

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

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This Circular has been reviewed and approved by TA Securities Holdings Berhad, who is the Adviser to MClean Technologies Berhad (“**MClean**” or “**Company**”) for the Proposals (as defined herein).



MCLEAN TECHNOLOGIES BERHAD
(Company No. 893631-T)
(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

- (I) PROPOSED ACQUISITION OF 550,000 ORDINARY SHARES OF RM1.00 EACH IN DWZ INDUSTRIES SDN BHD (“DWZ”), REPRESENTING 55% EQUITY INTEREST IN DWZ, FOR A PURCHASE CONSIDERATION OF RM14,094,500 TO BE FULLY SATISFIED THROUGH THE ISSUANCE OF 56,378,000 NEW ORDINARY SHARES OF RM0.25 EACH IN MCLEAN (“MCLEAN SHARES” OR “SHARES”); AND**
- (II) PROPOSED FREE WARRANTS ISSUE OF UP TO 42,264,000 WARRANTS (“NEW WARRANTS”) ON THE BASIS OF SIX (6) NEW WARRANTS FOR EVERY TWENTY FIVE (25) EXISTING SHARES HELD BY THE SHAREHOLDERS OF MCLEAN**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



TA SECURITIES HOLDINGS BERHAD (14948-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of Extraordinary General Meeting (“**EGM**”) of our Company, to be held at Tawau Room, Auditorium & Convention Center @ The Podium, Ground Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur on Monday, 21 September 2015 at 11.00 a.m. or any adjournment thereof, together with the Proxy form are enclosed in this Circular.

A shareholder entitled to attend and vote at the EGM is entitled to appoint up to two (2) proxies to attend and vote at the meeting. The Proxy form must be lodged at MClean’s Share Registrar, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, not later than forty-eight (48) hours before the time set for the EGM or at any adjournment thereof. The lodgement of the Proxy form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last day, date and time for lodging the Proxy form : Saturday, 19 September at 11.00 a.m.
Day, date and time of the EGM : Monday, 21 September 2015 at 11.00 a.m.

This Circular is dated 4 September 2015

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular and the accompanying appendices:

“5D-VWAP”	: Five (5)-day volume weighted average market price
“Act”	: Companies Act, 1965 as amended, modified or re-enacted from time to time
“Announcement”	: The announcement of the Proposals dated 5 June 2015
“Announcement LPD”	: 4 June 2015, being the latest practicable date of the Announcement
“BNM”	: Bank Negara Malaysia
“Board”	: Board of Directors of the Company
“Bursa Depository”	: Bursa Malaysia Depository Sdn Bhd
“Bursa Securities”	: Bursa Malaysia Securities Berhad
“CDS Account”	: An account established by Bursa Depository or its successor-in-title or any other approved depository under the Central Depositories Act.
“Central Depositories Act”	: Securities Industry (Central Depositories) Act 1991 as amended, modified or re-enacted from time to time
“Circular”	: This circular to the shareholders dated 4 September 2015
“Conditions Precedent”	: Conditions precedent pursuant to the SSA
“Consideration Shares”	: 56,378,000 new MClean Shares to be issued at an issue price of RM0.25 each to the Vendor to fully satisfy the Purchase Consideration for the Proposed Acquisition
“Decor” or “Vendor”	: Decor Industries Pte Ltd
“Decor Shares”	: Ordinary shares of Decor
“Deed Poll”	: The document constituting the New Warrants to be executed by the Company
“DGC Shares”	: Ordinary shares in DGC
“DGC”	: DGC Holdings Pte Ltd
“Director”	: A natural person who holds a directorship in the Company, whether in an executive or non-executive capacity, and shall have the meaning given in Section 4 of the Act and Section 2(1) of the Capital Markets and Services Act 2007
“DWZ”	: DWZ Industries Sdn Bhd
“DWZ Group”	: DWZ and its subsidiary, DWZJ, collectively
“DWZ Shares”	: Ordinary shares of RM1.00 each in DWZ
“DWZJ”	: DWZJ Industries (Johor) Sdn Bhd
“DWZJ Shares”	: Ordinary shares of RM1.00 each in DWZJ
“E&E”	: Electrical and electronic
“EGM”	: Extraordinary general meeting

DEFINITIONS (cont'd)

“Entitled Shareholders”	: Shareholders of MClean whose names appear in the Company’s Record of Depositors on the Entitlement Date
“Entitlement Date”	: The date (to be determined by the Board and announced later by the Company) as at the close of business on which the names of the shareholders must appear in the Record of Depositors in order to be entitled to the Proposed Free Warrants Issue
“EPS”	: Earnings per share
“Existing Business”	: The MClean Group’s existing principal activities which involve the provision of precision cleaning, washing, assembly services as well as other related services for the HDD and semiconductor industries
“First Guaranteed Amount”	: Audited PAT of DWZ Group of at least RM3,900,000
“First Guaranteed Period”	: The financial period commencing on 1 January 2015 and ending on 31 December 2015
“FPE”	: Financial period ended
“FYE”	: Financial year ended/ending, as the case may be
“GBP”	: Great Britain Pound
“GDP”	: Gross domestic product
“GFCF”	: Gross fixed capital formation
“Government”	: Government of Malaysia
“GST”	: Goods and services tax
“HDD”	: Hard disk drive
“IMR Report”	: Independent market research report on surface treatment industry in Malaysia, precision cleaning industry in Singapore, global HDD market and global E&E Market dated August 2015 prepared by Smith Zander
“IT”	: Information technology
“LAT”	: Loss before tax
“LBT”	: Loss after tax
“Listing Requirements”	: ACE Market Listing Requirements of Bursa Securities, including any amendments, modifications and additions thereto
“LPD”	: 28 August 2015, being the latest practicable date prior to the printing of this Circular
“LPS”	: Loss per Share
“MAS”	: Monetary Authority of Singapore
“Maximum Scenario”	: Assuming full exercise of the Warrants 2011/2016 into new MClean Shares prior to the Proposed Acquisition.
“MClean”, “Company” or “Purchaser”	: MClean Technologies Berhad
“MClean Group” or “Group”	: MClean and its subsidiaries

DEFINITIONS (cont'd)

“MClean Shares” or “Shares”	: Ordinary shares of RM0.25 each in MClean
“Minimum Scenario”	: Assuming none of the 58,700,000 Warrants 2011/2016 is exercised into new MClean Shares prior to the Proposed Acquisition
“MOU”	: Memorandum of understanding dated 10 April 2015 entered into by the Vendor and the Company in relation to the Proposed Acquisition
“NA”	: Net assets attributable to ordinary equity holders of the Company
“New Warrants”	: Up to 42,264,000 warrants to be issued pursuant to the Proposed Free Warrants Issue
“PAT”	: Profit after tax
“PBR”	: Price-to-book ratio
“PBT”	: Profit before tax
“PER”	: Price-to-earnings ratio
“PRC”	: People’s Republic of China
“Precision Cleaning Related Services”	: Services related to precision cleaning, such as clean bulk packaging and clean room services
“Profit Guarantee Period”	: First Guaranteed Period and Second Guaranteed Period, collectively
“Profit Guarantee”	: First Guaranteed Amount and Second Guaranteed Amount, collectively
“Proposals”	: Proposed Acquisition and Proposed Free Warrants Issue, collectively
“Proposed Acquisition”	: Proposed acquisition of 55% equity interest in DWZ comprising 550,000 DWZ Shares for a purchase consideration of RM14,094,500 to be fully satisfied via issuance of MClean Shares
“Proposed Free Warrants Issue”	: Proposed issue of up to 42,264,000 New Warrants on the basis of six (6) New Warrants for every twenty five (25) existing MClean Shares held by the Entitled Shareholders
“Purchase Consideration”	: Purchase consideration of RM14,094,500 pursuant to the Proposed Acquisition
“Record of Depositors”	: A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
“RM” and “sen”	: Ringgit Malaysia and sen, respectively
“Sale Shares”	: 550,000 DWZ Shares, representing 55% equity interest in DWZ
“Second Guaranteed Amount”	: Audited PAT of DWZ Group of at least RM4,640,000
“Second Guaranteed Period”	: The financial period commencing on 1 January 2016 and ending 31 December 2016
“SFr”	: Swiss Franc
“SGD”	: Singapore Dollar
“Singapore”	: Republic of Singapore

DEFINITIONS (cont'd)

“Smith Zander”	:	Smith Zander International Sdn Bhd, the appointed independent market researcher
“SSA”	:	Conditional share sale agreement dated 5 June 2015 entered into by the Vendor and the Company in relation to the Proposed Acquisition
“Surface Finishing”	:	Surface finishing of metal parts and non-metal parts
“TA Securities”	:	TA Securities Holdings Berhad
“VWAP”		Volume weighted average market price
“Warrants 2011/2016”		58,700,000 five (5)-year 2011/2016 warrants issued by MClean on 10 May 2011

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa.

Reference to persons shall include a corporation, unless otherwise specified. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

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TABLE OF CONTENTS

	PAGE
LETTER TO THE SHAREHOLDERS CONTAINING:	
1. INTRODUCTION	1
2. PROPOSED ACQUISITION	2
3. PROPOSED FREE WARRANTS ISSUE	13
4. RATIONALE FOR THE PROPOSALS	17
5. INDUSTRY OVERVIEW, OUTLOOK AND FUTURE PROSPECTS OF THE DWZ GROUP AND MCLEAN GROUP	19
6. RISK FACTORS	31
7. EFFECTS OF THE PROPOSALS	36
8. ADDITIONAL INFORMATION IN RELATION TO THE MCLEAN GROUP	43
9. HISTORICAL SHARE PRICES	47
10. APPROVALS REQUIRED	48
11. CORPORATE EXERCISE/ SCHEME ANNOUNCED BUT NOT YET COMPLETED	48
12. CONDITIONALITY	49
13. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS OR PERSONS CONNECTED WITH THEM	49
14. DIRECTORS' STATEMENT AND RECOMMENDATION	49
15. ESTIMATED TIME FRAME FOR COMPLETION	49
16. EGM	49
17. FURTHER INFORMATION	50
 APPENDICES	
I INFORMATION ON DWZ GROUP	51
II AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31 DECEMBER 2014	60
III DIRECTORS' REPORT ON DWZ	98
IV FURTHER INFORMATION	99
NOTICE OF EGM	ENCLOSED
PROXY FORM	ENCLOSED



MClean

MCLEAN TECHNOLOGIES BERHAD

(Company No. 893631-T)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

10th Floor, Menara Hap Seng
No. 1 & 3 Jalan P. Pamlee
50250 Kuala Lumpur

4 September 2015

Board of Directors

Yeo Hock Huat (*Executive Chairman*)

Dato' Mark William Ling Lee Meng (*Senior Independent Non-Executive Director*)

Dr Ho Choon Hou (*Independent Non-Executive Director*)

Pang Kong Chek (*Independent Non-Executive Director*)

Yeo Seow Lai (*Non-Independent Non-Executive Director*)

To: Shareholders of the Company

Dear Sir/Madam,

- (I) PROPOSED ACQUISITION; AND**
(II) PROPOSED FREE WARRANTS ISSUE

1. INTRODUCTION

On 10 April 2015, TA Securities announced on behalf of the Board that the Company had entered into a MOU with Decor.

On 5 June 2015, TA Securities announced on behalf of the Board that the Company proposed to undertake, *inter alia*, the Proposals.

Bursa Securities had vide its letter dated 27 August 2015 approved the following:

- (a) admission to the Official List of the ACE Market of Bursa Securities and listing and quotation of up to 42,264,000 New Warrants to be issued pursuant to the Proposed Free Warrants Issue;
- (b) listing of and quotation for 56,378,000 new MClean Shares to be issued pursuant to the Proposed Acquisition; and
- (c) listing of and quotation for up to 42,264,000 new MClean Shares to be issued upon exercise of the New Warrants;

subject to the conditions stated in Section 10 of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSALS, TO SET OUT THE BOARD'S RECOMMENDATION AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN CAREFULLY BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

2. PROPOSED ACQUISITION

2.1 Background information

On 10 April 2015, TA Securities announced on behalf of the Board that the Company had entered into a MOU with the Vendor.

On 5 June 2015, the Company entered into a conditional SSA to acquire 550,000 DWZ Shares from the Vendor for the Purchase Consideration of RM14,094,500 to be fully satisfied through the issuance of Consideration Shares to the Vendor at an issue price of RM0.25 each.

The DWZ Shares shall be acquired free from all charges, liens, pledges, trust and other encumbrances and with all rights, benefits and entitlements accruing or attaching thereto.

Upon completion of the Proposed Acquisition, DWZ will become a 55%-owned subsidiary of the Company, with the Vendor holding the remaining 45% equity interest in DWZ.

The Vendor has also provided a Profit Guarantee (as set out in Section 2.2.4 of this Circular) to the Company in respect of DWZ Group's future financial performance.

2.2 Salient terms of the SSA

The salient terms and conditions of the SSA include, inter-alia, the following:

2.2.1 Conditions precedent

- (a) The sale and purchase of the Sale Shares shall be conditional upon the fulfillment of the following within four (4) months of the date of the SSA or such other period as the parties may mutually agree in writing:
 - (i) the NA of the DWZ Group as evidenced by the latest management account of DWZ Group, of which shall be prepared and dated within two (2) months preceding the completion date, shall not be less than RM30,000,000;
 - (ii) the Purchaser obtaining the approval of its shareholders in a general meeting for the acquisition of the Sale Shares and the issuance of the Consideration Shares to the Vendor;
 - (iii) the Vendor and the Purchaser obtaining the approval of their respective boards of directors for the disposal and acquisition of the Sale Shares, respectively;
 - (iv) the Purchaser obtaining the approval of Bursa Securities for the listing and quotation of the Consideration Shares;
 - (v) the Vendor informing the Ministry of International Trade and Industry Malaysia in writing of the transfer of ownership of the Sale Shares;

- (vi) the execution of a shareholders' agreement between the Vendor and the Purchaser for the purpose of governing their relationship as shareholders of DWZ;
 - (vii) the execution of a stakeholder agreement between the Vendor, Purchaser and the stakeholder to be appointed by the Purchaser in relation to the Consideration Shares; and
 - (viii) if applicable, the parties obtaining such other requisite consents and approvals from the government and regulatory bodies for the purpose of the transfer of the Sale Shares contemplated in the SSA.
- (b) The Purchaser shall do all such necessary acts and deeds upon the execution of the SSA such that its shareholders' general meeting shall be convened at the earliest possible time to obtain the approval set out in Sections 2.2.1(a)(ii) and 2.2.1(a)(iv) above. The relevant party shall, as soon as possible from the date of the SSA or such other date as may be agreed upon by the parties, apply to relevant regulatory authorities for its approval/consent and shall forthwith notify the other parties in writing upon receipt of notification of the approval or rejection, as the case may be, from the relevant regulatory authorities. The parties covenant and undertake with each other to provide all information that shall be required by the relevant regulatory authorities.
 - (c) In the event that the Conditions Precedent are not fulfilled within the period stipulated in Section 2.2.1(a) above, the SSA shall be null and void and of no further force and effect with neither party having any rights and obligations against the other save and except for any antecedent breaches.
 - (d) The SSA shall become unconditional on the date of which the last of the Conditions Precedent is fulfilled. For the purpose of this Section 2.2.1(d), the Purchaser shall through the Purchaser's solicitors, notify the Vendor of the fulfillment of the Conditions Precedent within three (3) business days of such fulfillment.

2.2.2 Completion

- (a) The Purchase Consideration for the Sale Shares shall be satisfied in full within fourteen (14) business days from the shares transfer date, by the allotment of the Consideration Shares at the issue price each credited as fully paid-up and ranking pari passu in all respects with the existing shares of the Purchaser.
- (b) The Purchaser and Vendor acknowledge that the Purchase Consideration was arrived on a willing-buyer willing-seller basis, based on six (6) times the Average Profit Guarantee (as defined in Section 2.5 of this Circular).
- (c) On the shares transfer date (being a day falling between the date of the fulfilment of the last Conditions Precedent and the completion date), the Vendor shall complete the transfer of the Sale Shares at a place to be mutually agreed by the parties, failing which, it shall be held at the office of the Purchaser by the delivery of:
 - (i) the original share certificates of the Sale Shares;
 - (ii) the valid and registrable memoranda of transfer of the Sale Shares duly executed by the Vendor in favour of the Purchaser together with the relevant stamping proforma;
 - (iii) the resolution of the directors of DWZ approving the transfer of the Sale Shares in favour of the Purchaser;

- (iv) the resolution of the directors of the Vendor approving the transfer of the Sale Shares to the Purchaser;
 - (v) if required, all the statutory and account books of DWZ, invoices, common seal and all other documents relating to DWZ;
 - (vi) all documents of title, if any, pertaining to the assets of DWZ and all the necessary authorisations as shall be necessary so as to enable the Purchaser to obtain physical possession of the assets of DWZ; and
 - (vii) such waivers, consents or other documents as may be required to give a good title to the Sale Shares and to enable the Purchaser or its nominee(s) to become the registered owner(s) of the Sale Shares.
- (d) The Purchaser shall cause the Consideration Shares to be issued and allotted to the stakeholder, in accordance with the terms as stipulated in the SSA, within fourteen (14) business days from the date of the exchange of the documents specified in Section 2.2.2(c) above, and shall also forward to the Vendor the certified true copies of all the approvals as stipulated in Section 2.2.1(a) above, to be obtained or fulfilled by the Purchaser. For the purpose of the SSA, the allotment and issuance of all the Consideration Shares to the stakeholder shall be deemed full satisfaction of the Purchase Consideration by the Purchaser to the Vendor.
- (e) The Purchaser shall procure the listing of and quotation for the Consideration Shares on the ACE Market of Bursa Securities within seven (7) business days from the date of the issuance and allotment of the Consideration Shares. Upon the listing of and quotation for the Consideration Shares on the ACE Market of Bursa Securities, the SSA will be deemed completed.

2.2.3 Default

- (a) In the event that any party shall:
- (i) neglect or by wilful default fail or refuse or be unable to complete this transaction in accordance with the provisions in the SSA; or
 - (ii) subject to Section 2.2.3(d) below, materially breach any of the provisions of the SSA;

the party not in breach of the SSA ("**Non Defaulting Party**") shall be entitled at its absolute discretion to elect either to:

- (aa) give termination notice to the party in default and if the party in default fails to remedy the breach(es) within fourteen (14) business days of receipt of the termination notice, the Non Defaulting Party may without further reference to the party in default terminate the SSA, in which event the provisions as prescribed in Sections 2.2.3(b) and 2.2.3(c) below shall apply and thereafter the SSA shall be null and void and the parties shall have no further claims against each other save and except for any antecedent breaches; or alternatively
- (bb) complete the SSA, in which case the remedy of specific performance of the SSA under the Specific Relief Act, 1950 shall be available to the Non Defaulting Party without any prejudice to that party's right or rights to claim against the party in default any damages, losses, costs, expenses or outgoings whatsoever arising from or in connection with the events of Sections 2.2.3(a)(i) and/or 2.2.3(a)(ii).

- (b) In the event that the SSA is terminated in accordance with Section 2.2.3(a)(aa), the party in default shall, within fourteen (14) business days from the date after the expiration of the termination notice, pay to the Non Defaulting Party all the professional fees, disbursements and expenses incurred and paid or payable by the Non Defaulting Party in relation to or in connection with the SSA as evidenced by invoices and receipts. In the event that the party in default fails to pay any of the aforesaid monies within the said fourteen (14) business day period, then the party in default shall be further liable to pay interest on any amount remaining unpaid at the end of the said fourteen (14) business day period at the rate of eight percent (8%) per annum from the end of the said fourteen (14) business day period until the date of actual payment of the outstanding amount.
- (c) Simultaneously with the events of Section 2.2.3(b), the Purchaser shall return all documents and things forwarded by the Vendor in relation to the SSA, save and except where the Purchaser requires the same for application for refund of any stamp duty paid pursuant hereto, in which case the documents and things shall be returned as soon as reasonably possible.
- (d) Notwithstanding any other provision to the contrary as contained in the SSA, in the event the sale and purchase transaction contemplated in the SSA has been completed in accordance with the terms and conditions contained in the SSA, the parties shall not be entitled to terminate the SSA by reason of any breach of any of the terms of the SSA but without prejudice to any other remedies which the parties may have against each other.

2.2.4 Profit guarantee

- (a) The Vendor guarantees that DWZ Group shall achieve not less than the following amount of audited profits after tax for the following financial years:

<u>FYE</u>	<u>Profit after tax</u>
31 December 2015 (being the First Guaranteed Period)	: Ringgit Malaysia Three Million and Nine Hundred Thousand (RM3,900,000.00) only (being the First Guaranteed Amount); and
31 December 2016 (being the Second Guaranteed Period)	: Ringgit Malaysia Four Million Six Hundred and Forty Thousand (RM4,640,000.00) only (being the Second Guaranteed Amount).

- (b) In the event that the DWZ Group fails to achieve the amount under the Profit Guarantee for either First Guaranteed Period or Second Guaranteed Period or both, the Vendor shall, on demand from the Purchaser, make payment to the Purchaser within twenty one (21) business days of such demand, the amount equivalent to fifty five per centum (55%) of the shortfall between the actual audited after tax profits of the DWZ Group for the relevant financial year and the amount under the Profit Guarantee of the said financial year (“**Shortfall Amount**”). In the event the DWZ Group suffers a loss for any of the said financial years, the Vendor shall in addition to the Shortfall Amount, pay to the Purchaser, the amount equivalent to the fifty five per centum (55%) of the loss suffered for that particular financial year (“**Loss Amount**”). The Purchaser shall not make any demand until and unless the certificate referred to in Section 2.2.4(d) below shall have first been issued.

- (c) All the Shortfall Amount and Loss Amount payable by the Vendor to the Purchaser pursuant to Section 2.2.4(b) above, shall be settled either:
 - (i) by cash;
 - (ii) proceeds from the sale of the Consideration Shares; or
 - (iii) by cash and proceeds from the sale of the Consideration Shares,
 and payment of the amount shall be in full satisfaction of the Vendor's obligations in respect of the Profit Guarantee.
- (d) The certificate issued by the auditors for the time being of DWZ as to any Shortfall and/or Loss Amount referred to in Section 2.2.4(b) shall, save for any manifest errors, be conclusive and binding on the Vendor.
- (e) For the avoidance of doubt, any surplus of profits after tax in excess of the Profit Guarantee amount for the First Guaranteed Period shall not be carried forward for the computation of the DWZ Group's profit for the Second Guaranteed Period. The computation of the profit shall exclude profit derived from business transaction between DWZ and its subsidiary.
- (f) In the event the DWZ Group achieves at least ninety five per centum (95%) of the First Guaranteed Amount for the First Guaranteed Period, the parties agree that the stakeholder is authorised and shall release half of the total Consideration Shares held in the escrow account to the Vendor and in the event the DWZ Group achieves at least ninety five per centum (95%) of the Second Guaranteed Amount for the Second Guaranteed Period, the stakeholder shall release the remaining half of the total Consideration Shares to the Vendor.
- (g) The provisions of Section 2.2.4 shall survive the completion of the sale and purchase transaction contemplated in the SSA and continue to have full force and effect for so long as may be required to give effect to the Profit Guarantee upon the terms and conditions contained in the SSA. For the avoidance of doubt, the Profit Guarantee shall immediately lapse upon DWZ Group achieving the audited after tax profits under the Profit Guarantee at any time during the financial year thereunder.

2.3 Information on DWZ

DWZ was incorporated in Malaysia on 18 September 1996 under the Act as a private limited company. DWZ is involved in the business of Surface Finishing for E&E industries as well as oil & gas and petrochemical industries. As at the LPD, DWZ has an authorised share capital of RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each, all of which have been issued and fully paid-up. The directors of DWZ are Lim Han Kiau, Teoh Kim Guan, Ng Ah Kiat, Lim King Tee, Lim Choon Geok and Lim Min Han.

DWZ has a wholly-owned subsidiary, namely DWZJ, which is principally involved in the same business as DWZ. The DWZ Group is also involved in the provision of precision cleaning and washing services. Further information on DWZ Group is set out in **Appendix I** of this Circular.

2.4 Information on the Vendor

Decor was incorporated in the Republic of Singapore ("**Singapore**") on 11 June 1987 under the Companies Act of Singapore. Decor is principally involved in the business of providing electroplating and metal precision engineering. As at the LPD, Decor has an issued and paid-up share capital of SGD2,800,000 comprising 2,800,000 Decor Shares. The directors of Decor are Kam Kian Poh, Lim Han Kiau, Ng Ah Kiat and Chua Chee Tiong.

Decor is a wholly-owned subsidiary of DGC, which was incorporated in Singapore on 8 March 2002 under the Companies Act of Singapore. DGC is principally an investment holding company as well as supplier of computer parts and water filters. As at the LPD, DGC has an issued and paid-up share capital of SGD4,000,000 comprising 4,000,000 DGC Shares. The directors of DGC are Lim Han Kiau and Chua Chee Tiong.

As at the LPD, the shareholders of DGC are as follows:

Shareholders	Nationality	No of DGC Shares held	%
Kam Kian Poh	Singaporean	777,600	19.44
Quek Chin Lai	Singaporean	250,000	6.25
Lim Han Kiau	Singaporean	1,919,600	47.99
Lim Han Sin	Singaporean	389,200	9.73
Ng Ah Kiat	Singaporean	264,800	6.62
Teoh Kim Guan	Malaysian	292,800	7.32
Chua Chee Tiong	Singaporean	106,000	2.65
	Total	4,000,000	100.00

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2.5 Basis and justification for the Purchase Consideration

The Purchase Consideration was arrived at on a “willing-buyer willing-seller” basis between the Purchaser and the Vendor after taking into consideration:

- (i) the Profit Guarantee;
- (ii) the audited NA of DWZ Group of RM30,070,229 as at 31 December 2014; and
- (iii) the earnings potential and prospects of DWZ Group (as set out in Section 5.6 of this Circular).

