARCH 2020, the Group and the Company adopted the following new and revised MFRSs mandatory for annual financial year beginning on or after the dates stated below:

Company No. 201501011755 (1137090-D)

16. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)

16.2 BASIS OF PREPARATION (CONT'D)

16.2.1 Statement of compliance (Cont'd)

<b>MFRS and amendments to MFRS</b>	<b>Effective for annual periods beginning on or after</b>
<i>Amendments to MFRS 9: Financial Instruments</i>	1 JANUARY 2020
<i>Amendments to MFRS 139: Financial Instruments: Recognition and Measurement</i>	1 JANUARY 2020
<i>Amendments to MFRS 7: Financial Instruments: Disclosures</i>	1 JANUARY 2020
<i>Amendments to MFRS 101: Presentation of Financial Statements</i>	1 JANUARY 2020
<i>Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors</i>	1 JANUARY 2020
<i>Amendments to references to the Conceptual Framework in MFRS Standards</i>	1 JANUARY 2020
<i>Amendments to MFRS 16: Covid-19 – Related Rent Concessions</i>	1 JUNE 2020

The initial application of the above new and revised MFRSs did not have any significant impact on the financial performance or position of the Group and of the Company.

**Early adoption of Amendments to MFRS 16: COVID-19 Related Rent Concessions**

In the current financial year, the Group and the Company early adopted Amendments to MFRS 16: COVID-19 Related Rent Concessions that is effective for annual period beginning on or after 1 JUNE 2020.

As a practical expedient, the amendment to MFRS 16 allows a lessee to elect not to assess whether a rent concession that meets the conditions in paragraph 46B is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying this standard if the change were not a lease modification.

Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all of the following criteria are met:-

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 JUNE 2021; and
- there is no substantive change to the other terms and conditions of the lease.

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16. **NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)**

16.2 **BASIS OF PREPARATION (CONT'D)**

16.2.1 **Statement of compliance (Cont'd)**

The Group and the Company has applied the practical expedient to all rent concessions that meet the conditions set out. The amount of rent concessions recognised in the profit or loss are disclosed in Note 16.16.

The following new and revised MFRSs issued by Malaysian Accounting Standards Board ("MASB") not yet effective, have not been early adopted by the Group and the Company.

<b>MFRS and amendments to MFRS</b>	<b>Effective for annual periods beginning on or after</b>
<i>Amendments to MFRS 7: Financial Instruments: Disclosures</i>	1 JANUARY 2021
<i>Amendments to MFRS 9: Financial Instruments</i>	1 JANUARY 2021
<i>Amendments to MFRS 16: Leases</i>	1 JANUARY 2021
<i>Amendments to MFRS 139: Financial Instruments: Recognition and Measurement</i>	1 JANUARY 2021
<i>Amendments to MFRS 16: Covid-19 – Related Rent Concessions beyond 30 June 2021</i>	1 APRIL 2021
<i>Amendments to MFRS 116: Property, Plant and Equipment</i>	1 JANUARY 2022
<i>Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets</i>	1 JANUARY 2022
<i>Amendments to MFRSs: Annual Improvements to MFRSs 2018-2020</i>	1 JANUARY 2022
<i>Amendments to MFRS 101: Presentation of Financial Statements</i>	1 JANUARY 2023
<i>Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors</i>	1 JANUARY 2023
<i>Amendments to MFRS 112: Income Taxes</i>	1 JANUARY 2023

The directors are in the process of assessing the full impact of the above standards, amendments to published standards and interpretations on the financial statements of the Group and of the Company in the year of initial application.

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**16. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)**

**16.2 BASIS OF PREPARATION (CONT'D)**

**16.2.2 Basis of measurement**

The financial statements of the Group and of the Company have also been prepared using historical cost basis, unless otherwise stated in the significant accounting policies set out in Note 16.3.

**16.2.3 Functional and presentation currency**

The financial statements are presented in Ringgit Malaysia (RM), which is the Group's and the Company's functional currency.

**16.2.4 Use of estimates and judgements**

Management has used estimates and assumptions in measuring the reported amounts of assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reported period. Judgements and assumptions are applied in the measurement, and hence, the actual results may not coincide with the reported amounts. The areas involving significant judgements and estimation uncertainties are disclosed in Note 16.3.25.

**16.3 SIGNIFICANT ACCOUNTING POLICIES**

**16.3.1 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. Acquisition costs incurred are expensed and included in administrative expenses.

For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in consolidated profit or loss.

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**16. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)**

**16.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**16.3.1 Basis of consolidation (Cont'd)**

Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in the financial statements. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date that such control ceases. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

**16.3.2 Non-controlling interest**

Non-controlling interest is the equity in a subsidiary company not attributable, directly or indirectly, to the Group. On an acquisition-by-acquisition basis, the Group measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. At the end of reporting period, non-controlling interest consists of amount calculated on the date of combinations and its share of changes in the subsidiary company's equity since the date of combination.

All earnings and losses of the subsidiary company are attributed to the parent and the non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit or loss attribution to non-controlling interests for prior years is not restated.

Gain or loss on disposal to non-controlling interests is recognised directly in equity.

**16.3.3 Property, plant and equipment**

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.



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16. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)

16.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

16.3.3 Property, plant and equipment (Cont'd)

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of the plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively.

Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit and loss as incurred.

Leasehold land are amortised over the remaining lease period. Depreciation of other property, plant and equipment are provided on a straight line basis to write off the cost of each plant and equipment to their residual value over their estimated useful life, at the following annual rates:-

Buildings	2%
Outlet equipment	10%
Laundry equipment	10%
Renovation	10%
Vending machine	10%
Office equipment	10%
Motor vehicle	20%

The carrying values of the property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

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**16. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)**

**16.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**16.3.3 Property, plant and equipment (Cont'd)**

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 on de-recognition of the assets is included in the profit or loss in the year the asset is derecognised.

**16.3.4 Investment properties**

Investment properties consist of investments in land and buildings and are held for the purpose of accretion in value and to earn rental. Such properties are not intended for sale in the normal course of business.

Investment properties are treated as long term investments and stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation rates are disclosed in Note 16.3.3.

**16.3.5 Investment in subsidiary companies**

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding giving rise to more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

Investment in subsidiary companies is stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits or losses resulting from inter-company transactions that are recognised in assets are also eliminated. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less impairment losses.

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**16. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)**

**16.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**16.3.6 Intangible assets – Brand name**

Brand name are recognised as intangible assets if it is probable that the future economic benefits that are attributable to such assets will flow to the Group and the costs of such assets can be measured reliably.

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses. These costs are amortised to the profit or loss using the straight line method over 5 to 10 years.

Intangible assets with finite useful lives are amortised over their estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Gain or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

**16.3.7 Inventories**

Inventories are stated at the lower of cost or net realisable value.

Cost is determined by using first in, first out method. Cost includes the actual cost of products and incidentals incurred in bringing the inventories into store.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the selling expenses.

**16.3.8 Impairment of non-financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

Company No. 201501011755 (1137090-D)

**16. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)**

**16.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**16.3.8 Impairment of non-financial assets (Cont'd)**

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units (CGU)).

In assessing value in use, the estimated future cash flows expected to be generated by the assets 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 risk specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or 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 or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously re-valued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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. A previously recognised impairment loss is reverse only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

The increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at re-valued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

**16.3.9 Financial assets**

Financial assets are recognised in the statement of financial position when the Group and the Company has become a party to the contractual provisions of the instrument.

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16. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)

16.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

16.3.9 Financial assets (Cont'd)

The classification depends on the business model which they are held and the contractual cash flow characteristics. The Group and the Company determines the classification of their financial assets at initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company changes its business model for managing financial assets.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. A trade receivable without a significant financing component is initially measured at the transaction price.

The Group and the Company classified its financial assets in the following categories: at amortised cost, fair value through other comprehensive income, and fair value through profit or loss. The Group and the Company does not hold any financial assets at fair value through profit or loss, and fair value through other comprehensive income.

Financial assets measured at amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Foreign exchange gains and losses and impairment are recognised in profit or loss.

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that required delivery of assets within the time frame generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date or settlement date.

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16. **NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)**

16.3 **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

16.3.10 Contract assets and contract liabilities

A contract asset is recognised when the Group and the Company's right to consideration is conditional on something over the passage of time. A contract asset is subject to impairment in accordance to MFRS 9.

A contract liability is stated at cost and represents the obligation of the Group and the Company to transfer goods to a customer for which consideration has been received from the customers.

16.3.11 Cash and cash equivalents

Cash and cash equivalents consists of cash in hand and bank balances, deposits, bank overdraft, and other short term highly liquid investments that are readily convertible to cash and are subject to insignificant risk of changes in value. For the purpose of the cash flow statements, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

16.3.12 Impairment of financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost. The Group and the Company measured expected credit losses in a way that reflects a probability-weighted, time value of money and reasonable and supportable information.

The Group and the Company measure loss allowance for a financial asset at an amount equal to the lifetime expected credit loss, except for those financial assets which credit risk had not increase significantly since initial recognition, which are measured at an amount equal to 12-months expected credit losses. Loss allowance for trade receivables are always measured at an amount equal to lifetime expected credit loss.

To determine whether the credit risk of a financial asset has increased significantly since initial recognition when estimating expected credit losses, the Group and the Company consider all 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 the Group and the Company's historical experience and informed credit assessment and including forward-looking information, where available.

