

CTOS BASIS CREDIT REPORT

Your Reference : 0
Order Reference : 221437/NJH/SHR/SHA
Subject Enquired : SAMPLE SDN. BHD.
Registration No : 000000-V
Service Mode : NORMAL
Order Date : 15/02/2021
Date Report Sent : 19/02/2021

THIS REPORT IS PROVIDED TO YOU IN STRICT CONFIDENCE & ITS CONTENTS CANNOT BE DISCLOSED TO THE SUBJECT OR TO ANY THIRD PARTY IN ANY MANNER WHATSOEVER.

N/A - Not Applicable

EXECUTIVE SUMMARY	
-------------------	--

REGISTRATION NO.	: 000000-V
GST NO.	: 000000000000
COMPANY NAME	: SAMPLE SDN. BHD.
FORMER NAME	: FORMER NAME SDN BHD (05/08/2014)
INCORPORATION DATE	: 18/12/1997
COMPANY STATUS	: EXIST
LEGAL FORM	: PRIVATE LIMITED (LIMITED BY SHARE)
LISTED STATUS	: NO
REGISTERED ADDRESS	: 1, JALAN SAMPLE, 55100 KUALA LUMPUR, WILAYAH PERSEKUTUAN, MALAYSIA.
BUSINESS ADDRESS	: 1, JALAN SAMPLE, 46100 PETALING JAYA, SELANGOR, MALAYSIA.
TEL.NO.	: 03-00000000
FAX.NO.	: 03-00000000
CONTACT PERSON	: CONTACT PERSON (GENERAL MANAGER)
INDUSTRY CODE	: 451
PRINCIPAL ACTIVITY	: TRADING OF MOTOR VEHICLES
AUTHORISED CAPITAL	: MYR 25,000,000.00 DIVIDED INTO ORDINARY SHARE 25,000,000.00 OF MYR 1.00 EACH.
ISSUED AND PAID UP CAPITAL	: MYR 13,000,000.00 DIVIDED INTO ORDINARY SHARES 13,000,000 CASH OF MYR 1.00 EACH.
SALES	: MYR 96,281,959 [2020]
NET WORTH	: MYR 20,668,874 [2020]
STAFF STRENGTH	: 88
LITIGATION	: TRACED
DEFAULTER CHECK	: CLEAR
FINANCIAL CONDITION	: FAIR
PAYMENT	: AVERAGE
MANAGEMENT CAPABILITY	: AVERAGE
COMMERCIAL RISK	: MODERATE
CURRENCY EXPOSURE	: MODERATE
GENERAL REPUTATION	: SATISFACTORY
INDUSTRY OUTLOOK	: MARGINAL GROWTH
CREDIT RATING	: BB *(Please refer to appendix)
CREDIT SCORE	: 61 *
DEFAULT RATE	: 2.02% *
PROPOSED CREDIT LIMIT	: MYR 966,000 (USD 241,000)

HISTORY / BACKGROUND

The Subject is a private limited company and is allowed to have a minimum of one and a maximum of forty-nine shareholders. As a private limited company, the Subject shall have a minimum one director. A private limited company is a separate legal entity from its shareholders. As a separate legal entity, the Subject is capable of owning assets, entering into contracts, sue or be sued by other companies. The liabilities of the shareholders are to the extent of the equity they have taken up and the creditors cannot claim on shareholders' personal assets even if the Subject is insolvent. The Subject is governed by the Companies Act, 1965 and the company must file its annual returns, together with its financial statements with the Registrar of Companies.

The Subject is principally engaged in the (as a / as an) trading of motor vehicles.

The Subject is not listed on Bursa Malaysia (Malaysia Stock Exchange).

The immediate holding company of the Subject is SAMPLE GROUP BERHAD, a company incorporated in MALAYSIA.

The ultimate holding company of the Subject is SAMPLE CORPORATION BERHAD, a company incorporated in MALAYSIA.

Former Address(es)

Address	As At Date
1, JALAN SAMPLE, 50250, WILAYAH PERSEKUTUAN, MALAYSIA	14/04/2002
1, JALAN SAMPLE, 55100, WILAYAH PERSEKUTUAN, MALAYSIA	25/04/2006
1, JALAN SAMPLE, 47800, SELANGOR, MALAYSIA	N/A
1, JALAN SAMPLE, 55100, WILAYAH PERSEKUTUAN, MALAYSIA	N/A

Share Capital History

Date	Authorised Shared Capital	Issue & Paid Up Capital
18/03/2015	MYR 25,000,000.00	MYR 13,000,000.00
28/10/2014	MYR 25,000,000.00	MYR 5,000,000.00
28/11/2005	MYR 5,000,000.00	MYR 5,000,000.00
18/12/1997	MYR 100,000.00	MYR 2.00

The major shareholder(s) of the Subject are shown as follows :

Current Shareholder(s) :

Name	Address	IC/PP/Loc No	Shareholding	(%)
SAMPLE GROUP BERHAD	1, JALAN SAMPLE, 55100 KUALA LUMPUR, WILAYAH PERSEKUTUAN, MALAYSIA.	0000X	9,100,000.00	70.00
SAMPLE SDN. BHD.	1, JALAN SAMPLE, 46100 PETALING JAYA, SELANGOR, MALAYSIA.	0000000D	3,900,000.00	30.00
			-----	-----
			13,000,000.00	100.00
			=====	=====

+ Also Director

The Subject's interest in other companies (Subsidiaries/Associates) are shown as follow :

Local No	Country	Company	Status	(%)	As At
000000W	MALAYSIA	ABC SDN. BHD.	-	51.00	31/12/2019
000000V	MALAYSIA	ABC MARKETING SDN. BHD.	-	80.00	19/01/2021
0000000W	MALAYSIA	ABC CENTER SDN. BHD.	-	70.00	31/12/2019

