

Unless otherwise stated, all abbreviations contained in this Abridged Prospectus are defined in the "Definitions" section of this Abridged Prospectus.

No securities will be allotted or issued based on this Abridged Prospectus after 6 months from the date of this Abridged Prospectus.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS ABRIDGED PROSPECTUS. IF IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, PLEASE CONSULT A PROFESSIONAL ADVISER IMMEDIATELY. All enquiries concerning the Rights Issue with Warrants, which is the subject matter of this Abridged Prospectus, should be addressed to our Share Registrar, ShareWorks Sdn Bhd at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (Tel: +603 - 6201 1120).

This Abridged Prospectus, together with the NPA and RSF (collectively, the "Documents"), will be despatched only to our Entitled Shareholders whose names appear on our Record of Depositors as at 5.00 p.m. on 12 August 2021 at their registered address in Malaysia or who have provided our Share Registrar with a registered address in Malaysia in writing by 5.00 p.m. on 12 August 2021. The Documents are not intended to (and will not be made to) comply with the laws of any country or jurisdiction other than Malaysia and are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue with Warrants complies with the laws of any country or jurisdiction other than the laws of Malaysia. Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal adviser and other professional advisers as to whether the acceptance or renunciation (as the case may be) of their entitlements to the Rights Issue with Warrants, application for Excess Rights Shares with Warrants C, or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue with Warrants would result in the contravention of any law of such countries or jurisdictions. We, Mercury Securities and/or the advisers named herein shall not accept any responsibility or liability in the event that any acceptance and/or renunciation (as the case may be) of entitlements, application for Excess Rights Shares with Warrants C or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue with Warrants made by any Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) are residents.

This Abridged Prospectus has been registered by the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue with Warrants or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Abridged Prospectus. The SC has not, in any way, considered the merits of this Rights Issue with Warrants. A copy of this Abridged Prospectus, together with the NPA and RSF, will be lodged with the Registrar of Companies who takes no responsibility for its contents. The lodgement of the Documents will be made within 2 weeks after lodgement is able to be made with the Registrar of Companies.

Approval for the Rights Issue with Warrants has been obtained from our shareholders at our EGM convened on 9 July 2021. Approval has been obtained from Bursa Securities via its letter dated 21 June 2021 for the admission of the Warrants C to the Official List as well as the listing and quotation of the Rights Shares, Warrants C and the new Shares to be issued upon exercise of the Warrants C on the ACE Market of Bursa Securities (subject to the conditions specified in the said letter), which will commence after, among others, receipt of confirmation from Bursa Depository that all the CDS Accounts of successful Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) have been duly credited with the Rights Shares and Warrants C allotted to them and notices of allotment have been despatched to them. However, such admission, listing and quotation are not an indication that Bursa Securities recommends the Rights Issue with Warrants and are not to be taken as an indication of the merits of the Rights Issue with Warrants.

The SC is not liable for any non-disclosure on the part of the Company and takes no responsibility for the contents of this Abridged Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Abridged Prospectus.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" AS SET OUT IN SECTION 6 OF THIS ABRIDGED PROSPECTUS.



LAMBO GROUP BERHAD

(Registration No. 200001014881 (517487-A))

(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,207,787,815 NEW ORDINARY SHARES IN LAMBO GROUP BERHAD ("LAMBO" OR THE "COMPANY") ("LAMBO SHARES" OR "SHARES") ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE TOGETHER WITH UP TO 483,115,126 FREE DETACHABLE WARRANTS IN LAMBO ("WARRANTS C") ON THE BASIS OF 5 RIGHTS SHARES TOGETHER WITH 2 FREE WARRANTS C FOR EVERY 1 EXISTING SHARE HELD BY THE ENTITLED SHAREHOLDERS OF THE COMPANY AT 5.00 P.M. ON 12 AUGUST 2021

Principal Adviser



MERCURY SECURITIES SDN BHD

(Registration No. 198401000672 (113193-W))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIMES

Entitlement Date	: Thursday, 12 August 2021 at 5.00 p.m.
Last date and time for:	
Sale of Provisional Allotments	: Thursday, 19 August 2021 at 5.00 p.m.
Transfer of Provisional Allotments	: Monday, 23 August 2021 at 4.30 p.m.
Acceptance and payment	: Friday, 27 August 2021 at 5.00 p.m.
Excess Rights Shares with Warrants C Application and payment	: Friday, 27 August 2021 at 5.00 p.m.

This Abridged Prospectus is dated 12 August 2021

ALL ABBREVIATIONS AND DEFINED TERMS CONTAINED IN THIS ABRIDGED PROSPECTUS ARE DEFINED IN THE “DEFINITIONS” SECTION OF THIS ABRIDGED PROSPECTUS UNLESS STATED OTHERWISE.

THE DIRECTORS OF THE COMPANY HAVE SEEN AND APPROVED ALL THE DOCUMENTATION RELATING TO THE RIGHTS ISSUE WITH WARRANTS. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE COMPLETENESS AND ACCURACY OF THE INFORMATION CONTAINED IN THE SAID DOCUMENTATION. HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS WHICH, IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS ABRIDGED PROSPECTUS FALSE OR MISLEADING.

MERCURY SECURITIES, BEING THE PRINCIPAL ADVISER FOR THE RIGHTS ISSUE WITH WARRANTS, ACKNOWLEDGES THAT BASED ON ALL AVAILABLE INFORMATION AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS ABRIDGED PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE RIGHTS ISSUE WITH WARRANTS.