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**16. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)**

**16.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**16.3.12 Impairment of financial assets (Cont'd)**

The maximum period to consider when measuring expected credit losses is the maximum contractual period over which the Group and the Company is exposed to credit risk. The Group and the Company recognise the impairment gain or loss in profit or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with MFRS 9.

The carrying amount of the financial asset measured at amortised cost is reduced through the use of an allowance account and the impairment loss is recognised in profit or loss. The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group and the Company's procedures for recovery amounts due.

**16.3.13 Financial liabilities**

Financial liabilities, within the scope of MFRS 9, are recognised in the statement of financial position when, and only when, the Group and the Company becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or amortised cost. The Company's financial liabilities include trade and other payables, and borrowings are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires. When existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability at fair value and the resulting gains or losses are recognised in profit or loss.

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16. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)

16.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

16.3.14 Leases

16.3.14.1 As a lessee

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured 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 site on which it is located, less any lease incentives received.

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for the leases of properties in which the Company is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

The right-of-use asset is subsequently 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. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, plant and equipment as follows:

Laundry equipment	Over the lease term
Machineries	Over the lease term
Retail outlet	Over the lease term
Motor vehicle	Over the lease term

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's and the Company's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.



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16. **NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)**

16.3 **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

16.3.14 Leases (Cont'd)

16.3.14.1 As a lessee (Cont'd)

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

For short-term leases and leases of low-value assets, instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Sale and leaseback transactions

A sale and leaseback transaction is one where an entity (seller-lessee) transfers an asset to another entity (buyer-lessor) for consideration and then leases the asset back. The transfer is tested under MFRS 15 at the date of the transaction whether a performance obligation is satisfied for the transfer to be accounted for as a sale. If the transfer qualifies as a sale, the underlying asset is derecognised and a right-of-use asset with a corresponding liability is recognised equal to the retained interest in the asset. Any gain or loss is recognised immediately in profit or loss for the interest in the asset transferred to the lessor. If the transaction does not qualify as sale under MFRS 15, the transfer proceeds is accounted for as a financial liability in accordance with MFRS 9.

Gains and losses arising from sale and leaseback transactions whereby the lease is an operating lease are recognised immediately in profit or loss based on the fair value of the asset transferred. Where the sale price is below the fair value, the difference is accounted for as a prepayment of lease payments. Where the sale price is above fair value, the excess over fair value is accounted for as additional financing provided by the buyer-lessor to the seller-lessee.

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16. **NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)**

16.3 **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

16.3.14 Leases (Cont'd)

16.3.14.2 As a lessor

As a lessor, the Group and the Company determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group and the Company makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group and the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Finance lease

The Group and the Company classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group and the Company derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investments is subject to MFRS 9 impairment (refer to Note 16.3.12 on impairment of financial assets). In addition, the Group and the Company reviews regularly the estimated unguaranteed residual value.

Lease income is recognised over the term of the lease using the net investment method to reflect a constant periodic rate of return. The Company revises the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

Operating lease

The Group and the Company classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group and the Company recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term.

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16. **NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)**

16.3 **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

16.3.14 Leases (Cont'd)

16.3.14.2 As a lessor (Cont'd)

Sublease classification

When the Group and the Company is an intermediate lessor, it assesses the lease classification of a sublease with reference to the right-of-use assets arising from the head lease, not with reference to the underlying asset. If a head lease is short-term lease to which the Group and the Company applies the exemption described above, then it classifies the sublease as an operating lease.

16.3.15 Provision for liabilities

Provision are recognised when the Group and the Company 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.

Provision 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. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

16.3.16 Interest – bearing borrowings

Interest -bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowings costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take substantial year of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate which is the weighted average of the borrowings costs applicable to the Company's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining another qualifying asset. For borrowings made specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the year less any investment of that borrowing.

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**16. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)**

**16.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**16.3.16 Interest – bearing borrowings (Cont'd)**

All other borrowing costs are recognised in profit or loss in the year they are incurred.

**16.3.17 Share capital**

Ordinary shares are equity instruments and classified as equity. Distributions to holders of ordinary shares are debited directly to equity and dividends declared on or before the end of the reporting period are recognised as liabilities. Costs directly attributable to equity transactions are accounted for as a deduction, net of tax, from equity.

**16.3.18 Fund of ISUs**

Funds of ISUs received from the ISU holders under the Laundrybar Investment Scheme are financial instruments with an embedded derivative and are designated as financial liabilities at fair value through profit or loss upon initial recognition and are measured initially at fair value and subsequently at fair value, with any resultant gains or losses recognized in profit or loss. Transaction costs are immediately recognised in profit or loss on initial recognition.

Such Funds of ISU is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchanged or modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

**16.3.19 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group and the Company.

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

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**16. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)**

**16.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**16.3.19 Fair value measurement (Cont'd)**

The Group and the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and Company determined whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at each reporting date.

For the purpose of fair value disclosures, the Group and the Company had determined classes of assets and liabilities on the basis of the nature, characteristics.

**16.3.20 Revenue and other income recognition**

**16.3.20.1 Rendering of services**

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring services to a customer, excluding amounts collected on behalf of third parties. The Group and the Company recognises revenue when (or as) it transfers service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

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16. **NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)**

16.3 **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

16.3.20 Revenue and other income recognition (Cont'd)

16.3.20.1 Rendering of services (Cont'd)

The Group and the Company provides service at a point in time unless one of the following overtime criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the Group and the Company performs;
- (b) the Group's and the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's and the Company's performance does not create an asset with an alternative use and the Group and the Company has an enforceable right to payment for performance completed to date.

16.3.20.2 Interest income

Interest income is recognized as it accrues using the effective interest method in profit or loss.

16.3.20.3 Rental income

Rental income from investment property is recognised on the straight-line basis over the term of the relevant tenancy agreement. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

16.3.21 Employee benefits

16.3.21.1 Short term benefits

Wages, salaries, bonuses paid annual leave, paid sick leave, social security contributions and non-monetary benefits are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as annual leave are recognised as an expense when the employees rendered services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised as an expense when the absences occur.

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**16. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)**

**16.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**16.3.21 Employee benefits**

**16.3.21.2 Defined contribution plans**

As required by law, Companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the period in which the related service is performed.

**16.3.22 Finance costs**

Finance costs comprising interest expense on borrowings, Laundrybar Investment Scheme interest expenses, net yield sharing costs and other borrowing costs arising in connection with the borrowing of funds.

**16.3.23 Income tax**

**16.3.23.1 Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

**16.3.23.2 Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all temporary differences, except:-

- where the deferred tax liabilities arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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16. **NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)**

16.3 **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

16.3.23 Income tax (Cont'd)

16.3.23.2 Deferred tax (Cont'd)

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised except:-

- where the deferred tax asset relating to the deductible temporary differences arise from the initial recognition of an asset and liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 all or part of the 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 assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.



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**16. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)**

**16.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**16.3.23 Income tax (Cont'd)**

**16.3.23.2 Deferred tax (Cont'd)**

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 and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**16.3.24 Contingent liabilities and contingent assets**

A contingent liability is:-

16.3.24.1 A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group and of the Company; or

16.3.24.2 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.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group and of the Company.

A contingent liabilities and assets are not recognised on the statement of financial position of the Group and of the Company, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

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**16. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)**

**16.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**16.3.25 Accounting estimation and judgements**

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's and of the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

**16.3.25.1 Income taxes**

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

**16.3.25.2 Impairment of non-financial assets**

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

**16.3.25.3 Fair value estimates for certain financial assets and liabilities**

The Group and the Company carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group and the Company uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and equity.

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16. **NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)**

16.3 **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

16.3.25 Accounting estimation and judgements (Cont'd)

16.3.25.4 Depreciation of investment properties, property, plant and equipment

The cost of an item of investment properties, property, plant and equipment is depreciated on the straight-line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. 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 investment properties, property, plant and equipment may differ from the estimates applied and this may lead to a gain or loss on an eventual disposal of an item of investment properties, property, plant and equipment.

16.3.25.5 Amortisation of intangible assets

The cost of intangibles are amortised on straight line basis over their useful lives. Management estimates the useful lives of the intangible assets as stated in Note 16.3.6. These are common life expectancies applied in the industries. Change in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these intangibles, therefore future amortisation charges could be revised.

16.3.25.6 Extension options for leases

When the Group and the Company has the option to extend a lease, management uses its judgement to determine whether or not option would be reasonably certain to be exercised. Management considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, in determining the lease term.

16.3.25.7 Impairment of financial assets

The Group and the Company uses an allowance matrix to measure Expected Credit Losses (ECL) of trade receivables. Loss rates are calculated using "roll rate" method based on probability of a receivables progressing through successive stages of delinquency to 11 months past due and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amounts of trade receivables as at the reporting date are disclosed in Note 16.11 to the financial statements.

Company No. 201501011755 (1137090-D)

**16. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)**

**16.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**16.3.25 Accounting estimation and judgements (Cont'd)**

**16.3.25.8 Fair value of ISU Funds**

The Company carries its ISU funds at fair value, with changes in fair values being recognised in profit or loss. In accordance with the terms and conditions of the Scheme, the Company is obligated to pay an annual fixed interest return of 8% from year 1 to year 9 as per Management Agreement and is required to refund to the ISU holders the Interest Value upon the maturity date.