DIRECTORS**DIRECTOR 1**

Name Of Subject : DIRECOTR 1
 Address : 1, JALAN SAMPLE, 51200 KUALA LUMPUR, WILAYAH PERSEKUTUAN, MALAYSIA.
 IC / PP No : 0000000
 New IC No : 000000-00-0000
 Nationality : MALAYSIAN
 Date of Appointment : 28/08/2014

INTEREST CHECK

Interest in companies : see below
 Interest in business : none in our databank
 Former interest : see below

INTEREST IN COMPANY

No	Local No	Company	Designation	App Date	Shareholding		Profit/(loss) After Tax	Financial Year	Status	As At
					No.	%				
1	000000K	SAMPLE 1 SDN. BHD.	Director	01/07/2008	0.00	-	MYR169,799.00	2017	-	23/02/2018

2	00000M	SAMPLE 2 SDN. BHD.	Director	08/08/2008	0.00	-	MYR(451,276.00)	2017	-	23/02/2018
---	--------	--------------------	----------	------------	------	---	-----------------	------	---	------------

FORMER INTEREST

No	Local No	Company	Designation	App Date	Withdrawn Date	Shareholding	Status
1	000000K	SAMPLE 1 SDN. BHD.	Director	23/09/1999	17/04/2008	-	-
2	000000X	SAMPLE 2 SDN. BHD.	Director	29/04/2010	08/01/2018	-	-

DIRECTOR 2

Name Of Subject : DIRECOTR 2
Address : 1, JALAN SAMPLE, 47400 PETALING JAYA, SELANGOR, MALAYSIA.
IC / PP No : 0000000
New IC No : 000000-00-0000
Date of Birth : 17/09/1949
Nationality : MALAYSIAN
Date of Appointment : 28/08/2014

INTEREST CHECK

Interest in companies : see below
Interest in business : none in our databank
Former interest : see below

INTEREST IN COMPANY

No	Local No	Company	Designation	App Date	Shareholding		Profit/(loss) After Tax	Financial Year	Status	As At
					No.	%				
1	000000K	SAMPLE 1 SDN. BHD.	Director	01/07/2008	0.00	-	MYR169,799.00	2017	-	23/02/2018
2	00000M	SAMPLE 2 SDN. BHD.	Director	08/08/2008	0.00	-	MYR(451,276.00)	2017	-	23/02/2018

FORMER INTEREST

No	Local No	Company	Designation	App Date	Withdrawn Date	Shareholding	Status
1	000000K	SAMPLE 1 SDN. BHD.	Director	23/09/1999	17/04/2008	-	-
2	000000X	SAMPLE 2 SDN. BHD.	Director	29/04/2010	08/01/2018	-	-

FORMER DIRECTOR(S)

Name	Address	IC/PP No	Appointed Date	Withdrawn Date
FORMER DIRECTOR 1	1, JALAN SAMPLE, PETALING JAYA, SELANGOR, MALAYSIA	000000-00-0000	18/12/1997	24/09/1999
FORMER DIRECTOR 2	1, JALAN SAMPLE, PUCHONG, SELANGOR, MALAYSIA	000000-00-0000	04/02/2008	29/08/2014
FORMER DIRECTOR 3	1, JALAN SAMPLE, KUALA LUMPUR, WILAYAH PERSEKUTUAN, MALAYSIA	000000-00-0000	29/11/2004	05/02/2008

Note : The above information was generated from our database.

MANAGEMENT

1) Name of Subject : MANAGEMENT
Position : GENERAL MANAGER
2) Name of Subject : MANAGEMENT
Position : ACCOUNTANT

AUDITOR

Auditor : AUDITOR
Auditor' Address : 1, JALAN SAMPLE, 55200 KUALA LUMPUR, WILAYAH PERSEKUTUAN, MALAYSIA.

COMPANY SECRETARIES

1) Company Secretary : COMPANY SECRETARIES 1
IC / PP No : A0000000
New IC No : 000000-00-0000
Address : 1, JALAN SAMPLE, 53100 KUALA LUMPUR, WILAYAH PERSEKUTUAN, MALAYSIA.
2) Company Secretary : COMPANY SECRETARIES 2
IC / PP No : A0000000
New IC No : 000000-00-0000
Address : 1, JALAN SAMPLE, 56000 KUALA LUMPUR, WILAYAH PERSEKUTUAN, MALAYSIA.

BANKING

No Banker found in our databank.

ENCUMBRANCE (S)

No encumbrance was found in our databank at the time of investigation.

CIVIL LITIGATION CHECK - SUBJECT COMPANY AS A DEFENDANT

* A check has been conducted in our databank against the Subject whether the Subject has been involved in any litigation. Our databank consists of 99% of the wound up companies in Malaysia.

No winding up petition was found in our databank.

LEGAL ACTION

Total PENDING Case(s) : 1

Case Status	: PENDING	Case No	: 00
Code No	: BA-00	Place	: SHAH ALAM
Year	: 2017		
Court	: HIGH COURT		
Type of Case	: APPEAL FROM THE ADMINISTRATIVE TRIBUNAL		
Plaintiff	: PLAINTIFF		
DEFENDANTS	: SAMPLE SDN. BHD. (000000)		
Hearing Date	: 28/03/2018		
Source Ref.	: COURT LISTING		

CRIMINAL RECORDS CHECK - SUBJECT COMPANY AS A DEFENDANT

* A check has been conducted in our databank against the Subject whether the Subject has been involved in any litigation. Our databank consists of 99% of the wound up companies in Malaysia.