SHAREHOLDERS / INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

INVESTORS SHOULD NOTE THAT THEY MAY SEEK RECOURSE UNDER SECTIONS 248, 249 AND 357 OF THE CMSA FOR BREACHES OF SECURITIES LAWS INCLUDING ANY STATEMENT IN THE ABRIDGED PROSPECTUS THAT IS FALSE, MISLEADING, OR FROM WHICH THERE IS A MATERIAL OMISSION; OR FOR ANY MISLEADING OR DECEPTIVE ACT IN RELATION TO THE ABRIDGED PROSPECTUS OR THE CONDUCT OF ANY OTHER PERSON IN RELATION TO THE COMPANY.

SECURITIES ARE OFFERED TO THE PUBLIC ON THE PREMISE OF FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE WITH WARRANTS, FOR WHICH ANY PERSON SET OUT IN SECTION 236 OF THE CMSA, IS RESPONSIBLE.

THE DISTRIBUTION OF THE ABRIDGED PROSPECTUS, TOGETHER WITH THE NPA AND RSF (COLLECTIVELY, THE “DOCUMENTS”) IS SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF OUR SECURITIES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY OUR SECURITIES IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

THE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE WITH WARRANTS UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus:-

Abridged Prospectus	:	This abridged prospectus dated 12 August 2021 in relation to the Rights Issue with Warrants
Act	:	Companies Act, 2016 of Malaysia, as amended from time to time and any re-enactment thereof
Additional Warrants B	:	Up to 147,148,256 additional Warrants B to be issued arising from the adjustments to the total number of Warrants B as a result of the Rights Issue with Warrants in accordance with the provisions of the Deed Poll B
Base Case Scenario	:	Assuming that:- <ul style="list-style-type: none"> (i) none of the outstanding Warrants B as at the LPD are exercised into new Shares prior to the Entitlement Date; and (ii) all the Entitled Shareholders and/or their transferee(s) and/or their renounee(s) fully subscribe for their respective entitlements under the Rights Issue with Warrants
Bloomberg	:	Bloomberg Finance Singapore L.P. and its affiliates
Board	:	Board of Directors of the Company
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W))
Bursa Securities	:	Bursa Malaysia Securities Berhad (200301033577 (635998-W))
By-Laws	:	Existing by-laws governing the ESOS
CDS	:	Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
CDS Account	:	Securities account established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of deposits of securities and dealings in such securities by the depositor
Closing Date	:	27 August 2021 at 5.00 p.m., being the last date and time for the acceptance of and payment for the Rights Shares with Warrants C
CMSA	:	Capital Markets and Services Act, 2007 of Malaysia, as amended from time to time and any re-enactment thereof
Code	:	Malaysian Code on Take-overs and Mergers, 2016, as amended from time to time
Consolidated Shares	:	New Shares after the Share Consolidation
Corporate Exercises	:	Collectively, the Share Consolidation and Rights Issue with Warrants
COVID-19	:	Coronavirus disease 2019
Deed Poll B	:	Deed poll constituting the Warrants B dated 15 April 2019

DEFINITIONS (cont'd)

Deed Poll C	:	Deed poll constituting the Warrants C dated 23 July 2021
Directors	:	Directors of the Company
e-RSF	:	Electronic RSF
e-Subscription	:	Electronic subscription
EGM	:	Extraordinary general meeting of the Company
Entitled Shareholders	:	Shareholders whose names appear in the Record of Depositors of the Company as at 5.00 p.m. on the Entitlement Date in order to be entitled to the Rights Issue with Warrants
Entitlement Date	:	12 August 2021, at 5.00 p.m., being the date and time on which the names of Shareholders must appear in the Record of Depositors of the Company in order to be entitled to participate in the Rights Issue with Warrants
EPS	:	Earnings per Share
ESOS	:	Employees' share option scheme of the Company for the granting of options to eligible directors and employees of the Group (excluding subsidiaries which are dormant) to subscribe for new Shares, not exceeding 30% of the Company's total number of issued Shares (excluding treasury shares, if any) at any point of time during the duration of the scheme. The scheme took effect on 6 August 2015 for a period of 5 years and was subsequently extended for another 5 years until 6 August 2025
ESOS Options	:	Options granted under the ESOS pursuant to the By-Laws, where each holder of the ESOS Options can subscribe for 1 new Share for every 1 ESOS Option held. The exercise price for such ESOS Options shall be determined by the Board based on the 5-day VWAP of the Shares immediately prior to the date of offer with a discount of not more than 10%
Excess Rights Shares with Warrants C	:	Rights Shares with Warrants C which are not taken up or not validly taken up by Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) by the Closing Date
Excess Rights Shares with Warrants C Application	:	Application for additional Rights Shares with Warrants C in excess of the Provisional Allotments by the Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable)
Exercise Period	:	Any time within a period of 3 years commencing from and including the date of issue of the Warrants C to the close of business at 5.00 p.m. on the Market Day immediately preceding the date which is the 3rd anniversary from the date of issue of the Warrants C. Any Warrants C not exercised during the Exercise Period will thereafter lapse and cease to be valid
Exercise Price	:	RM0.10, being the price at which 1 Warrant C is exercisable into 1 new Share, subject to adjustments in accordance with the provisions of the Deed Poll C

DEFINITIONS (cont'd)

