PRIVATE AND CONFIDENTIAL

THE BOARD OF DIRECTORS
PENANG GLOBAL TOURISM SDN. BHD (50689-X)
NO. 8B (FIRST FLOOR)
THE WHITEAWAYS ARCADE
LEBUH PANTAI
10300 PULAU PINANG

Dear Sirs,

MEMORANDUM OF COMMENTS AND RECOMMENDATIONS FOR THE YEAR ENDED DECEMBER 31, 2016

We have recently completed the audit of **PENANG GLOBAL TOURISM (50689-X),** for the year ended December 31, 2016, in compliance with the requirements of the Companies Act, 1965. Our audit included evaluation of the Company's principal internal control and accounting systems and review of certain aspects of the Company's operation in so far as these are incidental to our examination of the Company accounts.

We attach herewith for your attention a memorandum of our comments and recommendations, about the Company's principal internal control and accounting systems. These comments and recommendations are based on our review of the systems and procedures incidental to our examination of the Company accounts for the year ended December 31, 2016 and not on a complete system and procedures survey. We do not represent therefore, that our recommendations constitute a complete list of all areas in which improvement may be necessary.

We wish to draw your attention that the companies' legislation emphasis that:

"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 Financial 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 is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error."

If you require any service support for internal control system, please contact our Mr. Leong Woay Hong or the undersigned for further discussion and arrangement.

Kindly acknowledge receipt of this letter by signing on the duplicate copy and return the same to us.

Thank you.

Yours faithfully,

NEOH CHIN WAH
Partner
Encls.

PENANG GLOBAL TOURISM SDN. BHD.
(50689-X)
(Incorporated in Malaysia)

MEMORANDUM OF COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016

1. **Inventories and stock take**

   Comment

   The inventories at the ended of financial year not take into management account and no observation could be done on the balance sheet date.

   Recommendation

   Management account should refresh the inventories at the ended of financial year from the existing inventories list.

   A major stock take should be carried out on the physical inventory to ascertain the quantities and valuation of inventory as at balance sheet date. Auditors should be informed to observe the said physical stock take.