The fair value of the ISU funds has been determined by the Directors using discounted cash flows analysis of the underlying Scheme obligations, based on significant assumptions as disclosed in Note 16.17 to the Report. Where actual results differ from original projections, the differences may impact the carrying amount of the ISU funds.

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16. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)

16.4 PROPERTY, PLANT AND EQUIPMENT

Group	At cost							Total RM
	Outlet equipment RM	Laundry equipment RM	Renovation RM	Motor vehicle RM	Vending machine RM	Office equipment RM		
<b>Cost or valuation:</b>								
As at 1 MARCH 2020	310,513	9,248,390	3,726,942	4,800	-	-	-	13,290,645
Additions	14,708	716,700	1,088,650	40,600	99,000	3,900	3,900	1,963,558
Disposals	-	(979,700)	(160,000)	-	-	-	-	(1,139,700)
As at 28 FEBRUARY 2021	325,221	8,985,390	4,655,592	45,400	99,000	3,900	3,900	14,114,503
<b>Accumulated depreciation and impairment loss:</b>								
As at 1 MARCH 2020	26,282	1,619,501	323,466	800	-	-	-	1,970,049
Depreciation charge for the year	31,714	926,521	425,646	2,313	3,075	195	195	1,389,464
Disposals	-	(167,054)	(46,965)	-	-	-	-	(213,729)
As at 28 FEBRUARY 2021	57,996	2,378,958	702,147	3,113	3,075	195	195	3,145,784
<b>Net carrying amount:</b>								
As at 28 FEBRUARY 2021	267,225	6,606,432	3,953,445	42,287	95,925	3,705	3,705	10,968,719

Company No. 201501011755 (1137090-D)

16. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)

16.4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	At cost							Total RM
	Outlet equipment RM	Laundry equipment RM	Renovation RM	Motor vehicle RM	Vending machine RM	Office equipment RM		
<b>Cost or valuation:</b>								
As at 1 MARCH 2020	308,913	8,853,400	3,644,262	4,800	-	-	-	12,811,375
Additions	14,708	716,700	1,060,000	40,600	99,000	3,900	3,900	1,934,908
Disposals	-	(979,700)	(160,000)	-	-	-	-	(1,139,700)
As at 28 FEBRUARY 2021	323,621	8,590,400	4,544,262	45,400	99,000	3,900	3,900	13,606,583
<b>Accumulated depreciation and impairment loss:</b>								
As at 1 MARCH 2020	25,802	1,501,871	298,662	800	-	-	-	1,827,135
Depreciation charge for the year	31,554	887,022	415,468	2,313	3,075	195	195	1,339,627
Disposals	-	(167,064)	(46,665)	-	-	-	-	(213,729)
As at 28 FEBRUARY 2021	57,356	2,221,829	667,465	3,113	3,075	195	195	2,953,033
<b>Net carrying amount:</b>								
As at 28 FEBRUARY 2021	266,265	6,368,571	3,876,797	42,287	95,925	3,705	3,705	10,653,550

Company No. 201501011755 (1137090-D)

## 16. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)

## 16.5 RIGHT-OF-USE ASSETS

Group	Laundry equipment RM	Machineries RM	Retail outlet RM	Motor vehicle RM	Total RM
<b>Cost:</b>					
As at 1 MARCH 2020	1,755,000	3,938,557	17,550,012	-	23,243,569
Additions	-	2,863,851	4,877,806	65,388	7,807,045
Adjustment due to lease modification	-	1,979,612	444,002	-	2,423,614
Derecognition	-	-	(757,127)	-	(757,127)
As at 28 FEBRUARY 2021	1,755,000	8,782,020	22,114,693	65,388	32,717,101
<b>Accumulated depreciation and impairment loss:</b>					
As at 1 MARCH 2020	380,192	439,525	3,724,841	-	4,544,558
Depreciation charge for the year	175,500	758,739	3,384,527	4,359	4,323,125
Impairment loss for the year	-	-	-	-	-
Reversal of impairment loss	-	-	-	-	-
Derecognition	-	-	(375,239)	-	(375,239)
As at 28 FEBRUARY 2021	555,692	1,198,264	6,734,129	4,359	8,492,444
<b>Net carrying amounts:</b>					
As at 28 FEBRUARY 2021	1,199,308	7,583,756	15,380,564	61,029	24,224,657

Company No. 201501011755 (1137090-D)

16. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)

16.5 RIGHT-OF-USE ASSETS (CONT'D)

Company	Laundry equipment RM	Machineries RM	Retail outlet RM	Motor vehicle RM	Total RM
<b>Cost:</b>					
As at 1 MARCH 2020	1,755,000	3,938,557	17,312,807	-	23,006,364
Additions	-	2,863,851	4,877,806	65,388	7,807,045
Adjustment due to lease modification	-	1,979,612	444,002	-	2,423,614
Derecognition	-	-	(757,127)	-	(757,127)
As at 28 FEBRUARY 2021	1,755,000	8,782,020	21,877,488	65,388	32,479,896
<b>Accumulated depreciation and impairment loss:</b>					
As at 1 MARCH 2020	380,192	439,525	3,591,616	-	4,411,333
Depreciation charge for the year	175,500	758,739	3,345,534	4,359	4,284,132
Impairment loss for the year	-	-	-	-	-
Reversal of impairment loss	-	-	-	-	-
Derecognition	-	-	(375,239)	-	(375,239)
As at 28 FEBRUARY 2021	555,692	1,198,264	6,561,911	4,359	8,320,226
<b>Net carrying amounts:</b>					
As at 28 FEBRUARY 2021	1,199,308	7,583,756	15,315,577	61,029	24,159,670



Company No. 201501011755 (1137090-D)

16. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)

16.5 RIGHT-OF-USE ASSETS (CONT'D)

16.5.1 Sale and leaseback

In 2021, the Group and the Company sold some of its laundry equipment and leased the equipment back for 10 years. This sale and leaseback transaction enabled the Group and the Company to access more capital while continuing to use the laundry equipment.

16.5.2 Cash payments made to purchase right-of-use assets are as follows:

	<b>Group / Company</b>
	RM
Total additions	7,807,045
Additions through:	
- Lease liabilities	(7,741,657)
- Hire purchase	(61,000)
	<u>4,388</u>

16.5.3 Leases as lessor

The Group and Company lease out its retail outlet under non-cancellable operating leases. The lessees are required to pay absolute fixed lease payments during the lease period. Total future minimum lease receivables under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

	<b>Group / Company</b>
	RM
Within 1 year	142,400
In the second year	69,600
In the third year	23,200
	<u>235,200</u>

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## 16. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)

## 16.6 INVESTMENT PROPERTY

Group / Company	Leasehold land RM	Leasehold building RM	Total RM
<b>Cost</b>			
As at 1 MARCH 2020	375,000	875,000	1,250,000
Additions	-	-	-
Disposals	-	-	-
As at 28 FEBRUARY 2021	<u>375,000</u>	<u>875,000</u>	<u>1,250,000</u>
<b>Accumulated depreciation and impairment loss:</b>			
As at 1 MARCH 2020	5,198	20,417	25,615
Depreciation charge for the year	4,455	17,500	21,955
Disposals	-	-	-
As at 28 FEBRUARY 2021	<u>9,653</u>	<u>37,917</u>	<u>47,570</u>
<b>Net carrying amount:</b>			
As at 28 FEBRUARY 2021	<u>365,347</u>	<u>837,083</u>	<u>1,202,430</u>

16.6.1 The leasehold land and buildings with a carrying amount of RM1,202,430 are pledged as security to financial institution for banking facilities granted to the Group and the Company.

16.6.2 The Company leases out its properties under non-cancellable operating lease arrangements. These leases run typically for a period of 2 years, with the option to renew. Subsequent renewals are negotiated with the lessee and renewal periods is 1 year. None of the leases include contingents rentals.

16.6.3 The following are recognised in profit or loss:

	Group / Company RM
Rental income	47,300
Direct operating expenses	<u>(6,381)</u>

16.6.4 The future undiscounted lease payments receivable after the reporting date are as follows:

	Group / Company RM
Within 1 year	48,000
In the second year	<u>16,000</u>
	<u>64,000</u>

Company No. 201501011755 (1137090-D)

16. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)

16.7 INTANGIBLE ASSETS

Group	Brand name	Total
	RM	RM
As at 1 MARCH 2020	1,033,100	1,033,100
Additions	364,000	364,000
Disposals	(51,407)	(51,407)
As at 28 FEBRUARY 2021	<u>1,345,693</u>	<u>1,345,693</u>

**Accumulated amortisation and impairment loss:**

As at 1 MARCH 2020	101,133	101,133
Amortisation charge for the year	123,621	123,621
Disposals	(14,994)	(14,994)
As at 28 FEBRUARY 2021	<u>209,760</u>	<u>209,760</u>

**Net carrying amounts:**

As at 28 FEBRUARY 2021	<u>1,135,933</u>	<u>1,135,933</u>
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Company	Brand name	Total
	RM	RM
As at 1 MARCH 2020	1,003,420	1,003,420
Additions	364,000	364,000
Disposals	(51,407)	(51,407)
As at 28 FEBRUARY 2021	<u>1,316,013</u>	<u>1,316,013</u>

**Accumulated amortisation and impairment loss:**

As at 1 MARCH 2020	83,325	83,325
Amortisation charge for the year	117,685	117,685
Disposals	(14,994)	(14,994)
As at 28 FEBRUARY 2021	<u>186,016</u>	<u>186,016</u>

**Net carrying amounts:**

As at 28 FEBRUARY 2021	<u>1,129,997</u>	<u>1,129,997</u>
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Company No. 201501011755 (1137090-D)

16. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)

16.8 INVESTMENT IN SUBSIDIARY COMPANY

16.8.1 Investment in subsidiary company:-

	Company RM
Unquoted shares, at cost	290,850
Less: Accumulates impairment loss	
As at 1 MARCH	-
Impairment loss for the year	-
Disposal of subsidiary company	-
As at 28 FEBRUARY	-
	<u>290,850</u>

16.8.2 The subsidiary companies and shareholdings therein are as follows:-

Name of company	Country of incorporation	Equity Interest (%)	Principal activities
City Coin Wajeeha Sdn Bhd*	Malaysia	58%	24 hours self-service laundry

\* Year 2021 audited by SY LEE & CO.