Foreign-Addressed Shareholders	:	Shareholders who have not provided to the Company a registered address or an address in Malaysia for the service of documents which will be issued in connection with the Rights Issue with Warrants by the Entitlement Date
FPE	:	Financial period ended
FYE	:	Financial year ended
Government	:	Government of Malaysia
GP	:	Gross profit
IMR Report	:	Independent market research report dated 19 July 2021 prepared by Providence
LAT	:	Loss after taxation
Lambo or the Company	:	Lambo Group Berhad (200001014881 (517487-A))
Lambo Group or the Group	:	Collectively, Lambo and its subsidiaries
Lambo Shares or the Shares	:	Ordinary shares in the Company
LBT	:	Loss before taxation
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities, as amended from time to time
LPD	:	15 July 2021, being the latest practicable date prior to the printing of this Abridged Prospectus
LPS	:	Loss per Share
LTD	:	22 July 2021, being the last trading day prior to the date of fixing the issue price of the Rights Shares and the Exercise Price
Market Day	:	Any day on which Bursa Securities is open for trading in securities
Maximum Scenario	:	Assuming that:- (i) all the outstanding Warrants B as at the LPD are exercised into new Shares prior to the Entitlement Date; and (ii) all the Entitled Shareholders and/or their transferee(s) and/or their renounee(s) fully subscribe for their respective entitlements under the Rights Issue with Warrants
MCO	:	Movement control order issued by the Government under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
Mercury Securities or the Principal Adviser	:	Mercury Securities Sdn Bhd (198401000672 (113193-W))

DEFINITIONS (cont'd)

- Minimum Scenario** : Assuming that:-
- (i) none of the outstanding Warrants B as at the LPD are exercised into new Shares prior to the Entitlement Date;
 - (ii) the Rights Issue with Warrants is undertaken on the Minimum Subscription Level; and
 - (iii) the Minimum Subscription Level is fully satisfied via the subscription by the Undertaking Shareholder pursuant to the Undertaking. None of the other Entitled Shareholders and/or their transferee(s) and/or their renounee(s) subscribe for their respective entitlements under the Rights Issue with Warrants.

For avoidance of doubt, the assumption (iii) above is solely for the purpose of illustration of effects under the Minimum Scenario only.

In actual circumstance, the Minimum Subscription Level may be achieved through a combination of subscription by the Undertaking Shareholder, other Entitled Shareholders, their transferee(s) and/or their renounee(s) instead of being fully satisfied by the Undertaking Shareholder.

The number of Rights Shares for which the Undertaking Shareholder is obliged to subscribe pursuant to the Undertaking would be the shortfall in subscription to achieve the Minimum Subscription Level, after taking into consideration the level of subscription by other Entitled Shareholders and/or their transferee(s) and/or their renounee(s). Please refer to the definition of “**Undertaking**” for further details

- Minimum Subscription Level** : Minimum subscription level of the Rights Issue with Warrants to raise minimum proceeds of RM7.0 million, which if based on the issue price of RM0.10 per Rights Share, shall entail the subscription of 70,000,000 Rights Shares together with 28,000,000 Warrants C
- NA** : Net assets
- NPA** : Notice of provisional allotment in relation to the Rights Issue with Warrants
- Official List** : A list specifying all securities which have been admitted for listing on the ACE Market of Bursa Securities and not removed
- PAT** : Profit after taxation
- PBT** : Profit before taxation
- PRC** : The People’s Republic of China
- Private Placement February 2021** : Private placement exercise previously undertaken by the Company which involved the issuance of 775,063,300 new Shares (representing approximately 20% of the then existing total number of issued Shares), which raised a total of RM21.09 million and was completed on 2 February 2021

DEFINITIONS (cont'd)

Private Placement September 2020	:	Private placement exercise previously undertaken by the Company which involved the issuance of 813,303,800 new Shares (representing approximately 30% of the then existing total number of issued Shares), which raised a total of RM34.03 million and was completed on 18 September 2020
Providence	:	Providence Strategic Partners Sdn Bhd (201701024744 (1238910-A)), an independent market researcher
Provisional Allotments	:	Rights Shares with Warrants C provisionally allotted to Entitled Shareholders
Record of Depositors	:	A record of securities holders provided by Bursa Depository under the Rules of Bursa Depository
Rights Issue with Warrants	:	Renounceable rights issue of up to 1,207,787,815 Rights Shares at an issue price of RM0.10 per Rights Share together with up to 483,115,126 free detachable Warrants C on the basis of 5 Rights Shares together with 2 free Warrants C for every 1 existing Share held by the Entitled Shareholders on the Entitlement Date
Rights Shares	:	Up to 1,207,787,815 new Shares to be allotted and issued pursuant to the Rights Issue with Warrants
RM and sen	:	Ringgit Malaysia and sen respectively
RSF	:	Rights subscription form in relation to the Rights Issue with Warrants
Rules	:	Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the SC pursuant to Section 377 of the CMSA, as amended from time to time
Rules of Bursa Depository	:	Rules of Bursa Depository as issued pursuant to the SICDA, as amended from time to time
SC	:	Securities Commission Malaysia
Share Consolidation	:	Consolidation of every 25 Shares into 1 Consolidated Share, which was ongoing as at the LPD and subsequently completed on 27 July 2021
Share Registrar	:	ShareWorks Sdn Bhd (199101019611 (229948-U))
Shareholders	:	Registered holders of the Shares
SICDA	:	Securities Industry (Central Depositories) Act, 1991 of Malaysia, as amended from time to time and any re-enactment thereof
TEAP	:	Theoretical ex-all price

DEFINITIONS (cont'd)

Undertaking : Written undertaking from the Undertaking Shareholder dated 12 May 2021 (which was subsequently amended for the revised entitlement basis of the Rights Issue with Warrants and superseded by a written undertaking dated 9 June 2021) pursuant to which the Undertaking Shareholder has irrevocably and unconditionally undertaken, amongst others, to apply and subscribe in full for his entitlement of Rights Shares and additional Rights Shares not taken up by other Entitled Shareholders by way of excess Rights Shares application, to the extent such that the aggregate subscription proceeds of the Rights Shares received by the Company arising from the subscription by all Entitled Shareholders and/or their renounee(s) amount to RM7.0 million. Based on the issue price of RM0.10 per Rights Share, this shall entail a total subscription of 70,000,000 Rights Shares together with 28,000,000 Warrants C, which represents the Minimum Subscription Level.