The Purchase Consideration represents a PER of six (6.00) times (based on the average Profit Guarantee per annum for the Profit Guarantee Period (“**Average Profit Guarantee**”)) and a PBR of approximately 0.85 times (based on the audited NA of DWZ Group as at 31 December 2014), as illustrated below:

	Based on 100% equity interest in DWZ	Based on 55% equity interest in DWZ
Purchase Consideration	Not applicable	RM14,094,500
Profit Guarantee	RM8,540,000	RM4,697,000
Average Profit Guarantee	$(RM3,900,000 + RM4,640,000) / 2 \text{ years} = RM4,270,000$	RM2,348,500
Audited NA of DWZ Group as at 31 December 2014	RM30,070,229	RM16,538,626
PER (times)	Not applicable	$RM14,094,500 / RM2,348,500 = 6.00$
PBR (times)	Not applicable	$RM14,094,500 / RM16,538,626 = 0.85$

Upon completion of the Proposed Acquisition, DWZ will be a 55%-owned subsidiary of MClean and MClean will consolidate the future earnings (less minority interest) of DWZ Group.

The table below sets out the PER and PBR of companies listed on Bursa Securities and on other stock exchanges that the Board deems to be broadly comparable (“**Comparable Companies**”) to the DWZ Group by virtue of their involvement in the surface treatment industry. None of these companies or any other companies listed on Bursa Securities are exactly similar or directly comparable to DWZ Group in terms of composition of business, scale of operations, track record and future prospects.

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The PER and PBR of the Comparable Companies as at the Announcement LPD are set out below solely for comparison:

Comparable Companies (latest FYE / stock exchange listing)	Principal activities	EPS		Closing price as at the Announcement LPD		NA per share attributable to owners [^]		PER		PBR	
		(RM)	(GBP)	(RM)	(GBP)	(RM)	(GBP)	(times)	(times)	(times)	(times)
Frontken Corporation Berhad (FYE 31 / December 2014 / Bursa Malaysia)	<ul style="list-style-type: none"> - Provision of surface metamorphosis technology using thermal spray coating processes and complementary processes including mechanical & chemical engineering works, - Business of turbo machinery technical engineering services, Provision of cleaning of specialised equipment for semiconductor devices, integrated circuits & components, research & development of semiconductor cleaning technology, procurement of materials, equipment consumable parts and engineering services, - Provision of surface treatment and advanced precision cleaning for the TFT - LCD (Thin Film Transistor – Liquid Crystal Display) and semi-conductor industries, and - General contractors and process and individual plant engineering services. 	0.0186		0.270		0.2045		14.52		1.32	
Bodycote Plc (FYE 31 / December 2014 / London Stock Exchange)	<ul style="list-style-type: none"> - Provision of thermal processing services worldwide, operating in Aerospace, Defence & Energy; as well as Automotive & General Industrial business areas; - Offers (i) heat treatment services, including carbonitriding, atmospheric carburizing, nitrocarburising, Corr-1-Dur, neutral hardening, press quenching, ageing, and annealing/normalizing services; and (ii) metal joining services comprising electron beam welding, furnace and induction brazing, hot isostatic pressing (“HIP”) diffusion bonding, hydrogen brazing, and vacuum & honeycomb brazing services to fuse metals. - Provision of surface technologies including anodising, ceramic coatings, combustion and flame spraying, specialized plasma spray, high velocity oxygen fuel, and thermo-chemically formed coatings treatments. - Markets include aerospace and defense, automotive, energy, general industrial, and HIP. 	2.3664	(GBP0.4170)	42.612	(GBP7.5100)	16.9068	(GBP2.9793)	18.01		2.52	

Comparable Companies (latest FYE / stock exchange listing)	Principal activities	EPS (RM)	Closing price as at the Announcement LPD (RM)	NA per share attributable to owners^ (RM)	PER (times)	PBR (times)
Hardide Plc (FYE 30 September 2014 / London Stock Exchange)	<ul style="list-style-type: none"> - Provision of tungsten carbide-based coatings for internal surfaces and complex geometries in the UK, Europe, North America, and globally. - Offers surface coatings, custom coatings, base material coatings for steel and alloy materials, and coatings for seals. - Products are used in various applications and industries, including oil & gas, valves, pumps, aerospace, industrial diamond, petrochemical, power generation, defence, motorsport, pulp & paper processing, material processing, industrial tooling and cutting blades. 	0.0006 (GBP0.0001)	0.0738 (GBP0.0130)	0.0168 (GBP0.0030)	*130.00	4.39
OC Oerlikon Corporation AG (FYE 31 December 2014 / SIX Swiss Exchange)	<ul style="list-style-type: none"> - Involved in the field of surface solutions, man-made fibers, drive systems and vacuum generation. - Developer of production systems, components, and services for high-technology products. - Provider of turn-key solutions for the manufacturing of protective coatings for precision tools and components (Surface Solutions Segment), systems for producing vacuums and conveying process gases (Vacuum Segment), equipment for textile production (Manmade Fibers Segment) and propulsion technology (Drive Systems Segment). 	2.3378 (SFr0.5900)	47.5488 (SFr12.0000)	25.5173 (SFr6.4399)	20.34	1.86
				Highest	*20.34	4.39
				Lowest	14.52	1.32
				Simple average	*17.62	2.52

(Sources: Bloomberg Finance L.P. and latest audited financial statements of the respective Comparable Companies available as at the Announcement LPD.)

Notes:

^ Computed on the basis of the number of outstanding shares as at the respective financial year end of each Comparable Company.

* Deemed as an outlier and thus excluded from consideration as the highest PER and computation of the average PER.

Based on exchange rates as at the Announcement LPD of RM5.6748 for every GBP1 and RM3.9624 for every SFr1.

The following observations are noted:

- (i) the PER for the Proposed Acquisition of 6.00 times is less than the average PER of the Comparable Companies of 17.62 times.

As such, the Board is of the view that the PER of 6.00 times is reasonable; and

- (ii) the PBR of 0.85 times based on DWZ's audited consolidated NA as at 31 December 2014 is less than the average PBR of the Comparable Companies of 2.52 times.

As such, the Board is of the view that the PBR of 0.85 times is reasonable.

2.6 Basis and justification for the issue price for Consideration Shares

The issue price of RM0.25 for each Consideration Share was arrived at on a negotiated basis after considering the higher of the:

- (i) par value of MClean Shares of RM0.25; or
- (ii) 5D-VWAP of MClean Shares up to and including 9 April 2015 (the market day preceding the date of the MOU) of RM0.1998.

The Board also noted that the historical VWAPs of MClean Shares over a longer period of up to one (1) year are also lower than the issue price of RM0.25, as set out below:

VWAP up to and including the Announcement LPD	VWAP RM	Issue price RM	Premium over the VWAP	
			RM	%
Five (5)-day	0.1993	0.25	0.0507	25.44
One (1)-month	0.1977	0.25	0.0523	26.45
Three (3)-month	0.1926	0.25	0.0574	29.80
Six (6)-month	0.1969	0.25	0.0531	26.97
One (1)-year	0.2150	0.25	0.0350	16.28

2.7 Ranking of Consideration Shares

Upon issue and allotment, the Consideration Shares shall rank *pari passu* in all respects with the existing Shares, except that the Consideration Shares will not be entitled to any dividends, rights, allotment and/or any other distributions that may be declared, made or paid where the entitlement date precedes the date of issuance and allotment of the Consideration Shares.

2.8 Liabilities to be assumed

Save for the liabilities in the financial statements of DWZ Group, there are no other liabilities, including contingent liabilities and/or guarantees to be assumed by the Purchaser in undertaking the Proposed Acquisition.

2.9 Additional financial commitment required

As DWZ Group is already operating, there is no additional financial commitment required for MClean to put the DWZ Group on-stream.

2.10 Reasonableness of the Profit Guarantee

The Board is of the opinion that the Profit Guarantee for the Profit Guarantee Period is reasonable and realistic after taking into consideration of the following:

- (i) DWZ Group's historical financial performance as set out in **Appendix I** of this Circular;
- (ii) the Profit Guarantee; and
- (iii) DWZ Group's prospects as set out in Section 5.6 of this Circular.

2.11 Percentage ratios

Pursuant to Rule 1.01 and Rule 10.02(g) of the Listing Requirements, the highest percentage ratio applicable to the Proposed Acquisition is 96.25%, based on the audited consolidated NA of DWZ as at 31 December 2014 compared to MClean Group's audited consolidated NA as at 31 December 2014.

Pursuant to Rule 1.01 of the Listing Requirements, the Proposed Acquisition will not result in any significant change in the business direction or policy of the MClean Group and will also not result in any change in the controlling shareholder of the Company given that:

- (i) Decor will hold less than 33% of MClean Shares; and
- (ii) the Executive Chairman, Mr Yeo Hock Huat, will continue to be the controlling shareholder and the largest shareholder (through his direct and indirect shareholdings) in the enlarged MClean Group. Please refer to Section 7.4 of this Circular for further details.

2.12 Vendor's original cost of investment in DWZ

The date and original cost of investment of the Vendor in DWZ is set out below:

Name	Date of investment	No of DWZ Shares	Amount (RM)
Decor	23 May 2000	255,000	255,000
	7 May 2002	45,000	45,000
	10 May 2006	700,000	700,000
	29 December 2006	(1,000,000)	(1,713,500)
	31 December 2007	1,000,000	1,713,500
Total		1,000,000	1,000,000

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3. PROPOSED FREE WARRANTS ISSUE

3.1 Background information

The Company proposes to issue up to 42,264,000 New Warrants on the basis of six (6) New Warrants for every twenty five (25) existing MClean Shares held by the Entitled Shareholders. The actual number of New Warrants to be issued would depend on the issued and paid-up capital of the Company as at the Entitlement Date. It is the intention of the Company to fix the Entitlement Date prior to the issue date of the Consideration Shares. As such, the Consideration Shares will not be entitled to the New Warrants.

Any fractional entitlements arising from the Proposed Free Warrants Issue shall be disregarded and dealt with by the Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of the Company.

The Proposed Free Warrants Issue will not be implemented in stages over a period of time and will be issued in registered form and constituted by a Deed Poll.

3.2 Basis of determining the exercise price of New Warrants

The New Warrants will be issued at no cost to the existing shareholders of MClean on a pro-rata basis.

The Board has fixed the exercise price of the New Warrants at RM0.25 each, being the same as the par value of MClean Shares of RM0.25 each.

The exercise price of RM0.25 represents a premium of approximately RM0.0507 or 25.44% to the 5D-VWAP of MClean Shares up to and including the Announcement LPD of RM0.1993 per MClean Share. The exercise price of the New Warrants is fixed at the par value of MClean Shares to provide an option to the holders of the New Warrants to exercise the New Warrants and increase their equity in the Company during the exercise period.

3.3 Ranking of the New Warrants and new MClean Shares arising from the exercise of the New Warrants

The holders of the New Warrants will not be entitled to any voting right or participation in any form of distribution and/or offer of further securities in MClean until and unless such holders of the New Warrants exercise their New Warrants into new Shares.

Upon allotment and issuance, the new Shares to be issued arising from the exercise of the New Warrants shall rank *pari passu* in all respects with the existing Shares, except that the new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of issuance and allotment of the new Shares arising from the exercise of the New Warrants.

3.4 Capitalisation of reserves

There will not be any capitalisation of reserves for the issuance of the New Warrants. As such, Rule 6.31 of the Listing Requirements, which requires the requisite reserves for capitalisation of a bonus issue to be unimpaired by losses on a consolidated basis, is not relevant to the Proposed Free Warrants Issue.

3.5 Utilisation of proceeds

As the New Warrants will be issued at no cost to the existing shareholders of MClean, no proceeds will be raised upon issuance. The amount of proceeds arising from the exercise of the New Warrants will depend upon the actual number of New Warrants exercised during their exercise period.

Assuming the full exercise of 42,264,000 New Warrants at the exercise price of RM0.25 each, the MClean Group intends to utilise the resulting proceeds of RM10,566,000 for its working capital in its day-to-day operations, including the purchase of raw materials, payment of salaries and defrayment of operational and administrative expenses. The proceeds to be utilised for each component of working capital as well as the timeframe for full utilisation will depend on MClean Group's operating requirements at the point of utilisation and thus can only be determined later.

3.6 Salient terms of the New Warrants

The New Warrants have the following salient terms:

Terms	Details
Issue size	: Up to 42,264,000 New Warrants.
Form and denomination	: The New Warrants which are free will be issued in registered form and will be constituted by the Deed Poll.
Exercise period	: The New Warrants may be exercised at any period commencing from and inclusive of the issue date and ending at 5.00 pm on the date immediately preceding the fifth (5th) anniversary of the issue date and if such date is not a market day, then on the preceding market day.
Exercise price	: The exercise price of the New Warrants has been fixed by the Board at RM0.25 each.
Exercise rights	: Each Warrant entitles the registered holder to subscribe for one (1) new MClean Share at any time during the exercise period at the exercise price (subject to the adjustments in accordance with the provisions of the Deed Poll).
Mode of exercise	: The registered holder of the New Warrants is required to lodge an exercise form, as set out in the Deed Poll, with the Company's registrar, duly completed, signed and duly stamped in accordance with any law for the time being in force relating to stamp duty together with payment of the exercise price for the new MClean Shares subscribed for by banker's draft or cashier's order or money order or postal order in Ringgit Malaysia drawn on a bank or post office operating in Malaysia.
Board lot	: For the purpose of trading on Bursa Securities, one (1) board lot of Warrant shall comprise one hundred (100) New Warrants carrying the right to subscribe for one hundred (100) new MClean Shares at any time during the exercise period, or such other denomination as determined by Bursa Securities from time to time.
Adjustments in the exercise price and/or number of the New Warrants	: Subject to the provisions in the Deed Poll, the exercise price and the number of New Warrants held by each warrant holder shall be adjusted by the Board in consultation with the approved adviser and certification of the external auditors, in the event of alteration to the share capital of MClean.
Rights of the warrant holders	: The warrant holders are not entitled to any voting rights or participation in any form of distribution and/or offer of securities in the Company until and unless such warrant holders exercise their New Warrants into new MClean Shares.

Terms**Details**

Modification of rights of the New Warrants holders :

The Company may, from time to time, without the consent or sanction of the warrant holders but subject to the prior approval of Bursa Securities and other relevant authorities and in accordance with the Deed Poll, modify the Deed Poll, if such modification made does not materially prejudice the interests of the warrant holders or is made to correct a manifest error or to comply with prevailing laws or regulations of Malaysia.

Subject to the approval of any relevant authority, any modification, alteration or abrogation of the covenants or provisions contained in the Deed Poll proposed or agreed to by the Company must be sanctioned by special resolution of the holders of the New Warrants, effected by the Deed Poll, executed by the Company and expressed to be supplemental and comply with the requirements of the Deed Poll.

Rights in the event of winding-up, liquidation, compromise and/or arrangement :

If a resolution is passed for a members' voluntary winding up of the Company or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies, then:

- (i) for the purposes of such winding-up, compromise or scheme of arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the warrant holder (or some person designated by them for such purpose by special resolution) will be a party, the terms of such winding up, compromise or scheme of arrangement shall be binding on all the warrant holders; and
- (ii) in any other case, every warrant holder shall be entitled upon and subject to the conditions at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of the Company or within six (6) weeks after the granting of the court order approving the compromise or scheme of arrangement (as the case may be), to exercise their New Warrants by submitting the exercise form duly completed together with payment of the relevant exercise price to elect to be treated as if he had immediately prior to the commencement of such winding-up exercised the exercise rights to the extent specified in the exercise form(s) and had on such date been the holder of the new Shares to which he would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly.

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Terms	Details
Transferability	: The transfer of New Warrants shall be subject to, and be carried out in accordance with, the provisions of the Deed Poll and the relevant regulations. Subject to the provisions of, and unless otherwise disclosed in accordance with the relevant regulations, each warrant holder shall be deemed to remain the holder of the New Warrants deposited in his CDS Account until such New Warrants are debited from the said CDS Account. Subject to the provisions of the relevant regulations, no person shall be recognised by the Company as having title to the New Warrants entitling the holder thereof to subscribe for a fractional part of a MClean Share or otherwise than as the sole holder of the entirety of such MClean Shares. The warrant holders may transfer the New Warrants in any manner provided under the Central Depositories Act and the Rules of Bursa Depository.
Listing status	: The New Warrants will be listed and traded on the ACE Market of Bursa Securities. Approval has been obtained from Bursa Securities for the admission of New Warrants to the official list of the ACE Market of Bursa Securities and the listing of and quotation for the New Warrants and the new MClean Shares to be issued pursuant to the exercise of the New Warrants on the ACE Market of Bursa Securities.
Governing law	: The laws of Malaysia.

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4. RATIONALE FOR THE PROPOSALS

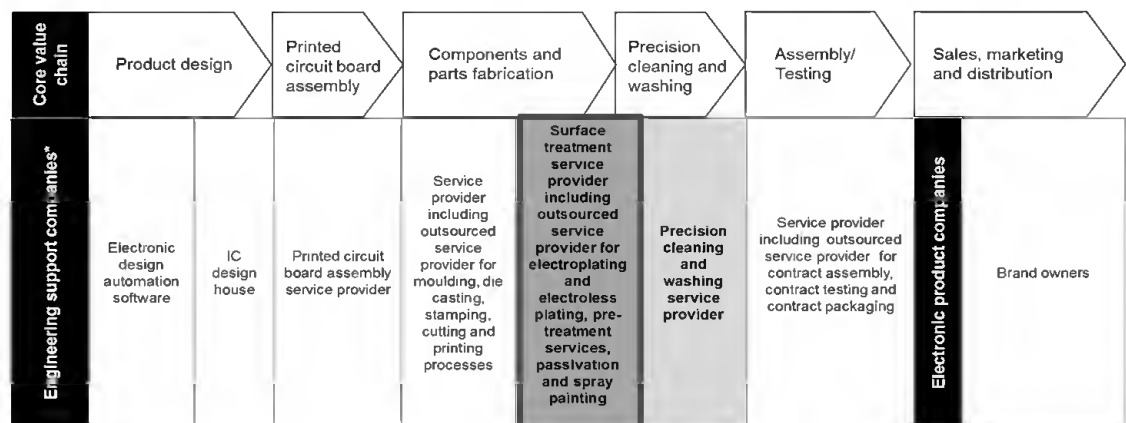
4.1 Proposed Acquisition

Presently, the MClean Group is principally involved in the provision of precision cleaning, washing, assembly and other related services to the HDD and semiconductor industries. The Proposed Acquisition is a strategic investment to enable the MClean Group to be entitled to future earnings from the DWZ Group and is in line with the MClean Group's plan to expand its Existing Business to also include the Surface Finishing business and hence provide an additional income stream for the enlarged MClean Group through the anticipated:

- (i) increase in revenue from its existing customers by offering Surface Finishing services (which will be provided by the DWZ Group);
- (ii) increase in revenue from DWZ Group's existing customers from various industry segments including HDD, electronics, vehicles (i.e. automotive and bicycles), oil & gas and petrochemical industries through the provision of MClean's Precision Cleaning Related Services; and
- (iii) increase in growth opportunities arising from the complementary synergies of vertical integration. The Board is of the view that the provision of precision cleaning and washing services, as well as Surface Finishing services will attract new customers primarily from Malaysia and Singapore as customers would be able to realise greater convenience and cost savings by leveraging on the enlarged MClean Group as a single solution provider and one-stop center to provide all such types of services, due to reduction in the need to transport the products from one service provider to another.

Furthermore, upon completion of the Proposed Acquisition, the enlarged MClean Group will have a larger earning base and improved profitability.

Value Chain of the electronics industry (Global), 2015



Notes:

1. Industry segment in which Decor and DWZ Group are principally involved.
2. Industry segment in which MClean Group is principally involved.

(Source: IMR Report)

MClean Group is currently primarily involved in the precision cleaning and washing activities. The existing precision cleaning and washing activities are performed at a later stage in the value chain after Decor's electroplating activities and DWZ Group's Surface Finishing activities. The enlarged MClean Group would be able to expand its business activities upstream to include Surface Finishing activities (please refer to the diagram above for further details on the value chain). In addition, MClean recognised the Surface Finishing business as a synergistic business opportunity in light of it being complementary to its existing precision cleaning and washing business. The enlarged MClean Group will be able to offer its customers greater convenience and allow for cost savings in terms of time and resources allocation, as it can feature as a single solution provider for both types of services, i.e., Surface Finishing as well as precision cleaning and washing.

Moreover, MClean Group's customers have historically been predominantly in the HDD industry, as its precision cleaning and washing services as well as its Precision Cleaning Related Services are primarily for HDD components, HDD component trays, media cassettes and wafer carriers. Meanwhile, DWZ Group has customers spanning across various industry segments, including HDD, as well as electronics, vehicles (i.e. automotive and bicycles), oil & gas and petrochemical industries. As such, the Proposed Acquisition would allow MClean Group to expand its customer base to tap into DWZ Group's customer base from other industry segments, thus enabling the enlarged MClean Group to broaden its revenue streams by offering its Precision Cleaning Related Services such as clean bulk packaging to the DWZ Group's existing customers. Expanding the customer base across various industry segments will also provide the enlarged MClean Group with a more defensible and stable earnings stream over time, as it will help lessen any business and financial impact in the event of a downturn in any specific industry segment.

The Board also believes that the enlarged MClean Group will be able to realise a number of additional operating benefits through the Proposed Acquisition, including the sharing of technical expertise and know-how to improve and enhance both of the precision cleaning and washing, as well as the Surface Finishing processes. While these two (2) businesses have separate processes, they both serve the HDD and electronics industries and thus, there will be avenues to combine industry knowledge and share technical capabilities to increase the overall quality of services rendered. In addition, as DWZ Group is also involved in the provision of precision cleaning and washing services, the enlarged MClean Group will be better positioned to derive cost benefits through the increased economies of scale resulting from the enlarged production capacity.

The Board has also considered other factors that included, among others, the historical track record of DWZ Group (as set out in **Appendix I** of this Circular) and the experience and capabilities of its key management personnel. As MClean Group currently does not have a team of personnel involved in the Surface Finishing activities, DWZ Group will continue to be led by its founder and chairman, Lim Han Kian, who has played a pivotal role in setting the strategic direction for DWZ Group since its inception. Lim Han Kian is supported by a team of key management personnel, whose details are disclosed in Section 5.6 (iv) of this Circular.

The MClean Group is confident that it will possess the required skills and expertise to undertake the principal activities of DWZ Group, as the existing key management members of the DWZ Group are expected to continue with their roles after the Proposed Acquisition. Furthermore, the Vendor with its 45% ownership of the equity interest in DWZ would be able to continue providing operational and strategic guidance to DWZ Group as and when required. The Board has taken cognisance of the risk factors inherent to the Proposed Acquisition as disclosed in Section 6 of this Circular and it believes that the necessary steps can be taken to mitigate such risks.

The Board is of the view that the issuance of the Consideration Shares to satisfy the Purchase Consideration in the most appropriate avenue as it will conserve the cash reserves of MClean Group which can be channelled instead towards operations and other working capital purposes. In addition, issuance of the Consideration Shares will strengthen the financial position of the MClean Group, by increasing the audited NA of MClean Group from RM17.18 million as at FYE 31 December 2014 to a pro-forma RM30.58 million and RM61.10 million under the Minimum Scenario and Maximum Scenario respectively as set out in Section 7.2 of this Circular.

Premised on the above, the Board is of the view that the Proposed Acquisition is expected to contribute positively to the future earnings of the MClean Group and improve its financial position, and that growth prospects of the MClean Group's venture into the upstream value chain (i.e. Surface Finishing business) would be favourable.

4.2 Proposed Free Warrants Issue

The Board is of the view that the Proposed Free Warrants Issue is beneficial to the Company as it will increase the Company's capital base and shareholders' funds if and when the New Warrants are exercised, as well as potentially provide funds for the Group without incurring any interest cost associated with borrowings. Assuming the maximum 42,264,000 New Warrants (under the Maximum Scenario) are fully exercised, the resulting proceeds of RM10,566,000 can be used by the Group for its working capital in its day-to-day operations, including the purchase of raw materials, payment of salaries and defrayment of operational and administrative expenses.

The Proposed Acquisition is expected to be beneficial to the Company and potentially enhance shareholder value. The issuance of the Consideration Shares will however dilute the existing shareholders' shareholding in the Company. The Proposed Free Warrants Issue will therefore provide the existing shareholders with an opportunity to mitigate such shareholding dilution provided that they exercise the New Warrants as the Considerations Shares will not be entitled for the New Warrants.

The Board is also of the view that the Proposed Free Warrants Issue is an appropriate avenue to:

- (i) enable the Company's existing shareholders, without any cost outlay, to own the New Warrants which are tradable on Bursa Securities;
- (ii) provide the Company's existing shareholders with an opportunity to increase their equity in the Company at a fixed price during the exercise period, and further participate in the future growth of the Group; and
- (iii) enable the Company's existing shareholders to gain from potential capital appreciation in respect of the New Warrants and MClean Shares arising from the exercise of the New Warrants.

5. INDUSTRY OVERVIEW, OUTLOOK AND FUTURE PROSPECTS OF THE DWZ GROUP AND MCLEAN GROUP

Currently, the main operations of MClean Group's precision cleaning and washing services are based in Singapore while the main operations of DWZ Group's Surface Finishing services are based in Malaysia. As such, the overview and outlook of the economies in Singapore and Malaysia, surface treatment industry in Malaysia, the global E&E market, the global HDD market as well as the prospects of DWZ Group and MClean Group are set out in the following sections.

5.1 Overview and outlook of the Singaporean economy

The Singaporean economy recorded a growth of 2.9% in 2014 (2013:3.9%). Economic growth eased to 3.2% q-o-q saar (quarter-on-quarter seasonally-adjusted annualised rate) in Q1 2015, from 4.9% in the previous quarter. The continued sequential expansion was supported by the recovery in some oil-related activities and gains in the trade-related services. However, the overall pace of growth moderated on the back of a sharp pullback in financial services, following the surge in the quarter before.

Growth in the domestic economy is expected to keep to a moderate pace this year. The improving external environment should boost the trade-related sectors, while domestic demand remains resilient, despite ongoing supply-side constraints.

External price developments should remain generally benign, led by the relatively low oil prices. Although underlying cost pressures stemming from the tight labour market remain, the pass-through to consumer prices is expected to be tempered in the near term by the moderate growth environment and the suite of budgetary measures announced recently. Car prices and imputed rentals on owner-occupied accommodation should also continue to dampen overall inflation in light of the anticipated increase in supply. MAS Core Inflation and CPI-All Items inflation are expected to ease further before rising towards the end of the year and into 2016, and average 0.5–1.5% and –0.5–0.5% respectively for the whole of 2015.