16.8.3 The amount owing by subsidiary company represents unsecured, non-interest bearing and is repayable upon demand.

16.9 FINANCE LEASE RECEIVABLES

	Group RM	Company RM
Current	41,074	86,270
Non-current	116,099	147,508
	<u>157,173</u>	<u>233,778</u>

The Company has entered into lease arrangement as a lessor that are considered to be finance leases. The Company leases retail outlet and as they transfer substantially all of the risks and rewards of ownership of the assets they are classified as finance leases.

The future undiscounted lease payments receivable after the reporting date are as follows:

	Group RM	Company RM
Within 1 year	48,000	96,000
In the second year	124,000	156,000
Total undiscounted lease receivables	<u>172,000</u>	<u>252,000</u>
Unearned interest income	(14,827)	(18,222)
Net investment in lease	<u>157,173</u>	<u>233,778</u>

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16. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)

16.10 INVENTORIES

	Group / Company RM
Measured at lower of cost and net realisable value:	
Consumables	250,030
	<hr/>
Inventories recognised as cost of sales	1,051,467
	<hr/>

16.11 TRADE RECEIVABLES

	Group / Company RM
Amount owing by directors' related company	1,614
Less: Allowance for impairment	-
Trade receivables, net	<hr/> 1,614 <hr/>

16.11.1 Amount owing by directors' related company

The amount owing by directors' related company is trade in nature. The Group's and the Company's normal trade credit term range is 30 days. Other credit terms are assessed and approved on a case-to-case basis. They are recognised at their original invoice amounts which request their fair values on initial recognition.

The ageing of trade receivables at the reporting date is:

	Group / Company RM
Neither past due nor impaired	1,614
Past due but not impaired	
1 – 30 days past due not impaired	-
31 – 120 days past due not impaired	-
More than 121 days past due not impaired	-
	<hr/>
Past due and impaired	-
	<hr/> 1,614 <hr/>

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. The credit period is generally for a period from 30 days. Other credit terms are assessed and approved on a case-by-case basis.

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16. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)

16.12 OTHER RECEIVABLES

	Group RM	Company RM
Other debtors	159,697	159,697
Amount owing by directors' related companies	21,775	21,775
Deposits	1,185,086	1,183,806
Prepayments	240,997	240,997
	<u>1,607,555</u>	<u>1,606,275</u>

16.12.1 Other debtors

Other debtors are non-interest bearing. Other debtors are normally collected on an average term of 30 days.

16.12.2 Amount owing by directors' related companies

The amount owing by directors' related companies is non-trade in nature. The Group's and the Company's normally settled on an average term of 30 days.

16.13 CASH AND CASH EQUIVALENTS

	Group RM	Company RM
Cash in hand	150,572	149,379
Cash at banks	575,054	574,584
	<u>725,626</u>	<u>723,963</u>

16.14 SHARE CAPITAL

	Number of shares	Amount RM
<b>Ordinary shares issued and fully paid</b>		
As at 1 MARCH	5,000,000	5,000,000
As at 28 FEBRUARY	<u>5,000,000</u>	<u>5,000,000</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

Company No. 201501011755 (1137090-D)

16. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)

16.15 BANK BORROWINGS

	Group / Company RM
Long term borrowings:	
Secured	
- Term loan	986,693
Total borrowings	(36,255)
Less: current portion of long term borrowings	950,438
- Term loan	36,255
Short term borrowings:	
Secured	
- Term loan	36,255
Maturity of borrowings:	
Repayable within twelve months	36,255
Repayable after twelve months	950,438
	986,693

Banking facilities are secured on the following:-

- (a) A facility agreement;
- (b) Subsidiary instrument, where security is taken over property without individual title;
- (c) Corporate guarantee by City Coin Laundry Sdn Bhd; and
- (d) Jointly and severally guaranteed by certain directors.

Term loans are charged at rate of 2.2% per annum below the respective bank's base lending rate.

16.16 HIRE PURCHASE AND LEASE LIABILITIES

	Group / Company RM
Secured:	
Current	154,347
Hire purchase with financial institution	4,146,118
Lease liabilities	4,300,465

Company No. 201501011755 (1137090-D)

16. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)

16.16 HIRE PURCHASE AND LEASE LIABILITIES (CONT'D)

	Group / Company RM
Non-current Hire purchase with financial institution Lease liabilities	47,459 20,198,450 <u>20,245,909</u>
Total hire purchase and lease liabilities	<u>24,546,374</u>

These obligations are secured by a charge over the leased assets (Note 16.5). The average discount rate implicit in the hire purchase and lease liabilities is approximately 6.15% - 7.15% and 5.00% - 10.00% per annum.

16.16.1 Lease commitments

The Group and the Company has finance leases for all right-of-use assets. Future minimum lease payments under finance leases together with the present value of the minimum lease payments are as follows:

	Group / Company RM
Minimum lease payments:	
- Not later than 1 year	5,813,148
- Later than 1 year but not later than 5 years	19,057,373
- Later than 5 years	5,64,899
Total minimum lease payment	30,513,420
Less: Amounts representing finance charges	(5,967,046)
Present value of minimum lease payments	<u>24,546,374</u>
Present value of payments:	
- Not later than 1 year	4,300,465
- Later than 1 year but not later than 5 years	15,489,247
- Later than 5 years	4,756,662
Present value of minimum lease payments	24,546,374
Less: Amount due within 12 months	(4,300,465)
Amount due after 12 months	<u>20,245,909</u>



Company No. 201501011755 (1137090-D)

16. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)

16.16 HIRE PURCHASE AND LEASE LIABILITIES (CONT'D)

16.16.2 The Group and the Company has elected not to recognise a lease liability for certain short-term leases (leases of expected term of 12 months or less) or for certain leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	<b>Group / Company RM</b>
Short-term leases:-	
- Rental of retail outlet	32,200
	<u>32,200</u>

16.16.3 Total cash outflows for leases

	Note	<b>Group / Company RM</b>
<b>Included in net cash from operating activities:</b>		
Payment relating to short-term leases	16.16.2	32,200
<b>Included in net cash from financing activities:</b>		
Payment of lease liabilities		4,109,527
Rent concessions		(230,207)
Interest paid in relation to lease liabilities		1,544,920
		<u>5,456,440</u>

16.16.4 At 28 FEBRUARY 2021, the Group and the Company had committed to lease which has not commenced. The total future cash outflow for lease that has not yet commenced were as follows:

	<b>Group / Company RM</b>
Rental of retail outlet	132,000
	<u>132,000</u>

Company No. 201501011755 (1137090-D)

16. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)

16.17 FUND OF INTEREST SCHEME UNITS (ISU)

	Group / Company RM
Fund of interest scheme units (ISU)	
Current	10,317
Non-current	665,000
	<u>675,317</u>

Interest Scheme Units (ISU Fund) is an unit of the 'Laundrybar Investment Scheme' (the scheme) offered for sales to the public as referred to in Note 16.1.2 to the financial statements.

ISU Fund represents the amount received from investors under the Scheme for which the Company is obligated to pay an annual fixed interest return of 8% from year 1 to year 9. In addition, the Company has certain obligations to meet repurchase requests from the investors and upon expiry of the Scheme to redeem the ISU from the investors.

The fair value of the ISU Fund is determined using the discounted cash flows method, and is derived from the present value of the future cash flows resulting from the obligations under the Scheme, computed based on the projections prepared by the management. The key assumptions used in the determination of the fair value is based on annual fixed interest payment of 8% for year 1 to year 9.

During the year, the Company had declared and paid an 8% interest and 0.5% bonus to the Interest Unit Holder for calendar year 2020.

16.18 TRADE PAYABLES

	Group RM	Company RM
Third parties	7,420	5,000
Amount owing to holding company	71,786	-
	<u>79,206</u>	<u>5,000</u>

16.18.1 Third parties

These amounts are non-interest bearing. The Group's and the Company's normal credit terms range 30 to 60 days.

16.18.2 Amount owing to holding company

The amount owing to holding company is trade in nature. The Group's and the Company's normal credit terms range 30 to 60 days.

Company No. 201501011755 (1137090-D)

16. **NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)**

16.19 **OTHER PAYABLES**

	<b>Group</b>	<b>Company</b>
	RM	RM
Other creditors	276,195	265,967
Amount owing to directors' related companies	362,930	362,930
Deposits payable	60,100	72,100
Accruals	159,965	156,428
	<u>859,190</u>	<u>857,425</u>

16.19.1 Other creditors

Other creditors are non-interest bearing. Non-trade creditors are normally settled on an average term of 30 days.