For avoidance of doubt, the number of Rights Shares for which the Undertaking Shareholder is obliged to subscribe pursuant to the Undertaking would be the shortfall in subscription to achieve the Minimum Subscription Level, after taking into consideration the level of subscription by other Entitled Shareholders and/or their transferee(s) and/or their renounee(s). If there is no shortfall, the Undertaking Shareholder is not obliged to subscribe for any Rights Shares (including his entitlement of 85,800 Rights Shares together with 34,320 Warrants C based on his shareholding as at the LPD). However, while the Undertaking Shareholder is not obliged to subscribe for the Rights Shares in such event, the Undertaking Shareholder may still subscribe for his entitlement and/or excess Rights Shares at his own discretion.

Further details of the Undertaking are set out in Section 3 of this Abridged Prospectus

Undertaking Shareholder : Koo Kien Yoon (Executive Director of Lambo)

VWAP : Volume-weighted average market price

Warrants B : Outstanding warrants 2019/2024 issued by the Company pursuant to the Deed Poll B and expiring on 29 April 2024. Each holder of the Warrants B can subscribe for 1 new Share for every 1 Warrant B held, at a pre-determined exercise price, subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll B. Pursuant to the Share Consolidation which was completed on 27 July 2021:-

(i) the 1,051,058,992 Warrants B (as at the LPD) has been adjusted to 42,042,350 Warrants B (after the Share Consolidation); and

(ii) the exercise price of Warrants B of RM0.16 (as at the LPD) has been adjusted to RM4.00 (after the Share Consolidation)

Warrants C : Up to 483,115,126 free detachable warrants in the Company to be allotted and issued pursuant to the Rights Issue with Warrants. The salient terms of the Warrants C are set out in Section 2.5 of this Abridged Prospectus

Warrant C Holders : Holders of the Warrants C

DEFINITIONS (cont'd)

In this Abridged Prospectus, all references to “the Company” are to Lambo and references to “we”, “us”, “our” and “ourselves” are to the Company and, where the context otherwise requires, the subsidiaries of the Company. All references to “you” in this Abridged Prospectus are to the Entitled Shareholders.

Words referring to the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. Reference to persons shall include corporations, unless otherwise specified.

Any reference in this Abridged Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time and date in this Abridged Prospectus shall be a reference to Malaysian time and date, unless stated otherwise.

Any discrepancies in the tables included in this Abridged Prospectus between the actual figures, amounts stated and the totals thereof are, unless otherwise explained, due to rounding.

Certain statements in this Abridged Prospectus may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Abridged Prospectus should not be regarded as a representation or warranty that the Company’s plans and objectives will be achieved.

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ADVISERS' DIRECTORY

- COMPANY SECRETARIES** : Ng Mei Wan (MIA 28862) (SSM PC No. 201908000801)
R. Malathi A/P Rajagopal (MAICSA 7054884) (SSM PC No. 201908000851)
No. 3-2, 3rd Mile Square
No. 151, Jalan Kelang Lama
Batu 3½, 58100 Kuala Lumpur
Tel : +603 - 7987 5300
Fax : +603 - 7987 5200
- PRINCIPAL ADVISER** : Mercury Securities Sdn Bhd
L-7-2, No. 2, Jalan Solaris
Solaris Mont' Kiara
50480 Kuala Lumpur
Wilayah Persekutuan
Tel : +603 - 6203 7227
Fax : +603 - 6203 7117
- SOLICITORS FOR THE RIGHTS
ISSUE WITH WARRANTS** : Messrs. Chong + Kheng Hoe
Advocates & Solicitors
A3-3-6, Block A3
Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur
Wilayah Persekutuan
Tel : +603 - 6205 3928
Fax : -
- SHARE REGISTRAR** : ShareWorks Sdn Bhd
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan
Tel : +603 - 6201 1120
Fax : +603 - 6201 3121
- REPORTING ACCOUNTANTS** : CAS Malaysia PLT ((LLP0009918-LCA) & (AF1476))
B-5-1, IOI Boulevard
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Bandar Puchong Jaya
47170 Puchong, Selangor
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- INDEPENDENT MARKET
RESEARCHER** : Providence Strategic Partners Sdn Bhd
67-1, Block D, The Suites, Jaya One
No. 72A, Jalan Prof Diraja Ungku Aziz
46200 Petaling Jaya, Selangor
Tel : +603 - 7625 1769
Fax : -

Executive Director: Melissa Lim Li Hua
(Bachelor of Commerce (Double major in Marketing and
Management) from Murdoch University, Australia)
- STOCK EXCHANGE LISTING** : ACE Market of Bursa Securities

SUMMARY OF THE RIGHTS ISSUE WITH WARRANTS

This summary of the Rights Issue with Warrants only highlights the key information from other parts of this Abridged Prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Abridged Prospectus.