(Source: Recent Economic Developments in Singapore dated 5 June 2015, MAS)

5.2 Overview and outlook of the Malaysian economy

The Malaysian economy recorded a stronger growth of 6.0% in 2014 (2013: 4.7%), driven primarily by the continued strength of domestic demand and supported by an improvement in external trade performance. Net exports turned around to contribute positively to growth after seven years of negative contribution, as Malaysia benefitted from the recovery in the advanced economies and the sustained demand from the regional economies. While the growth in private domestic demand remained strong, public sector expenditure registered slower growth, consistent with the Government's fiscal consolidation efforts.

Private consumption grew by 7.1% in 2014, supported by favourable income growth and stable labour market conditions. Private consumption growth was also supported by the targeted Government transfers to low- and middle-income households. These partially mitigated some of the dampening effects on household spending growth from the higher cost of living following adjustments to administered prices. Public consumption recorded a slower growth rate of 4.4% given the more moderate increase in Government expenditure on supplies and services, which was in line with expenditure rationalisation initiatives announced towards the end of 2013.

Although the growth of overall GFCF moderated to 4.7%, private investment grew by 11.0% during the year. Consequently, the share of private investment in GFCF increased to 64% (2013: 60%). Growth in private investment occurred in both export-oriented and domestic-oriented industries and was mainly driven by the services and manufacturing sectors. Public investment contracted by 4.9% following the decline in Federal Government development expenditure and lower capital spending by public enterprises. The latter mainly reflected the completion and near-completion of several major projects.

On the supply side, all economic sectors recorded higher growth rates in 2014, driven by domestic and external factors. In particular, the recovery in the advanced economies and the continued demand from regional economies resulted in the manufacturing sector recording a strong growth of 6.2%. The services sector remained the largest contributor to growth, expanding by 6.3% (2013: 5.9%).

Despite a challenging external environment, the Malaysian economy is expected to register steady growth of 4.5% - 5.5% in 2015, supported mainly by sustained expansion in domestic demand amid strong domestic fundamentals and a resilient export sector. Domestic demand will continue to anchor growth in 2015, driven by private sector spending. After registering five consecutive years of above-average growth rates, private consumption is expected to grow by 6.0% in 2015. While the implementation of the Goods and Services Tax (GST) in April and lower earnings in the commodity-related sectors are expected to affect spending, this will, however, be partially offset by higher household disposable incomes from lower fuel prices, the favourable labour market conditions and the Government measures to assist low- and middle-income households.

(Source: BNM Annual Report 2014, BNM)

The Malaysian economy registered a growth of 4.9% in the second quarter of 2015 (1Q 2015: 5.6%). Private sector expenditure remained the key driver of growth (5.7%; 1Q 2015: 9.6%), and contributed towards a continued expansion in domestic demand. This helped to offset the negative contribution from net exports during the quarter. On a quarter-on-quarter seasonally-adjusted basis, the economy recorded a growth of 1.1% (1Q 2015: 1.2%).

Domestic demand expanded by 4.6% in the second quarter of 2015 (1Q 2015: 7.9%). This was driven mainly by private sector activity, which grew by 5.7% (1Q 2015: 9.6%) following continued growth in consumption and investment activities. Private consumption growth moderated to 6.4% (1Q 2015: 8.8%), as households adjust to the implementation of GST. However, continued wage growth and stable labour market conditions remained supportive of overall consumer spending. Private investment registered a growth of 3.9% (1Q 2015: 11.7%), supported by continued capital expenditure in the manufacturing sector, particularly in the export oriented industries.

Public sector expenditure expanded by 0.9% in the second quarter (1Q 2015: 2.5%). Public consumption recorded a higher growth of 6.8% (1Q 2015: 4.1%), reflecting a stronger expansion in supplies and services, and sustained growth in emoluments. However, public investment registered a negative growth of 8.0% (1Q 2015: +0.5%) due to the decline in investments by the public enterprises following the near completion of a few large projects. The Federal Government spending on fixed assets remained positive during the quarter.

In terms of total investment, gross fixed capital formation moderated to 0.5% during the quarter (1Q 2015: 7.9%), supported mainly by the private sector capital expenditure. By type of assets, investment was mainly supported by growth in investment on structures (5.9%; 1Q 2015: 9.9%), which cushioned the decline in investment in machinery and equipment (-7.5%; 1Q 2015: 5.8%).

On the supply side, the major economic sectors registered more moderate growth during the quarter. The lower growth in the services sector was to the outcome of a slower expansion in most sub-sectors while the moderation in manufacturing sector was due to the more modest performance in export-oriented industries. Growth in the mining sector was affected mainly by the lower production of natural gas. The construction sector also recorded lower growth, due to a moderation in real activity in the residential, non-residential and civil engineering sub-sectors. The agriculture sector turned around to record positive growth amid higher production of palm oil.

(Source: Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2015, BNM)

5.3 Overview and outlook of surface treatment industry in Malaysia

Surface treatment is a type of industrial process performed on surfaces of metal and plastic products, components and parts for the purpose of providing protection from corrosion or damages, improving the appearance of the final product, increasing the product's surface solidity and resistance, and/or improving adhesion to other treatments such as painting or photosensitive coatings.

Surface treatment is an important process which is performed during the final stages of manufacturing or product fabrication such as HDD, mobile phones, personal computers, automotive components and parts, and equipment used in the oil, gas and petrochemical industry. This process can either be performed in the respective premises of the manufacturer, or outsourced to an engineering support company providing surface treatment services, in order to reduce manufacturing costs and achieve economies of scale. In the case of the electronics industry, electronic product companies are ultimately the customers of the engineering support companies and examples of these electronics product companies include mobile and wireless device companies and consumer electronics product manufacturers. It is typically these electronics product companies which could either opt to carry out certain manufacturing processes (such as surface treatment, moulding, die casting, stamping, assembly and testing) in-house, or outsource these activities to engineering support partners.

The value chain of the electronics industry begins with the product design stage where design solutions for products are created. The printed circuit board, which supports and electronically connects electronics components, will then be assembled based on these design solutions. The components and parts that form the product are fabricated, where moulding or die casting and stamping are common methods for fabricating metal and plastic components and parts. During the moulding or die casting process, molten metal or plastic is injected into a mould or die where it solidifies into the shape of the desired part. On the other hand, stamping is used to form metal sheets, where metal sheets are pressed and bent into its desired shape. The parts may then undergo drilling, turning and grinding, according to the product design specification.

After the fabrication stage, printing and surface treatment processes are then performed on the surfaces of metal or plastic components and parts. The surface treatment process is where a layer of coating is applied to the surfaces of metal and plastic components and parts, while the printing process involves the printing of designs or patterns onto the given surface. Surface treatment process includes electroplating and electroless plating, pre-treatment services (such as deburring, tumbling, blasting and etching), passivation, spray painting, coating, and electrochemical polishing.

Following this, these components and parts will be placed in a clean room to undergo precision cleaning and washing, prior to being assembled together into a fully functioning product. This product will then be subject to inspection and quality control tests before it is ready to be marketed, distributed and sold by the electronics product companies, which are typically brand owners of the final product.

DWZ is an engineering support company which is principally involved in the provision of surface treatment services, and as such, the industry segment which will be of interest in this report is the surface treatment industry.

Surface treatment consists of processes such as painting, heating, plating (e.g.: electroplating, anodizing, phosphating) and thermal spraying on surfaces of metal and plastic components or parts to alter surface solidity and/or to apply a layer of protective coating.

Based on the revenues of identified surface treatment industry players in Malaysia, the surface treatment industry in Malaysia grew from RM671.0 million in 2009 to RM807.8 million in 2013, at a CAGR of 4.7%. Moving forward, the surface treatment industry in Malaysia is forecast to grow to RM846.5 million in 2015.

The key drivers, trends and development for surface treatment are set out below:

(i) Growth in end-user markets, particularly the E&E market

The surface treatment industry is an engineering support industry to multiple industries including the E&E industry and as such, the growth of the surface treatment industry highly correlates with the growth of its end-user markets.

The global market for electronics products is estimated to have grown from USD1.8 trillion (RM6.3 trillion) in 2009 to USD2.5 trillion (RM8.2 trillion) in 2014, registering a CAGR of 6.8% during this period. In particular, the global HDD market grew at a CAGR of 4.0% over the last six (6) years, from about USD28.3 billion (RM99.7 billion) in 2009 to about USD34.4 billion (RM112.6 billion) in 2014.

The Government of Malaysia plays an active role in driving the E&E industry in Malaysia. Government bodies such as Malaysian Investment Development Authority (“MIDA”) facilitate the provision of land, infrastructure and financial incentives to existing MNCs to encourage expansion while simultaneously attracting new foreign firms to set up operations in Malaysia. One of MIDA’s initiatives is encouraging smaller Malaysian service providers to merge into larger entities to be more globally competitive. The incentives are a flat tax rate of 20% for 5 years and stamp duty exemption on the merger document.

Given that most electronics product companies are multinational companies and much of the demand for surface treatment services is driven globally, the constant inflow of foreign direct investment (“**FDI**”) to Malaysia is seen as relevant for the growth of the industry. Among some of the initiatives the Government of Malaysia had taken to improve FDI include empowering MIDA to attract investment and investing in talent recruitment. In 2013, total approved investments were RM216.5 billion, of which RM38.8 billion (17.9% of total approved investments) consisted of FDI. This FDI was mainly channelled into the manufacturing, services and oil & gas industries. Due to the Government initiatives, Malaysia’s FDI recorded an increase from RM26.2 billion to RM38.8 billion at a CAGR of 5.77% between 2006 and 2013. The ratio of average net FDI inflow to Malaysia’s GDP was 3.93% in 2013.

Additionally, the Ministry of International Trade and Industry (“**MITI**”) and Malaysia External Trade Development Corporation (“**MATRADE**”) are actively promoting local contract manufacturers. These agencies are offering tax incentives to foreign companies in encouraging them to utilise the services of local contract manufacturers, including metal components and parts manufacturers. The increase in production of metal components and parts is anticipated to trigger an increased demand for surface finishing and treatment services.

(ii) Increase in outsourcing to engineering support companies, and relocation of manufacturing activities to lower cost countries

Most E&E manufacturers are now outsourcing surface treatment processes to surface treatment service providers. With the rapid advancement in products developed in the E&E industry, E&E manufacturers are more focused on developing and designing new products while leaving the enhancement of surface treatment processes to the service providers. This has allowed E&E manufacturers to remain competitive in the industry by managing cost effectiveness and limiting capital expenditure.

Furthermore, E&E manufacturers are increasingly relocating their manufacturing facilities to lower cost regions such as countries within Asia in order to achieve better cost effectiveness and economies of scale. This is due to the substantially lower operating costs as well as the availability of talent in these markets. The shift towards the Asia region also has an added benefit of allowing manufacturers to tap into the growing demand for E&E products in Asia. In the context of Malaysia, this outsourcing trend has resulted in many local and multinational manufacturers emerging in the country.

In light of this, surface treatment industry players are also expected to benefit from the growing need of the market. As such, the outsourcing and relocation trend has, and is expected to continue to, support the growth of the surface treatment industry in Malaysia.

(iii) Consumer preferences for more sophisticated products

In addition to providing protection from corrosion or damages, increasing the product’s surface solidity and resistance, and/or improving adhesion to treatment, surface treatment also improves the physical appearances of these products. Increasingly, consumers are selective when purchasing consumer E&E products as a result of the wide array of choices in the market, and the aesthetic aspects of these products have become one of the consideration factors during purchases.

This has thus led to the growing importance for surface treatment processes, which thus benefits the surface treatment industry. Furthermore, this growing demand for sophisticated and aesthetically pleasing products has led to the technological advancement within the surface treatment industry to develop surface coatings which are less susceptible to wear, have enhanced features, while still maintaining its aesthetics benefits.

(Source: IMR Report)

5.4 Overview and outlook of Global E&E market

The E&E industry extends across a broad range of components and parts, and intermediate and final products that feed into a wide range of end user markets. The electronics segment in particular is characterised by rapid technological change and large investments in research and development, and manufacturing processes are highly automated with demanding quality standards. Many key manufacturing and business processes in the E&E industry have been formalised, codified, standardised, and computerised, including product design (e.g. computer aided design), production planning, inventory and logistics control (e.g. enterprise resource planning), as well as various aspects of production (e.g. assembly, test and inspection and materials handling).

Major industry players now focus on their core competencies such as product development, consumer research, branding and marketing, and rely on contract manufacturers to carry out other value-added processes. The relative level of standardisation has allowed electronics to be embedded in a wide range of final products, offering a range of opportunities for customised E&E components that have the same fundamental architecture.

There are multiple steps in the component manufacturing process, including moulding, stamping, precision machining, and surface treatment. These specific steps in component manufacturing can be either performed by multiple facilities in more than one particular country where semi-finished products are then exported from one facility to another; or in the same facility in the same country; or in multiple facilities owned by different firms in the same country in which a particular manufacturer uses subcontractors to perform certain steps. These subcontractors can be foreign-owned companies, or they can be locally-owned. Carrying out more production activities is beneficial at a national level as it increases the range of skills available in a country's workforce.

The global market for E&E products is estimated to have grown from USD1.8 trillion (RM6.3 trillion) in 2009 to USD2.5 trillion (RM8.2 trillion) in 2014, registering a CAGR of 6.8% during this period. Of the total worldwide E&E product sales, computers and other consumer electronics comprised the largest proportion, at an estimated 36.5%. Meanwhile, telecommunications, radio and radar equipment comprised 21.2%, control and instrument equipment comprised 7.2%, medical and industrial equipment comprised 4.7%, office equipment comprised 0.6%, and the remaining 29.8% of E&E product sales consisted of other semiconductor components. Global E&E product sales is forecast to grow by 4.0% to reach USD2.6 trillion (RM8.5 trillion) in 2015.

The key drivers, trends and development for the global E&E market are set out below:

(i) Diversity of application of E&E products in multiple industries

The range of applications for E&E products have broadened dramatically over the last couple of decades, and E&E products developed today play essential roles in consumer retail, medical, manufacturing, and telecommunications industries. Many of these industries cannot function without the use of E&E products. The medical industry for instance, requires the use of electronics medical equipment to perform diagnosis, monitoring and treatment of patients. The manufacturing industry today also largely consists of fully or semi-automated manufacturing facilities, and thus electronics machinery and equipment forms an integral component of manufacturing activities.

Computers have become one of the most used technological items today. In fact, computers enable IT which is the application of computers and other equipment to store, retrieve, transmit and manipulate digital data. As an increasing volume of digital data is managed and stored globally, IT is increasingly integrated with consumers' lifestyle and business operations. In other words, consumers and businesses have become increasingly dependent on computers for connectivity as well as to perform daily tasks such as accessing information and preparing business documents. The market potential for computers can be depicted through total worldwide IT expenditure, which is valued at USD3.7 trillion (RM11.7 trillion) in 2013, an increase of 15.6% from USD3.2 trillion (RM11.3 trillion) in 2009.

(ii) Rapid technological advancements drive E&E product sales

The E&E industry has seen developments in terms of performance, size and technology of various products. Computers have transformed physically and functionally from when it was first introduced in 1961 as mainframe computers, to the current portable size of notebooks/laptops today. In recent years, new computer models are continually being introduced to the market with advancements in terms of its processor performance and reductions in weight and size. Likewise, mobile phones have experienced similar advancements in terms of its design, performance, features and reductions in weight. Mobile phones are no longer just a telecommunication tool for making telephone calls and sending and receiving messages as more advanced smartphones have been introduced with functions for Internet access, photography, data storing, entertainment and social media networking.

Moving forward, it is expected that the number of E&E products which are integrated with the lifestyle of the society today will only increase further. Rapid technological developments within the E&E industry will also continue to promote new product advancements in the market as industry players need to ensure their products remain competitive and are not obsolete. Consumers are highly receptive to these new product innovations, resulting in relatively shorter product lifecycles for most E&E products, especially consumer electronics. As a result, new and enhanced versions of products are continually being introduced and launched, and these new introductions have been the key driving factor for E&E product sales.

One of the most prevalent trends in the E&E industry is the rise of mobile and portable engineering designs which promote convenience. With the increase in demand for mobile and wireless devices, industry players are constantly developing newer E&E components to meet market requirements for smaller and more lightweight products. For example, wearable technology such as the Apple Watch and Google Glass enable consumers to stay connected at all times. In addition, this trend has also led to greater demand for wireless-enabled electronics components (e.g. Wi-Fi devices and Bluetooth adaptors) and power management integrated circuits (e.g. batteries).

(iii) Growing demand for E&E products from emerging economies

The global economy is projected to grow at an average annual rate of just over 3.0% between 2011 and 2050, doubling in size by 2032 and nearly doubling again by 2050. China is projected to overtake United States as the largest economy by 2017 in purchasing power parity (“PPP”) terms, and India is expected to become the third global economic giant by 2050. It is anticipated that Russia will overtake Germany to become the largest European economy before 2020 in PPP terms while emerging economies such as Mexico and Indonesia could be larger than United Kingdom and France by 2050. Outside the Group of 20 (“G20”), Vietnam, Malaysia and Nigeria all have strong long-term growth potential, while Poland is forecast to outpace the large Western European economies over the next couple of decades.

(Source: IMR Report)

5.5 Overview and outlook of the Global HDD market

A HDD is a data storage device which is presently widely used to store digital data from devices such as computers, mobile phones and tablets. HDDs utilise magnetic discs, in which digital data is stored in the form of tiny magnetised dots which are produced, read and erased using magnetic fields created by electromagnets. HDDs designed for businesses are typically used in mainframes and servers, while HDDs designed by consumers are either internal HDDs which are used as primary storage in personal computers, or external HDDs which are portable HDDs used as secondary storage. An external HDD has its own enclosure or casing, and can be attached to a personal computer, mobile phone or tablet through a Universal Serial Bus (“USB”) or FireWire connection port.

The global HDD market is mature, having been in existence since the 1950s. In the past, HDDs were bulky devices which occupied large floor spaces and had high electricity consumption. The first HDD which was invented by IBM Corporation was as big as two (2) refrigerators, and had a capacity of five (5) Megabyte (“MB”). The technology for HDDs continued to evolve, and portable HDDs came into existence in the 1980s. Over the years, HDDs have progressively reduced in size and increased in storage capacity, and presently most consumer HDDs can be hand-held and weigh less than one (1) kilogram, with an average storage capacity ranging between 500MB and two (2) Terabyte (“TB”). In 2014, Western Digital Corporation introduced the market’s first ten (10) TB HDD which is designed to be used in servers.

Simultaneous to the advancement in the HDD market to develop HDDs which are faster, smaller and have higher storage capacity, the data storage market as a whole had also evolved to introduce new storage devices such as solid state drives. A solid state drive is a type of data storage device which utilises flash memory to store data, and is either used as primary storage in ultrabooks and tablets, or as secondary storage. Even so, HDDs remain the primary storage medium for digital data content today largely due to its ability to offer greater capacity at lower cost. In 2013, the HDD market size was approximately USD34.5 billion, while the Solid State Drive (“SSD”) market size was less than one third of the HDD market size, i.e. USD10.9 billion.

The market size for HDD can be measured in terms of revenues of major global industry players which manufacture and develop HDD devices. For the purpose of this report, the HDD market size has been computed based on industry players which are involved in the manufacturing of HDDs designed for consumer usage, of which present major industry players include Western Digital Corporation, Seagate Technology PLC and Toshiba Corporation.

Overall, the global HDD market has been growing at a CAGR of 4.0% over the last six (6) years, from about USD28.3 billion (RM99.7 billion) in 2009 to about USD34.4 billion (RM112.6 billion) in 2014. In recent years, much of the growth of HDD sales has been largely driven by the Asia Pacific market due to the proliferation of E&E devices in the region. In 2014, the HDD market in Asia Pacific comprised approximately 53.8% of the global HDD market, which is an increase from 46.6% in 2009. The HDD market in Asia Pacific illustrated a healthy CAGR of 7.0% between 2009 and 2014, growing from USD13.2 billion (RM46.5 billion) in 2009 to approximately USD18.5 billion (RM60.6 billion) in 2014.

The key drivers, trends and development for HDD market are set out below:

(i) Proliferation of E&E devices and advancement of these devices which require greater data storage capacity usage

Consumer electronics such as computers, mobile and wireless devices, televisions and home appliances are now the largest contributors to E&E product sales, comprising 36.5% of total E&E product sales worldwide. Mobile and wireless devices, which comprise mobile feature phones, smartphones, personal computers and tablets have become a necessity as a means of communication and connectivity, particularly in urban areas. While mobile cellular subscriptions illustrated a healthy growth of 105.3% in a span of eight (8) years between 2007 and 2014, active mobile broadband (which enables the use of smartphones and tablets) grew seven (7) times faster with a growth of 763.8% during the same time period, from 268.0 million subscriptions in 2007 to an estimated 2.3 billion subscriptions in 2014. It is common for consumers to own several electronics devices and be dependent on them in their daily lives. The growth in demand for these devices is mostly driven by developing countries in the Asia region, due to the growing disposable income in these economies, as well as the onset or roll out of broadband and wireless technologies

In recent times, consumer electronics have also been witnessing rapid technological advancement in the development of faster and more efficient consumer electronics such as personal computers, smartphones, digital video and audio recorders and game consoles. These devices typically require an internal HDD or external HDD with high storage capacity capabilities.

The proliferation of E&E devices, as well as the advancement of these devices which require greater data storage capacity usage is an indicator that there will be continuous demand for storage devices. This in turn, is expected to benefit the HDD market as HDDs are currently the most cost effective storage medium with large storage capacity capabilities.

(ii) Increasingly high importance of digital data

Consumers and enterprises alike have become increasingly integrated with E&E devices and IT solutions, causing a growing volume of digital data to be stored.

The amount of digital information created and replicated globally was estimated to be approximately 1,800 exabytes or 1.8 trillion gigabytes in 2011. In a span of just two (2) years, the digital information available worldwide increased by 56.0% to an estimated 2,800 exabytes or 2.8 trillion gigabytes in 2013. It is projected that with the continuous proliferation of devices such as computers, smartphones and tablets, and increased Internet access within emerging markets, the digital universe will reach a digital information size of approximately 40,000 exabytes (i.e. 40 trillion gigabytes or 40 zettabytes) by 2020, growing at a CAGR of about 46.0%.

The growing volumes of digital data stored by both consumers and enterprises will continue to be one of the key factors driving the demand of the HDD market.

(iii) Decline in prices of HDDs

Among the main reasons HDDs are primary storage mediums at present is its cost effectiveness. The declining average cost per Gigabyte (“GB”) have resulted in an increased demand for HDDs with higher storage capacity capabilities as affordability for these devices increases. The current average cost per GB of USD0.03 is less than half of the average cost per GB five (5) years ago, and this is expected to continue to decrease further. The declining average cost per GB is expected to continue to drive demand for HDDs as the most cost effective and affordable storage medium in the market.

(iv) Emergence of internet-enabled applications

The emergence of virtualisation or internet-enabled computing has given rise to increased demand for HDDs designed for enterprises, particularly for servers and mainframe computers. With internet technology, all computing resources such as software, platforms, infrastructure, data and processing capacity can be obtained whenever required from service providers. Applications such as Google Docs, Google AppEngine, Dropbox, Windows Azure and Office365 are some of the popular services today which enterprises utilise to share software applications such as word processing, spreadsheets and presentations on an internet platform. These applications are typically hosted by a managed service provider and thus, the onus now falls on the service providers to ensure data protection and business continuity of their clients or end-users. As internet-enabled computing is presently a rapidly growing market and has a wide target reach which includes smaller or mid-sized companies and consumers, this would consequently lead to increased demand for HDDs to support the services they offer, boosting industry growth.

(Source: IMR Report)

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5.6 Prospects of DWZ Group

DWZ Group's future prospects are expected to be favorable in view of DWZ Group's competitive strengths as set out below:

(i) Ability to offer a comprehensive range of surface treatment and finishing services to customers

DWZ Group's surface treatment and furnishing services comprise electroplating, electroless plating, pre-treatment solutions such as deburring, tumbling, phosphate coating, blasting and etching, as well as other treatment and finishing services including passivation, spray painting, powder coating and electrochemical polishing. With a wide range of services, DWZ Group is able to offer its customers greater convenience as customers may deal with DWZ Group as a single solution provider for these services in order to save time and resources, as well as leverage on integrated technical solutions for overall better quality performance and cost savings.

(ii) Diversified customer base from various industry segments

DWZ Group has a diversified customer base primarily from the HDD, electronics, vehicles (i.e. automotive and bicycles), oil & gas and petrochemical industries. This diversified customer base allows DWZ Group to diversify its operational risks and mitigate any business and financial impact in the event of a downturn in a specific industry segment.

(iii) Commitment to providing quality surface treatment and finishing services

DWZ Group's vast experience in the surface treatment and finishing industry has been accumulated through its experience, having been in operations since 1996. As such, with close to two (2) decades of operations, DWZ Group has substantial experience and technical know-how in the industry. Such knowledge and experience has been developed over time and is not easily replicated, placing DWZ Group in good stead in the surface treatment and finishing industry.

DWZ Group also places emphasis on product quality and has a strong commitment to consistently produce quality results that meet the requirements of its customers. As such, DWZ Group has made efforts to implement quality control procedures at each stage of its production process. Its efforts in quality control is demonstrated by the fact that its quality management system complies with the ISO 9001:2000, and its environmental management system complies with ISO 14001:2004. In addition, all materials and supplies utilised in the surface treatment and finishing processes are Restriction of Hazardous Substances (ROHS) compliant. DWZ Group also has a committed Quality Control team and a well-equipped test laboratory facility comprising high-technology machinery and equipment such as salt spray test equipment, X-ray test equipment and liquid particles count (LPC) equipment.

DWZ Group's commitment to strict quality control standards has been a major factor in building its industry standing and establishing its reputation as a trusted and reliable surface treatment and finishing specialist.

(iv) Experienced and professional management team

DWZ Group has an experienced management team that is expected to continue to lead the business after the Proposed Acquisition. DWZ's Managing Director, Chua Chee Tiong is actively involved in managing daily operations and business development, and with approximately 20 years of sales experience in serving the HDD and E&E industries, he has built a strong network of clients in these industries.

The Board believes that the senior management team of DWZ will be ideally placed to work alongside the management of MClean Group in realising the benefits available to the enlarged MClean Group.