16.19.2 Amount owing to directors' related companies

The amount owing to directors' related companies is non-trade in nature. The Group and the Company normally settled on an average term of 30 days.

16.20 **AMOUNT OWING TO DIRECTORS**

This represents unsecured, non-interest bearing and is repayable upon demand.

16.21 **AMOUNT OWING TO HOLDING COMPANY**

The holding company is CITY COIN LAUNDRY SDN BHD (Company No: 201001026419 (910338-D)), a company incorporated in Malaysia.

This represents unsecured, non-interest bearing and is repayable upon demand.

16.22 **RELATED PARTIES**

16.22.1 Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control. Related parties may be individuals or other entities.

Company No. 201501011755 (1137090-D)

## 16. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)

## 16.22 RELATED PARTIES (CONT'D)

## 16.22.1 Identity of related parties (Cont'd)

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. Key management personnel include all the Directors of the Group and the Company, and certain members of senior management of the Group and the Company.

The Group and the Company has related party relationship with its holding company, subsidiary company, directors' related companies and key management personnel.

## 16.22.2 Significant related party transactions

	Group RM	Company RM
<b>With holding company</b>		
Purchases**	1,038,004	1,012,225
Purchase of plant and equipment**	1,326,758	1,298,108
Sale of plant and equipment**	(812,636)	(812,636)
Back charge of cost**	(70,436)	(70,436)
Acquisition of intangible asset**	364,000	364,000
Hire purchase and lease liabilities interest**	717,833	717,833
Token**	185,750	185,750
Maintenance fee**	8,268	-
Management fee**	328,450	328,450
Other administrative expenses**	96,005	93,009
<b>With subsidiary company</b>		
Management fee**	-	(13,800)
Finance lease interest income**	-	(4,982)
<b>Entities control by key management</b>		
Directors		
Purchases**	500	500
Purchase of plant and equipment**	99,000	99,000
Back charge of expense**	(14,400)	(14,400)
Hire purchase and lease liabilities interest**	7,534	7,534
Other administrative expenses**	59,702	59,702
		<b>Group / Company RM</b>
<b>With companies related to directors:-</b>		
Advances to its directors' related companies		35,025
Repayment from its directors' related companies		(35,025)
Advances from its directors' related companies		1,839,514
Repayment to its directors' related companies		(1,576,084)

Company No. 201501011755 (1137090-D)

16. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)

16.22 RELATED PARTIES (CONT'D)

16.22.2 Significant related party transactions (Cont'd)

	<b>Group / Company RM</b>
<b>With directors of the Company</b>	
Advances from directors of the Company	200
Repayment to directors of the Company	<u>(35,025)</u>
<b>Company RM</b>	
<b>With holding company</b>	
Advances from its holding company	5,391,433
Repayment to its holding company	<u>(5,418,147)</u>

\*\* The directors are of the opinion that all the transactions above have been entered into the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

16.22.3 Compensation of key management personnel

	<b>Group RM</b>
With directors	
Short-term employee benefits	<u>1,800</u>

16.23 FINANCIAL RISK MANAGEMENT

The Group's and the Company's financial risk management is to ensure that adequate financial resources are available for the development of the Group's and the Company's operations whilst managing its financial risks, including credit risk, liquidity and cash flow risk and interest rate risk.

Matters pertaining to risk management strategies and execution require the decision and approval of the Board of Directors.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

Company No. 201501011755 (1137090-D)

16. **NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)**

16.23 **FINANCIAL RISK MANAGEMENT (CONT'D)**

16.23.1 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations, thereby resulting in financial loss to the Group and the Company. For trade receivables, the Group and the Company manages its credit risk through the credit approvals, credit limits and monitoring procedures. Where appropriate, the Group and the Company obtains advance payments from customers of lower credit standing.

For other financial assets, the Group and the Company adopts the policy of dealing with high credit quality counterparties.

As at the reporting date, the Group and the Company has no significant concentration of credit risk.

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position which comprise mainly trade and other receivables and cash and bank deposits.

Trade receivables

The Group and the Company uses an allowance matrix to measure Expected Credit Losses (ECL) of trade receivables. Loss rate are calculated using "roll rate" method based on probability of a receivables progressing through successive stages of delinquency to 11 months past due.

Loss rate are based on actual credit losses experience over the past three years. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

Trade receivables are write off when there is no reasonable expectation of recovery.

No expected credit loss is recognised from trade receivables as it is negligible.

Other receivables

Impairment of other receivables is recognised based on general approach with MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of impairment is based on whether has been a significant increase in credit risk since initial recognition of financial assets.

Company No. 201501011755 (1137090-D)

16. **NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)**

16.23 **FINANCIAL RISK MANAGEMENT (CONT'D)**

16.23.1 Credit risk (Cont'd)

For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which the credit risk has increased significantly, lifetime expected credit losses along with gross interest income are recognised.

The Group and the Company determines the probability of default for amount due from related companies and related parties individually using internal information. No loss allowance has been recognised for amount due from related parties as the Group and the Company consider them low credit risks.

Credit risks on other receivables are mainly arising from deposits paid for office buildings, hostel and fixtures rented. These deposits will be received at the end of each lease terms. The Group and the Company manages the credit risk together with the leasing arrangement.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, the Group and the Company did not recognised any allowance for impairment losses.

Cash and bank balances

Cash and bank balances have low credit risk as they are placed with reputable financial institutions with strong credit rating and has no history of default. Consequently, the Directors are of the opinion that loss allowance is insignificant.

16.23.2 Liquidity and cash flow risk

The Group and the Company practice prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities to meet its working capital requirement.

In addition, the Group's and the Company's objective is to maintain a balance of funding and flexibility through the use of credit facilities, short and long term borrowings and a flexible cost effective borrowing structure. Short-term flexibility is achieved through credit facilities and short-term borrowings. This is to ensure that at the minimum, all projected net borrowing needs are covered by committed facilities. Also, the objective for debt maturity is to ensure that the amount of debt maturing in any one year is not beyond the Group's and the Company's means to repay and refinance.

Company No. 201501011755 (1137090-D)

## 16. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)

## 16.23 FINANCIAL RISK MANAGEMENT (CONT'D)

## 16.23.2 Liquidity and cash flow risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

Group	On demand or within one year RM	More than one year RM	Total RM
Trade payables	79,206	-	79,206
Other payables	859,190	-	859,190
Amount owing to directors	117,893	-	117,893
Amount owing to holding company	10,512,206	-	10,512,206
Hire purchase and lease liabilities	5,813,148	24,700,272	30,513,420
Bank borrowings	68,520	1,535,990	1,604,510
Fund of Interest Scheme Units (ISU)	63,604	381,890	445,494
Total undiscounted financial liabilities	<u>17,513,767</u>	<u>26,618,152</u>	<u>44,131,919</u>
<b>Company</b>	<b>On demand or within one year RM</b>	<b>More than one year RM</b>	<b>Total RM</b>
Trade payables	5,000	-	5,000
Other payables	857,425	-	857,425
Amount owing to directors	117,893	-	117,893
Amount owing to holding company	10,512,206	-	10,512,206
Hire purchase and lease liabilities	5,813,148	24,700,272	30,513,420
Bank borrowings	68,520	1,535,990	1,604,510
Fund of Interest Scheme Units (ISU)	63,604	381,890	445,494
Total undiscounted financial liabilities	<u>17,437,796</u>	<u>26,618,152</u>	<u>44,055,948</u>



Company No. 201501011755 (1137090-D)

16. **NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)**

16.23 **FINANCIAL RISK MANAGEMENT (CONT'D)**

16.23.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the in market interest rates. Interest rate exposure arises from the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's income and operating cash flows are not substantially dependent of changes in market interest rates. Interest rate exposure arises from the Group's and the Company's borrowings and deposits. The Group's and the Company's interest bearing deposits are subject to interest based on fixed rates while borrowings is subject to interest based on floating rates.

The Group and the Company manages the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. As at 28 FEBRUARY 2021, the Group and the Company has not entered in to any hedging instruments arrangement as the cost of such instruments outweighs the potential risk of interest rate fluctuation.

The interest rate profile of the Group and the Company's significant interest-bearing financial instruments, based on carrying amounts as the end of the reporting year was:-

	<b>Group / Company RM</b>
<i>Fixed rate instruments</i>	
<b>Financial liabilities</b>	
- Hire purchase	201,806
<i>Floating rate instruments</i>	
<b>Financial liabilities</b>	
- Bank borrowings	<u>986,693</u>

Sensitivity analysis for interest rate risk

16.23.3.1 Sensitivity analysis for fixed rate instruments

As the fixed rate financial assets and liabilities are not account for at fair value through profit or loss and therefore a change in interest rates at the end of the reporting year would not affect the profit or loss.

Company No. 201501011755 (1137090-D)

**16. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)****16.23 FINANCIAL RISK MANAGEMENT (CONT'D)****16.23.3 Interest rate risk (Cont'd)****16.23.3.2 Sensitivity analysis for floating rate instruments**

At the end of the financial year, if interest rate increase / (decrease) by 1% with all other variables held constant, the Group's and the Company's profit net of tax will be lower / higher by approximately RM9,867. The assumed movement in interest rates for interest rate sensitivity analysis is based on the current observable market environment.