No criminal record was found in our databank.

CIVIL LITIGATION CHECK - SUBJECT COMPANY AS A PLAINTIFF

* A check has been conducted in our databank against the Subject whether the Subject has been involved in any litigation. Our databank consists of 99% of the wound up companies in Malaysia.

No plaintiff record was found in our databank.

CRIMINAL RECORDS CHECK - SUBJECT COMPANY AS A PLAINTIFF

* A check has been conducted in our databank against the Subject whether the Subject has been involved in any litigation. Our databank consists of 99% of the wound up companies in Malaysia.

No plaintiff record was found in our databank.

DEFAULTER CHECK AGAINST SUBJECT

* We have checked through the Subject in our defaulters' database which comprised of debtors that have been listed by our customers and trade references from our sister company, CTOS Data Systems Sdn Bhd.

No defaulter record was found in our defaulters' databank.
No trade reference record was found in CTOS's database.

PAYMENT RECORD

SOURCES OF RAW MATERIALS:

Local	: YES
Overseas	: YES
Import Countries	: CHINA

The Subject refused to provide any name of trade/service supplier and we are unable to conduct any trade enquiry. However, from financial historical data we conclude that :

OVERALL PAYMENT HABIT

Prompt 0-30 Days	[]	Good 31-60 Days	[]	Average 61-90 Days	[X]
Fair 91-120 Days	[]	Poor >120 Days	[]		

CLIENTELE

Local	: YES	Percentage	: 100%
Domestic Markets	: MALAYSIA		
Overseas	: NO		
Credit Term	: N/A		
Payment Mode	: CHEQUES		

OPERATIONS

Goods Traded : MOTOR VEHICLES

Branch : NO

Other Information:

The Subject is principally engaged in the (as a / as an) trading of motor vehicles.

The Subject is the main distributor and marketer for Chinese Commercial Automotive marques such as Jinbei, Changan, Dongfeng Sokon (DFSK) and Foton Motor Group (FMG) View in Malaysia.

The multi brand sales and after sales offered by the Subject will help to solidify the growth of each brand while improving the brand awareness of Chinese marques to the Malaysian public.

The Subject refused to disclose further information on its operation.

RECENT DEVELOPMENT

We have conducted the media scan on local newspapers, but no recent development was noted at the time of inspection.

CURRENT INVESTIGATION

Latest fresh investigations carried out on the Subject indicated that :

Telephone Number Provided By Client : 60100000000

Current Telephone Number : 03-00000000

Match : NO

Address Provided by Client : 1, JALAN SAMPLE, 46100 PETALING JAYA, SELANGOR

Current Address : 1, JALAN SAMPLE, 46100 PETALING JAYA, SELANGOR, MALAYSIA.

Match : NO

Latest Financial Accounts : YES

Other Investigations

On 17th Feb 2021, we have contacted one of the staff from the Subject and she has confirmed certain information in the report.

We have also verified the contact number and address provided by our client.

FINANCIAL ANALYSIS

Profitability

Turnover	: Decreased	[	8.57%]
Profit/(Loss) Before Tax	: Increased	[	17.17%]
Return on Shareholder Funds	: Acceptable	[	20.19%]
Return on Net Assets	: Acceptable	[	22.79%]

The lower turnover could be due to the unfavourable market conditions. The Subject's management have been efficient in controlling its operating costs. The Subject's management had generated acceptable return for its shareholders using its assets.

Working Capital Control

Stock Ratio	: Unfavourable	[	188 Days]
Debtor Ratio	: Favourable	[	42 Days]
Creditors Ratio	: Favourable	[	5 Days]

The Subject could be incurring higher holding cost. As its capital was tied up in stocks, it could face liquidity problems. The favourable debtors' days could be due to the good credit control measures implemented by the Subject. The Subject had a favourable creditors' ratio where the Subject could be taking advantage of the cash discounts and also wanting to maintain goodwill with its creditors.

Liquidity

Liquid Ratio	: Unfavourable	[	0.79 Times]
Current Ratio	: Favourable	[	2.97 Times]

A low liquid ratio means that the Subject may be facing working capital deficiency. If the Subject cannot obtain additional financing or injection of fresh capital, it may face difficulties in meeting its short term obligations.

Solvency

Interest Cover	: Acceptable	[	8.89 Times]
Gearing Ratio	: Favourable	[	0.07 Times]

The Subject's interest cover was slightly low. If there is no sharp fall in its profit or sudden increase in the interest rates, we believe the Subject is able to generate sufficient income to service its interest and repay the loans. The Subject was lowly geared thus it had a low financial risk. The Subject was mainly financed by its shareholders' funds and internally generated funds. In times of economic slowdown / downturn, the Subject being a lowly geared company, will be able to compete better than those companies which are highly geared in the same industry.

Overall Assessment :

Due to the efficient control of its operating costs, the Subject was able to remain profitable despite lower turnover achieved during the year. Due to its weak liquidity position, the Subject will be faced with problems in meeting all its short term obligations if no short term loan is obtained or additional capital injected into the Subject. The Subject had an acceptable interest cover. If there is no sudden sharp increase in interest rate or fall in the Subject's profit, we do believe the Subject is able to generate sufficient cash flow to service its interest payment. The Subject as a lowly geared company, will be more secured compared to those highly geared companies. It has the ability to meet all its long term obligations.