Key information	Summary																									
(i) Number of Rights Shares to be issued and basis of allotment	<p>Basis: 5 Rights Shares together with 2 free Warrants C for every 1 existing Share held by the Entitled Shareholders. Please refer to Section 2.1 of this Abridged Prospectus for further information.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Minimum Scenario</th> <th style="text-align: center;">Base Case Scenario</th> <th style="text-align: center;">Maximum Scenario</th> </tr> </thead> <tbody> <tr> <td>Number of Rights Shares to be issued</td> <td style="text-align: center;">70,000,000</td> <td style="text-align: center;">997,576,015</td> <td style="text-align: center;">1,207,787,815</td> </tr> <tr> <td>Number of Warrants C attached</td> <td style="text-align: center;">28,000,000</td> <td style="text-align: center;">399,030,406</td> <td style="text-align: center;">483,115,126</td> </tr> </tbody> </table> <p>The Rights Shares with Warrants C which are not taken up or not validly taken up by the Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) prior to the Closing Date shall be made available for Excess Rights Shares with Warrants C Applications. It is the intention of the Board to allot the Excess Rights Shares with Warrants C, if any, in a fair and equitable manner in the following priority:-</p> <ul style="list-style-type: none"> (i) firstly, to minimise the incidence of odd lots; (ii) secondly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for Excess Rights Shares with Warrants C, taking into consideration their respective shareholdings in the Company as at the Entitlement Date; (iii) thirdly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for Excess Rights Shares with Warrants C, taking into consideration the quantum of their respective Excess Rights Shares with Warrants C Applications; and (iv) finally, on a pro-rata basis and in board lots, to the transferee(s) and/or renounee(s) who have applied for Excess Rights Shares with Warrants C, taking into consideration the quantum of their respective Excess Rights Shares with Warrants C Applications. <p>The Excess Rights Shares with Warrants C will firstly be allocated to minimise the odd lots (if any) held by each applicant of Excess Rights Shares with Warrants C. Thereafter, the allocation process will perform items (ii), (iii) and (iv) in succession. Any remaining balance of Excess Rights Shares with Warrants C will be allocated by performing the same sequence of allocation i.e. items (ii), (iii) and (iv) again in succession until all Excess Rights Shares with Warrants C are allotted. Please refer to Section 10.8 of this Abridged Prospectus for further information.</p>							Minimum Scenario	Base Case Scenario	Maximum Scenario	Number of Rights Shares to be issued	70,000,000	997,576,015	1,207,787,815	Number of Warrants C attached	28,000,000	399,030,406	483,115,126								
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(ii) Pricing	<p>Issue price of the Rights Shares : RM0.10 per Rights Share Exercise Price for the Warrants C : RM0.10 per Warrant C (payable for every 1 new Share)</p> <p>Please refer to Section 2.2 of this Abridged Prospectus for further information.</p>																									
(iii) Undertaking	<p>Undertaking Shareholder and : Koo Kien Yoon (Executive Director of Lambo): RM7.0 million undertaking amount</p> <p>Minimum Rights Shares to be subscribed for if none of the other Entitled Shareholders and/or their transferee(s) and/or their renounee(s) subscribe for the Rights Shares : 70,000,000 Rights Shares (representing 7.02% of the total number of 997,576,015 Rights Shares available for subscription under the Base Case Scenario) comprising his entitlement of 85,800 Rights Shares based on his shareholding as at the LPD and 69,914,200 excess Rights Shares</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Undertaking Shareholder</th> <th colspan="2">Existing direct shareholding as at the LPD</th> <th colspan="2">Direct shareholding after the Share Consolidation</th> <th colspan="2">Direct shareholding after the Rights Issue with Warrants under the Minimum Scenario</th> </tr> <tr> <th style="text-align: center;">No. of Shares</th> <th style="text-align: center;">%</th> <th style="text-align: center;">No. of Shares</th> <th style="text-align: center;">%</th> <th style="text-align: center;">No. of Shares</th> <th style="text-align: center;">%</th> </tr> </thead> <tbody> <tr> <td>Koo Kien Yoon</td> <td style="text-align: center;">429,000</td> <td style="text-align: center;">0.01</td> <td style="text-align: center;">17,160</td> <td style="text-align: center;">0.01</td> <td style="text-align: center;">70,017,160</td> <td style="text-align: center;">25.98</td> </tr> </tbody> </table> <p>For avoidance of doubt, the number of Rights Shares for which the Undertaking Shareholder is obliged to subscribe pursuant to the Undertaking would be the shortfall in subscription to achieve the Minimum Subscription Level, after taking into consideration the level of subscription by other Entitled Shareholders and/or their transferee(s) and/or their renounee(s). If there is no shortfall, the Undertaking Shareholder is not obliged to subscribe for any Rights Shares (including his entitlement of 85,800 Rights Shares together with 34,320 Warrants C based on his shareholding as at the LPD). However, while the Undertaking Shareholder is not obliged to subscribe for the Rights Shares in such event, the Undertaking Shareholder may still subscribe for his entitlement and/or excess Rights Shares at his own discretion. Please refer to Section 3 of this Abridged Prospectus for further information.</p>						Undertaking Shareholder	Existing direct shareholding as at the LPD		Direct shareholding after the Share Consolidation		Direct shareholding after the Rights Issue with Warrants under the Minimum Scenario		No. of Shares	%	No. of Shares	%	No. of Shares	%	Koo Kien Yoon	429,000	0.01	17,160	0.01	70,017,160	25.98
Undertaking Shareholder	Existing direct shareholding as at the LPD		Direct shareholding after the Share Consolidation		Direct shareholding after the Rights Issue with Warrants under the Minimum Scenario																					
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SUMMARY OF THE RIGHTS ISSUE WITH WARRANTS (cont'd)