**16.23.4 Fair values of financial assets and financial liabilities**

The carrying amounts of financial assets and financial liabilities are reasonable approximation their fair values, are detailed in the following table:-

	Group RM	Company RM
Financial assets:		
- Trade receivables	1,614	1,614
- Other receivables	1,366,558	1,365,278
- Finance lease receivables	157,173	233,778
- Amount owing by subsidiary company	-	15,941
- Cash and bank balances	725,626	723,963
	<u>2,250,971</u>	<u>2,340,574</u>
Financial liabilities:		
- Trade payables	79,206	5,000
- Other payables	859,190	857,425
- Amount owing to directors	117,893	117,893
- Amount owing to holding company	10,512,206	10,512,206
- Bank borrowings	986,693	986,693
- Hire purchase and lease liabilities	24,546,374	24,546,374
- Fund of Interest Scheme (ISU)	675,317	675,317
	<u>37,776,879</u>	<u>37,700,908</u>

**16.24 CAPITAL MANAGEMENT**

The Management's objective is to ensure that the Group and the Company remain as going concern as well as to maintain optimal return to shareholders and benefits for other stakeholders. Management also aims to manage capital structures that ensure the lowest cost of capital to the Group and the Company. The Group's and the Company's capital structure is monitored on a going concern basis by the directors and is periodically review by the Board. The Group and the Company has no externally imposed capital requirements. No changes were made in the objectives, policies or processes since the previous financial year.

Company No. 201501011755 (1137090-D)

## 16. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)

## 16.24 CAPITAL MANAGEMENT (CONT'D)

The Group and the Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprise of net current liabilities and long term liabilities less cash and cash equivalents. Capital comprise of total equity and net debts.

The gearing ratio of the Group and the Company is as follows:-

	Group RM	Company RM
Trade payables	79,206	5,000
Other payables	859,190	857,425
Amount owing to directors	117,893	117,893
Amount owing to holding company	10,512,206	10,512,206
Bank borrowings	986,693	986,693
Hire purchase and lease liabilities	24,546,374	24,546,374
Fund of Interest Scheme Units (ISU)	675,317	675,317
	<u>37,776,879</u>	<u>37,700,908</u>
Less: Cash and cash equivalents	<u>(725,626)</u>	<u>(723,963)</u>
<i>Net debt (A)</i>	<u>37,051,253</u>	<u>36,976,945</u>
<i>Total equity</i>	<u>2,527,697</u>	<u>2,598,029</u>
<i>Capital and net debt (B)</i>	<u>39,578,950</u>	<u>39,574,974</u>
<i>Debt to equity ratio (A) / (B)</i>	<u>0.936</u>	<u>0.934</u>

## 16.25 SIGNIFICANT EVENT

On 11 MARCH 2020, the World Health Organisation officially declared the novel coronavirus COVID-19 outbreak a pandemic. A nationwide movement control order ("MCO") was enforced with effect from 18 MARCH 2020 and subsequently entered into various phases of the MCO to contain the COVID-19 outbreak. The Company's operation has been disrupted by a series of precautionary and control measures taken by the government in response to the category of the COVID-19 pandemic.

The Company is closely monitoring the development of the COVID-19 outbreak and will take necessary actions to mitigate any potential impact on the Company's businesses. Due to the evolving situation and the uncertainty of the outcome of the current events, the Company is unable to quantify the impact of COVID-19 on the Company's results for the year ending 28 FEBRUARY 2022.

Company No. 201501011755 (1137090-D)

16. **NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)**


16.26 **HOLDING COMPANY**

The holding company is CITY COIN LAUNDRY SDN BHD (Company No: 201001026419 (910338-D)), a company incorporated in Malaysia.



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SY LEE & CO.  
Firm Number : AF 1317  
Chartered Accountants  
KUALA LUMPUR  
Date: 15 DEC 2021



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LEE SWEE YONG  
Approval Number : 02111/11/2022 J  
Chartered Accountant

13. **INDEPENDENT CONSULTANT’S REPORT**

SEA NQA PLT (Company no. LLP0019788-LGN)  
 APW Bangsar, 29-07, Jalan Riong, Bangsar 59100 Kuala Lumpur, Malaysia



**Management System Certification Audit Summary Report**

Organization	City Technology Berhad
Address	13, Jalan Perindustrian Desa Aman 1B,, Industri Desa Aman, 52200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia
Standard	Owned Policy, Procedure and Work Flow for the Scope defined as below.
Representative	Sandra
Lead Auditor	Mick Ng
Audit Date	13/12/2021
Scope	Operating Self Service Laundry Bar
Audit Objective	<ul style="list-style-type: none"> <li>- To assess the Quality Management System (QMS) on the Operation Process as per above defined scope</li> <li>- To determine the system effectiveness in carry out activities as per Scope defined</li> </ul>
Audit Method	Observe, Interview and Record Checking
Limitation	Random Sampling Audit ( 2-3 sample records taken) to verify the implementation and effectiveness of the System
Summary	The audit team concludes that the organization <b>has</b> established and maintained its quality management system in line with the requirements of the standard and demonstrated the ability of the system to systematically achieve agreed requirements for products or services within the scope & standard.

**Audit Summary**

**Overall Quality Management System Effectiveness**

1. The company has established ISO9001:2015 Quality Management System to ensure the operation carried out meeting International Quality Management System, comply with related local statutory, regulatory and customer’s requirement.
2. Risk and Opportunity from each process being assessed ( latest Risk Assessment review date: 16/07/2021) and managed include identifying risk of opening new outlets, finding suitable areas, current resources, laundry bar setting up, daily laundry bar operation and etc. Strength, Weakness, Opportunity and Threat (SWOT) study sighted with new Covid19 risk added, Interest Parties’ Needs and Expectation Study sighted with no changed since last audit.
3. Company’s Vision ( Rev0 , Effective Date: 2/1/2019), Mission ( Rev0 , Effective Date: 2/1/2019) and Quality Policy ( Rev0 , Effective Date: 2/1/2019) no changed since last audit to show the commitment on operation excellent, total customer satisfaction, on time customer complaint respond, compliance to statutory, regulatory as well as continual improvement.
4. New Quality Objectives / Key Performance of 2022 ( Rev0 , Effective Date: 1/1/2022) sighted that includes customer complaint handling and effectiveness of operating existing and new outlets/
5. Management Action Plan / Program being established for 2021 and being monitored monthly to ensure the achievement of Quality Objectives and Key Performance Indicator.

Work Order No.M/2021/06/01	Confidential	SEANQA-Audit-2021, Rev:0	1
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SEA NQA PLT (Company no. LLP0019788-LGN)  
APW Bangsar, 29-07, Jalan Riong, Bangsar 59100 Kuala Lumpur, Malaysia



6. Top Management strongly committed in quality product ( laundry ) and service ( customer complaint and feedback ).
7. Other quality objective e.g. 1) To reduce 30% number of complaint per outlet, 2) 0 delay in project completion ( outlet setup / renovation ), 3) 0 accident 4) 0 summon from local authority being established, maintained and sighted during audit. There is no new Objective added.
8. Analysis and determine the further action for Quality Objective such as 'Complaint reply within 3 working days' carried out and sighted.
9. Document in proper control. E.g. Document Masterlist being maintained and Document Change being issued when there is revision needed to the current documentation. Master Copy for all the 1st set Procedure, Control Copy to the subsequent set of document for sharing purposes being carried out and sighted during audit.
10. Quality Plan to check the quality of each outlet prior opening being established and sighted during audit that include the quality checkpoint and criteria.

**Operation 1 – Area Investment Selection and Confirmation**

1. Procedure / Work Flow / SOP established (Rev: 1/2/2020 ) and maintained to address clearly steps and its important criteria in selecting area of setting up new laundry bar. It includes criteria of confirmation such as availability of selected LOT, population, market potential, local regulation, logistic support from Principal ( City Coin Laundry Sdn Bhd ) and its return of investment. Activities being carried out by Business Development Unit, lead directly by Managing Director.
2. Sampling assessed 2 new outlets ( Mutiara Damansara and Taman Paragon Utama), evidences sighted the selection and confirmation being carried out as per above procedure.

**Operation 2 – Local Authority Compliance**

1. Procedure / Work Flow / SOP established (Rev: 1/2/2020 ) and maintained to address clearly steps and its important criteria in determining local authority requirement such as Business Licensing, Developer and LOT initial Requirement suitability in carrying out Laundry Bar Business Activities. Such joint assessment activities being carried out by Compliance Officer with Principal – CityCoin Laundry Sdn Bhd's Project Manager. The ultimate objectives to ensure the selected LOT has no implication in applying local authority license and compliance to Developer / LOT initial Requirement in running Laundry Bar Business.
2. The Assessment Report will be presented to Managing Director for final approval.
3. Sampling assessed 2 new outlets ( Mutiara Damansara and Taman Paragon Utama ), evidences sighted ( L2560000627053 and DBPSB348937202143) the Local Authority Compliance being carried out as per above procedure.

**Operation 3 – LOT confirmation with LOT's Owner**

1. Procedure / Work Flow / SOP established (Rev: 1/2/2020) to address clearly steps and its important criteria in communication and confirmation of renting / buying with the LOT Owner. It includes clear communication, consensus obtained, agreement between both

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parties of such Laundry Bar Business of determined Business Duration. The Assessment Report will be presented to Managing Director for final approval.