Overall financial condition of the Subject : FAIR

MALAYSIA ECONOMIC / INDUSTRY OUTLOOK

Major Economic Indicators:	2016	2017	2018	2019*	2020**
Population (Million)	31.6	32.1	32.4	32.6	33.0
Gross Domestic Products (%)	4.2	5.3	4.7	4.7	4.8
Domestic Demand (%)	4.3	6.3	5.5	4.0	4.8
Private Expenditure (%)	7.8	7.4	7.1	5.6	5.8
Consumption (%)	5.1	6.9	8.0	6.8	6.9
Investment (%)	10.0	9.3	4.3	1.5	2.1
Public Expenditure (%)	3.3	5.3	0.1	(1.8)	0.8
Consumption (%)	2.0	2.7	3.3	2.0	1.5
Investment (%)	1.1	3.4	(5.0)	(8.1)	(0.6)
Balance of Trade (MYR Million)	88,145	98,505	123,783	146,590	133,430
Government Finance (MYR Million)	(38,401)	(40,321)	(53,385)	(51,760)	(51,724)
Government Finance to GDP / Fiscal Deficit (%)	(3.1)	(2.9)	(3.7)	(3.4)	(3.2)
Inflation (% Change in Composite CPI)	2.1	3.5	3.0	-	-
Unemployment Rate	3.4	3.4	3.3	3.3	5.0
Net International Reserves (MYR Billion)	451	420	420	429	-
Average Risk-Weighted Capital Adequacy Ratio (%)	-	-	-	-	-
Average 3 Months of Non-performing Loans (%)	1.90	-	-	-	-
Average Base Lending Rate (%)	6.73	6.67	6.89	6.71	-
Business Loans Disbursed(%)	-	-	6.7	0.4	-
Foreign Investment (MYR Million)	-	-	-	-	-
Consumer Loans (%)	-	-	-	-	-
Registration of New Companies (No.)	43,255	47,871	47,328	43,402	-
Registration of New Companies (%)	(5.3)	10.8	(1.1)	(8.3)	-
Liquidation of Companies (No.)	36,778	38,093	40,387	-	-
Liquidation of Companies (%)	5.7	3.6	6.0	-	-
Registration of New Business (No.)	376,720	484,029	420,556	332,763	-
Registration of New Business (%)	3.0	29.0	(-13.1)	(-20.9)	-
Business Dissolved (No.)	-	-	-	-	-
Business Dissolved (%)	-	-	-	-	-
Sales of New Passenger Cars (' 000 Unit)	514.6	514.7	533.2	363.8	-
Cellular Phone Subscribers (Million)	44	-	-	-	-
Tourist Arrival (Million Persons)	30.2	30.1	-	-	-
Hotel Occupancy Rate (%)	61.2	-	-	-	-
Credit Cards Spending (%)	6.3	-	-	-	-
Bad Cheque Offenders (No.)	-	-	-	-	-
Individual Bankruptcy (No.)	19,588	18,227	16,482	-	-
Individual Bankruptcy (%)	6.1	(7.0)	(9.6)	-	-
INDUSTRIES (% of Growth):	2016	2017	2018	2019*	2020**
Agriculture	(5.2)	7.2	0.1	4.3	3.4
Palm Oil	(12.7)	11.8	(1.8)	7.7	5.5
Rubber	(6.3)	10.8	(17.6)	7.3	4.4
Forestry & Logging	(3.0)	(15.0)	(5.5)	(3.1)	(6.1)
Fishing	2.2	0.2	0.5	(1.2)	(0.2)
Other Agriculture	5.1	2.4	3.3	3.0	3.1
Industry Non-Performing Loans (MYR Million)	420.3	-	-	-	-
% of Industry Non-Performing Loans	1.8	-	-	-	-
Mining	2.1	1.0	(2.6)	0.6	0.3
Oil & Gas	4.5	-	-	-	-
Other Mining	42.6	-	-	-	-
Industry Non-performing Loans (MYR Million)	190	-	-	-	-
% of Industry Non-performing Loans	0.8	-	-	-	-
Manufacturing #	4.4	6.0	5.0	4.0	4.1
Exported-oriented Industries	4.3	6.5	9.0	0.7	-
Electrical & Electronics	7.5	7.3	6.0	3.7	-
Rubber Products	3.6	4.6	4.6	5.6	-
Wood Products	3.3	3.5	5.6	4.9	-
Textiles & Apparel	6.8	8.0	4.3	5.2	-
Domestic-oriented Industries	3.4	6.2	-	-	-
Food, Beverages & Tobacco	4.1	4.9	4.9	4.2	-
Chemical & Chemical Products	4.5	3.5	-	-	-
Plastic Products	5.1	-	-	-	-
Iron & Steel	2.2	-	-	-	-
Fabricated Metal Products	5.0	4.9	5.1	-	-
Non-metallic Mineral	4.1	4.9	4.9	4.2	-

Transport Equipment	(2.7)	5.6	6.0	6.4	-
Paper & Paper Products	5.4	5.8	-	-	-
Crude Oil Refineries	13.7	-	-	-	-
Industry Non-Performing Loans (MYR Million)	4,214.1	-	-	-	-
% of Industry Non-Performing Loans	18.5	-	-	-	-
Construction	7.4	6.7	4.2	1.7	3.7
Industry Non-Performing Loans (MYR Million)	1,793.9	-	-	-	-
% of Industry Non-Performing Loans	7.9	-	-	-	-
Services	5.7	6.2	6.8	6.1	6.2
Electric, Gas & Water	5.4	2.9	4.9	5.6	4.4
Transport, Storage & Communication	6.80	7.40	7.40	6.60	6.65
Wholesale, Retail, Hotel & Restaurant	6.1	7.0	7.8	6.8	8.0
Finance, Insurance & Real Estate	4.30	5.90	6.40	6.10	6.45
Government Services	4.9	4.9	4.5	4.0	4.0
Other Services	4.9	5.1	5.5	5.3	5.1
Industry Non-Performing Loans (MYR Million)	7,190.6	-	-	-	-
% of Industry Non-Performing Loans	31.5	-	-	-	-

* Estimate / Preliminary

** Forecast

Based On Manufacturing Production Index

(Source : Department of Statistics / Economic Report / Bank Negara Report)

INDUSTRY ANALYSIS

MSIC CODE

451 : Sale of motor vehicles

INDUSTRY : MOTOR VECHICLE

The auto sector is expected underweight, citing tough market conditions, the weaker ringgit, and higher prices as barriers to consumer spending on cars in 2020. A prolonged Movement Control Order (MCO) due to COVID-19 will further dampen auto earnings as well.