(Source: Management of MClean)

5.7 Overview and outlook of the precision cleaning industry in Singapore

The precision cleaning industry in Singapore is an established industry, comprising companies involved in the provision of precision cleaning services such as Acro Solutions Pte Ltd, Asian Micro Holdings Ltd, Frontken Corporation Berhad, Komico Technology Singapore Pte Ltd, MClean and Sonic Clean Pte Ltd. Based on the revenues of identified precision cleaning industry players in Singapore, the precision cleaning industry in Singapore grew from SGD30.6 million (RM74.5 million) in 2011 to SGD32.9 million (RM82.8 million) in 2013, at a CAGR of 3.7%.

The precision cleaning industry grows in tandem with the growth of its end-user industries, and in particular the HDD industry, as it is an engineering support service to these industries. As such, the slight decline in the precision cleaning industry in Singapore of 1.0% in 2012 was in line with the flood crisis in Thailand which occurred in late 2011, which led to a decline in the global HDD market during the period. Nevertheless, the precision cleaning industry in Singapore rebounded in 2013 with a growth rate of 8.6%.

The positive outlook of the precision cleaning industry is expected to be driven by the growth in the HDD and E&E industries, and the increase in outsourcing of engineering support activities such as precision cleaning as it continues to be the growing trend in its end-user markets. Moving forward, Smith Zander forecasts the precision cleaning industry in Singapore to grow to SGD35.1 million (RM88.4 million) in 2015.

(Source: IMR Report)

5.8 Prospects of MClean Group

MClean Group has previously indicated to its shareholders that it will explore new business opportunities to broaden its services and customers' base, with the objective of maximising long-term growth and also to increase its shareholder value. The commencement of technical assembly services (sale of modules relating to technical assembly services) in the fourth quarter of year 2012 and clean bulk packaging in the beginning of year 2013, amongst others, were the initiatives taken by the Company to maximise long term growth. The Proposed Acquisition marks the continuous effort of the MClean Group to explore new business opportunities and therefore enable MClean Group to enlarge its earnings base. The Board views the Proposed Acquisition not only as potentially reducing dependence on its Existing Business, but also as a synergetic business opportunity in light of the surface treatment and finishing business being complementary to its existing precision cleaning and washing business within the electronics industry value chain. The enlarged MClean Group will be able to offer its customers greater convenience as customers are able to leverage on the enlarged MClean Group as a single solution provider for both of these services. The Proposed Acquisition will also enable the MClean Group to tap into DWZ Group's customer base from other industry segments.

Based on the above, the Board believes that the enlarged MClean Group is well positioned to capitalise on the continued growth of the Surface Finishing business by leveraging on the positive outlook of the surface treatment industry in Malaysia, global E&E market, and global HDD market and thus is of the opinion that the prospects of the enlarged MClean Group will be positive.

As the business of DWZ Group is complementary in nature with MClean Group's business, the Proposed Acquisition is expected to provide the following synergistic benefits to the MClean Group:

- (i) The integration of the existing precision cleaning and washing services of MClean Group with the core competency and services of the DWZ Group is envisaged to enable the enlarged MClean Group to offer more comprehensive services to customers. The ability to offer precision cleaning and washing services as well as Surface Finishing will enable the enlarged MClean Group to compete effectively and gain a stronger footing in the surface treatment industry. In addition, upon completion of the Proposed Acquisition, the enlarged MClean Group will have an immediate presence in Malaysia as the main operations of the DWZ Group are located in Johor, Malaysia.

MClean Group will be able to leverage on DWZ Group's core competencies in Surface Finishing such as in business networking, in the manner as disclosed in Section 4.1 of this Circular.

The integration of the businesses and services offered by the MClean Group and DWZ Group is envisaged to be an ongoing process and subject to further analysis in order to optimise the resulting benefits. While yet to be finalised in terms of amount required, the MClean Group does not intend to invest significant financial resources towards the integration process unless deemed necessary.

- (ii) Currently, the customer base of MClean Group is mainly in the E&E industry while the DWZ Group's customers are from various industry segments including HDD, electronics, vehicles (i.e. automotive and bicycles), oil & gas and petrochemical industries. Upon completion of the Proposed Acquisition, DWZ Group will be able to offer the services of MClean Group to DWZ Group's customers and vice versa. The cross selling of services across the combined customer base in envisaged to widen the customer base of the MClean Group in different industries. Hence, this will eventually increase the revenue and profitability of the MClean Group.
- (iii) The Proposed Acquisition is expected to enhance the earnings of the MClean Group and is expected to contribute positively to the future development and growth of the MClean Group. Upon completion of the Proposed Acquisition, DWZ will be a 55%-owned subsidiary of MClean.

Assuming that the Proposed Acquisition had been completed on 1 January 2014 and 55% of the audited consolidated PAT of DWZ Group of RM1,061,474 forming part of the profit attributable to equity holders of the MClean for the FYE December 2014 as well as the issuance of the Consideration Shares, the basic LPS of the MClean Group for the FYE 31 December 2014 would have improved from 4.76 sen to 3.28 sen for the Minimum Scenario (Proforma I) and to 2.46 sen for the Maximum Scenario (Proforma II) as disclosed in Section 7.3 of this Circular.

- (iv) MClean is also finalising ways to optimise the operations of the enlarged MClean Group. Due to the fact that the DWZ Group is also involved in precision cleaning and washing services, MClean may consider shifting some of its existing operations to DWZ Group's factories and plants which are based in Johor, Malaysia, depending on its customers' profiles and preferences. The Board also anticipates the sharing of technical expertise and know-how to improve and enhance both of the precision cleaning and washing as well as the the Surface Finishing processes. While these businesses have separate processes, they serve the same industries and thus, there will be avenues to combine industry knowledge and to share technical capabilities to increase the overall quality of services rendered. As such, cost benefits can be derived through increased economies of scale. In this regard, the enlarged MClean Group can optimise its cost structure and increase the quality of services rendered thus paving the way for it to offer better pricing to customers in the future.

At present, the management of MClean is fine-tuning the optimisation plan and the details (including the time frame and the financial resources required) have not been finalised. Once finalised, our Company will make appropriate announcements in due course pursuant to the Listing Requirements, if required.

(Source: Management of MClean)

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6. RISK FACTORS

Risk factors relating to the Proposed Acquisition include, but are not limited to, the following:

6.1 Acquisition risk

The Proposed Acquisition is expected to contribute positively to the MClean Group as it would:

- provide an additional income stream to the MClean Group (as set out in Section 4.1 of this Circular);
- provide the opportunity for MClean Group to venture and subsequently expand into the surface treatment business (as set out in Section 4.1 of this Circular); and
- enable the MClean Group to benefit from the favourable prospects of DWZ Group (as set out in Section 5.6 of this Circular).

However, there is no assurance that the anticipated benefits of the Proposed Acquisition will be realised or that the MClean Group will be able to generate sufficient profits arising from the Proposed Acquisition to offset the associated acquisition costs incurred. There is also no assurance that the expected financial performance of DWZ Group could be achieved after the completion of the Proposed Acquisition. The Proposed Acquisition would require focus and attention from both the Board of MClean and the Directors of the DWZ Group.

In order to mitigate acquisition risk, MClean had adopted prudent investment strategies including having shortlisted DWZ Group as an acquisition target which already lies along the same value chain (set out in Section 4.1 of this Circular), conducting assessments and due diligence reviews before it decided to acquire the DWZ Group. In addition, MClean has secured the Profit Guarantee from the Vendor.

For information purposes, MClean has completed legal and financial due diligence reviews on the DWZ Group prior to entering into the SSA:

The material findings from the legal due diligence review include the following:

(a) *Land use condition for No. 22 Jalan Maju 5:*

“The land use condition of one of DWZ’s business premises with the address at No. 22, Jalan Maju 5, Taman Perindustrian Cemerlang, Ulu Tiram, 81800 Johor is for the purpose of manufacturing small furniture. Currently the said business premises is used for storing, inspecting and packing purposes. Pursuant to the National Land Code, 1965, any breach of land conditions shall cause the land to become liable to forfeiture to the State Authority.

Pursuant to the SSA, the Vendor has undertaken to apply to the Johor land authority to convert the land use condition for its current use. The Vendor is in the midst of making the application to the Johor land authority and is optimistic in getting the conversion approved. The Vendor has also represented that in the unlikely event of forfeiture, such forfeiture would not have any major impact on DWZ’s business as the DWZ Group has other business premises carrying out the same type of operations.”

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The material findings from the financial due diligence review include the following:

- (a) *The top twenty (20) customers of DWZ contributed approximately 72% to 77% of DWZ's revenue for the FYEs 31 December 2012 to 31 December 2014. The Board of MClean is satisfied with the revenue spread and will seek to further increase the number of customers in order to diversify revenue contribution risk and put in place a more defensible and stable earnings stream over time;*
- (b) *Ten (10) out of DWZ's top twenty (20) customers, with outstanding trade receivables totalling approximately RM5.41 million as at 31 December 2014, have an average receivables turnover period of two hundred and one (201) days. The remaining ten (10) of DWZ's top twenty (20) customers have total outstanding trade receivables of approximately RM1.22 million as at 31 December 2014 and an average receivables turnover period of sixty eight (68) days. Overall, DWZ's customers have an average receivables turnover period of one hundred and sixty one (161) days. The Board of MClean intends to adopt a more stringent credit control and policy for the DWZ Group to improve its receivables turnover rate; and*
- (c) *As at 24 December 2014, DWZ has revalued its existing factory buildings and freehold lands. Subsequent to the financial due diligence review, the revaluation of the said properties created a revaluation surplus of RM5.89 million and was accounted in DWZ's audited financial statements for the FYE 31 December 2014.*

6.2 Risks relating to the business, operations and industry in which DWZ Group operates

DWZ Group is exposed to risks in relation to the surface treatment business which includes, among others, those set out below.

The enlarged MClean Group will be exposed to such risks, upon completion of the Proposed Acquisition. The details of such risks include those set out below:

(i) Dependency on the HDD and E&E industries

As surface treatment and finishing are essential in HDD and electronics manufacturing, DWZ Group's business is dependent on the growth of the HDD and electronics industries. As such, DWZ Group's financial results may be adversely affected by a reduction in sales volumes of HDD and electronics products.

The management of DWZ Group seeks to mitigate this risk by adopting prudent business strategies such as constantly monitoring its financial performance against its budgets, cost rationalisation (including cutting back on costs and downsizing marketing efforts) if there are reductions in sales as well as implementing effective risk management practices. MClean will continuously review DWZ Group's operations and keep abreast with the latest developments in the HDD and E&E industries to mitigate such risks. In addition, the key management of DWZ Group also procures alternative sources of information regarding market demand and consumer requirements including industry market research analysis as well as industry intelligence via their contacts and network to obtain better insights into the market outlook. Therefore, the management of DWZ Group is able to optimise its costs by adjusting its capacities accordingly through the mobilisation of contract workers or overtime weekend operations, so as to avoid any inadequate or excess capacities. Furthermore, the management of DWZ Group believes that it has developed close relationships with its customers and will continue take proactive measures to procure their customers as recurring customers.

However, no assurance can be given that any changes in the above factors, which are beyond MClean Group's control, will not have any material and adverse impact to the business of the enlarged MClean Group.

(ii) Fluctuations in prices of raw materials

DWZ Group uses metal-based chemical solutions as raw materials and utilises the chemical solutions in the surface treatment and finishing process. The prices of the metal-based chemical solutions typically fluctuate in line with the prices of metals and thus, it is expected that DWZ Group will be exposed to such fluctuations. The price fluctuations are caused by numerous factors which are beyond DWZ Group's control. There can be therefore be no assurance that adverse movements in the demand, supply and prices of these raw materials will not adversely affect DWZ Group's profit margins and financial performance.

DWZ Group seeks to limit such risks by taking into consideration the trend of the fluctuations and the prices of the metal-based chemical solutions upon receiving contracts from its customers. Upon commencement of the surface cleaning job, DWZ Group will closely monitor any fluctuations in the prices of the metal-based chemical solutions. As and when DWZ Group experiences a substantial and/or unexpected increase in the prices of metal-based chemical solutions, DWZ Group would make necessary arrangements with customers to re-negotiate the pre-agreed contract value to enable DWZ Group to maintain an acceptable level of profitability or to reduce any losses incurred.

(iii) Competition risk

The surface treatment industry is presently moderately fragmented, and industry players consist of a mix of both local and foreign companies. DWZ Group faces competition from these existing competitors who may expand their business substantially as well as from new players coming into the industry. The management of DWZ Group believes it has developed close relationships with its customers and will continue take proactive measures such as consistently maintaining the quality of its Surface Finishing services to the customers' satisfaction, delivering services to customers in a timely manner, and continuously improving its services after studying customer feedback in order to procure their customers as recurring customers.

There can be no assurance that DWZ Group will be able to maintain or increase its market share in the future or that DWZ Group will not be affected by the competitive strategies adopted by other players in the industry, including possible new and major entrants.

(iv) Dependence on key personnel

Being in a specialised industry, the continued growth and success of DWZ Group depends, to a large extent, upon the abilities and continued efforts of its board of directors, senior management as well as skilled personnel. The continued performance and future success of DWZ Group hinges on the ability and continued efforts of the respective key management team of DWZ Group, who will be placed to work alongside the management of MClean Group. The sudden departure of any member of the key management may adversely affect the operations and in turn, the performance of DWZ Group.

Although DWZ Group will strive to retain its existing key management personnel, attract new talent and reduce its dependency on its key management team, there can be no assurance DWZ Group would be successful in doing so. Failure by DWZ Group to do so could adversely affect DWZ Group's future performance and in turn, adversely affect the performance of the enlarged MClean Group. Therefore, DWZ Group will endeavour to attract and retain employees by providing competitive remunerations.

MClean currently has no plans to dismiss or make redundant the employees of DWZ Group as a direct consequence of the Proposed Acquisition.

(v) Operational risks

DWZ Group may be affected by other potential operational risks including accidents, outbreaks of fire or floods and/or other natural disasters which may cause disruption or shortage in power supply, breakdown in machinery and/or equipment. This may cause disruptions to DWZ Group's machinery, equipment, significant damage to its manufacturing facilities and office to the extent of disrupting DWZ Group business operations.

DWZ Group has not in the past encountered any significant disruption in power supply or breakdown in machinery and equipment that resulted in an interruption or disruption in the operational continuity of the DWZ Group.

DWZ Group seeks to limit the above risks by equipping itself with fire-fighting equipment, purchasing sufficient insurance coverage for its properties and equipment as well as ensuring all safety requirements stipulated in the various licenses issued by relevant authorities are adhered to. In addition, DWZ Group holds regular meetings with its staff to identify and mitigate any foreseeable problems in its business operations and conducts in-house briefings on safety requirements.

6.3 Integration risks

Business integration risks between DWZ Group and MClean Group would include the integration of the combined workforce, overlapping job functions and redundant business units, as well as the difficulty of fully realising the anticipated business synergies.

Nevertheless, upon completion of the Proposed Acquisition, the enlarged MClean Group will undertake necessary efforts to mitigate such risks and ensure that a proper integration exercise and management structure will be put in place to ensure successful integration. Representatives will be appointed from both the MClean Group and DWZ Group to form an integration team to oversee the integration process and address the full range of issues relating to customers, products, financial aspects and employees. In addition, the integration team will provide input for the formation of business and financial objectives of the enlarged MClean Group to drive the future success of the integration as well as keeping all stakeholders updated on the integration process.

No assurance can however be given that such integration efforts will be successful.

6.4 New substantial shareholders' interest may not be aligned with those of the existing MClean shareholders

The Proposed Acquisition will involve the issuance of the Consideration Shares to Decor, as the Vendor. Upon completion of the Proposed Acquisition, Decor will hold approximately 32.44% equity interest in MClean under the Minimum Scenario (Proforma I) and 24.25% under the Maximum Scenario (Proforma II) (detailed in Section 7.4 of this Circular). As a result, Decor may be able to influence the outcome of certain matters requiring the vote of the shareholders of MClean unless Decor is required to abstain from voting either by law or by the authorities. Nevertheless, upon completion of the Proposed Acquisition, Decor will still hold 45% equity interest in DWZ and as a major shareholder of MClean, it would be in Decor's interest to ensure continuity in operations and profitability of the enlarged MClean Group to minimise disruptions in the business operations of the DWZ Group and in turn the enlarged MClean Group.

As the principal activities of DWZ Group are along the same value chain of the electronics industry that MClean Group is in, MClean believes that the maximisation of the enlarged MClean Group's shareholder value will be one core investment objective shared by the shareholders of MClean, including Decor.

6.5 Non-completion of the SSA

If any Condition Precedent in the SSA is not fulfilled or waived (as the case may be), the Proposed Acquisition may be delayed or terminated, thus resulting in non-materialisation of the potential benefits expected to arise from the Proposed Acquisition. The Board seeks to limit such a risk by taking all reasonable steps towards the fulfilment or waiver of the Conditions Precedent so as to enable the completion of the Proposed Acquisition.

6.6 Non-fulfillment of obligation under the Profit Guarantee

Pursuant to the terms of the SSA, the Vendor irrevocably and unconditionally guarantees that DWZ Group shall achieve the Profit Guarantee for the Profit Guarantee Period, failing which, the Vendor is required to compensate the Purchaser for any shortfall.

The risk of the Vendor not honouring the Profit Guarantee is mitigated by having the Consideration Shares charged as security for the Profit Guarantee under the SSA and held by an appointed stakeholder until the auditor's certification that there is no shortfall in the First Guaranteed Amount and Second Guaranteed Amount.

6.7 Political and economic risks

DWZ Group's financial and business prospects as well as those of the surface treatment and finishing industry in which it operates in will depend to some degree on developments in the economic, political and regulatory front. Changes in inflation rates, interest rates, war, terrorism activities, riots, expropriations, and unfavourable changes in government policies such as for licensing regulations, could affect these prospects.

DWZ Group will continue to adopt measures, such as prudent management and efficient operating procedures, to effectively mitigate these factors. However, there can be no assurance that adverse economic, political and regulatory changes will not materially affect the enlarged MClean Group's business.

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7. EFFECTS OF THE PROPOSALS

7.1 Issued and paid-up share capital

For illustrative purposes, the pro-forma effects of the Proposed Acquisition and Proposed Free Warrants Issue are as illustrated below based on the following scenarios:

Minimum Scenario	:	Assuming none of the 58,700,000 Warrants 2011/2016 is exercised into new MClean Shares prior to the entitlement date for the Proposed Free Warrants Issue.
Maximum Scenario	:	Assuming full exercise of the Warrants 2011/2016 into new MClean Shares prior to the entitlement date for the Proposed Free Warrants Issue.

The pro-forma effects of the Proposed Acquisition and Proposed Free Warrants Issue on MClean's issued and paid-up share capital are as follows:

Minimum Scenario

	No. of MClean Shares	RM
Issued and paid-up share capital as at the LPD	117,400,000	29,350,000
Issuance of Consideration Shares pursuant to the Proposed Acquisition	56,378,000	14,094,500
To be issued pursuant to the full exercise of Warrants 2011/2016*	173,778,000	43,444,500
To be issued pursuant to the full exercise of New Warrants	58,700,000	14,675,000
Enlarged issued and paid-up share capital	28,176,000	7,044,000
	260,654,000	65,163,500

Maximum Scenario

	No. of MClean Shares	RM
Issued and paid-up share capital as at the LPD	117,400,000	29,350,000
To be issued pursuant to the full exercise of Warrants 2011/2016*	58,700,000	14,675,000
Issuance of Consideration Shares pursuant to the Proposed Acquisition	176,100,000	44,025,000
To be issued pursuant to the full exercise of New Warrants	56,378,000	14,094,500
Enlarged issued and paid-up share capital	232,478,000	58,119,500
	42,264,000	10,566,000
	274,742,000	68,685,500

Note:

* A total of 58,700,000 Warrants 2011/2016 are unexercised as at the LPD.

7.2

NA and gearing

The pro-forma effects of the Proposed Acquisition and Proposed Free Warrants Issue on the NA and gearing of the MClean Group based on the audited consolidated financial statements of MClean as at 31 December 2014 are as follows:

Minimum Scenario

	(Audited) As at 31 December 2014 (RM)	(I) After the Proposed Acquisition (RM)	(II) After (I) and Proposed Free Warrants Issue (RM)	(III) After (II) and full exercise of Warrants 2011/2016 and New Warrants (RM)
Share capital	29,350,000	43,444,500	43,444,500	65,163,500
Share premium	3,420,082	3,420,082	3,420,082	24,669,482
Other reserves (Accumulated losses)/ Retained earnings	(13,981,162) (1,606,582)	(13,981,162) (2,306,582) [#]	(13,981,162) (2,306,582)	(19,381,562) (2,306,582)
Shareholders' funds/NA	17,182,338	30,576,838	30,576,838	68,144,838
No. of MClean Shares in issue NA per MClean Share (RM)	117,400,000 0.15	173,778,000 0.18	173,778,000 0.18	260,654,000 0.26
Total borrowings Gearing (times)	4,263,319 0.25	4,263,319 0.14	4,263,319 0.14	4,263,319 0.06

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Maximum Scenario

	(Audited) As at 31 December 2014 (RM)	(I) Assume full exercise of Warrants 2011/2016 (RM)	(II) After (I) and the Proposed Acquisition (RM)	(III) After (II) and Proposed Free Warrants Issue (RM)	(IV) After (III) and full exercise of Warrants 2011/2016 and New Warrants (RM)
Share capital	29,350,000	44,025,000	58,119,500	58,119,500	68,685,500
Share premium	3,420,082	24,669,482	24,669,482	24,669,482	24,669,482
Other reserves (Accumulated losses)/ Retained earnings	(13,981,162) (1,606,582)	(19,381,562) (1,606,582)	(19,381,562) (2,306,582) [#]	(19,381,562) (2,306,582)	(19,381,562) (2,306,582)
Shareholders' funds/NA	17,182,338	47,706,338	61,100,838	61,100,838	71,666,838
No. of M/Clean Shares in issue NA per M/Clean Share (RM)	117,400,000 0.15	176,100,000 0.27	232,478,000 0.26	232,478,000 0.26	274,742,000 0.26
Total borrowings Gearing (times)	4,263,319 0.25	4,263,319 0.09	4,263,319 0.07	4,263,319 0.07	4,263,319 0.06

Note:

After deducting the estimated expenses of RM700,000 for the Proposals.

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7.3 Earnings and EPS

The Proposals are not expected to have any material impact on the earnings of the MClean Group for the FYE 31 December 2015, other than the expenses related to the Proposals.

The Proposed Acquisition is expected to contribute positively to the future earnings of the MClean Group as the Board views the prospects of DWZ Group favourably.

Issuance of the Consideration Shares and the exercise of the New Warrants will dilute the MClean Group's EPS as a result of the increased number of Shares in issuance. The extent of EPS dilution will be determined by the number of exercised New Warrants. Future returns generated from the utilisation of the proceeds arising from the exercise of the New Warrants are however expected to have a positive impact on the EPS.

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The pro-forma effects of the Proposed Acquisition and Proposed Free Warrants Issue on the earnings and EPS of the MClean Group assuming the Proposals have been completed on 1 January 2014 are as follows:

Minimum Scenario

	(Audited) As at 31 December 2014 (RM)	(I) After the Proposed Acquisition (RM)	(II) After (I) and Proposed Free Warrants Issue (RM)	(III) After (II) and full exercise of the Warrants 2011/2016 and New Warrants (RM)
Net loss for the financial year attributable to the owners of MClean	(5,591,890)	(5,708,079) [#]	(5,708,079)	(5,708,079)
Number of Shares Basic LPS (sen) [^]	117,400,000 (4.76)*	173,778,000 (3.28)	173,778,000 (3.28)	260,654,000 (2.19)

Maximum Scenario

	(Audited) As at 31 December 2014 (RM)	(I) Assume full exercise of the Warrants 2011/2016 (RM)	(II) After (I) and the Proposed Acquisition (RM)	(III) After (II) and Proposed Free Warrants Issue (RM)	(IV) After (III) and full exercise of the New Warrants (RM)
Net loss for the financial year attributable to the owners of MClean	(5,591,890)	(5,591,890)	(5,708,079) [#]	(5,708,079)	(5,708,079)
Number of Shares Basic LPS (sen) [^]	117,400,000 (4.76)*	176,100,000 (3.18)	232,478,000 (2.46)	232,478,000 (2.46)	274,742,000 (2.08)

Notes:

* The basic LPS is as extracted from the audited financial statements of MClean for the FYE 31 December 2014 and computed based on the weighted average number of Shares.

Taking into consideration the estimated expenses of RM700,000 for the Proposals.

^ Incorporating 55% of DWZ's audited consolidated PAT for the FYE 31 December 2014 of RM1,061,474.

7.4

Substantial shareholders' shareholdings

The pro-forma effects of the Proposed Acquisition and Proposed Free Warrants Issue on the direct and indirect shareholdings of the substantial shareholders of MCLearn as at the LPD are as follows:

Minimum Scenario

Name	As at the LPD				(I) After the Proposed Acquisition				(II) After (I) and Proposed Free Warrants Issue			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of MCLearn Shares ('000)	%	No. of MCLearn Shares ('000)	%	No. of MCLearn Shares ('000)	%	No. of MCLearn Shares ('000)	%	No. of MCLearn Shares ('000)	%	No. of MCLearn Shares ('000)	%
JCS Group Pte Ltd	38,748	33.01	-	-	38,748	22.30	-	-	38,748	22.30	-	-
Yeo Hock Huat	21,117	17.99	39,748*	33.86	21,117	12.15	39,748*	22.87	21,117	12.15	39,748*	22.87
Chow Kok Meng, Bert	8,920	7.60	-	-	8,920	5.13	-	-	8,920	5.13	-	-
Decor	-	-	-	-	56,378	32.44	-	-	56,378	32.44	-	-
DGC	-	-	-	-	-	-	56,378^	32.44	-	-	56,378^	32.44

Name	(III) After (II) and full exercise of the Warrants 2011/2016 and New Warrants			
	Direct		Indirect	
	No. of MCLearn Shares ('000)	%	No. of MCLearn Shares ('000)	%
JCS Group Pte Ltd	69,421	26.63	-	-
Yeo Hock Huat	38,366	14.72	70,662*	27.11
Chow Kok Meng, Bert	14,52	5.57	-	-
Decor	56,378	21.63	-	-
DGC	-	-	56,378^	21.63

Maximum Scenario

	As at the LPD				(I) Assume full exercise of the Warrants 2011/2016				(II) After (I) and the Proposed Acquisition			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of MClean Shares (^{'000})	%	No. of MClean Shares (^{'000})	%	No. of MClean Shares (^{'000})	%	No. of MClean Shares (^{'000})	%	No. of MClean Shares (^{'000})	%	No. of MClean Shares (^{'000})	%
Name												
JCS Group Pte Ltd	38,748	33.01	-	-	60,122	34.14	-	-	60,122	25.86	-	-
Yeo Hock Huat	21,117	17.99	39,748*	33.86	33,298	18.91	61,122*	34.71	33,298	14.32	61,122*	26.29
Chow Kok Meng, Bert	8,920	7.60	-	-	12,380	7.03	-	-	12,380	5.33	-	-
Decor	-	-	-	-	-	-	-	-	56,378	24.25	-	-
DGC	-	-	-	-	-	-	-	-	-	-	56,378 [^]	24.25

	(III) After (II) and Proposed Free Warrants Issue				(IV) After (III) and full exercise of the Warrants 2011/2016 and New Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of MClean Shares (^{'000})	%	No. of MClean Shares (^{'000})	%	No. of MClean Shares (^{'000})	%	No. of MClean Shares (^{'000})	%
Name								
JCS Group Pte Ltd	60,122	25.86	-	-	74,551	27.13	-	-
Yeo Hock Huat	33,298	14.32	61,122*	26.29	41,290	15.03	75,791*	27.59
Chow Kok Meng, Bert	12,380	5.33	-	-	15,351	5.59	-	-
Decor	56,378	24.25	-	-	56,378	20.52	-	-
DGC	-	-	56,378 [^]	24.25	-	-	56,378 [^]	20.52

Notes:

* Deemed interested by virtue of the shareholdings of his siblings, Yeo Seow Lai and Yeo Lian Cheng, and his shareholding in JCS Group Pte Ltd, pursuant to Section 6A of the Act.