Key information	Summary																																																
(iv) Rationale for the Rights Issue with Warrants	<p>(a) To raise funds and channel them towards the proposed use as set out in Section 5 of this Abridged Prospectus.</p> <p>(b) To provide an opportunity for the Entitled Shareholders to participate in the equity offering of the Company on a pro-rata basis.</p> <p>(c) To raise funds without incurring additional interest expense from borrowings, thereby minimising any potential cash outflow in respect of interest servicing costs.</p> <p>(d) The free Warrants C provide an added incentive to the Entitled Shareholders to subscribe for the Rights Shares.</p> <p>Please refer to Section 4 of this Abridged Prospectus for further information.</p>																																																
(v) Use of proceeds	<p>The gross proceeds to be raised from the Rights Issue with Warrants are intended to be used in the following manner:-</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2" style="text-align: left;">Proposed use of proceeds</th> <th rowspan="2" style="text-align: center;">Expected timeframe for use from completion of the Rights Issue with Warrants</th> <th style="text-align: center;">Minimum Scenario</th> <th style="text-align: center;">Base Case Scenario</th> <th style="text-align: center;">Maximum Scenario</th> </tr> <tr> <th style="text-align: center;">RM'000</th> <th style="text-align: center;">RM'000</th> <th style="text-align: center;">RM'000</th> </tr> </thead> <tbody> <tr> <td>(i) Systems enhancement</td> <td style="text-align: center;">Within 12 months</td> <td style="text-align: right;">5,995</td> <td style="text-align: right;">8,000</td> <td style="text-align: right;">8,000</td> </tr> <tr> <td>(ii) Purchase of motor vehicles</td> <td style="text-align: center;">Within 6 months</td> <td style="text-align: center;">-</td> <td style="text-align: right;">2,000</td> <td style="text-align: right;">2,000</td> </tr> <tr> <td>(iii) Expansion of warehousing capability and capacity</td> <td style="text-align: center;">Within 18 months</td> <td style="text-align: center;">-</td> <td style="text-align: right;">40,000</td> <td style="text-align: right;">40,000</td> </tr> <tr> <td>(iv) Marketing campaigns</td> <td style="text-align: center;">Within 12 months</td> <td style="text-align: center;">-</td> <td style="text-align: right;">15,000</td> <td style="text-align: right;">15,000</td> </tr> <tr> <td>(v) Acquisitions and/or investments in complementary businesses and/or assets</td> <td style="text-align: center;">Within 24 months</td> <td style="text-align: center;">-</td> <td style="text-align: right;">20,000</td> <td style="text-align: right;">20,000</td> </tr> <tr> <td>(vi) Working capital</td> <td style="text-align: center;">Within 24 months</td> <td style="text-align: center;">-</td> <td style="text-align: right;">13,753</td> <td style="text-align: right;">34,774</td> </tr> <tr> <td>(vii) Estimated expenses for the Corporate Exercises</td> <td style="text-align: center;">Immediate</td> <td style="text-align: right;">1,005</td> <td style="text-align: right;">1,005</td> <td style="text-align: right;">1,005</td> </tr> <tr> <td>Total</td> <td></td> <td style="text-align: right;">7,000</td> <td style="text-align: right;">99,758</td> <td style="text-align: right;">120,779</td> </tr> </tbody> </table> <p>Please refer to Section 5 of this Abridged Prospectus for further information.</p>	Proposed use of proceeds	Expected timeframe for use from completion of the Rights Issue with Warrants	Minimum Scenario	Base Case Scenario	Maximum Scenario	RM'000	RM'000	RM'000	(i) Systems enhancement	Within 12 months	5,995	8,000	8,000	(ii) Purchase of motor vehicles	Within 6 months	-	2,000	2,000	(iii) Expansion of warehousing capability and capacity	Within 18 months	-	40,000	40,000	(iv) Marketing campaigns	Within 12 months	-	15,000	15,000	(v) Acquisitions and/or investments in complementary businesses and/or assets	Within 24 months	-	20,000	20,000	(vi) Working capital	Within 24 months	-	13,753	34,774	(vii) Estimated expenses for the Corporate Exercises	Immediate	1,005	1,005	1,005	Total		7,000	99,758	120,779
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(vi) Risk factors	<p>You should consider the following risk factors before subscribing for or investing in the Rights Issue with Warrants:-</p> <p>(a) the Group may not be able to turnaround its financial performance and/or to sustain its earnings;</p> <p>(b) the COVID-19 pandemic has resulted in adverse impact to the performance of the world's economies, with consumer sentiment expected to remain dampened in the near future as consumers stay cautious in their spending. Far-reaching financial impact from the pandemic may lead to business closures which could then directly and/or indirectly impact the financial performance of the Group's businesses;</p> <p>(c) the Group relies on its key personnel for its businesses and hence, any loss of key personnel, without a suitable and timely replacement, may adversely affect the Group's businesses;</p> <p>(d) the Group faces competition from other e-commerce businesses which have a larger presence in Malaysia and in the PRC;</p> <p>(e) non-renewal and/or revocation of business licenses, certifications and permits may lead to a major disruption to the Group's business operations; and</p> <p>(f) risks relating to the Rights Issue with Warrants, including failure or delay in the completion of the Rights Issue with Warrants, capital market risk and forward-looking statements and other information contained in this Abridged Prospectus.</p> <p>Please refer to Section 6 of this Abridged Prospectus for further information.</p>																																																
(vii) Procedures for acceptance and payment	<p>Acceptance of and payment for the Provisional Allotments allotted to you and application for the Excess Rights Shares with Warrants C must be made by way of the RSF enclosed with this Abridged Prospectus or e-Subscription in accordance with the notes and instructions contained therein.</p> <p>The last day, date and time for acceptance of and payment for the Provisional Allotments and the Excess Rights Shares with Warrants C is on Friday, 27 August 2021 at 5.00 p.m.</p> <p>Please refer to Section 10 of this Abridged Prospectus for further information.</p>																																																