The March-April 2020 sales volume is expected to be badly hit due to the temporary suspension of operations which was extended to April 14, 2020, in line with the view from the Malaysian Automotive Association (MAA). The total industry volume (TIV) for 2020 is forecast to plunge 20% year-on-year (yoy) to about 485,000 units.

The lower TIV is mainly due to the developing Covid-19 crisis, weaker consumer sentiment, and resultant recent downward revision to gross domestic product (GDP) forecasts. Malaysians may tighten their belts to settle with a national-brand car under tough market conditions. The TIV had shown signs of exhaustion since the start of the year 2020.

The MCO has shut down operations for auto players in Malaysia, and its extension to April 14 has not been kind to the sector.

According to the main player, which serves most of the auto players in Malaysia in terms of spare parts, warning in its 2019 fourth-quarter results that many of the parts and components are sourced from China, and the disruption in the supply chain remains a major concern. However, most companies maintain a buffer in their inventory of about four to six months for tackling emergencies.

Part shortages could impact not only the assembly plants but also local parts stores and repair shops. With many Malaysians remaining quarantined at home and supply lines affected, the production plants could struggle to reopen or regain full capacity in the medium term. Auto margins are also set to see erosion in 2020, due to the weakened ringgit, aggressive discounting factor, and higher CBU prices from the new excise duty regulation in January 2020.

The Ringgit to USD year-end is targeted to RM4.30/US\$ from a previous RM4.20/US\$. The depreciation of the ringgit will negatively impact the auto sector, especially for non-national brands, owing to higher imported raw material costs, which may be difficult to pass on to customers in a weak demand environment.

With the MCO halting operations and the higher prices, the sector's core net profit for 2020 is expected to fall 11%. National marques are expected to perform better than non-national brands, with Perodua's top position and Proton's resurgence resulting in national marques sharing a total of 66.6%, an all-time high.

With the absence of new model launches from the non-national carmakers, the national carmakers will continue to dominate the local mass market space. Given the weak economic outlook, the downtrading trend is gaining pace in the domestic automotive market, where sales of cheaper national brands with refreshed line-ups have continuously outpaced the pricier Japanese cars.

OVERALL INDUSTRY OUTLOOK : Marginal Growth

CREDIT RISK EVALUATION & RECOMMENDATION

Incorporated in 1997, the Subject is a Private Limited company, focusing on trading of motor vehicles. Having been in the industry for over a decade, the Subject has achieved a certain market share and has built up a satisfactory reputation in the market. It should have received supports from its regular customers. The Subject is a large entity with strong capital position of MYR 13,000,000. We are confident with the Subject's business and its future growth prospect. Having a strong shareholders' backing, the Subject has the advantage to compete with its rivals and it is expected to enjoy timely financial assistance should the needs arise.

Over the years, the Subject should have build up its clientele base and received supports from its regular customers. Investigation revealed that the Subject's interest lies mostly in the local market. Overall, we regard that the Subject's management capability is average. This indicates that the Subject has greater potential to improve its business performance and raising income for the Subject.

Despite the lower turnover, the Subject's pre-tax profit have increased compared to the previous year. The higher profit could be due to better control of its operating costs and efficiency in utilising its resources. Return on shareholders' funds of the Subject was at a favourable range which indicated that the management was efficient in utilising its funds to generate income. Due to its weak liquidity position, the Subject may face working capital deficiency in meeting its short term financial obligations if no fresh capital are injected into the Subject. Being a lowly geared company, the Subject is exposed to low financial risk as it is mainly dependent on its internal funds to finance its business needs. Given a positive net worth standing at MYR 12,789,629, the Subject should be able to maintain its business in the near terms.

The Subject's supplier are from both the local and overseas countries. This will eliminates the risk of dependency on deliveries from a number of key suppliers and

insufficient quantities of its raw materials. Overall the Subject has a good control over its resources.

The Subject's payment habit is average. With its adequate working capital, the Subject should be able to pay its short term debts.

The industry has reached its maturity stage and only enjoying a marginal growth. The steady growth of the country's economy will further enhance the industry activities. Thus, the Subject's future performance is very much depend on its marketing strategies in order to retain its position in the market.

Based on the above condition, we recommend credit be granted to the Subject normally.

~ END OF REPORT ~

DISCLAIMER : This report is based on information obtained by us from sources believed to be true. However we do not make any representation as to its accuracy. Any advice or recommendation contained in this report or any sales or purchase of securities has been given without regard to the specific investment objectives, financial situations and the particular needs of any specific addressee. This report is for the information of the addressee only and is not to be construed as an offer or solicitation of an offer to buy/sell securities or to approve/reject any credit application. We accept no liability whatsoever for any direct or consequential loss arising from any use of this report or further communication given in relation to this report.