[^] Deemed interested by virtue of its substantial shareholding in Decor.

7.5 Convertible securities

As at the LPD, the Company does not have any convertible securities other than its existing Warrants 2011/2016.

8. ADDITIONAL INFORMATION IN RELATION TO THE MCLEAN GROUP

8.1 Financial information

	<-----AUDITED----->			<-----UNAUDITED----->	
	FYE 31 December 2012 RM'000	FYE 31 December 2013 RM'000	FYE 31 December 2014 RM'000	6-month FPE 30 June 2014 RM'000	6-month FPE 30 June 2015 RM'000
Revenue:					
Continuing operations					
- Precision cleaning ⁽¹⁾	34,013	33,169	34,224	15,628	16,379
- Technical assembly services ⁽²⁾	1,072	5,973	-	-	4,988
	35,085	39,142	34,224	15,628	21,367
Discontinued operations					
- Plastic injection moulding ⁽³⁾	3,306	5,889	-	-	-
	38,391	45,031	34,224	15,628	21,367
LBT	(2,295)	(2,958)	(5,592)	(4,121)	(2,237)
(Loss)/profit from discontinued operations	(192)	353	-	-	-
LAT	(2,400)	(1,954)	(5,592)	(4,121)	(2,237)
Cash and cash equivalents	4,654	1,972	2,307	2,318	2,804
NA	23,248	22,359	17,182	17,939	15,714
Total borrowings	-	2,188	4,263	1,747	3,731
Current assets	18,121	20,710	16,351	14,574	20,264
Current liabilities	8,983	11,292	10,978	9,677	15,603
Current ratio (times)	2.02	1.83	1.49	1.51	1.30
Gearing ratio (times)	-	0.10	0.25	0.10	0.24
Weighted average number of MClean Shares ('000)	117,400	117,400	117,400	117,400	117,400
Number of MClean Shares in issue ('000)	117,400	117,400	117,400	117,400	117,400
NA per MClean Share (RM) ⁽⁴⁾	0.20	0.19	0.15	0.15	0.13
Basic LPS (sen) ⁽⁵⁾	(2.04)	(1.66)	(4.76)	(3.51)	(1.91)

Notes:

- (1) Precision cleaning and Precision Cleaning Related Services.
- (2) Sale of modules relating to technical assembly services.
- (3) Precision plastic injection moulding for components mainly for HDD industry such as filters, media cassettes and trays.
- (4) Calculated based on the NA over number of MClean Shares in issue for the respective financial years and periods.
- (5) Calculated based on the LAT over weighted average number of MClean Shares for the respective years and periods.

Commentaries:

(a) FYE 31 December 2013 vs. FYE 31 December 2012

From RM38.39 million of revenue for the FYE 31 December 2012, MClean Group's revenue increased by RM6.64 million or 17.30% to RM45.03 million for the FYE 31 December 2013, mainly due to increased revenue contribution from its technical assembly services and plastic injection moulding segment. As the technical assembly services only commenced operations in the fourth quarter of 2012, most of the revenue contribution from the technical assembly services was in the FYE 31 December 2013.

MClean Group's LBT widened by RM0.66 million or 28.90% from RM2.30 million for the FYE 31 December 2012 to RM2.96 million for the FYE 31 December 2013 mainly due to the increase in fixed overhead costs (such as rent, depreciation and amortisation charges) and increase in labour costs (such as salaries).

MClean Group's LAT was however lower by RM0.45 million or 18.58% from RM2.40 million for the FYE 31 December 2012 to RM1.95 million for the FYE 31 December 2013 mainly due to reversal of deferred tax liabilities which had previously been provided for, in relation to tax incentives for research and development activities.

The lower current ratio for the FYE 31 December 2013 was mainly due to the lower amount of cash and bank balances as well as an increase in borrowings for the FYE 31 December 2013. The MClean Group did not have any borrowings for the FYE 31 December 2012.

The higher gearing ratio for the FYE 31 December 2013 was mainly due to the borrowings secured during the FYE 31 December 2013 for its research and development for the clean bulk packaging services.

(b) FYE 31 December 2014 vs. FYE 31 December 2013

Revenue for the MClean Group decreased by RM10.81 million or 24.00% from RM45.03 million for the FYE 31 December 2013 to RM34.22 million for the FYE 31 December 2014, mainly due to the absence of revenue contribution from its technical assembly services and the plastic injection moulding business. No job orders were received for its technical assembly services during 2014, and MClean had sold its plastic injection moulding business during the financial year.

The quantum of revenue from precision cleaning remained largely the same for all three (3) years from 2012 to 2014, even though the product mix varied for each year. For the FYE 31 December 2014, a lower proportion of revenue was contributed by the higher margin cleanroom assembly services and components washing.

For the above reason, LBT was higher by RM2.63 million or 89.05% from RM2.96 million for the FYE 31 December 2013 to RM5.59 million for the FYE 31 December 2014.

The lower current ratio for the FYE 31 December 2014 was mainly due to higher borrowings.

The higher gearing ratio for the FYE 31 December 2014 was mainly due to the additional borrowings secured during the FYE 31 December 2014 for the purchase of property, plant and equipment.

(c) **Six (6)-month FPE 30 June 2015 (“1H2015”) vs. six (6)-month FPE 30 June 2014 (“1H2014”)**

The higher revenue by RM5.74 million or 36.72% from RM15.63 million during the 1H2014 to RM21.37 million for 1H2015, was mainly contributed by the MClean Group’s precision cleaning and technical assembly services. The MClean Group secured a number of orders for the assembly of modules during the 1H2015.

In line with the increased revenue, the MClean Group’s LBT improved by RM1.88 million or 45.72%, from RM4.12 million for the 1H2014 to RM2.24 million for the 1H2015 mainly due to the higher gross profit margin contributed by the clean bulk packaging services. The increase in gross profit margin was due to MClean’s ability to command better margins in comparison to previous years.

The lower current ratio as at 30 June 2015 was mainly due to the higher amount of borrowings.

The higher gearing ratio as at 30 June 2015 was mainly due to higher borrowings for the purchase of property, plant and equipment.

8.2 MClean Group’s steps to improve its financial position

The MClean Group took measures to increase its revenue and profitability in order to improve its financial position, including the consideration by the Board for the Group to provide additional service offerings to achieve these objectives.

The commencement of technical assembly services (sale of modules relating to technical assembly services) in the fourth quarter of 2012 and clean bulk packaging business in the beginning of 2013 were among initiatives undertaken by MClean Group to improve the prospects of its long term growth. The clean bulk packaging business had shown encouraging results with its first major customer successfully secured at the end of the FYE 31 December 2013 and another significant customer secured in the second half of the FYE 31 December 2014. Further improvement by way of higher revenue contribution by the clean bulk packaging business was seen in year 2014. The MClean Group had also managed to secure a number of orders for the assembly of modules during the six (6)-months FPE 30 June 2015. As disclosed in Section 8.1 of this Circular, the MClean Group’s six (6)-months FPE 30 June 2015 financial results showed improvement compared to its previous corresponding period in terms of increased revenue. The management of MClean expects the revenue and gross contribution from the technical assembly services and clean bulk packaging services to continue contributing positively to the MClean Group.

The MClean Group had also sold its underperforming business in order to reduce losses. On 3 January 2014, MClean announced that its wholly-owned subsidiary, MClean Technologies Wuxi Co. Ltd, had disposed off its non-performing plastic injection moulding business (“**Injection Business**”) to Impax Technology Co. Ltd for a consideration of RM3.27 million. Following the disposal of the Injection Business, the MClean Group had indicated that it will re-allocate the sales proceeds and resources to its remaining business’ working capital purposes. Part of the proceeds were utilised for the research and development for the clean bulk packaging services to develop the customisable traceable box as well as its compatible software. The research and development of the clean bulk packaging services consisted of ten (10) employees. The MClean Group has invested approximately RM2.29 million for the research and development of its clean bulk packaging services since the FYE 31 December 2013.

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The Board had also considered expanding the MClean Group's core business and to explore new business opportunities to broaden its services and customers' base, with the objective of maximising long-term growth and also to increase its shareholder value. As such, taking into consideration the increasingly competitive business environment, the MClean Group intends to expand its range of service offerings within the value chain of the E&E industries via the Proposed Acquisition. As disclosed in Section 4.1 of this Circular, the Proposed Acquisition will provide an additional income stream to the MClean Group, as part of its plans to reduce dependency on its Existing Business. In addition, as disclosed above, the clean bulk packaging business had shown encouraging results, with further improvement (i.e., higher revenue contributed by clean bulk packaging business) in year 2014. As such, the MClean Group would continue to expand its clean bulk packaging business, having secured its first major customer for the clean bulk packaging business at the end of the FYE 31 December 2013 and securing another significant customer for the clean bulk packaging business in the second half of the FYE 31 December 2014. In view that DWZ Group's revenue is predominantly derived from HDD and electronics segments, the enlarged MClean Group intends to cross sell its clean bulk packaging services and products to DWZ Group's customer base. At this juncture, the MClean Group is in the midst of studying the customer profiles of the DWZ Group and exploring strategies to offer its clean bulk packaging services to the DWZ Group's customers who are from different industries with details (including the time frame and the financial resources required) yet to be finalised. Once such details have been finalised, our Company will make the appropriate announcements in due course pursuant to the Listing Requirements, if required.

Premised on the above and taking into consideration the steps taken and/or to be taken by the MClean Group to improve its financial performance and position as mentioned above, the Board is of the view that the Proposed Acquisition will be adequate to address the Group's current financial concerns.

8.3 Value creation to MClean and its securities holders

The MClean Group has been in a net loss position since FYE 31 December 2011. As disclosed in Section 8.1 of this Circular, the MClean Group currently derives most of its revenue from precision cleaning. The Board has therefore considered exploring new business opportunities to broaden the MClean Group's services and customers' base, with the objective of improving long-term growth and increasing its shareholder value.

The Board envisages that the Proposed Acquisition will enable the MClean Group to expand its business with the inclusion of Surface Finishing services, which are complementary to its existing precision cleaning and washing business. This is expected to provide an additional income stream as well as enlarging the MClean Group's customer base by tapping into the existing customer database of DWZ Group, which comprise customers from various industry segments including HDD, electronics, vehicles (i.e. automotive and bicycles), oil & gas and petrochemical industries, as the MClean Group would then be able to offer precision cleaning and washing services to them.

DWZ Group is also involved in the provision of precision cleaning and washing services, as disclosed in the Section 4.1 of this Circular. The Board thus believes that the enlarged MClean Group will be in a better position to derive cost benefits through the increased economies of scale resulting from the enlarged production capacity. The MClean Group may reap operational benefits through the sharing of technical expertise and know-how to improve and enhance the precision cleaning and washing as well as the Surface Finishing processes, leading to the creation of synergistic benefits for the enlarged MClean Group.

The above expectations are supported by the encouraging outlook of the surface treatment industry in Malaysia (as set out in Section 5.3 of this Circular), global E&E market (as set out in Section 5.4 of this Circular) and global HDD market (as set out in Section 5.5 of this Circular) as well as the favourable prospects of the DWZ Group (as set out in Section 5.6 of this Circular).

8.4 The Proposals' impact on the Company and its securities holders

The Purchase Consideration will be fully satisfied via the issuance of the Consideration Shares without any cash payment to the Vendor. The resulting increase in the number of MClean Shares will have a dilutive effect on the EPS and shareholdings of the existing shareholders of MClean. There will however be a positive impact on the overall earnings of the MClean Group as the conserved cash reserves can be utilised for daily operations and working capital. In addition, issuance of the Consideration Shares will strengthen the financial position of the MClean Group as set out in Section 7.2 of this Circular.

Premised on the above, the Board is of the view that the Proposals would create value for the shareholders of the MClean Group.

9. HISTORICAL SHARE PRICES

The monthly highest and lowest transacted prices of MClean Shares for the past twelve (12) months from September 2014 to August 2015 are as follows:

	Highest RM	Lowest RM
2014		
September	0.275	0.185
October	0.250	0.185
November	0.230	0.180
December	0.200	0.100
2015		
January	0.185	0.170
February	0.225	0.170
March	0.200	0.160
April	0.205	0.180
May	0.220	0.185
June	0.210	0.195
July	0.245	0.205
August	0.225	0.185

The last transacted price of MClean Shares on 4 June 2015 (being the last trading date immediately before the Announcement) was RM0.200 each.

The last transacted price of MClean Shares on 28 August 2015, being the LPD immediately before the printing of the Circular was RM0.190 each.

(Source: Bloomberg Finance L.P.)

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10. APPROVALS REQUIRED

The Proposals are subject to the following approvals being obtained:

- (i) Bursa Securities for the following:
 - (a) admission to the Official List of the ACE Market of Bursa Securities and listing and quotation of up to 42,264,000 New Warrants to be issued pursuant to the Proposed Free Warrants Issue;
 - (b) listing of and quotation for 56,378,000 new MClean Shares to be issued pursuant to the Proposed Acquisition; and
 - (c) listing of and quotation for up to 42,264,000 new MClean Shares to be issued upon exercise of the New Warrants;

on the ACE Market of Bursa Securities;

The approval granted by Bursa Securities, which was obtained vide its letter dated 27 August 2015 for the new MClean Shares arising from the Proposed Acquisition and Proposed Free Warrants Issue are subject to the following conditions:

	Conditions imposed	Status of compliance
(a)	Our Company and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Acquisition and Proposed Free Warrants Issue;	To be complied
(b)	Our Company and TA Securities to inform Bursa Securities upon the completion of the Proposed Acquisition and Proposed Free Warrants Issue;	To be complied
(c)	Our Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Acquisition and Proposed Free Warrants Issue are completed;	To be complied
(d)	Our Company is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of the New Warrants, as the end of each quarter together with a detailed computation of listing fees payable; and	To be complied
(e)	Our Company and TA Securities to furnish Bursa Securities with a certified true copy of the resolutions passed by the shareholders in a general meeting approving the Proposed Acquisition and Proposed Free Warrants Issue.	To be complied

- (ii) shareholders of the Company for the Proposals at the forthcoming EGM; and
- (iii) any other relevant authorities or parties, if required.

11. CORPORATE EXERCISE/ SCHEME ANNOUNCED BUT NOT YET COMPLETED

Save for the Proposals, the Board is not aware of any other outstanding corporate exercise/ scheme which has been announced but not yet completed before the printing of this Circular.

12. CONDITIONALITY

The Proposed Free Warrants Issue is conditional upon the Proposed Acquisition but not vice versa.

The Proposals are not conditional upon any other corporate exercise/ scheme of the Company.

13. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders of the Company or persons connected with them has any direct or indirect interest in the Proposals, other than entitlement to the New Warrants if they are also shareholders of the Company. Such entitlement to the New Warrants is available to all other shareholders of the Company on the Entitlement Date.

14. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board is of the opinion that the Proposals are in the best interests of the Company, after considering all aspects of the Proposals.

Therefore, the Board recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

15. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the approvals of the relevant authorities being obtained, the Board expects the Proposals to be completed in the fourth (4th) quarter of year 2015.

Tentative date	Events
21 September 2015	EGM
Early-Mid October 2015	Entitlement Date for the New Warrants and listing of the Consideration Shares
Mid-Late October 2015	Listing of and quotation for the New Warrants and completion of the Proposals.

16. EGM

The Company's EGM, the notice of which is set out in this Circular, will be held at Tawau Room, Auditorium & Convention Center @ The Podium, Ground Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur, on Monday, 21 September 2015 at 11.00 a.m. or any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications, the resolutions to give effect to the Proposals.

If you are unable to attend and vote in person at the Company's EGM, you should complete and return the enclosed Proxy form in accordance with the instruction provided thereon so as to arrive at the Company's Share Registrar, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, not later than forty-eight (48) hours before the time set for holding the EGM or any adjournment thereof.

The lodging of the Proxy form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

17. FURTHER INFORMATION

You are advised to refer to the Appendices set out in this Circular for further information.

Yours faithfully,
For and on behalf of the Board
MCLEAN TECHNOLOGIES BERHAD

YEO HOCK HUAT
Executive Chairman

INFORMATION ON DWZ GROUP

1. History and business

DWZ was incorporated in Malaysia on 18 September 1996 under the Act as a private limited company. DWZ is principally a surface treatment and finishing specialist. The business activities of DWZ involve the provision of metal plating and coating services for various industries, primarily HDD, electronics, vehicles (i.e. automotive and bicycles), as well as the oil & gas and petrochemical industries. The DWZ Group is also involved in the provision of precision cleaning and washing services.

DWZ commenced active operations in surface treatment and finishing when it was incorporated on 18 September 1996 as a private limited company. In its early years of operations, DWZ primarily served the HDD market, and was thus focused on providing metal plating and coating services to HDD manufacturers. DWZ grew organically over the years as it expanded its customer base to over 60 clients (as at FYE 31 December 2014) by venturing into other industries, where it provided surface treatment and finishing for components and parts in electronics (including office equipment and telecommunication devices), vehicles (i.e. automotive and bicycles), as well as equipment used in the oil, gas and petrochemical industry.

In view of the expansion of its business, DWZJ was incorporated on 28 April 2006 as DWZ's wholly-owned subsidiary, to primarily serve the HDD market, while DWZ continued to focus on growing its business from other industries. DWZ Group's markets are in Malaysia and Singapore.

1.1 Principal activities, products and services

DWZ Group is principally involved in the provision of surface treatment and finishing services for various industries, primarily HDD, electronics, vehicles, as well as the oil & gas and petrochemical industries.

Surface treatment and finishing is a type of industrial process performed on surfaces of metal and non-metal products, components and parts for the purpose of providing protection from corrosion or damage, improving the appearance of the final product, increasing the product's surface solidity and resistance, and/or improving adhesion to other treatments such as painting or coatings. Surface treatment and finishing is an important process which is performed during the final stages of manufacturing or product fabrication, following which these components and parts will be placed in a clean room to undergo precision cleaning and washing, prior to being assembled into a fully functioning finished product.

The capabilities of DWZ Group include the following:

(i) Electroplating and electroless plating

DWZ Group's core expertise lie in electroplating and electroless plating, where it provides plating using, amongst others, the following metals: nickel, copper, silver, tin, zinc ion and gold.

Electroplating is a process which utilises electric current to form a coherent metal coating onto metal and non-metal surfaces. It has many benefits including increasing or decreasing electrical conductivity, improving durability, enhancing physical properties such as improving solidity, resistance and aesthetic properties, increasing anti-corrosive properties and improving paint adhesion. Electroplating is important in many industrial applications, and key end-user industries include electronics, automotive, aerospace products, as well as machinery and equipment.

On the other hand, electroless plating is a reaction used to deposit a metal coating onto a metal surface, without the use of electric current during the process. Among the major benefits of electroless plating are for corrosion protection, improved durability, and increased solidity and resistance of the surface. As such, it is typically used in motors and valves, fixtures and electronics components.

INFORMATION ON DWZ GROUP (cont'd)

DWZ Group's factory is equipped with automated plating machinery, which automatically control the electroplating and electroless plating processes including pre-treatment, plating, and post-treatment (i.e. processes which enable the treated surface to set and dry).

(ii) Pre-treatment services

Pre-treatment services involve the preparation of surfaces prior to the treatment of the respective surface, mainly to remove contamination, remove unwanted nicks and fragments, as well as ensure adhesion of coating or finishing to the surface. The list of pre-treatment services offered by DWZ Group is as follows:

- (a) Deburring : a method used in industrial settings and manufacturing environments, where nicks and fragments, which are present after welding, moulding, casting, trimming, slitting or shearing, are removed from metal surfaces, typically with the use of a grinder.
- (b) Tumbling : a technique for smoothing and polishing a rough surface on relatively small parts, through the use of a rotating barrel. In some cases, a lubricant or aqueous solution can be used to aid the process, prevent rusting and promote cleaning.
- (c) Bead blasting (also known as sand blasting and shot blasting) : a process where a particular material is blown or propelled against a surface in order to remove dirt, rust and scale, to prepare a surface for the application of coats and finishing.
- (d) Aluminium etching : a process of printing or marking a design onto aluminium surfaces, through the use of chemicals.

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INFORMATION ON DWZ GROUP (cont'd)

(iii) Additional surface treatment and finishing services

In addition to the above, DWZ Group also offers the following surface treatment and finishing services:

- (a) Passivation : a process of applying a light coat of protective material onto metal surfaces, in order to prevent corrosion, and strengthen and preserve appearances of metal surfaces.
- (b) Spray painting : a technique of applying paint on a surface, utilising a spray method.
- (c) Powder coating : a dry finishing process of covering a surface with polyester or epoxy powder, and heating this coating to form a protective layer on metal and non-metal surfaces.
- (d) Phosphate coating : an immersion method of coating, which is mainly used to increase corrosion protection and improve friction properties. Manganese phosphating is typically used for corrosion protection, anti-galling and lubricity, while zinc phosphating is used mainly for rust proofing.
- (e) Electrochemical polishing : a reverse process to electroplating, where metal material from treated surfaces are removed, as opposed to being deposited as in electroplating. Electrochemical polishing enables improved surface characteristics such as improved smoothness, reflectivity, cleanliness and passivity (or corrosion prevention).

(iv) Other services

In some cases, DWZ Group also offers precision cleaning services to their customers. Precision cleaning is characterised by the consistent and thorough cleaning of components and parts, and is generally done in a controlled environment known as a “clean room”.

1.2 Principal revenue and customer segments

DWZ Group serves the HDD, electronics, vehicles (i.e. automotive and bicycles), as well as oil & gas and petrochemical industries. The HDD and electronics segments collectively contributed approximately 72.1% to 85.9% to the DWZ Group’s revenue for the FYEs 31 December 2012 to 31 December 2014.

The segmental revenue of DWZ Group is set out as follows:

Segment	FYE 31 December 2012		FYE 31 December 2013		FYE 31 December 2014	
	RM	%	RM	%	RM	%
HDD	8,539,624	27.1	7,669,834	29.1	7,559,995	34.9
Electronics	18,550,348	58.8	11,953,465	45.3	8,057,831	37.2
Vehicles (i.e. automotive and bicycles)	2,118,243	6.7	3,070,930	11.6	2,610,347	12.0
Oil & gas and petrochemical	2,323,536	7.4	3,694,229	14.0	3,446,252	15.9
Total Revenue	31,531,751	100.0	26,388,458	100.0	21,674,425	100.0

INFORMATION ON DWZ GROUP (cont'd)

1.3 Principal markets

DWZ Group's principal market is in Malaysia which contributed approximately 67.3% to 76.5% to the DWZ Group's total revenue for the FYEs 31 December 2012 to 31 December 2014.

The geographical segmental revenue of DWZ Group is set out as follows:

Countries	FYE 31 December 2012		FYE 31 December 2013		FYE 31 December 2014	
	RM	%	RM	%	RM	%
Malaysia	24,109,412	76.5	17,762,583	67.3	15,512,541	71.6
Singapore	7,422,339	23.5	8,625,875	32.7	6,161,884	28.4
Total Revenue	31,531,751	100.0	26,388,458	100.0	21,674,425	100.0

As set out in Section 5.3 of this Circular and the IMR Report, the revenues of identified surface treatment industry players in Malaysia were RM938.2 million, RM807.8 million and an estimated RM826.9 million for the years 2012, 2013 and 2014 respectively.

1.4 Key sources of raw materials and supplies

The DWZ Group sources for its raw materials mainly from within Malaysia. DWZ Group purchased approximately 59.0% to 71.6% of its raw materials from Malaysian suppliers for the FYEs 31 December 2012 to 31 December 2014 as set out below:

Segment	FYE 31 December 2012		FYE 31 December 2013		FYE 31 December 2014	
	RM	%	RM	%	RM	%
<u>Chemicals</u>						
- Local	3,345,022	53.9	3,199,808	67.2	2,847,327	66.5
- Import	1,280,770	20.7	402,758	8.5	347,673	8.1
Total chemicals	4,625,792	74.6	3,602,566	75.7	3,195,000	74.6
<u>Aqueous solutions</u>						
- Local	315,318	5.1	158,331	3.3	216,744	5.1
- Import	1,261,270	20.3	1,002,761	21.0	866,977	20.3
Total aqueous solutions	1,576,588	25.4	1,161,192	24.3	1,083,721	25.4
Total purchase of raw materials	6,202,380	100.0	4,763,658	100.0	4,278,721	100.0

Note:

* The imported chemicals and aqueous solutions are mostly sourced from Singapore.