LAMBO GROUP BERHAD

(Registration No. 200001014881 (517487-A))

(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016)

Registered office:

No. 3-2, 3rd Mile Square
No. 151, Jalan Kelang Lama
Batu 3½, 58100 Kuala Lumpur

12 August 2021

Board of Directors

Hj. Abdullah Bin Abdul Rahman (Independent Non-Executive Chairman)
Zhuang Guohua (Executive Director)
Koo Kien Yoon (Executive Director)
Ng Chee Kin (Independent Non-Executive Director)
Khor Chin Fei (Independent Non-Executive Director)

To: Entitled Shareholders

Dear Sir / Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,207,787,815 RIGHTS SHARES AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE TOGETHER WITH UP TO 483,115,126 FREE DETACHABLE WARRANTS C ON THE BASIS OF 5 RIGHTS SHARES TOGETHER WITH 2 FREE WARRANTS C FOR EVERY 1 EXISTING SHARE HELD BY THE ENTITLED SHAREHOLDERS AT 5.00 P.M. ON 12 AUGUST 2021

1. INTRODUCTION

On 12 May 2021, Mercury Securities had, on behalf of the Board, announced that the Company proposes to undertake the following proposals:-

- (i) Share Consolidation; and
- (ii) renounceable rights issue of up to 1,207,787,815 new Shares ("**Previous Rights Shares**") together with up to 603,893,907 free detachable warrants in Lambo ("**Previous Warrants C**") on the basis of 10 Previous Rights Shares together with 5 free Previous Warrants C for every 2 Consolidated Shares held by the entitled shareholders on an entitlement date to be determined.

On 9 June 2021, Mercury Securities had, on behalf of the Board, announced that the Board had resolved to revise the entitlement basis of the Rights Issue with Warrants as follows:-

Previous entitlement basis	Revised entitlement basis
Renounceable rights issue of up to 1,207,787,815 Previous Rights Shares together with up to 603,893,907 Previous Warrants C on the basis of 10 Previous Rights Shares together with 5 free Previous Warrants C for every 2 Consolidated Shares held by the entitled shareholders on an entitlement date to be determined	Renounceable rights issue of up to 1,207,787,815 Rights Shares together with up to 483,115,126 free detachable Warrants C on the basis of 5 Rights Shares together with 2 free Warrants C for every 1 Consolidated Share held by the Entitled Shareholders on an entitlement date to be determined

Subsequently on 21 June 2021, Mercury Securities, on behalf of the Board, announced that Bursa Securities has, vide its letter dated 21 June 2021, approved the following:-

- (i) Share Consolidation;
- (ii) listing and quotation of up to 1,207,787,815 Rights Shares to be issued pursuant to the Rights Issue with Warrants;
- (iii) admission to the Official List and listing and quotation of up to 483,115,126 Warrants C to be issued pursuant to the Rights Issue with Warrants;
- (iv) listing and quotation of up to 147,148,256 Additional Warrants B; and
- (v) listing and quotation of up to 147,148,256 new ordinary shares arising from exercise of the 147,148,256 Additional Warrants B and up to 483,115,126 new ordinary shares arising from the exercise of the 483,115,126 Warrants C.

The approval of Bursa Securities for the above is subject to the following conditions:-

Conditions imposed by Bursa Securities	Status of compliance
(i) Lambo or its adviser, Mercury Securities is required to make the relevant announcements pursuant to Rule 13.20(2) ⁽¹⁾ of the Listing Requirements;	Complied
(ii) Lambo and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue with Warrants;	To be complied
(iii) Lambo and Mercury Securities to inform Bursa Securities upon the completion of the Rights Issue with Warrants;	To be complied
(iv) Lambo to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue with Warrants is completed; and	To be complied
(v) Lambo to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the exercise of Warrants C as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

Note:-

- (1) In relation to the Share Consolidation, the Company must (i) include the date of listing and quotation of the Consolidated Shares in the announcement of the books closing date; and (ii) announce on the books closing date, the number and type of the shares to be consolidated.

On 9 July 2021, the Shareholders had approved the Corporate Exercises at the EGM of the Company.

On 23 July 2021, Mercury Securities had, on behalf of the Board, announced that the Board had on even date resolved to fix the issue price of the Rights Shares at RM0.10 per Rights Share and the Exercise Price at RM0.10 per Warrant C.

On 27 July 2021, Mercury Securities had, on behalf of the Board, announced that the Share Consolidation has been completed.

On 28 July 2021, Mercury Securities had, on behalf of the Board, announced that the Entitlement Date for the Rights Issue with Warrants has been fixed at 5.00 p.m. on 12 August 2021.