PROFIT AND LOSS ACCOUNT

THE FINANCIAL STATEMENTS WERE PREPARED IN ACCORDANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS(FRS) ABC SDN. BHD

Financial Year End	2020-12-31	2019-12-31	2018-12-31	2017-12-31	2016-12-31
Months	12	12	12	12	12
Consolidated Account	GROUP	GROUP	GROUP	GROUP	GROUP
Audited Account	YES	YES	YES	YES	YES
Unqualified Auditor's Report (Clean Opinion)	YES	YES	YES	YES	YES
Financial Type	FULL	FULL	FULL	FULL	FULL
Currency	MYR	MYR	MYR	MYR	MYR
TURNOVER	96,281,959	91,128,649	80,673,559	77,957,034	69,000,634
Other Income	75,623	5,787	2,919	-	-
Total Turnover	96,357,582	91,134,436	80,676,478	77,957,034	69,000,634
PROFIT/(LOSS) FROM OPERATIONS	2,191,538	3,530,858	2,401,233	2,735,247	1,807,159
PROFIT/(LOSS) BEFORE TAXATION	2,191,538	3,530,858	2,401,233	2,735,247	1,807,159
Taxation	(608,425)	(794,943)	(643,248)	(698,147)	(554,120)
PROFIT/(LOSS) AFTER TAXATION	1,583,113	2,735,915	1,757,985	2,037,100	1,253,039
Minority interests	61,007	31,240	(18,776)	(98,652)	6,491
Profit/(Loss) from discontinued operation	-	-	-	3,215	(8,815)
PROFIT/(LOSS) BEFORE EXTRAORDINARY ITEMS	1,644,120	2,767,155	1,739,209	1,941,663	1,250,715
PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS	1,644,120	2,767,155	1,739,209	1,941,663	1,250,715
RETAINED PROFIT/(LOSS) BROUGHT FORWARD					
As previously reported	13,010,810	10,918,655	9,743,629	8,297,760	6,968,803
Prior year adjustment	-	-	(1,683)	-	-
As restated	13,010,810	10,918,655	9,741,946	8,297,760	6,968,803
PROFIT AVAILABLE FOR APPROPRIATIONS	14,654,930	13,685,810	11,481,155	10,239,423	8,219,518
TRANSFER TO RESERVES - General	-	-	-	4,206	478,242
DIVIDENDS - Ordinary (paid & proposed)	(900,000)	(675,000)	(562,500)	(500,000)	(400,000)
RETAINED PROFIT/(LOSS) CARRIED FORWARD	13,754,930	13,010,810	10,918,655	9,743,629	8,297,760
INTEREST EXPENSE (as per notes to P&L)					
Bank overdraft	12,445	9,199	3,759	809	-
Bankers' acceptance	379,932	415,088	383,122	418,085	373,310
Hire purchase	42,831	32,679	13,339	3,670	7,046
Others	14,618	20,948	49,410	125,261	84,183
	449,826	477,914	449,630	547,825	464,539

DEPRECIATION (as per notes to P&L)	511,643	445,312	412,711	304,285	286,476
Total Amortization And Depreciation	511,643	445,312	412,711	304,285	286,476

BALANCE SHEET**ABC SDN. BHD**

Financial Year End	2020-12-31	2019-12-31	2018-12-31	2017-12-31	2016-12-31
Months	12	12	12	12	12
Currency	MYR	MYR	MYR	MYR	MYR

ASSETS EMPLOYED:

FIXED ASSETS	1,167,913	1,753,938	1,246,168	754,235	705,912
--------------	-----------	-----------	-----------	---------	---------

LONG TERM INVESTMENTS/OTHER ASSETS

Investments	316,939	534,763	-	-	-
Deferred assets	579,807	531,833	374,802	468,672	382,812

TOTAL LONG TERM INVESTMENTS/OTHER ASSETS	896,746	1,066,596	374,802	468,672	382,812
--	---------	-----------	---------	---------	---------

TOTAL LONG TERM ASSETS	2,064,659	2,820,534	1,620,970	1,222,907	1,088,724
------------------------	-----------	-----------	-----------	-----------	-----------

CURRENT ASSETS

Stocks	17,800,577	19,777,006	16,577,342	13,165,649	13,070,683
Trade debtors	7,183,712	6,144,071	7,514,289	7,439,038	6,933,817
Other debtors, deposits & prepayments	1,856,359	1,693,537	898,474	764,092	1,068,350
Short term deposits	-	-	6,655,951	-	-
Amount due from related companies	-	-	119,252	5,091	34,343
Cash & bank balances	7,611,683	7,615,570	-	8,120,845	5,858,551
Others	467,322	752,939	2,052,500	1,849,098	653,225

TOTAL CURRENT ASSETS	34,919,653	35,983,123	33,817,808	31,343,813	27,618,969
----------------------	------------	------------	------------	------------	------------

TOTAL ASSET	36,984,312	38,803,657	35,438,778	32,566,720	28,707,693
-------------	------------	------------	------------	------------	------------

CURRENT LIABILITIES

Trade creditors	1,110,336	2,336,328	3,095,142	967,253	1,581,158
Other creditors & accruals	4,327,552	5,158,878	1,730,462	2,455,220	1,902,116
Hire purchase & lease creditors	266,738	295,125	164,471	38,748	45,438
Bank overdraft	142,622	-	-	-	-
Bill & acceptances payable	8,666,958	9,041,279	6,881,000	6,964,000	6,166,000
Amounts owing to holding company	-	-	-	-	15,527
Amounts owing to related companies	-	-	3,538,132	3,349,511	6,200,591
Amounts owing to director	2,300	2,300	-	-	-
Provision for taxation	180,593	11,739	15,050	88,661	19,111
Other liabilities	60,000	60,000	583,981	1,028,100	1,196,351

TOTAL CURRENT LIABILITIES	14,757,099	16,905,649	16,008,238	14,891,493	17,126,292
---------------------------	------------	------------	------------	------------	------------