2. Sampling assessed 2 new outlets ( Mutiara Damansara and Taman Paragon Utama ), evidences sighted the Local Authority Compliance being carried out as per above procedure. Shop Rental validity period of 01/10/2021 - 30/09/2024, 01/04/2021 - 31/03/2023). Corporate Outlet Checklist for Drafting Tenancy Agreement for both outlets sighted.

#### **Operation 4 – Facilities Setup**

1. Procedure / Work Flow / SOP established (Rev: 1/02/2020) to address clearly steps and its important criteria in communication and confirmation with Principal on new outlet setting up. This include a proper handover of new outlet detail such as location, LOT size, constraint, resource availability ( such as internet, gas, power and water supply ), local authority / Developer and LOT initial Requirement. Handover carried out through official meeting, documented in New Laundry Bar Setup Confirmation Appointment Record signed by both parties City Coin Technology Berhad and City Coin Laundry Sdn Bhd, witnessed by independent Party.

#### **Operation 5 – Facilities Acceptance**

1. Procedure / Work Flow / SOP established (Rev: 1/2/2020 ) and maintained to address clearly steps and its important criteria in accepting complete facilities from Principal – City Coin Laundry Sdn Bhd. Based on initial Contract Signed, Principal is required to carry out commissioning and testing to ensure the outlet is fully functioning prior handover to City Coin Technology.
2. Outlet Quality Handover Checklist established (Rev: 1/2/2020 ) to ensure the Outlet and its facilities are complete and fully operation prior acceptance. Outlet Quality Handover Checklist were communicated and acknowledged by Principal – City Coin Laundry Sdn Bhd to ensure only one standard of acceptance applied by both parties.
3. Non Conformance will be recorded in the Outlet Quality Handover Checklist and Principal is required to take immediate action to rectify the non-conformity. All rectified works will be assessed by the same parties as above to ensure the outlet is fully comply with the Quality Requirement as specified in the Quality Plan.
4. Sampling assessed 2 new outlets ( Mutiara Damansara and Taman Paragon Utama), evidences sighted with Meeting Minutes and New Laundry Bar Setup Confirmation Appointment Record. Reno Outlet Checklist (Machine Installation) for both (9/11/2021 and 27/5/2021), Reno Outlet Checklist (Store ) for both ( 15/10/2021 and 5/4/2021), Corporate Outlet Pre opening checklist sighted for both ( 10/11/2021 and 28/5/2021), Outlet layout drawing for both (3/10/2021 and 15/3/2021) sighted.

#### **Operation 6 – Outlet Daily Operation Control**

1. Procedure / Work Flow / SOP established (Rev: 1/2/2020 ) to address clearly steps and its important criteria in controlling daily Outlet operation activities which include cleaning, collection, chemical refilling, gas refilling, machinery condition checking, 'At The Spot

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Customer Satisfaction / Feedback' and overall condition checking ( wall, ceiling, flooring and lighting condition ).

2. Outlet Daily Operation Quality Guidelines established (Rev: 1/2/2020) for Outlet Operation Personnel to ensure the Outlet Condition meet minimum quality requirement. Any non conformance / not meeting expectation will be recorded in the Daily Visit Log Book and immediate Purchase Request ( gas purchase, chemical purchase, break down report ) will be communicated to Principal or Suppliers. Follow up in place to ensure the Requisition being carried out and closed. Quarterly review meeting will be carried out with Principal and Suppliers of their performance and continual improvement.
3. Sampling assessed 2 new outlets ( Mutiara Damansara and Taman Paragon Utama), Corporate Outlet Quarterly Checklist for both ( 1/12/2021) sighted.
4. Covid 19 SOP being added and sighted. Sanitizing being carried out to reduce the risk.



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**Operation 7 – Customer Complaint Handling**

1. Procedure / Work Flow / SOP established to address clearly steps in handling customer's complaint include payment, faulty machinery, cleaning, sabotage, overall Outlet Condition. Customer Services Team Officer is responsible to handle customer complaint and coordinating with other Departmental / Process Owners to immediate rectify the complaint, root cause (s) investigation and corrective action to prevent from recurrence. Customer Services Team Officer will follow up each case and will summarise for monthly management meeting. All customer complaint is target to be respond within 3 working days, rectification work to be completed within 1 working day.
2. Sampling assessed 2 new outlets ( Mutiara Damansara and Taman Paragon Utama), total number of complaints compiled for month Nov to Dec 2021.

**Operation 8 –Outlet Collection Control**

1. Procedure / Work Flow / SOP established (Rev 0) to address clearly steps in outlet collection and processing. It includes collection, reporting, confirmation, recording, banking in and book keeping process. Finance Department is responsible to carry out such activities and guided by Malaysia Accounting Standard, account was audited yearly.
2. Sampling assessed 2 new outlets ( Mutiara Damansara and Taman Paragon Utama), evidences of 2 months ( 30/11/2021, 15/6/2021 ) sighted.

**Other Administration Processes**

1. Procedure / Work Flow / SOP for other Administration Process such as Training, established (Rev: 1/6/2018) to address clearly steps such as Recruitment, Training, Appraisal, Purchasing, Supplier Management, QMS Documentation and Record Control activities. The Works carried out by respective Department such as Administration Department and QMS Department.

**Conclusion**

1. The Outlet Operation Process being implemented and maintained effectively follow the planned Procedure / Work Flow / SOP since the last audit.
2. Risk of New Covid 19 being added and considered before opening and after opening, include daily operation control.
3. PLAN–DO–CHECK–ACT (PDCA) concept being applied when establishing the QMS to ensure the Outlet selection, setting up and operating followed a standard procedure benchmarking against International Quality Standard; ISO9001:2015.
4. Human Resources in managing the Outlet Operation are well organized through a proper organizational chart setup, recruitment and training process.
5. Operation Processes from Outlet selection to Daily Operation Control well managed through proper quality plan and criterial.
6. Management Commitment and Support sighted with full participation in Process Risk Study, Management as well as frequent performance and customer's satisfaction monitoring.

Prepared by Mick Ng

End Report

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#### 14. **FURTHER STATUTORY AND OTHER GENERAL INFORMATION**

In accordance with the provisions of the Companies Act 1965, the following information is included in this Prospectus and forms part of this Prospectus.

##### 14.1 **Retirement, Removal and Replacement of the Trustee**

The provisions of the Trust Deed governing the retirement, removal and replacement of the Trustee are set out below-

- (a) The Trustee may resign by giving 3 months' written notice or such shorter period in accordance with the provisions of this Deed, as the case may be.
- (b) The Management Company may remove the Trustee by giving 3 months' written notice to the Trustee and the Interest Unit Holders.
- (c) The notice shall be invalid if the removal is objected by at least 50% of Interest Unit Holders.
- (d) The Interest Unit Holders may remove the Trustee by giving 3 months' notice to the Trustee and the Management Company after the decision was made through a resolution of a meeting of Interest Unit Holders and agreed by not less than 10% of the Interest Unit Holders present in person or by proxy.
- (e) On the resignation or removal of the Trustee, the Management Company shall appoint a new trustee by way of a supplemental trust deed.
- (f) A resignation or removal of the Trustee shall not take effect unless a new trustee is appointed.
- (g) The Trustee shall, on the resignation or removal, within 14 days from the date of appointment of a new trustee, vest the trust accounts to the new trustees and deliver all books, documents, records and other property relating to the Scheme to the new trustee.
- (h) The costs and incidental expenses incurred shall be borne by the Management Company.
- (i) Upon the execution of the supplemental trust deed, the new trustee shall exercise all powers, duties and obligations in respect of the Scheme.

##### 14.2 **Appointment, Retirement and Replacement of Auditors**

An Approved Company Auditor shall be appointed by the Trustee in relation to the funds in the Trust Account to be established under the Trust Deed. The Trustee may also from time to time remove or replace the Approved Company Auditor and appoint another or others in its place and the Approved Company Auditor may also resign by giving three (3) months' prior written notice to the Trustee.

##### 14.3 **Meeting of Interest Unit Holders**

The provisions of the Trust Deed relating to meeting of Interest Unit Holders are set out generally below-

A meeting of the Interest Unit Holders may be convened by the Trustee or the Management Company for the purpose of-

- 14.3.1 removal of the Trustee as provided in this Deed;
- 14.3.2 amendments to this Deed; and/or
- 14.3.3 voluntarily winding up and terminating the Scheme in favour of any alternative corporate proposals made by the Management Company that is reasonable and acceptable to the Interest Unit Holders including the exchange of Interest Units for a specified number and value of ordinary shares or preference shares of the Management Company, a related company as defined in section 7 of the Companies Act or, any company proposed by the Management Company including any proposed initial public offering of such ordinary shares or preference shares at any relevant regulated securities exchange within a specified time period.

14.3.4 Requisition of meeting by Interest Unit Holders

The Interest Unit Holders of the Scheme may require the directors of the Management Company to call for a meeting of Interest Unit Holders.

The directors of the Management Company shall call for the meeting of Interest Unit Holders if the Management Company received an application from not less than 50 in number or 10% of the Interest Unit Holders, whichever is lesser.

A meeting summoned shall be-

- (a) held at a time and place specified in the notice and advertisement, being a time not later than 2 months after the giving of the notice;
- (b) chaired by-
  - (i) a person who is appointed by the Interest Unit Holders to which this Deed relates who are present at the meeting; or
  - (ii) where no appointment is made under sub-clause (i) above, a nominee of the Trustee; and
- (c) conducted in accordance with this Deed or, if there is no such provision in this Deed, as directed by the chairman of the meeting.