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INFORMATION ON DWZ GROUP (cont'd)

1.5 Principal places of business

DWZ Group's factories and plants are all located in Johor Bahru, Malaysia. As at the LPD, DWZ Group's principal places of business are located at the following premises:

Locations	Purposes	Land size (square feet)	Built-up area (square feet)	No of production lines
No. 25, Jalan Maju 5, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Johor	Operations of DWZ	10,505.58	6,765	2
No. 27, Jalan Maju 5, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Johor	Operations of DWZ	8,998.63	5,550	4
No. 30, Jalan Maju 1, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Johor	Operations of DWZJ	12,604.54	5,550	1

2. Share capital

As at the LPD, the authorised as well as the issued and paid-up share capital of DWZ are as follows:

	No. of shares	Amount (RM)
DWZ		
Authorised	1,000,000	1,000,000
Issued and paid-up	1,000,000	1,000,000

3. Directors and Directors' shareholdings

The details of the Directors and their respective shareholdings in DWZ as at the LPD are as follows:

Name	Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
Lim Han Kiau	Singaporean	-	-	1,000,000 ⁽¹⁾	100.0
Teoh Kim Guan	Malaysian	-	-	-	-
Ng Ah Kiat	Singaporean	-	-	-	-
Lim King Tee	Malaysian	-	-	-	-
Lim Choon Geok	Singaporean	-	-	-	-
Lim Min Han	Singaporean	-	-	-	-

Note:

(1) Deemed interested by virtue of Section 6A of the Act through his direct shareholding in DGC.

INFORMATION ON DWZ GROUP (cont'd)

4. Substantial shareholders' shareholdings

The substantial shareholder of DWZ and its respective shareholding in DWZ as at the LPD are as follows:

Name	Country of incorporation	Direct		Indirect	
		No. of DWZ Shares	%	No. of DWZ Shares	%
Decor	Singapore	1,000,000	100.00	-	-

The substantial shareholder of Decor and its respective shareholding in Decor as at the LPD are as follows:

Name	Country of incorporation	Direct		Indirect	
		No. of Decor Shares	%	No. of Decor Shares	%
DGC	Singapore	2,800,000	100.00	-	-

The substantial shareholders of DGC and their respective shareholdings in DGC as at the LPD are as follows:

Name	Nationality	Direct		Indirect	
		No. of DGC Shares	%	No. of DGC Shares	%
Lim Han Kiau	Singaporean	1,919,600	47.99	-	-
Kam Kian Poh	Singaporean	777,600	19.44	-	-
Lim Han Sin	Singaporean	389,200	9.73	-	-
Teoh Kim Guan	Malaysian	292,800	7.32	-	-
Ng Ah Kiat	Singaporean	264,800	6.62	-	-
Quek Chin Lai	Singaporean	250,000	6.25	-	-

5. Material commitments and contingent liabilities

As at the LPD, there are no material commitments and/or contingent liabilities incurred or known to be incurred by DWZ Group that will have a material adverse effect on DWZ Group's financial position.

6. Material contracts

DWZ Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the past two (2) years immediately preceding the date of this Circular.

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INFORMATION ON DWZ GROUP (cont'd)

7. Material litigation, claim and arbitration

As at the LPD, DWZ Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and the Directors of DWZ Group are not aware of any proceedings pending or threatened against DWZ Group or any facts likely to give rise to any proceedings, which may materially and/or adversely affect the financial position or business of DWZ Group, save for the following:

- (a) DWZ (as “**Plaintiff**”) has on 30 March 2015 brought a claim against Akson Micro Components (M) Sdn Bhd (formerly known as Xerom Micro Components (M) Sdn Bhd) (as “**Defendant**”) vide the Johor Bahru Sessions Court Summons No. B52NCVC-26-03/2015, claiming for the amount of RM321,921.86 only being outstanding payments for goods sold and delivered. DWZ has obtained a “Judgement In Default” order on 28 April 2015 whereby the court has ordered the Defendant to pay DWZ the amount of RM321,921.86 together with interest calculated at five per centum (5%) per annum from 30 March 2015 until the said sum is paid. As at LPD, the Defendant has yet to pay the judgement sum and DWZ is in the midst of commencing execution proceedings to recover the said amount.
- (b) DWZ has vide their appointed solicitors, Messrs Jal & Lim on 30 April 2015 issued a notice of demand to Vision Cast Sdn Bhd (“**VCSB**”) claiming for the amount of RM262,750.12 being the outstanding payment for goods sold and delivered, to be paid within seven (7) days from the date of the said notice of demand failing which DWZ shall take legal proceedings for the recovery of the said amount together with further interest and cost. As at LPD, DWZ has yet to commence legal proceedings against VCSB and the parties are in the midst of negotiating a settlement on the outstanding payment.

8. Summary of the historical financial information of DWZ Group

A summary of the financial information of DWZ Group for the latest four (4) financial years from the FYE 31 December 2011 to FYE 31 December 2014 are as follows:

	<-----AUDITED----->			
	FYE 31 December 2011	FYE 31 December 2012	FYE 31 December 2013	FYE 31 December 2014
	RM	RM	RM	RM
Revenue	27,113,641	31,531,751	26,388,458	21,674,425
Profit before tax (“ PBT ”)	2,114,796	3,119,834	4,156,343	1,523,304
Profit after tax (“ PAT ”)	1,795,088	2,645,775	3,602,220	1,061,474
Paid-up share capital	1,000,000	1,000,000	1,000,000	1,000,000
Shareholders’ funds/NA	20,138,841	21,656,556	25,258,776	30,070,229
Total borrowings	2,289,921	1,854,762	1,532,581	1,196,006
Current assets	16,276,470	18,357,679	21,815,429	19,802,426
Current liabilities	6,638,868	7,236,319	6,161,229	4,489,509
Number of DWZ Shares in issue	1,000,000	1,000,000	1,000,000	1,000,000
Weighted average number of DWZ Shares	1,000,000	1,000,000	1,000,000	1,000,000
Gross EPS (RM)	2.11	3.12	4.16	1.52
Net EPS (RM)	1.80	2.65	3.60	1.06
NA per DWZ Share (RM)	20.14	21.66	25.26	30.07
PBT margin (%) ⁽¹⁾	7.80	9.89	15.75	7.03
PAT margin (%) ⁽²⁾	6.62	8.39	13.65	4.90
Gearing ratio (times) ⁽³⁾	0.11	0.09	0.06	0.04
Current ratio (times)	2.45	2.54	3.54	4.41

INFORMATION ON DWZ GROUP (cont'd)

Notes:

- (2) *Computed based on PBT over revenue.*
- (3) *Computed based on PAT over revenue.*
- (4) *Computed based on total borrowings over NA.*

Commentaries:

(a) FYE 31 December 2012 vs. FYE 31 December 2011

DWZ Group's revenue increased by RM4.42 million or 16.29% from RM27.11 million for the FYE 31 December 2011 to RM31.53 million for the FYE 31 December 2012. The increased revenue was mainly due to new contracts and new customers secured by the DWZ Group during the year.

In line with the increased revenue, DWZ Group's recorded an increase in PBT of RM1.01 million or 47.52% from RM2.11 million for the FYE 31 December 2011 to RM3.12 million for the FYE 31 December 2012. The improved PBT and PAT margins for the FYE 31 December 2012 were also attributable to lower directors' remuneration and other operating expenses.

The higher current ratio for the FYE 31 December 2012 was mainly due to the higher amount of trade receivables arising from higher revenue during the year as well as more cash at bank and in hand resulting from higher revenue collection.

There was no accounting policy adopted that is peculiar to DWZ and there was no audit qualification in the financial statements for the above financial years under review.

(b) FYE 31 December 2013 vs. FYE 31 December 2012

DWZ Group's revenue decreased by RM5.14 million or 16.31% from RM31.53 million for the FYE 31 December 2012 to RM26.39 million for the FYE 31 December 2013. The decreased revenue was mainly due to the lower number of high value contracts from the customers during the year.

However, DWZ Group recorded an increase in PBT of RM1.04 million or 33.22% from RM3.12 million for the FYE 31 December 2012 to RM4.16 million for the FYE 31 December 2013. The increased PBT and improved PBT and PAT margins for the FYE 31 December 2013 were attributable to lower expenses relating raw materials and consumables used as DWZ Group sourced for cheaper alternative materials/consumables of equally good quality. Other factors included lower directors' remunerations, absence of bad debts written off (DWZ Group recorded bad debts written off of RM109,721 for the FYE 31 December 2012) and lower employee-related expenses (such as salaries, wages, allowances, staff and workers' welfare).

The higher current ratio for the FYE 31 December 2013 was mainly due to the higher amount of fixed deposits to be pledged for its bank guarantees, higher amount of cash at bank and in hand resulting from better collection from trade receivables and higher net amount of intercompany balances due to DWZ.

There was no accounting policy adopted that is peculiar to DWZ and there was no audit qualification in the financial statements for the above financial years under review.

INFORMATION ON DWZ GROUP (cont'd)

(c) FYE 31 December 2014 vs. FYE 31 December 2013

DWZ Group's revenue decreased by RM4.71 million or 17.86% from RM26.39 million for the FYE 31 December 2013 to RM21.67 million for the FYE 31 December 2014. The lower revenue was mainly due to the lower number of high value contracts from customers during the year.

DWZ Group's PBT decreased by RM2.63 million or 63.35% from RM4.16 million for the FYE 31 December 2013 to RM1.52 million for the FYE December 2014. The lower PBT, PBT margins and PAT margins for the FYE 31 December 2014 were mainly attributable to higher directors' remunerations, higher directors fees, bad debts written off (amounting to nil and RM584,672 for the FYE 31 December 2013 and FYE 31 December 2014 respectively) and higher upkeep of plant and machinery (i.e., replacement of pumps, machine parts, oven parts as well as modification and repair works of machineries). As disclosed in Section 7 of Appendix 1 of this Circular, DWZ has taken legal action against the debtors to recover the outstanding payments. The higher directors' remunerations and directors' fees were due to directors' bonuses amounting to RM86,185 and directors' fees amounting to RM223,075 for the year 2013 being accounted for and paid in the year 2014 instead. For the year 2014, the directors' bonuses and directors' fees amounted to RM41,392 and RM189,489 respectively. In addition, the employee benefit expenses and depreciation of property, plant and equipment which were amongst the biggest expense items both increased slightly in the year 2014 notwithstanding the lower revenue during the same period.

The higher current ratio for the FYE 31 December 2014 was mainly due to the higher net amount of intercompany balances due to DWZ and this was partially offset by decreased trade receivables (which was due to the bad debts written off).

There was no accounting policy adopted that is peculiar to DWZ and there was no audit qualification in the financial statements for the above financial years under review.

9. Group Structure of DWZ

As at the LPD, DWZ has a wholly-owned subsidiary, namely DWZJ. DWZ does not have any associated company.

DWZJ was incorporated in Malaysia on 28 April 2006 under the Act as a private limited company. DWZJ is principally involved in the same business as DWZ. As at the LPD, DWZJ has an authorised share capital of RM500,000 comprising 500,000 ordinary shares of RM1.00 each, of which RM300,000 comprising 300,000 ordinary shares have been issued and fully paid-up.

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31
DECEMBER 2014**

Company No.

402648	M
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DWZ Industries Sdn. Bhd.
(Incorporated in Malaysia)

Annual Report

31 December 2014

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31
DECEMBER 2014 (cont'd)**

Company No.

402648

M

DWZ Industries Sdn. Bhd.

(Incorporated in Malaysia)

<u>Contents</u>	<u>Page No.</u>
Report of the Directors	1 - 5
Statement by Directors	6
Statutory Declaration	6
Independent Auditors' Report	7 - 8
Income Statements	9
Balance Sheets	10
Statements of Changes in Equity	11 - 12
Cash Flow Statements	13 - 14
Notes to the Financial Statements	15 - 36

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31 DECEMBER 2014 (cont'd)

Company No.

402648

M

DWZ Industries Sdn. Bhd.

(Incorporated in Malaysia)

Report of the Directors

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Company is that of surface finishing of metal parts for electrical and electronic industries. The principal activity of the subsidiary is disclosed in Note 10 to the financial statements.

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

RESULTS

	<u>The Group</u> RM	<u>The Company</u> RM
Profit for the year	<u>1,061,474</u>	<u>678,427</u>

DIVIDEND

The amount of dividend paid by the Company since 31 December 2013 was as follow:-

	RM
In respect of the financial year ended 31 December 2014	
Single-tier interim dividend of 80% on 1,000,000 ordinary shares declared on 7 April 2014 and paid on 15 April 2014	800,000
Single-tier interim dividend of 80% on 1,000,000 ordinary shares declared on 23 October 2014 and paid on 31 October 2014	<u>800,000</u>
	<u>1,600,000</u>

The directors do not recommend the payment of final dividend for the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the income statements and the balance sheets of the Group and of the Company were made out, the directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written-off and that no provision for doubtful debts was required.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31
DECEMBER 2014 (cont'd)**

Company No.

402648

M

DWZ Industries Sdn. Bhd.

(Incorporated in Malaysia)

Report of the Directors**BAD AND DOUBTFUL DEBTS - continued**

At the date of this report, the directors are not aware of any circumstances which would render the amount written-off for bad debts inadequate to any substantial extent or to make any provision for doubtful debts in respect of the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the income statements and the balance sheets of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person, or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amounts stated in the financial statements misleading.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31 DECEMBER 2014 (cont'd)

Company No.

402648

M

DWZ Industries Sdn. Bhd.

(Incorporated in Malaysia)

Report of the Directors**ITEMS OF AN UNUSUAL NATURE**

The results of the operations of the Group and of the Company for the year ended 31 December 2014 were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SHARES AND DEBENTURES

During the financial year,

- (a) there were no changes in the authorised, issued and paid-up capital of the Company; and
- (b) there were no issues of debentures by the Company.

DIRECTORS

The directors who served since the date of the last report are as follows:-

Teoh Kim Guan

Lim Han Kiau

Lim King Tee (F)

Ng Ah Kiat

Lim Choon Geok (F)

(Appointed on 21 January 2015)

Lim Minhan

(Appointed on 21 January 2015)

In accordance with the Company's Articles of Association, Teoh Kim Guan, Lim Choon Geok (F) and Lim Minhan retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31 DECEMBER 2014 (cont'd)

Company No.

402648	M
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DWZ Industries Sdn. Bhd.

(Incorporated in Malaysia)

Report of the Directors**DIRECTORS' BENEFITS - continued**

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest, except as disclosed in Note 30 to the financial statements.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, no directors in office at the end of the financial year had any interest in the Company or its holding company.

DEEMED INTERESTS

The following director who held office at the end of the financial year had, according to the register required to be kept under Section 134 of the Companies Act, 1965, an interest in the shares of the holding company as follows:-

	<u>Number of ordinary shares</u>			<u>At 31.12.2014</u>
	<u>At 01.01.2014</u>	<u>Bought</u>	<u>Sold</u>	
Ultimate holding company				
- <u>DGC Holdings Pte. Ltd.</u>				
Lim Han Kiau	1,919,600	-	-	1,919,600
Ng Ah Kiat	264,800	-	-	264,800
Teoh Kim Guan	292,800	-	-	292,800
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

By virtue of their shareholdings in DGC Holdings Pte. Ltd., Lim Han Kiau, Ng Ah Kiat and Teoh Kim Guan are also deemed to have interest in shares in the company to the extent DGC Holdings Pte. Ltd. has an interest.

Other than disclosed above, no directors in office at the end of the financial year held any shares in the Company or its related corporations during the financial year.

IMMEDIATE AND ULTIMATE HOLDING COMPANY

The directors regard Décor Industries Pte. Ltd. and DGC Holdings Pte. Ltd. as the immediate and ultimate holding company. Both companies are limited by shares and incorporated in the Republic of Singapore.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31
DECEMBER 2014 (cont'd)**

Company No.

402648	M
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DWZ Industries Sdn. Bhd.


(Incorporated in Malaysia)

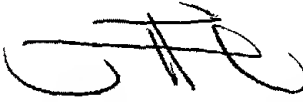
Report of the Directors

AUDITORS

Messrs. SQM retire and have indicated their willingness to be re-appointed in accordance with Section 172(2) of the Companies Act, 1965.

**SIGNED ON BEHALF OF THE BOARD OF DIRECTORS IN ACCORDANCE WITH A RESOLUTION
OF THE DIRECTORS**


.....
TEOH KIM GUAN
Director


.....
LIM HAN KIAU
Director

Johor Bahru

Dated: 30 April 2015

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31 DECEMBER 2014 (cont'd)

Company No.

402648 M

DWZ Industries Sdn. Bhd.

(Incorporated in Malaysia)

Statement by Directors

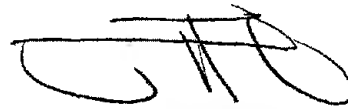
We, **TEOH KIM GUAN** and **LIM HAN KIAU**, being two of the directors of DWZ Industries Sdn. Bhd., do hereby state on behalf of the directors that in our opinion, the financial statements set out on pages 9 to 36 are drawn up in accordance with Private Entity Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2014 and the results of their operations, the changes in equity and the cash flows of the Group and of the Company for the year then ended.

Signed in accordance with a resolution of the Directors

.....
TEOH KIM GUAN
 Director

Johor Bahru

Dated: 30 April 2015



.....
LIM HAN KIAU
 Director

Statutory Declaration

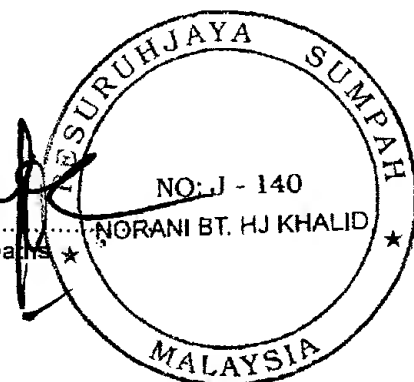
I, **TEOH KIM GUAN**, I/C No. 671002-08-6213 being the director primarily responsible for the accounting records and financial management of DWZ Industries Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 9 to 36 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
TEOH KIM GUAN, I/C No. 671002-08-)
 6213 at Johor Bahru in the state of Johor)
 this 30 April 2015.

.....
TEOH KIM GUAN
 Director

Before me:-

.....
 Commissioner for Oaths



No. 7 Tingkat 2
 Bangunan MARA
 Jalan Segget
 80000 Johor Bahru
 Tel: 018-7087978

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31
DECEMBER 2014 (cont'd)**

Company No.

402648	M
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for all your professional needs

Gol Cheng Poh
Ho Thiam Poo Freddie
Seah Cheoh Wah Tony

SQM (Firm No. AF 142B)
Chartered Accountants (Malaysia)



Suite 15.05, Level 15,
City Square Office Tower
106-108, Jalan Wong Ah Fook
80000 Johor Bahru, Johor, Malaysia
Tel: +60 7 2230202 Fax: +60 7 2240808
Email: audit@sqm.com.my

Independent Auditors' Report to the Members of
DWZ Industries Sdn. Bhd.
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of DWZ Industries Sdn. Bhd., which comprise the balance sheets at 31 December 2014 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 9 to 36.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Private Entity Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The audit procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

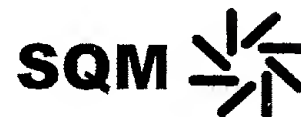


An independent member of

Morison International

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31
DECEMBER 2014 (cont'd)**

Company No.	
402648	M



Independent Auditors' Report to the Members of
DWZ Industries Sdn. Bhd.
(Incorporated in Malaysia)
(Continued)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company at 31 December 2014 and of its financial performance and cash flows of the Group and of the Company for the year then ended in accordance with Private Entity Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiary that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit reports on the financial statements of the subsidiary did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SQM (Firm No. AF 1428)
Chartered Accountants (Malaysia)

Dated: 30 April 2015

Johor Bahru, Malaysia

Seah Cheoh Wah - Partner
No. 997/03/16 (J/PH)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31 DECEMBER 2014 (cont'd)

Company No.

402648	M
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DWZ Industries Sdn. Bhd.
(Incorporated in Malaysia)

Income Statements

For the Year Ended
31 December 2014

Notes	<u>The Group</u>		<u>The Company</u>		
	<u>2014</u> RM	<u>2013</u> RM	<u>2014</u> RM	<u>2013</u> RM	
REVENUE	3.3, 4	21,674,425	26,388,458	21,250,443	26,687,918
OTHER INCOME	5	489,544	76,392	1,035,831	622,931
		22,163,969	26,464,850	22,286,274	27,310,849
LESS: OPERATING EXPENSES					
Work performed and capitalised		5,927,826	7,382,970	10,403,666	12,671,573
Raw materials and consumables used		5,594,976	7,077,640	3,669,622	5,264,177
Auditors' remuneration					
- current year		32,000	29,680	23,000	20,140
- under provision in prior year		-	1,710	-	1,600
Depreciation of property, plant and equipment	3.4, 9	1,947,758	1,944,959	1,697,865	1,705,180
Directors' remuneration					
- fees		412,563	87,280	412,563	87,280
- other emoluments	6	374,798	163,201	374,798	163,201
Bad debts written-off		584,672	-	584,672	-
Consultancy fees		12,423	12,000	-	-
Hostel rental		92,520	73,850	92,520	73,850
Legal and professional fees		46,804	42,311	42,935	35,873
Loss on disposal of property, plant and equipment		-	1,883	-	-
Loss on foreign exchange					
- realised		62,500	-	62,500	-
Rental of copier machine		7,994	8,600	6,230	6,678
Rental of motor vehicle		12,800	12,000	12,800	12,000
Warehouse rental		132,000	127,000	132,000	127,000
Employee benefit expenses	7	4,715,239	4,676,021	3,335,746	3,452,498
Term loan interest		60,120	82,504	60,120	82,504
Other operating expenses		623,672	584,898	533,807	501,229
		20,640,665	22,308,507	21,444,844	24,204,783
PROFIT before tax		1,523,304	4,156,343	841,430	3,106,066
Income tax	8	(461,830)	(554,123)	(163,003)	(194,919)
PROFIT for the year		1,061,474	3,602,220	678,427	2,911,147

The notes on pages 15 to 36 form part of these financial statements

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31 DECEMBER 2014 (cont'd)

Company No.

402648	M
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DWZ Industries Sdn. Bhd.
(Incorporated in Malaysia)

Balance Sheets at 31 December 2014

ASSETS	Notes	The Group		The Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Non-Current Assets					
Property, plant and equipment	3.4, 9	16,391,766	11,289,817	15,472,993	10,454,062
Investment in subsidiary	3.6, 10	-	-	1,010,000	1,010,000
		<u>16,391,766</u>	<u>11,289,817</u>	<u>16,482,993</u>	<u>11,464,062</u>
Current Assets					
Inventories	3.7, 11	453,754	405,110	398,327	405,110
Trade receivables	12	7,021,223	7,957,336	6,887,399	7,809,245
Other receivables and prepayments	13	81,865	2,000	81,865	2,000
Deposits	14	2,485,137	2,389,028	2,405,137	2,309,028
Amount due from holding company	15	187,703	218,755	187,703	218,755
Amount due from a fellow subsidiary	16	1,632,495	3,506,703	1,632,495	3,506,703
Income tax recoverable	8	484,462	92,340	321,317	109,953
Cash at bank and in hand		7,455,787	7,244,157	7,259,842	6,903,144
		<u>19,802,426</u>	<u>21,815,429</u>	<u>19,174,085</u>	<u>21,263,938</u>
Total Assets		<u>36,194,192</u>	<u>33,105,246</u>	<u>35,657,078</u>	<u>32,728,000</u>
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	17	1,000,000	1,000,000	1,000,000	1,000,000
Revaluation reserve	18	5,349,979	-	5,349,979	-
Retained earnings	19	23,720,250	24,258,776	18,230,689	19,152,262
		<u>30,070,229</u>	<u>25,258,776</u>	<u>24,580,668</u>	<u>20,152,262</u>
Non-Current Liabilities					
Deferred tax liability	20	675,995	493,635	654,287	481,994
Term loans (secured) - Net	21	958,459	1,191,606	958,459	1,191,606
		<u>1,634,454</u>	<u>1,685,241</u>	<u>1,612,746</u>	<u>1,673,600</u>
Current Liabilities					
Trade payables	22	2,135,939	1,700,287	2,116,295	1,663,819
Other payables and accruals	23	1,358,996	1,334,770	819,167	1,081,034
Amount due to holding company	24	573,791	808,761	573,791	808,761
Amount due to subsidiary	25	-	-	5,533,628	5,031,113
Amount due to a fellow subsidiary	26	183,236	1,976,436	183,236	1,976,436
Term loans (secured) - Net current portion	21	237,547	340,975	237,547	340,975
		<u>4,489,509</u>	<u>6,161,229</u>	<u>9,463,664</u>	<u>10,902,138</u>
Total Equity and Liabilities		<u>36,194,192</u>	<u>33,105,246</u>	<u>35,657,078</u>	<u>32,728,000</u>

The notes on pages 15 to 36 form part of these financial statements

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31 DECEMBER 2014 (cont'd)

Company No.

402648	M
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DWZ Industries Sdn. Bhd.
(Incorporated in Malaysia)

Statements of Changes in Equity

For the Year Ended
31 December 2014

	<u>Share capital</u> RM	<u>Revaluation reserve</u> RM	<u>Distributable retained earnings</u> RM	<u>Total equity</u> RM
<u>The Group</u>				
Balance at 31 December 2012	1,000,000	-	20,656,556	21,656,556
Profit for the year	-	-	3,602,220	3,602,220
Balance at 31 December 2013	1,000,000	-	24,258,776	25,258,776
Revaluation surplus (Note 18)	-	5,349,979	-	5,349,979
Profit for the year	-	-	1,061,474	1,061,474
Dividend paid (Note 27)	-	-	(1,600,000)	(1,600,000)
Balance at 31 December 2014	1,000,000	5,349,979	23,720,250	30,070,229

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31 DECEMBER 2014 (cont'd)

Company No.

402648	M
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DWZ Industries Sdn. Bhd.

(Incorporated in Malaysia)

Statements of Changes in Equity
(Continued)**For the Year Ended**
31 December 2014

	<u>Share capital</u> RM	<u>Revaluation reserve</u> RM	<u>Distributable retained earnings</u> RM	<u>Total equity</u> RM
<u>The Company</u>				
Balance at 31 December 2012	1,000,000	-	16,241,115	17,241,115
Profit for the year	-	-	2,911,147	2,911,147
Balance at 31 December 2013	1,000,000	-	19,152,262	20,152,262
Revaluation surplus (Note 18)	-	5,349,979	-	5,349,979
Profit for the year	-	-	678,427	678,427
Dividend paid (Note 27)	-	-	(1,600,000)	(1,600,000)
Balance at 31 December 2014	1,000,000	5,349,979	18,230,689	24,580,668

The notes on pages 15 to 36 form part of these financial statements

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31 DECEMBER 2014 (cont'd)

Company No.