NET CURRENT ASSETS/(LIABILITIES)	20,162,554	19,077,474	17,809,570	16,452,320	10,492,677
----------------------------------	------------	------------	------------	------------	------------

LONG TERM LIABILITIES

Hire purchase creditors	420,564	687,302	349,929	-	38,748
Others	1,137,775	1,196,945	1,095,765	1,019,762	930,019

TOTAL LONG TERM LIABILITIES	1,558,339	1,884,247	1,445,694	1,019,762	968,767
-----------------------------	-----------	-----------	-----------	-----------	---------

TOTAL NET ASSETS	20,668,874	20,013,761	17,984,846	16,655,465	10,612,634
------------------	------------	------------	------------	------------	------------

FINANCED BY:**SHARE CAPITAL**

Ordinary share capital	6,544,000	6,544,000	6,544,000	2,250,000	2,000,000
TOTAL SHARE CAPITAL	6,544,000	6,544,000	6,544,000	2,250,000	2,000,000

RESERVES

Share premium	-	-	-	4,294,000	-
Retained profit/(loss) carried forward	13,754,930	13,010,810	10,918,655	9,743,629	8,297,760
TOTAL RESERVES	13,754,930	13,010,810	10,918,655	14,037,629	8,297,760

MINORITY INTEREST	369,944	458,951	522,191	367,836	314,874
-------------------	---------	---------	---------	---------	---------

SHAREHOLDERS' FUNDS/EQUITY	20,668,874	20,013,761	17,984,846	16,655,465	10,612,634
----------------------------	------------	------------	------------	------------	------------

CASH FLOW STATEMENT

ABC SDN. BHD

Financial Year End	2020-12-31	2019-12-31	2018-12-31	2017-12-31	2016-12-31
Months	12	12	12	12	12
Currency	MYR	MYR	MYR	MYR	MYR
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Generated from operations	1,755,744	3,983,148	547,501	-107,746	2,079,106
Interest expenses paid / received	-388,799	-423,260	-409,235	-497,676	-427,540
Income taxes paid/refunded	-467,583	-900,539	-708,644	-720,125	-335,324
Others	-100,626	13,589	-37,193	-14,469	-
Net cash generated from operating activities	798,736	2,672,938	-607,571	-1,340,016	1,316,242
CASH FLOWS FROM INVESTING ACTIVITIES					
Net Cash used in investing activity	246,310	-838,768	-361,142	-378,927	-266,178
CASH FLOWS FROM FINANCING ACTIVITIES					
Net Cash used in financial activity	-1,223,125	-902,972	-524,587	3,952,872	-503,191
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	-178,079	931,198	-1,493,300	2,233,929	546,873
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	6,673,190	5,741,992	7,235,292	5,001,363	4,454,490
CASH AND CASH EQUIVALENTS AT END OF YEAR	6,495,111	6,673,190	5,741,992	7,235,292	5,001,363

FINANCIAL RATIO

ABC SDN. BHD

Financial Year End	2020-12-31	2019-12-31	2018-12-31	2017-12-31	2016-12-31
Months	12	12	12	12	12
Currency	MYR	MYR	MYR	MYR	MYR
TYPES OF FUNDS					
Cash	7,611,683	7,615,570	6,655,951	8,120,845	5,858,551
Net Liquid Funds	(1,197,897)	(1,425,709)	(225,049)	1,156,845	(307,449)
Net Liquid Assets	2,361,977	(699,532)	1,232,228	3,286,671	(2,578,006)
Net Current Assets/(Liabilities)	20,162,554	19,077,474	17,809,570	16,452,320	10,492,677
Net Tangible Assets	20,668,874	20,013,761	17,984,846	16,655,465	10,612,634
Net Monetary Assets	803,638	(2,583,779)	(213,466)	2,266,909	(3,546,773)
PROFIT & LOSS ITEMS					
Earnings Before Interest & Tax (EBIT)	2,641,364	4,008,772	2,850,863	3,283,072	2,271,698
Earnings Before Interest, Taxes, Depreciation And Amortization (EBITDA)	3,153,007	4,454,084	3,263,574	3,587,357	2,558,174
BALANCE SHEET ITEMS					
Total Borrowings	9,496,882	10,023,706	7,395,400	7,002,748	6,250,186
Total Liabilities	16,315,438	18,789,896	17,453,932	15,911,255	18,095,059
Total Assets	36,984,312	38,803,657	35,438,778	32,566,720	28,707,693
Net Assets	20,668,874	20,013,761	17,984,846	16,655,465	10,612,634
Net Assets Backing	20,668,874	20,013,761	17,984,846	16,655,465	10,612,634
Shareholders' Funds	20,668,874	20,013,761	17,984,846	16,655,465	10,612,634
Total Share Capital	6,544,000	6,544,000	6,544,000	2,250,000	2,000,000
Total Reserves	13,754,930	13,010,810	10,918,655	14,037,629	8,297,760
Cash Convertible Assets (CCA)	14,795,395	13,759,641	14,170,240	15,559,883	12,792,368
Tangible Net Worth (TNW)	20,668,874	20,013,761	17,984,846	16,655,465	10,612,634
GROWTH RATIOS (Year on Year) (%)					
Revenue	5.65	12.96	3.48	12.98	7.29
Profit/(Loss) Before Tax	(37.93)	47.04	(12.21)	51.36	88.20
Profit/(Loss) After Tax	(42.14)	55.63	(13.70)	62.57	90.31
Total Assets	(4.69)	9.49	8.82	13.44	19.08
Total Liabilities	(13.17)	7.65	9.70	(12.07)	26.36
LIQUIDITY (Times)					
Cash Ratio	0.52	0.45	0.42	0.55	0.34
Liquid Ratio	1.16	0.96	1.08	1.22	0.85
Current Ratio	2.37	2.13	2.11	2.10	1.61
Debt to EBITDA	0	0	0	0	0