14.3.5 Notice of meeting of Interest Unit Holders

A meeting of Interest Unit Holders shall be called by a notice of at least 21 days.

A notice of meeting of this Scheme shall be sent to-

- (a) every Interest Unit Holder;

- (b) Trustee; and
- (c) Approved Company Auditor.

14.3.6 Manner in which notice is given

Notice of a meeting of Interest Unit Holders shall be in writing and shall be given to the Interest Unit Holders either-

- (a) in hard copy;
- (b) in electronic form;
- (c) partly in hard copy and partly in electronic form; or
- (d) by means of a website.

A notice-

- (a) given in hard copy shall be sent to any Interest Unit Holder either personally or by post to the address supplied by the Interest Unit Holder to the Management Company for such purpose; or
- (b) given in electronic form shall be transmitted to the electronic address provided by the Interest Unit Holder to the Management Company for such purpose or by publishing on a website.

14.3.7 Notification of publication of notice of meeting on a website

Notice of a meeting of Interest Unit Holders shall not be validly given by the Management Company by means of a website unless a notification to that effect is given in accordance with this Clause 16.5.

The Management Company shall notify the Interest Unit Holders of the publication of the notice on the website and such notification shall be in writing and shall be given in hard copy or electronic form stating-

- (a) that it concerns a meeting of Interest Unit Holders; and
- (b) the place, date and time of the meeting.

The Management Company shall ensure that the notice is made available on the website throughout the period beginning from the date of notification until the conclusion of the meeting.

14.3.8 Meetings of Interest Unit Holders at 2 or more venues

The Management Company may convene a meeting of Interest Unit Holders at more than one venue using any technology or method that enables the Interest Unit Holders to participate and exercise their rights to speak and vote at the meeting.

The main venue of the meeting shall be in Malaysia and the chairperson shall be present at the main venue of the meeting.

14.3.9 Quorum at meetings

The quorum for a meeting shall be a total number of 10 Interest Unit Holders registered in the Register of Interest Units on the date of the meeting present in person or by proxy.

For the purpose of constituting a quorum-

- (a) one or more representatives appointed by a corporation shall be counted as one Interest Unit Holder; or
- (b) one or more proxies appointed by a person shall be counted as one Interest Unit Holder.

No business shall be transacted at any meeting of Interest Unit Holders unless a quorum is present at the time when the meeting proceeds to business.

If within half an hour from the time appointed for the meeting, a quorum is not present, the meeting-

- (a) if convened upon the requisition of Interest Unit Holders, shall be dissolved; or
- (b) in any other case, shall stand adjourned to the same day in the next week at the same time and place, or to such other day and at such other time and place as the directors may determine.

14.3.10 Chairperson of meetings of Interest Unit Holders

Save and except for requisitioned meetings, the Chief Executive Officer of the Management Company shall be the chairperson at every meeting of Interest Unit Holders.

If the Chief Executive Officer is not present within 15 minutes after the time appointed for the holding of the meeting or is unwilling to act, the Interest Unit Holders present shall elect one of the Interest Unit Holders present to be chairperson of the meeting.

14.3.11 Declaration by chairperson on a show of hands

At a meeting of Interest Unit Holders, a resolution put to the vote of the meeting shall be decided on a show of hands unless before or on the declaration of the result of the show of hands, a poll is demanded-

- (a) by the chairman;
- (b) by at least 3 Interest Unit Holders present in person or by proxy; or
- (c) by any Interest Unit Holder present in person or by proxy and representing not less

than 10% of the total voting rights of all Interest Unit Holders having the right to vote at the meeting.

On a vote on a resolution at a meeting on a show of hands, a declaration by the chairperson that the resolution has been passed unanimously or with a particular majority or is lost, and an entry to that effect in the minutes of the proceedings shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

An entry in respect of such a declaration in the minutes of the meeting recorded in accordance with section 343 of the Companies Act is conclusive evidence of that fact. This part shall not apply if a poll is demanded in respect of the resolution, and the demand is not subsequently withdrawn.

14.3.12 Right to demand a poll

In a meeting of Interest Unit Holders, a poll may be demanded by the categories of persons specified in paragraph 14.3.11.

14.3.13 Voting on a poll

On a poll taken at a meeting, an Interest Unit Holder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

If a poll is demanded, it shall be taken immediately or after such interval or adjournment as the chairman directs, and the result of the poll shall be the resolution of the meeting at which the poll is demanded.

14.3.14 Representation of corporations at meetings of Interest Unit Holders

If a corporation is an Interest Unit Holder, the corporation may by resolution of its board of directors authorise a person to act as its representative at any meeting of Interest Unit Holders.

The corporation shall be entitled to authorise only one person to be its representative at the meeting and the person shall be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it was an individual Interest Unit Holder.

A certificate of authorisation by the corporation shall be prima facie evidence of the appointment or the revocation of the appointment, as the case may be, of a representative.

14.3.15 Appointment of proxies

An Interest Unit Holder is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote at a meeting of Interest Unit Holders.

The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority shall be

deposited at the Business Office of the Management Company or such venue as shall be specified in the notice of meeting not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

14.3.16 Notice of meeting to contain statement of rights to appoint proxies

In every notice calling a meeting of Interest Unit Holders, there shall appear prominently, a statement informing the Interest Unit Holder of his rights.

14.3.17 Proxy as a chairperson of a meeting

A proxy may be elected to be the chairperson of a meeting of Interest Unit Holders.

14.3.18 Termination of a person's authority to act as a proxy

Unless the Management Company receives a notice of termination before the commencement of a meeting of Interest Unit Holders or an adjourned meeting, the termination of the authority of the person to act as proxy does not affect-

- (a) the constitution of the quorum of the meeting;
- (b) if applicable, the validity of anything he did as chairperson of a meeting;
- (c) the validity of a poll demanded by him at a meeting; or
- (d) the validity of the vote exercised by him at a meeting.

14.3.19 Approval or non-approval of resolutions tabled at meetings

All and any resolutions tabled before any meeting of Interest Unit Holders shall be approved by a simple majority of votes of Interest Unit Holders present in person or by proxy whether cast by a show of hands or by poll, as the case may be, save and except for the following matters where the resolution is required to be approved by at least 75% of the Interest Unit Holders-

- (a) a resolution initiated by the Interest Unit Holders to wind up the Scheme in a meeting called by Interest Unit Holders;
- (b) a resolution that exempts the Trustee from or indemnifying the Trustee against liability for breach of trust where the Trustee failed to show the degree of care and diligence required of a trustee.

A resolution shall not be approved if a majority of votes, whether by a show of hands or by poll, as the case may be, is not obtained in support of such resolution.

#### 14.4 Expiry of Scheme

On the Scheme Expiry Date being the end of the Scheme Period the Trust Deed and Scheme shall terminate absolutely subject always to the Trust Deed which provides that the Trust Deed shall continue to subsist for so long as there shall be a valid Management Agreement in existence or for such other time as shall be agreed between the Trustee and the Management Company.

#### 14.5 **Other Schemes**

The Management Company is not managing or operating any other interest scheme.

#### 14.6 **Validity Period of Prospectus**

This Prospectus shall be valid for 6 months from the said date whereby no Interest Units will be subscribed if this Prospectus is later than 6 months after the date of this Prospectus unless the Prospectus has been updated and a current Prospectus is lodged with and registered by the Registrar of Companies.

#### 14.7 **Consents**

- (a) The consents of the Solicitors, Auditors and Trustee to the inclusion in this Prospectus of their names in the manner and form in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (b) The consent of the Auditors to the inclusion of this Prospectus of the Accountants' Report relating to the profit and loss accounts and balance sheets in the manner and form in which they are contained in this Prospectus has been given and has not subsequently been withdrawn.

#### 14.8 **Documents for inspection**

Copies of the following documents may be inspected at the registered office of the Management Company during office hours for a period of 6 months from the date of this Prospectus-

- (a) Constitution of the Management Company;
- (b) Accountant's Report; and
- (b) The letters of consent.

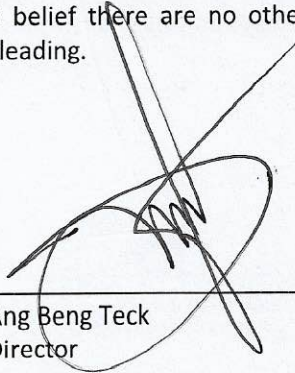
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**14.9. DIRECTORS' RESPONSIBILITY STATEMENT**

This Prospectus has been seen and approved by the Directors of the Management Company and they jointly confirm after having made all reasonable inquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.



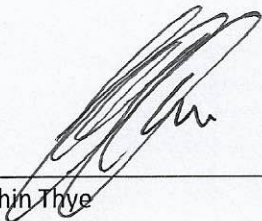
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Ang Beng Teck  
Director



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Chua Wuan Yeen  
Director



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Choo Chin Thye  
Director

Date: 15 DEC 2021

Lodged by: **CT Choo & Co**  
*Advocates & Solicitors*  
Unit B-5-6, Tower B, Plaza Pantai  
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Lodged in the Office of the Registrar of Companies, Kuala Lumpur.

Company No. 201501011755 (1137090-D)