402648	M
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DWZ Industries Sdn. Bhd.
(Incorporated in Malaysia)

Cash Flow Statements

For the Year Ended
31 December 2014

	Notes	<u>The Group</u>		<u>The Company</u>	
		<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
		<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		1,523,304	4,156,343	841,430	3,106,066
Adjustments for:-					
Depreciation of property, plant and equipment		1,947,758	1,944,959	1,697,865	1,705,180
Dividend income		-	-	(500,000)	(500,000)
Bad debt written-off (trade)		584,672	-	584,672	-
Gain on foreign exchange					
- unrealised		(399,660)		(399,660)	-
Interest expense		60,120	82,504	60,120	82,504
Interest income		(67,144)	(59,650)	(65,431)	(58,189)
Loss on disposal of property, plant and equipment		-	1,883	-	-
Operating profit before working capital changes		3,649,050	6,126,039	2,218,996	4,335,561
(Increase)/decrease in inventories		(48,644)	41,911	6,783	41,911
Decrease in trade, other receivables and deposits		224,102	564,601	209,835	476,775
Decrease in amount due from holding company		31,052	1,335,879	31,052	1,335,879
Decrease/(increase) in amount due from a fellow subsidiary		1,874,208	(1,053,831)	1,874,208	(1,053,831)
Increase/(decrease) in trade and other payables		859,538	(513,697)	590,269	(550,406)
Decrease in amount due to holding company		(234,970)	(1,334,460)	(234,970)	(1,334,460)
Increase in amount due to a subsidiary		-	-	502,515	1,019,506
(Decrease)/increase in amount due to a fellow subsidiary		(1,793,200)	765,966	(1,793,200)	765,966
Cash generated from operations		4,561,136	5,932,408	3,405,488	5,036,901
Income tax refunded	8	11,912	1,365,095	-	1,169,188
Income tax paid	8	(931,811)	(830,757)	(450,381)	(364,807)
Interest received		7,626	1,461	5,913	-
Net cash from operating activities		3,648,863	6,468,207	2,961,020	5,841,282

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31
DECEMBER 2014 (cont'd)**

Company No.

402648	M
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DWZ Industries Sdn. Bhd.
(Incorporated in Malaysia)

Cash Flow Statements
(Continued)

For the Year Ended
31 December 2014

Notes	<u>The Group</u>		<u>The Company</u>	
	<u>2014</u> RM	<u>2013</u> RM	<u>2014</u> RM	<u>2013</u> RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income received	59,518	58,189	59,518	58,189
Dividend received	-	-	500,000	500,000
Purchase of property, plant and equipment	(1,451,421)	(486,090)	(1,118,510)	(445,887)
Sale proceed from property, plant and equipment	-	6,000	-	-
Net cash (used in)/from investing activities	<u>(1,391,903)</u>	<u>(421,901)</u>	<u>(558,992)</u>	<u>112,302</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	(1,600,000)	-	(1,600,000)	-
Interest paid	(60,120)	(82,504)	(60,120)	(82,504)
Repayment of term loan	(336,575)	(322,181)	(336,575)	(322,181)
Net cash used in financing activities	<u>(1,996,695)</u>	<u>(404,685)</u>	<u>(1,996,695)</u>	<u>(404,685)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	260,265	5,641,621	405,333	5,548,899
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	<u>8,788,899</u>	<u>3,147,278</u>	<u>8,447,886</u>	<u>2,898,987</u>
CASH AND CASH EQUIVALENTS CARRIED FORWARD	28 <u>9,049,164</u>	<u>8,788,899</u>	<u>8,853,219</u>	<u>8,447,886</u>

The notes on pages 15 to 36 form part of these financial statements

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31 DECEMBER 2014 (cont'd)

Company No.

402648	M
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DWZ Industries Sdn. Bhd.

(Incorporated in Malaysia)

Notes to the Financial Statements - 31 December 2014**1. OPERATIONS AND PRINCIPAL ACTIVITIES****1.1 Principal Activity**

The principal activity of the Company is that of surface finishing of metal parts for electrical and electronic industries. The principal activity of the subsidiary is disclosed in Note 10 to the financial statements.

There has been no significant change in the nature of this activity during the financial year.

1.2 Legal Status and Country of Incorporation

DWZ Industries Sdn. Bhd. is a private company limited by shares, incorporated and domiciled in Malaysia.

1.3 Registered Office

The registered office of the Company is situated at Suite 15.08, Level 15, City Square Office Tower, 106-108 Jalan Wong Ah Fook, 80000 Johor Bahru, Johor.

1.4 Principal Place of Business

The principal place of business is at No. 25 & 27, Jalan Maju 5, Taman Perindustrian Cemerlang, 81800 Ulu Tiram, Johor.

1.5 Immediate and Ultimate Holding Company

The immediate and ultimate holding company is Décor Industries Pte. Ltd. and DGC Holdings Pte. Ltd., respectively. Both companies are limited by shares and incorporated in the Republic of Singapore.

1.6 Employees

The average number of employees of the Group and of the Company excluding directors and company secretary for the year ended 31 December 2014 is 199 and 138 (2013: 200 and 136) respectively.

1.7 Date of Authorisation of Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 April 2015.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31 DECEMBER 2014 (cont'd)

Company No.

402648	M
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DWZ Industries Sdn. Bhd.

(Incorporated in Malaysia)

Notes to the Financial Statements - 31 December 2014

2. BASIS OF PREPARATION

2.1 Compliance

The financial statements of the Group and of the Company set out on pages 9 to 36 have been prepared in accordance with and are consistent with the accounting policies of the Group and of the Company and comply with Private Entity Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

2.2 Reporting Currency

The currency expressed in the financial statements is in Ringgit Malaysia and the amounts are expressed in units of Ringgit Malaysia unless otherwise stated.

3. ACCOUNTING POLICIES

3.1 Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention modified by the revaluation of land and buildings.

The cash flows of the Group and of the Company from operating activities have been prepared using the indirect method.

3.2 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary. Subsidiary is the entity in which the group has power to exercise control over the financial and operating policies so as to obtain benefits from its activity.

Subsidiary is consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiary acquired or disposed off during the financial period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal.

Intragroup transaction, balance and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transaction only. Unrealised losses are eliminated on consolidation unless cost cannot be recovered.

3.3 Revenue Recognition

Revenue represents sales of goods delivered and services rendered and invoiced, excluding sales tax and net of goods returned and trade discounts.

Rental and interest income are recognised on accrual basis.

Dividend from subsidiary is recognised upon declaration by the subsidiary.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31 DECEMBER 2014 (cont'd)

Company No.

402648

M

DWZ Industries Sdn. Bhd.

(Incorporated in Malaysia)

Notes to the Financial Statements - 31 December 2014**3. ACCOUNTING POLICIES - continued****3.4 Property, Plant and Equipment and Depreciation**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

The company shall revalue its entire class of properties comprising land and buildings once in every five years or any shorter interval if their fair values differ materially from their carrying amounts. The fair value is determined by appraisal undertaken by professional qualified valuer.

Surpluses arising from revaluation are dealt with in the property revaluation reserve account. The accumulated depreciation at the date of the revaluation is eliminated against the gross carrying value of the assets and the net amount restated to the revalued amount of the assets. The depreciation charge for periods after revaluation is based on the revalued amount and computed using the remaining useful life.

The policy for recognition and measurement of impairment losses is in accordance with Note 3.5.

No restoration costs are involved.

Freehold land is not depreciated.

Depreciation is provided, on the straight line method in order to write-off each asset over its estimated useful life.

The principal annual rates used are as follows:-

Air conditioners	20%	Motor vehicles	20%
Computers	10% - 30%	Office equipment	20%
Electrical installation	10%	Plant and machinery	20%
Factory buildings	2%	Renovation	20%
Factory equipment	10%	Signboard	20%
Furniture and fittings	20%	Tools and equipment	20%

3.5 Impairment of Assets

At each balance sheet date, the Company reviews the carrying amounts of its assets, other than inventories and financial assets, to determine whether there is any indication that those assets have suffered an impairment loss.

Where an indication of impairment exists, the recoverable amount of the assets is determined and the carrying amount of the assets is written down immediately to its recoverable amount. The recoverable amount is the higher of an asset's net selling price and its value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash generating unit to which the asset belongs.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31 DECEMBER 2014 (cont'd)

Company No.

402648	M
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DWZ Industries Sdn. Bhd.

(Incorporated in Malaysia)

Notes to the Financial Statements - 31 December 2014**3. ACCOUNTING POLICIES - continued****3.5 Impairment of Assets - continued**

An impairment loss is recognised as an expense in the income statement immediately.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised as an income in the income statement immediately.

3.6 Investment in Subsidiary

The Company's investments in subsidiary are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.5.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

3.7 Inventories

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

Cost is determined on a first-in-first-out basis.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.8 Income Tax

Income tax on the profit for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Taxable profit is the profit for a period adjusted for tax purposes in accordance with the provisions of prevailing revenue legislation.

3.9 Deferred Taxation

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31 DECEMBER 2014 (cont'd)

Company No.

402648

M

DWZ Industries Sdn. Bhd.
(Incorporated in Malaysia)

Notes to the Financial Statements - 31 December 2014

3. ACCOUNTING POLICIES - continued**3.9 Deferred Taxation - continued**

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, 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.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

3.10 Foreign Exchange

Transactions in foreign currency during the year are converted into Ringgit Malaysia at rates of exchange approximating those prevailing at the transaction dates.

Assets and liabilities in foreign currency at balance sheet date are translated into Ringgit Malaysia at rates of exchange approximating those ruling on that date.

Exchange gains and losses are taken to the income statement.

The principal exchange rates used for every unit of foreign currency ruling at balance sheet date are as follows:-

	<u>The Group</u>		<u>The Company</u>	
	<u>2014</u> RM	<u>2013</u> RM	<u>2014</u> RM	<u>2013</u> RM
1 Singapore Dollar	2.6471	2.5895	2.6471	2.5895
1 United States Dollar	3.4965	3.2755	3.4965	3.2755

3.11 Borrowing Costs

Interest expense and similar charges are expensed in the income statement in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31 DECEMBER 2014 (cont'd)

Company No.

402648	M
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DWZ Industries Sdn. Bhd.

(Incorporated in Malaysia)

Notes to the Financial Statements - 31 December 2014

3. ACCOUNTING POLICIES - continued

3.12 Cash and Cash Equivalents

Cash and cash equivalents comprise of cash at bank and in hand including bank overdraft and deposits and investments maturing within three months from the date of acquisition and which are readily convertible to known amount of cash which are subject to an insignificant risk of change in value.

3.13 Employee Benefits

(a) Short term employee benefits

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

(b) Defined contribution plans

As required by law, companies in Malaysia make contribution to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(c) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date.

The Company recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

3.14 Related Party

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party, to the extent that it prevents the other party from pursuing its own separate interests in making financial and operating decisions.

3.15 Financial Instruments

Financial instruments are recognised in the balance sheet when the Company has become a party to the contractual provisions of the instrument.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31 DECEMBER 2014 (cont'd)

Company No.

402648	M
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DWZ Industries Sdn. Bhd.

(Incorporated in Malaysia)

Notes to the Financial Statements - 31 December 2014**3. ACCOUNTING POLICIES - continued****3.15 Financial Instruments - continued**

Financial instruments are classified as assets, liabilities or equities in accordance with the substance of contractual agreement. Interest, dividends and gains and losses relating to financial instruments are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or realise the asset and settle the liability simultaneously.

(a) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written-off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

(b) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(c) Interest-Bearing Borrowings

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

All borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

(d) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which the obligation to pay is established.

4. REVENUE

	<u>The Group</u>		<u>The Company</u>	
	<u>2014</u> RM	<u>2013</u> RM	<u>2014</u> RM	<u>2013</u> RM
Sales of goods	<u>21,674,425</u>	<u>26,388,458</u>	<u>21,250,443</u>	<u>26,687,918</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31 DECEMBER 2014 (cont'd)

Company No.

402648	M
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DWZ Industries Sdn. Bhd.
(Incorporated in Malaysia)

Notes to the Financial Statements - 31 December 2014

5. OTHER INCOME	<u>The Group</u>		<u>The Company</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	RM	RM	RM	RM
Other operating income:				
Bank interest received	7,626	1,461	5,913	-
Fixed deposit interest received	59,518	58,189	59,518	58,189
Gain on foreign exchange				
- realised	16,486	16,742	16,486	16,742
- unrealised	399,660	-	399,660	-
Rental income	-	-	48,000	48,000
Sundry income	6,254	-	6,254	-
Non-operating income:				
Dividend received	-	-	500,000	500,000
	<u>489,544</u>	<u>76,392</u>	<u>1,035,831</u>	<u>622,931</u>

6. DIRECTORS' REMUNERATION - OTHER EMOLUMENTS

	<u>The Group</u>		<u>The Company</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	RM	RM	RM	RM
Other emoluments				
EPF contributions	31,144	34,404	31,144	34,404
SOCISO contributions	797	797	797	797
Salary and bonus	342,857	128,000	342,857	128,000
	<u>374,798</u>	<u>163,201</u>	<u>374,798</u>	<u>163,201</u>

7. EMPLOYEE BENEFIT EXPENSES

	<u>The Group</u>		<u>The Company</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	RM	RM	RM	RM
Bonus	357,112	358,792	194,181	290,712
Commission	7,863	36,824	5,973	28,188
EPF contributions	157,955	165,448	110,245	120,360
Medical fees	9,164	11,938	6,289	8,559
Salaries, wages and allowances	3,933,542	3,868,336	2,777,999	2,775,990
SOCISO contributions	17,106	17,615	12,055	12,903
Staff uniform	28,385	-	28,385	-
Staff and workers' welfare	6,659	4,963	3,166	3,681
Work permit and levy	197,453	212,105	197,453	212,105
	<u>4,715,239</u>	<u>4,676,021</u>	<u>3,335,746</u>	<u>3,452,498</u>

The employee benefit expenses exclude directors' fees and other emoluments.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31 DECEMBER 2014 (cont'd)

Company No.

402648	M
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DWZ Industries Sdn. Bhd.

(Incorporated in Malaysia)

Notes to the Financial Statements - 31 December 2014

8. INCOME TAX	<u>The Group</u>		<u>The Company</u>	
	<u>2014</u> RM	<u>2013</u> RM	<u>2014</u> RM	<u>2013</u> RM
Income tax:				
Provision for the year	502,201	754,180	213,441	366,092
Under provision in prior years	25,576	6,793	25,576	38,407
Charge for the year	527,777	760,973	239,017	404,499
Balance at 1 January	(92,340)	(1,387,651)	(109,953)	(1,318,833)
	435,437	(626,678)	129,064	(914,334)
Tax refunded	11,912	1,365,095	-	1,169,188
Tax paid	(931,811)	(830,757)	(450,381)	(364,807)
Balance at 31 December	(484,462)	(92,340)	(321,317)	(109,953)
Major components of tax expenses are:				
Current taxation				
In respect of current year:				
- Malaysian income tax	502,201	754,180	213,441	366,092
In respect of prior year:				
- Malaysian income tax	25,576	6,793	25,576	38,407
Deferred taxation (Note 20)				
Deferred tax income related to the reversal of temporary differences	(38,000)	(73,867)	(48,067)	(76,247)
Over provision of deferred tax in prior year	(27,947)	(132,983)	(27,947)	(133,333)
income tax charged to income statement	461,830	554,123	163,003	194,919

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31 DECEMBER 2014 (cont'd)

Company No.

402648	M
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DWZ Industries Sdn. Bhd.

(Incorporated in Malaysia)

Notes to the Financial Statements - 31 December 2014

8. INCOME TAX - continued

Tax reconciliation

A reconciliation of income tax applicable to profit before tax at the statutory income tax rate to income tax at the effective tax rate of the Group and the Company is as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2014</u> RM	<u>2013</u> RM	<u>2014</u> RM	<u>2013</u> RM
Profit before tax	<u>1,523,304</u>	<u>4,156,343</u>	<u>841,430</u>	<u>3,106,066</u>
Tax calculated at tax rate of 25% (2013: 25%)	380,826	1,039,123	210,358	776,517
Reinvestment allowance claimed	-	(467,248)	-	(467,248)
Income not subject to tax	-	-	(125,000)	(125,000)
Expenses not deductible for tax purposes	83,375	108,438	80,016	105,576
Under/(over) provision in prior year				
- income tax	25,576	6,793	25,576	38,407
- deferred tax	(27,947)	(132,983)	(27,947)	(133,333)
Income tax for the year	<u>461,830</u>	<u>554,123</u>	<u>163,003</u>	<u>194,919</u>

9. PROPERTY, PLANT AND EQUIPMENT

	Balance at 01.01.2014 RM	Additions RM	Revaluation surplus RM	Disposals RM	Balance at 31.12.2014 RM
<u>The Group</u>					
At Valuation					
Freehold land	2,347,831	-	4,830,169	-	7,178,000
Freehold factory buildings	4,176,023	-	135,977	-	4,312,000
At Cost					
Air conditioners	320,098	10,915	-	-	331,013
Building improvement	151,366	-	-	-	151,366
Computers	220,829	20,673	-	-	241,502
Electrical installation	814,278	87,204	-	-	901,482
Factory equipment	273,085	5,180	-	-	278,265
Furniture and fittings	893,932	133,299	-	-	1,027,231
Motor vehicles	369,807	-	-	-	369,807
Office equipments	106,700	10,967	-	-	117,667
Plant and machinery	9,942,299	428,272	-	-	10,370,571
Renovation	2,134,492	306,771	-	-	2,441,263
Signboard	630	-	-	-	630
Tools and equipment	1,737,957	448,140	-	-	2,186,097
	<u>23,489,327</u>	<u>1,451,421</u>	<u>4,966,146</u>	-	<u>29,906,894</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31 DECEMBER 2014 (cont'd)

Company No.

402648	M
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DWZ Industries Sdn. Bhd.

(Incorporated in Malaysia)

Notes to the Financial Statements - 31 December 2014

9. PROPERTY, PLANT AND EQUIPMENT - continued

	Balance at 01.01.2014 RM	Charge for the year RM	Revaluation RM	Disposals RM	Balance at 31.12.2014 RM
Accumulated Depreciation					
Air conditioners	213,345	33,753	-	-	247,098
Building improvement	114,461	14,487	-	-	128,948
Computers	112,480	20,673	-	-	133,153
Electrical installation	465,978	85,828	-	-	551,806
Factory buildings	548,620	83,520	(632,140)	-	-
Factory equipment	127,462	26,416	-	-	153,878
Furniture and fittings	725,888	72,223	-	-	798,111
Motor vehicles	354,316	15,178	-	-	369,494
Office equipments	84,736	6,318	-	-	91,054
Plant and machinery	6,715,050	1,013,706	-	-	7,728,756
Renovation	1,594,319	317,998	-	-	1,912,317
Signboard	425	63	-	-	488
Tools and equipment	1,142,430	257,595	-	-	1,400,025
	12,199,510	1,947,758	(632,140)	-	13,515,128

	Balance at 01.01.2014 RM	Additions RM	Revaluation surplus RM	Disposals RM	Balance at 31.12.2014 RM
The Company At Valuation					
Freehold land	2,347,831	-	4,830,169	-	7,178,000
Freehold factory buildings	4,176,023	-	135,977	-	4,312,000
Cost					
Air conditioners	121,806	6,815	-	-	128,621
Computers	171,311	12,943	-	-	184,254
Electrical installation	580,444	83,819	-	-	664,263
Furniture and fittings	813,237	25,294	-	-	838,531
Motor vehicles	297,110	-	-	-	297,110
Office equipments	84,701	10,617	-	-	95,318
Plant and machinery	7,945,319	408,372	-	-	8,353,691
Renovation	1,845,553	306,321	-	-	2,151,874
Tools and equipment	1,280,672	264,329	-	-	1,545,001
	19,664,007	1,118,510	4,966,146	-	25,748,663

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31 DECEMBER 2014 (cont'd)

Company No.	
402648	M

DWZ Industries Sdn. Bhd.
(Incorporated in Malaysia)

Notes to the Financial Statements - 31 December 2014

9. PROPERTY, PLANT AND EQUIPMENT - continued

	Balance at 01.01.2014 RM	Charge for the year RM	Revaluation RM	Disposals RM	Balance at 31.12.2014 RM
Accumulated Depreciation					
Air conditioners	85,967	13,727	-	-	99,694
Computers	68,083	16,422	-	-	84,505
Electrical installation	295,867	62,258	-	-	358,125
Factory buildings	548,620	83,520	(632,140)	-	-
Furniture and fittings	678,923	62,143	-	-	741,066
Motor vehicles	281,620	15,178	-	-	296,798
Office equipments	74,064	4,087	-	-	78,151
Plant and machinery	4,867,275	949,344	-	-	5,816,619
Renovation	1,405,626	289,173	-	-	1,694,799
Tools and equipment	903,900	202,013	-	-	1,105,913
	9,209,945	1,697,865	(632,140)	-	10,275,670

Net Book Value

	The Group		The Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Air conditioners	83,915	106,753	28,927	35,839
Building improvement	22,418	36,905	-	-
Computers	108,349	108,349	99,749	103,228
Electrical installation	349,676	348,300	306,138	284,577
Factory buildings	4,312,000	3,627,403	4,312,000	3,627,403
Factory equipment	124,387	145,623	-	-
Freehold land	7,178,000	2,347,831	7,178,000	2,347,831
Furniture and fittings	229,120	168,044	97,465	134,314
Motor vehicles	313	15,491	312	15,490
Office equipments	26,613	21,964	17,167	10,637
Plant and machinery	2,641,815	3,227,249	2,537,072	3,078,044
Renovation	528,946	540,173	457,075	439,927
Signboard	142	205	-	-
Tools and equipment	786,072	595,527	439,088	376,772
	16,391,766	11,289,817	15,472,993	10,454,062

9.1 Revaluation of property, plant and equipment

Freehold factory land and factory buildings were revalued in December 2014 by Henry Butcher Malaysia Sdn. Bhd., an independent professional valuer using the open market value method.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31 DECEMBER 2014 (cont'd)

Company No.

402648	M
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DWZ Industries Sdn. Bhd.

(Incorporated in Malaysia)

Notes to the Financial Statements - 31 December 2014

9. PROPERTY, PLANT AND EQUIPMENT - continued

9.1 Revaluation of property, plant and equipment

Had the freehold land and factory buildings been carried at historical cost less accumulated depreciation, the carrying amount of the revalued assets that would have been included in the financial statements at the end of the year would be as follows:

Net Book Value	The Group		The Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Freehold factory lands	2,347,831	2,347,831	2,347,831	2,347,831
Freehold factory buildings	3,543,882	3,627,402	3,543,882	3,627,402
	<u>5,891,713</u>	<u>5,975,233</u>	<u>5,891,713</u>	<u>5,975,233</u>

9.2 Cost of fully depreciated assets still in use at balance sheet date

	The Group		The Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Air conditioner	68,050	42,820	68,050	42,820
Building improvement	6,500	6,500	-	-
Computer	59,680	57,651	17,919	17,919
Factory equipment	12,380	-	-	-
Furniture and fittings	522,727	315,472	522,727	315,472
Motor vehicles	368,607	188,855	295,910	116,158
Office equipment	71,227	67,245	71,227	67,245
Plant and machinery	3,596,134	3,131,081	1,898,724	1,473,112
Renovation	993,103	596,307	993,103	596,307
Tools and equipment	590,291	359,621	590,291	347,241
	<u>6,288,699</u>	<u>4,765,552</u>	<u>4,457,951</u>	<u>2,976,274</u>

9.3 Assets pledged as security for borrowings

Net Book Value	The Group		The Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Factory building	3,172,000	1,964,484	3,172,000	1,964,484
Freehold land	1,938,000	1,042,000	1,938,000	1,042,000
	<u>5,110,000</u>	<u>3,006,484</u>	<u>5,110,000</u>	<u>3,006,484</u>

The above assets have been pledged to a licensed bank for the banking facilities granted to the Company as disclosed in Note 21 to the financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31 DECEMBER 2014 (cont'd)

Company No.

402648	M
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DWZ Industries Sdn. Bhd.
(Incorporated in Malaysia)

Notes to the Financial Statements - 31 December 2014

10. INVESTMENT IN SUBSIDIARY

	<u>The Company</u>	
	<u>2014</u> RM	<u>2013</u> RM
Unquoted shares at cost, in Malaysia	1,010,000	1,010,000

Details of the subsidiary is as follows:-

<u>Name of subsidiary</u>	<u>Country of incorporation</u>	<u>Equity interest held</u>		<u>Principal activity</u>
		<u>2014</u>	<u>2013</u>	
DWZ Industries (Johor) Sdn. Bhd.	Malaysia	100%	100%	Surface finishing for metal parts for electrical and electronic industries

11. INVENTORIES

	<u>The Group</u>		<u>The Company</u>	
	<u>2014</u> RM	<u>2013</u> RM	<u>2014</u> RM	<u>2013</u> RM
At cost:				
Raw materials	453,754	405,110	398,327	405,110

12. TRADE RECEIVABLES

The Group and the Company's normal trade credit terms range from 30 to 60 days (2013: 30 to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

13. OTHER RECEIVABLES AND PREPAYMENT

	<u>The Group</u>		<u>The Company</u>	
	<u>2014</u> RM	<u>2013</u> RM	<u>2014</u> RM	<u>2013</u> RM
Other receivables	81,065	-	81,065	-
Prepayment	800	2,000	800	2,000
	<u>81,865</u>	<u>2,000</u>	<u>81,865</u>	<u>2,000</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31 DECEMBER 2014 (cont'd)

Company No.

402648	M
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DWZ Industries Sdn. Bhd.

(Incorporated in Malaysia)

Notes to the Financial Statements - 31 December 2014

14. DEPOSITS

	<u>The Group</u>		<u>The Company</u>	
	<u>2014</u> RM	<u>2013</u> RM	<u>2014</u> RM	<u>2013</u> RM
Sundry deposits	440,037	403,447	360,037	323,447
Fixed deposits	2,045,100	1,985,581	2,045,100	1,985,581
	<u>2,485,137</u>	<u>2,389,028</u>	<u>2,405,137</u>	<u>2,309,028</u>

The fixed deposits with a licensed bank bear interest at the rates ranging from 3.10% to 3.20% (2013: 2.95% to 3.20%) per annum and have maturities ranging from 3 months to 12 months (2013: from 3 months to 12 months).