WORKING CAPITAL CONTROL (Days)

Stock Ratio	67	79	75	62	69
Debtors Ratio	27	25	34	35	37
Creditors Ratio	4	9	14	5	8

SOLVENCY RATIOS (Times)

Gearing Ratio	0.46	0.50	0.41	0.42	0.59
Liabilities Ratio	0.79	0.94	0.97	0.96	1.71
Times Interest Earned Ratio	5.87	8.39	6.34	5.99	4.89
Assets Backing Ratio	3.16	3.06	2.75	7.40	5.31

PERFORMANCE RATIO (%)

Operating Profit Margin	2.28	3.87	2.98	3.51	2.62
Net Profit Margin	1.71	3.04	2.16	2.49	1.81
Return On Net Assets	12.78	20.03	15.85	19.71	21.41
Return On Capital Employed	11.48	17.70	14.17	18.16	19.02
Return On Shareholders' Funds/Equity	7.95	13.83	9.67	11.66	11.79
Dividend Pay Out Ratio (Times)	0.55	0.24	0.32	0.26	0.32

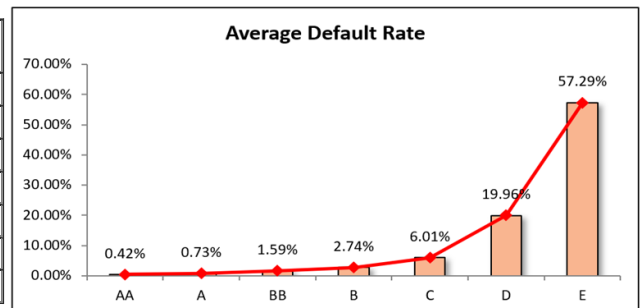
NOTES TO ACCOUNTS

Contingent Liabilities	0	0	0	0	0
------------------------	---	---	---	---	---

APPENDIX

RATING	CREDIT SCORE	CREDIT RISK	CREDIT RECOMMENDATION	PROPOSED CREDIT LIMIT (in concerned business field)
AA	86 - 100	Very Low	Credit can be proceeded with favourable terms	Large amount
A	71 - 85	Low	Credit can be proceeded promptly	Fairly large amount
BB	56 - 70	Below Average	Credit can be proceeded normally	Moderate amount
B	41 - 55	Average	Credit can be proceeded with close monitoring	Small amount periodically
C	26 - 40	Above Average	Credit can be extended under guarantee	Cash on Delivery to small amount
D	11- 25	High	Credit is not recommended	Cash on Delivery
E	< 11	Very High	Not qualified for credit assessment	Deposit or advance payment

RATING	AVERAGE DEFAULT RATE	DEFAULT RATE RANGE	PROBABILITY OF DEFAULT RISK
AA	0.47%	< 0.75%	Very Low Default Risk
A	0.92%	0.75% - < 1.5%	Low Default Risk
BB	2.12%	1.5% - < 2.5%	Moderate Default Risk
B	3.62%	2.5% - < 5%	Average Default Risk
C	7.38%	5% - < 10%	Substantial Default Risk
D	21.42%	10% - < 30%	High Default Risk
E	61.04%	>= 30%	Very High Default Risk



CREDIT RATING DEFINITION

The credit rating scale is an ordinal measure of risk where successive move down the scale represents an exponential increase in credit risk. The rating reflects the credit risk and confidence level of Subject and serves as a guide in setting the amount of credit to be extended. It is calculated from a composite weighted scores obtained from each of the macro and micro analyses as epitomized by the 6 Cs.

<ul style="list-style-type: none"> CHARACTER (15%) It refers to the study of Subject years of establishment, legal status and its shareholders or owners. 	<ul style="list-style-type: none"> CREDIBILITY (20%) It refers to the Subject's credibility in honoring its obligations through an evaluation of its payment records and credit history.
<ul style="list-style-type: none"> CAPITAL (40%) It refers to an evaluation of the financial position of the Subject by taking consideration of its capital adequacy, management efficiency, earning, liquidity and leverage position. 	<ul style="list-style-type: none"> CONDITION (10%) It refers to the benchmarking and trend analysis of Subject performance against the macro-economic and industry data.
<ul style="list-style-type: none"> CAPACITY (10%) It refers to the study of the management capacity in performing contracts or undertaking projects and the degree of client diversification. 	<ul style="list-style-type: none"> CONTINGENCY (5%) It refers to the study of the asset quality and the readiness of the Subject in facing any untoward event in the future.

In case of unlimited companies, currently commenced companies, lack of financial data or businesses, more weight is given to other 5 Cs(non-financial measures) in our analysis.

DEFAULT RATING DEFINITION

Default rate defined as the probability of the Subject with given credit rating default within the next 12 months period. The Subject is deemed default upon the first occurrence of any of the events such as a missed or delayed disbursement of interest and/or principal, a distressed exchange with creditor, company winding up or company dissolution. Default rate is generated from the statistic stochastic model, namely Transition Probability Matrix (TPM) Model. TPM Model consist of a rating transition probability matrix built based on discrete-time Markov chain using the Cohort approach along with time homogeneity and non-informative transition assumptions.

CREDIT LIMIT DEFINITION

The credit limit is determined with consideration of Subject's financial health, payment record, industry outlook, credit history and adjusted accordingly with reference to the credit rating identified. The proposed credit limit of evaluated Subject is the recommended outstanding total amount of credit to the Subject at any time.