The fixed deposits are pledged for the company's bank guarantee facility as disclosed in Note 29 to the financial statements.

15. AMOUNT DUE FROM HOLDING COMPANY

	<u>The Group</u>		<u>The Company</u>	
	<u>2014</u> RM	<u>2013</u> RM	<u>2014</u> RM	<u>2013</u> RM
Trade	<u>187,703</u>	<u>218,755</u>	<u>187,703</u>	<u>218,755</u>

16. AMOUNT DUE FROM A FELLOW SUBSIDIARY

	<u>The Group</u>		<u>The Company</u>	
	<u>2014</u> RM	<u>2013</u> RM	<u>2014</u> RM	<u>2013</u> RM
Trade	<u>1,632,495</u>	<u>3,506,703</u>	<u>1,632,495</u>	<u>3,506,703</u>

17. SHARE CAPITAL

	<u>The Group</u>		<u>The Company</u>	
	<u>2014</u> RM	<u>2013</u> RM	<u>2014</u> RM	<u>2013</u> RM
Authorised:- 1,000,000 ordinary shares of RM1 each	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid:- 1,000,000 ordinary shares of RM1 each	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31 DECEMBER 2014 (cont'd)

Company No.

402648	M
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DWZ Industries Sdn. Bhd.

(Incorporated in Malaysia)

Notes to the Financial Statements - 31 December 2014

18. REVALUATION RESERVE	<u>2014</u> RM	<u>2013</u> RM
The Group and The Company		
At 1 January	-	-
Surplus on revaluation of freehold land and buildings	5,598,286	-
Less : deferred taxation	(248,307)	-
At 31 December	<u>5,349,979</u>	<u>-</u>

This reserve is arising from the revaluation of freehold land and factory buildings above their costs as disclosed in Note 9.1 to the financial statements.

19. RETAINED EARNINGS

At the balance sheet date, the Company is under the single tier tax system. Tax on the Company's profits is the final tax and accordingly, any dividends to the shareholders are not subject to tax.

20. DEFERRED TAX LIABILITY

	<u>The Group</u>		<u>The Company</u>	
	<u>2014</u> RM	<u>2013</u> RM	<u>2014</u> RM	<u>2013</u> RM
At 1 January	493,635	700,485	481,994	691,574
Recognised in income statement (Note 8)	(65,947)	(206,850)	(76,014)	(209,580)
Charged to equity	248,307	-	248,307	-
At 31 December	<u>675,995</u>	<u>493,635</u>	<u>654,287</u>	<u>481,994</u>
Presented after appropriate offsetting as follow:				
Deferred tax liabilities	693,821	510,364	670,185	495,718
Deferred tax assets	(17,826)	(16,729)	(15,898)	(13,724)
	<u>675,995</u>	<u>493,635</u>	<u>654,287</u>	<u>481,994</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31 DECEMBER 2014 (cont'd)

Company No.

402648	M
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DWZ Industries Sdn. Bhd.

(Incorporated in Malaysia)

Notes to the Financial Statements - 31 December 2014

20. DEFERRED TAX LIABILITY - continued

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

(a) Deferred tax liabilities arising from property, plant and equipment

	<u>The Group</u>		<u>The Company</u>	
	<u>2014</u> RM	<u>2013</u> RM	<u>2014</u> RM	<u>2013</u> RM
At 1 January	510,364	737,268	495,718	724,258
Recognised in income statement	(64,850)	(226,904)	(73,840)	(228,540)
Charged to equity	248,307	-	248,307	-
At 31 December	<u>693,821</u>	<u>510,364</u>	<u>670,185</u>	<u>495,718</u>

(b) Deferred tax assets arising from others:

	<u>The Group</u>		<u>The Company</u>	
	<u>2014</u> RM	<u>2013</u> RM	<u>2014</u> RM	<u>2013</u> RM
At 1 January	16,729	36,783	13,724	32,684
Recognised in income statement	1,097	(20,054)	2,174	(18,960)
At 31 December	<u>17,826</u>	<u>16,729</u>	<u>15,898</u>	<u>13,724</u>

21. TERM LOANS (SECURED)

	<u>The Group</u>		<u>The Company</u>	
	<u>2014</u> RM	<u>2013</u> RM	<u>2014</u> RM	<u>2013</u> RM
Term loan 1	103,131	310,997	103,131	310,997
Term loan 2	539,857	601,724	539,857	601,724
Term loan 3	553,018	619,860	553,018	619,860
	<u>1,196,006</u>	<u>1,532,581</u>	<u>1,196,006</u>	<u>1,532,581</u>
Repayable:-				
After 5 years	354,747	504,101	354,747	504,101
After 2 years but within 5 years	463,105	448,982	463,105	448,982
After 1 year but within 2 years	140,607	238,523	140,607	238,523
	<u>958,459</u>	<u>1,191,606</u>	<u>958,459</u>	<u>1,191,606</u>
Within 1 year	237,547	340,975	237,547	340,975
	<u>1,196,006</u>	<u>1,532,581</u>	<u>1,196,006</u>	<u>1,532,581</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31 DECEMBER 2014 (cont'd)

Company No.

402648	M
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DWZ Industries Sdn. Bhd.

(Incorporated in Malaysia)

Notes to the Financial Statements - 31 December 2014

21. TERM LOANS (SECURED) - continued

Term loan 1 is secured by a fixed legal charge over the freehold land and building, held under Geran 136488 Lot 111435 Mukim of Plentong, District of Johor Bahru and is jointly and severally guaranteed by Company's directors. This term loan bears interest at 1.70% below bank's based lending rate annually.

Term loan 2 is secured by a fixed legal charge over the freehold land and building, held under Geran 136460 Lot 111488 Mukim of Plentong, District of Johor Bahru and is jointly and severally guaranteed by Company's directors. This term loan bears interest at 2.25% below bank's based lending rate annually.

Term loan 3 is secured by a fixed legal charge over the freehold land and building, held under HS(D) 237562 PTD 115518 Mukim of Plentong, District of Johor Bahru and is jointly and severally guaranteed by Company's directors. This term loan bears interest at 2.25% below bank's based lending rate annually.

22. TRADE PAYABLES

The normal trade credit terms granted to the group and the company range from 30 to 90 days (2013: 30 to 90 days).

23. OTHER PAYABLES AND ACCRUALS

	<u>The Group</u>		<u>The Company</u>	
	<u>2014</u> RM	<u>2013</u> RM	<u>2014</u> RM	<u>2013</u> RM
Other payables	405,972	426,808	153,147	372,034
Accruals	953,024	907,962	666,020	709,000
	<u>1,358,996</u>	<u>1,334,770</u>	<u>819,167</u>	<u>1,081,034</u>

24. AMOUNT DUE TO HOLDING COMPANY

	<u>The Group</u>		<u>The Company</u>	
	<u>2014</u> RM	<u>2013</u> RM	<u>2014</u> RM	<u>2013</u> RM
Trade	<u>573,791</u>	<u>808,761</u>	<u>573,791</u>	<u>808,761</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31 DECEMBER 2014 (cont'd)

Company No.

402648	M
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DWZ Industries Sdn. Bhd.
(Incorporated in Malaysia)

Notes to the Financial Statements - 31 December 2014

25. AMOUNT DUE TO SUBSIDIARY

	<u>The Company</u>	
	<u>2014</u> RM	<u>2013</u> RM
Trade	<u>5,533,628</u>	<u>5,031,113</u>

26. AMOUNT DUE TO A FELLOW SUBSIDIARY

	<u>The Group</u>		<u>The Company</u>	
	<u>2014</u> RM	<u>2013</u> RM	<u>2014</u> RM	<u>2013</u> RM
Trade	<u>183,236</u>	<u>1,976,436</u>	<u>183,236</u>	<u>1,976,436</u>

27. DIVIDEND

<u>The Company</u>	Amount		Net dividends per ordinary shares	
	<u>2014</u> RM	<u>2013</u> RM	<u>2014</u> RM	<u>2013</u> RM
Recognised during the year				
Single-tier interim dividend of 80% on 1,000,000 ordinary shares declared on 7 April 2014 and paid on 15 April 2014	800,000	-	0.80	-
Single-tier interim dividend of 80% on 1,000,000 ordinary shares declared on 23 October 2014 and paid on 31 October 2014	800,000	-	0.80	-
	<u>1,600,000</u>	<u>-</u>	<u>1.60</u>	<u>-</u>

28. CASH AND CASH EQUIVALENTS

	<u>The Group</u>		<u>The Company</u>	
	<u>2014</u> RM	<u>2013</u> RM	<u>2014</u> RM	<u>2013</u> RM
Cash at bank	7,449,458	7,237,828	7,253,513	6,896,815
Cash in hand	6,329	6,329	6,329	6,329
	<u>7,455,787</u>	<u>7,244,157</u>	<u>7,259,842</u>	<u>6,903,144</u>
Fixed deposits (Note 14)	1,593,377	1,544,742	1,593,377	1,544,742
	<u>9,049,164</u>	<u>8,788,899</u>	<u>8,853,219</u>	<u>8,447,886</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31 DECEMBER 2014 (cont'd)

Company No.	
402648	M

DWZ Industries Sdn. Bhd.
(Incorporated in Malaysia)

Notes to the Financial Statements - 31 December 2014

29. BANK GUARANTEE

The Company's banker has given the following guarantee on behalf of the Company:-

	<u>The Company</u>	
	<u>2014</u>	<u>2013</u>
	RM	RM
The Royal Malaysian Customs Department	<u>350,000</u>	<u>350,000</u>

The bank guarantee is secured by marginal fixed deposits placed with the Company's bankers.

30. SIGNIFICANT RELATED PARTY TRANSACTIONS

The company carries on business with related companies to the following extent:-

	<u>The Group</u>		<u>The Company</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	RM	RM	RM	RM
(i) Holding Company <u>Décor Industries Pte. Ltd.</u>				
Sale of goods	(1,115,348)	(773,601)	(1,115,348)	(773,601)
Purchase of raw materials	107,680	560,156	107,680	560,156
Sub-contract fee	<u>1,171,444</u>	<u>1,849,747</u>	<u>1,171,444</u>	<u>1,849,747</u>
(ii) Subsidiary <u>DWZ Industries (Johor)</u> <u>Sdn. Bhd.</u>				
Sub-contract fee	-	-	5,497,115	5,985,731
Sorting charges	-	-	-	(780,000)
Warehouse rental income	-	-	<u>(48,000)</u>	<u>(48,000)</u>
(iii) Fellow Subsidiary <u>Decowell Industries Pte.</u> <u>Ltd.</u>				
Sale of goods	(3,631,214)	(4,659,609)	(3,631,214)	(4,659,609)
Purchase of raw materials	-	8,298	-	8,298
Sub-contract fee	<u>181,984</u>	<u>757,668</u>	<u>181,984</u>	<u>757,668</u>

Cost of goods purchased from the related parties is determined on a basis of cost plus mark-up.

Selling price of goods sold to related parties is determined on a basis of cost plus mark-up. These bases are varied from time to time upon an agreement between the company and related parties and are comparable to transactions with independent parties.

The above transactions were, in the opinion of the directors, entered into in the normal course of business and on terms that are not more favourable than those transactions with third parties.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31 DECEMBER 2014 (cont'd)

Company No.

402648

M

DWZ Industries Sdn. Bhd.

(Incorporated in Malaysia)

Notes to the Financial Statements - 31 December 2014**31. FINANCIAL INSTRUMENTS****31.1 Financial Risk Management Objectives and Policies**

The Group and the Company's financial risk management policy seek to ensure that adequate financial resources are available for the development of the Group and of the Company's business whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group and the Company's policy is not to engage in speculative transactions.

31.2 Interest Rate Risk

The Group and the Company's primary interest rate risk relate to interest-bearing debts, as the Group and as the Company had substantial long-term interest bearing assets at 31 December 2014. The Group and the Company's income and operating cash flows are substantially independent of changes in market interest rate.

31.3 Foreign Exchange Risk

Foreign exchange risk is the risk to the Group and to the Company's results from operations that arises from fluctuations in foreign currency exchange rates. The Group and the Company have not entered into foreign exchange contracts to hedge against gains and losses from foreign currency fluctuations.

31.4 Liquidity Risk

The Group and the Company actively manage its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash to meet its working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities of a reasonable level to its overall debt position.

31.5 Credit Risk

Credit risks or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risk is minimised and monitored by strictly limiting the Group and the Company associations to business partners with high creditworthiness. Trade receivables are monitored on an on-going basis via the Group and the Company management reporting procedures.

The Group and the Company had significant credit exposure to its holding company, subsidiary, and fellow subsidiary. However, the risk of default is mitigated by consistent payment patterns in accordance with the Company's credit terms. It does not have any major concentration of credit risk related to any other financial instruments.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DWZ FOR THE FYE 31 DECEMBER 2014 (cont'd)

Company No.

402648

M

DWZ Industries Sdn. Bhd.

(Incorporated in Malaysia)

Notes to the Financial Statements - 31 December 2014**31. FINANCIAL INSTRUMENTS - continued****31.6 Fair Values**

The carrying values of current financial assets and current financial liabilities of the Group and the Company approximate their fair values due to their short term nature.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Cash and Cash Equivalents, Trade and Other Receivables/Payables

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(ii) Long Term Bank Borrowings and Hire Purchase Obligations

The carrying amount of the above financial instruments approximate their fair values as their interest rates is approximately the current interest rates of similar instruments.

(iii) Amounts Due from/(to) Related Entities

The amounts due from/(to) related entities approximate their fair values as these balances have no fixed terms of repayment.

LODGED IN THE OFFICE OF THE COMPANIES COMMISSION OF MALAYSIA BY:**NAME:** ASQ SECRETARIAL SERVICES SDN. BHD. (COMPANY NO. 532332-P)**ADDRESS:** Suite 15.08, Level 15, City Square Office Tower, 106-108 Jalan Wong Ah Fook,
80000 Johor Bahru, Johor**TELEPHONE NO.:** 07-2230202**FACSIMILE NO.:** 07-2238808

DIRECTORS' REPORT ON DWZ


DWZ INDUSTRIES SDN. BHD.

(Company No: 402648-M)
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Date: **04 SEP 2015**

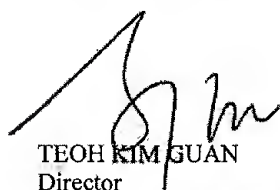
To: The shareholders of MClean Technologies Berhad ("MClean")

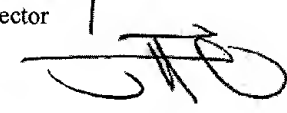
Dear Sir/Madam,

On behalf of the Board of Directors ("**Board**") of DWZ Industries Sdn Bhd ("**DWZ**" or "**Company**"), I wish to report that after making due enquiries in relation to our Company during the period between 31 December 2014, being the date on which the latest audited financial statements of DWZ have been made up, and the date thereof, being a date not earlier than 14 days before the date of this Circular:

- (a) in the opinion of the Board, the business of DWZ has been satisfactorily maintained;
- (b) in the opinion of the Board, no circumstances have arisen since the last audited financial statements of DWZ which have adversely affected the trading or the value of the assets of DWZ;
- (c) the current assets of DWZ in the books at values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in this Circular, there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by DWZ;
- (e) since the last audited financial statements of DWZ, there has been no default or any known event that could give rise to a default situation, in respect of payment of either interest and/or principal sums in relation to any borrowings in which the directors are aware of; and
- (f) to the best knowledge of the Board, there have been no material changes in the published reserves or any unusual factors affecting the results of DWZ since the last audited financial statements of DWZ.

Yours faithfully
 For and behalf of the Board of
DWZ INDUSTRIES SDN BHD


 TEOH KIM GUAN
 Director


 LIM HAN KIAU
 Director

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or information contained in this Circular, and there are no other facts and information the omission of which would make any statement in this Circular false or misleading.

2. CONSENTS

TA Securities, being the Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references in the form and context in which they are included in this Circular.

Smith Zander, being the Independent Market Researcher, has given and has not subsequently withdrawn its written consent to the inclusion of its name, the IMR Report and all references in the form and context in which they are included in this Circular.

3. DECLARATIONS OF CONFLICT OF INTERESTS

TA Securities has confirmed that it is not aware of any conflict of interests which exist or is likely to exist in its role as the Adviser.

Smith Zander has confirmed that it is not aware of any conflict of interests which exists or is likely to exist in its role as the Independent Market Researcher.

4. MATERIAL CONTRACTS

Save as disclosed below and with the exception of the SSA, as at the LPD, the Group has not entered into any contracts which are or may be material (not being contracts entered into in the ordinary course of business of the Group) during the two (2) years immediately preceding the date of this Circular:

- (a) Letter of Offer dated 18 June 2015 issued by DBS Trustee Limited (as trustee of Mapletree Industrial Trust) as the landlord to MClean Technologies Pte. Ltd., as the tenant for the lease of the property at No. 2 Woodlands Sector 1 #01-22 Singapore 738068 for a period of three (3) years commencing from 1 September 2015 and ending on 31 August 2018 at the monthly rental of SGD57,498.18 for the first year and SGD60,133.92 for the remaining two years.

5. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant which may materially affect the financial position of the Group. The Board is not aware of any proceedings, pending or threatened, against the Group.

6. MATERIAL COMMITMENTS

As at the LPD, the Board is not aware of any material commitments incurred or known to be incurred by the Company or the Group, which may materially affect the financial position of the Group.

FURTHER INFORMATION (cont'd)

7. CONTINGENT LIABILITIES

As at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred by the Company or the Group, which upon being enforced, may materially affect the financial position of the Group.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Pamlee, 50250 Kuala Lumpur during normal business hours from 9.00 a.m. to 5.00 p.m. from Mondays to Fridays (excluding public holidays) for the period commencing from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) the Company's Memorandum and Articles of Association;
- (ii) DWZ's Memorandum and Articles of Association;
- (iii) the audited consolidated financial statements of the MClean Group for the past two (2) FYE 31 December 2013 and FYE 31 December 2014, and unaudited consolidated financial results for the six (6)-months FPE 30 June 2015;
- (iv) the audited financial statements of DWZ Group for the FYE 31 December 2013 and FYE 31 December 2014;
- (v) the Directors' Report as set out in **Appendix III** of this Circular;
- (vi) the SSA;
- (vii) the draft Deed Poll constituting the New Warrants;
- (viii) the letters of consent and declarations of conflict of interests as referred to in Sections 2 and 3 respectively;
- (ix) the IMR Report; and
- (x) the relevant cause papers in relation to the material litigation, claim and arbitration as referred to in Section 7 of **Appendix I** of this Circular.

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MClean

MCLEAN TECHNOLOGIES BERHAD

(Company No. 893631-T)

(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of MClean Technologies Berhad (“**MClean**” or the “**Company**”) will be held at Tawau Room, Auditorium & Convention Center @ The Podium, Ground Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur, on Monday, 21 September 2015 at 11.00 a.m. or any adjournment thereof, for the purpose of considering and if thought fit to pass the following resolutions, with or without any modifications:

ORDINARY RESOLUTION 1

PROPOSED ACQUISITION OF 550,000 ORDINARY SHARES OF RM1.00 EACH IN DWZ INDUSTRIES SDN BHD (“DWZ”), REPRESENTING 55% EQUITY INTEREST IN DWZ, FOR A PURCHASE CONSIDERATION OF RM14,094,500 (“PURCHASE CONSIDERATION”) TO BE FULLY SATISFIED THROUGH THE ISSUANCE OF 56,378,000 NEW ORDINARY SHARES OF RM0.25 EACH IN MCLEAN (“MCLEAN SHARES” OR “SHARES”) (“CONSIDERATION SHARES”) (“PROPOSED ACQUISITION”)

“THAT subject to the approvals of all relevant authorities and/or persons being obtained and/or relevant requirements for completion being met, approval be and is hereby given for the Company to acquire from Decor Industries Pte Ltd, a total of 550,000 ordinary shares of RM1.00 each in DWZ, representing 55% of the equity interest in DWZ for a total purchase consideration of RM14,094,500 to be fully satisfied through the issuance of 56,378,000 Consideration Shares at an issue price of RM0.25 per Consideration Share in accordance to the terms and conditions of the conditional share sale agreement dated 5 June 2015, including any modifications, variations, amendments and additions thereto from time to time;

THAT the Consideration Shares shall, upon issue and allotment, rank *pari passu* in all respects with the then existing Shares, save and except that the Consideration Shares will not be entitled to any dividends, rights, allotment and/or other distributions that may be declared, made or paid, where the entitlement date precedes the date of issuance and allotment of the Consideration Shares; and

AND THAT the Board of Directors of the Company (“**Board**”) be and is hereby empowered and authorised to take all such steps and do all acts, deeds and things to enter into any arrangements, transactions, agreements and/or undertakings and to execute, sign and deliver on behalf of the Company, all such documents as they may deem necessary, expedient and/or appropriate to implement and give full effect to and complete the Proposed Acquisition with full powers to assent to any conditions, modifications, variations and/or amendments as the Board may in its absolute discretion deem fit and/or as may be imposed or permitted by any other relevant authorities in connection with the Proposed Acquisition.”

ORDINARY RESOLUTION 2

PROPOSED FREE WARRANTS ISSUE OF UP TO 42,264,000 WARRANTS (“NEW WARRANTS”) ON THE BASIS OF SIX (6) NEW WARRANTS FOR EVERY TWENTY FIVE (25) EXISTING SHARES HELD BY THE SHAREHOLDERS OF MCLEAN (“PROPOSED FREE WARRANTS ISSUE”)

“THAT subject to the passing of Ordinary Resolution 1, approvals of all relevant authorities (if any) for the admission of the New Warrants to the ACE Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) as well as for the listing of and quotation for the New Warrants and the new MClean Shares to be issued arising from the exercise of the New Warrants on the ACE Market of Bursa Securities, authority be and is hereby given to the Board to create and issue up to 42,264,000 New Warrants on the basis of six (6) New Warrants for every

twenty five (25) MClean Shares held by the shareholders of the Company whose names appear in the Record of Depositors as at the close of business on an entitlement date to be determined and announced later by the Board;

THAT the Board be and is hereby empowered and authorised to deal with any fractional entitlement and fraction of a New Warrant that may arise from the Proposed Free Warrants Issue in such a manner as the Board shall in their absolute discretion deem fit and in the best interest of the Company;

THAT the Board be and is hereby authorised to allot and issue such appropriate number of additional warrants if any, as consequences of the adjustment of the exercise price and/or the number of New Warrants based on the indicative salient terms of the New Warrants set out in this circular to shareholders dated 4 September 2015 and in accordance with the provisions of a deed poll constituting the New Warrants to be executed by the Company (“Deed Poll”) and/or any amendments thereof or as may be imposed by the relevant authorities;

THAT the Board be and is hereby authorised to allot and issue such appropriate number of new MClean Shares arising from any exercise by the holders of the New Warrants of their rights under any such New Warrants in accordance with the provisions of the Deed Poll and the new MClean Shares shall, upon allotment and issue, rank *pari passu* in all respects with the then existing MClean Shares save and except that the new Shares shall not be entitled to any dividends, rights, allotment and/or other distributions, the entitlement date of which precedes the relevant dates of allotment of such new MClean Shares; and

AND THAT the Board be and is hereby authorised to give effect to the Proposed Free Warrants Issue with full powers to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities and to do all such acts as they may consider necessary or expedient in the best interest of the Company to give effect to the Proposed Free Warrants Issue.”

By Order of the Board

Soo Shioh Fang (MAICSA 7044946)

Teo Mee Hui (MAICSA 7050642)

Company Secretaries

Kuala Lumpur
4 September 2015

Notes:

- 1. A member may appoint up to two (2) proxies to attend and vote at the meeting. If a member appoints more than one (1) proxy, the appointments shall be invalid unless he / she specifies the proportions of his/ her shareholding to be represented by each proxy. A proxy may but need not be a member of the Company. If the proxy is not a member, the proxy need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies. There shall be no restriction as to the qualification of the proxy.*
- 2. Every member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote for him / her but his / her attendance will automatically revoke the proxy's authority. However, where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
- 3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“Omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus account it holds.*
- 4. The instrument appointing a proxy shall be in writing (in common or usual form) under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*
- 5. The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Symphony Share Registrar Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*
- 6. The Date of Record of Depositors for the purpose of determining members' entitlement to attend, vote and speak at the meeting is 14 September 2015.*



MClean

MCLEAN TECHNOLOGIES BERHAD
(893631-T)
(Incorporated in Malaysia)

PROXY FORM

Number of Shares Held

*I/We
of
being a Member(s) of **MCLEAN TECHNOLOGIES BERHAD** (893631-T), hereby
appoint
NRIC No./ Passport No./Company No.: of
.....
or failing him/her
NRIC No./ Passport No./Company No.: of
.....
or failing him/her, *the Chairman of the meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Extraordinary
General Meeting of the Company to be held at Tawau Room, Auditorium & Convention Center @ The Podium, Ground Floor,
Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur on Monday, 21 September 2015 at 11.00 a.m. or at any
adjournment thereof and to vote as indicated below:

Ordinary Resolutions		For	Against
1	Proposed Acquisition		
2	Proposed Free Warrants Issue		

Please indicate with an "x" in the space provided above on how you wish your vote to be cast on the resolutions specified in the notice of the meeting. If you do not do so, the proxy/proxies will vote, or abstain from voting as he/they may think fit.

The proportions of my/our shareholding to be represented by the proxies appointed by the authorized nominee (if appoint more than I proxy) are as follows:-

First Proxy	%
Second Proxy	%
	100%

In case of a vote taken by a show of hands, the First Proxy shall vote on our behalf.

**Delete if not applicable.*

Dated this..... day of 2015

.....
Signature of Member/Common Seal

Notes:

1. A member may appoint up to two (2) proxies to attend and vote at the meeting. If a member appoints more than one (1) proxy, the appointments shall be invalid unless he / she specifies the proportions of his/ her shareholding to be represented by each proxy. A proxy may but need not be a member of the Company. If the proxy is not a member, the proxy need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies. There shall be no restriction as to the qualification of the proxy.
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6. The Date of Record of Depositors for the purpose of determining members' entitlement to attend, vote and speak at the meeting is 14 September 2015.



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Then fold here

AFFIX
STAMP

The Share Registrar
MCLEAN TECHNOLOGIES BERHAD
Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

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