No person is authorised to give any information or make any representation not contained in this Abridged Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by Mercury Securities or the Company in connection with the Rights Issue with Warrants.

YOU ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS WHICH SETS OUT THE DETAILS OF THE RIGHTS ISSUE WITH WARRANTS AND RISK FACTORS ASSOCIATED WITH THE RIGHTS ISSUE WITH WARRANTS. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. PARTICULARS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Details of the Rights Issue with Warrants

The Rights Issue with Warrants entails a provisional allotment of up to 1,207,787,815 Rights Shares together with up to 483,115,126 free Warrants C on a renounceable basis of 5 Rights Shares together with 2 free Warrants C for every 1 existing Share held by the Entitled Shareholders on the Entitlement Date, at an issue price of RM0.10 per Rights Share. The actual number of Rights Shares and Warrants C to be issued will depend on the eventual subscription level for the Rights Issue with Warrants.

As at the LPD, the Company has 4,987,880,099 Shares in issue and 1,051,058,992 outstanding Warrants B. In conjunction with the Corporate Exercises, the Company has undertaken not to grant any ESOS Options until the completion of the Corporate Exercises. As at the LPD, there is no outstanding ESOS Option.

Assuming full exercise of the 1,051,058,992 Warrants B into new Shares prior to the Share Consolidation, the Company's enlarged total number of 6,038,939,091 Shares will be consolidated into 241,557,563 Consolidated Shares. Based on the total number of 241,557,563 Consolidated Shares, the Rights Issue with Warrants would entail the issuance of up to 1,207,787,815 Rights Shares together with up to 483,115,126 free Warrants C (assuming all Entitled Shareholders and/or their transferee(s) and/or their renounee(s) fully subscribe for their respective entitlements of the Rights Shares with Warrants C).

As the Rights Shares and Warrants C are prescribed securities, the respective CDS Accounts of the Entitled Shareholders will be duly credited with the number of Provisional Allotments they are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. Entitled Shareholders will find the NPA as enclosed in this Abridged Prospectus, notifying Entitled Shareholders of the crediting of such securities into their respective CDS Accounts, and the RSF as enclosed in this Abridged Prospectus, enabling Entitled Shareholders to subscribe for the Provisional Allotments as well as to apply for Excess Rights Shares with Warrants C if Entitled Shareholders so choose to.

However, only Entitled Shareholders who have an address in Malaysia as stated in the Record of Depositors or who have provided the Share Registrar with an address in Malaysia in writing by the Entitlement Date will receive this Abridged Prospectus together with the NPA and RSF.

The Warrants C are attached to the Rights Shares without any cost and will be issued only to Entitled Shareholders and/or their transferee(s) and/or their renounee(s) who subscribe for the Rights Shares. The Warrants C are exercisable into new Shares and each Warrant C will entitle the Warrant C Holder to subscribe for 1 new Share at the Exercise Price. The Warrants C will be immediately detached from the Rights Shares upon issuance and traded separately. The Warrants C will be issued in registered form and constituted by the Deed Poll C. The salient terms of the Warrants C are set out in Section 2.5 of this Abridged Prospectus.

Any dealings in the Company's securities will be subject to, amongst others, the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, the Rights Shares, Warrants C and new Shares to be issued arising from the exercise of the Warrants C will be credited directly into the respective CDS Accounts of successful applicants and Warrant C Holders who exercise their Warrants C (as the case may be). No physical certificates will be issued to the successful applicants of the Rights Shares with Warrants C, nor will any physical share certificates be issued for the new Shares to be issued arising from the exercise of the Warrants C.

The Rights Issue with Warrants is renounceable in full or in part. Accordingly, the Entitled Shareholders may fully or partially renounce their entitlements under the Rights Issue with Warrants. However, the Rights Shares and Warrants C cannot be renounced separately. As such, the Entitled Shareholders who renounce all of their Rights Shares entitlements will not be entitled to the Warrants C. If the Entitled Shareholders accept only part of their Rights Shares entitlements, they shall be entitled to the Warrants C in proportion to their acceptance of the Rights Shares entitlements.

The Rights Shares and Warrants C which are not taken up or not validly taken up by Entitled Shareholders and/or their transferee(s) and/or their renounee(s) shall be made available for Excess Rights Shares with Warrants C Applications.

Fractional entitlements arising from the Rights Issue with Warrants, if any, shall be disregarded and/or dealt with by the Board in such manner and on such terms and conditions as the Board in its absolute discretion may deem fit or expedient and in the best interest of the Company.

Notices of allotment will be despatched to the successful applicants of the Rights Shares with Warrants C within 8 Market Days from the last date for acceptance and payment of the Rights Shares with Warrants C or such other period as may be prescribed by Bursa Securities.

The Warrants C will be admitted to the Official List and the listing and quotation of Warrants C will commence 2 Market Days upon the receipt by Bursa Securities of an application for quotation for these securities as specified under the Listing Requirements, which will include amongst others, confirmation that all notices of allotment have been despatched to the successful applicants, and after receipt of confirmation from Bursa Depository that all CDS Accounts of successful applicants have been duly credited with the Rights Shares and Warrants C.

2.2 Basis of determining the issue price of the Rights Shares and the Exercise Price

(i) Issue price of the Rights Shares

The Board had fixed the issue price of the Rights Shares at RM0.10 per Rights Share after taking into consideration, amongst others, the following:-

- (a) the funding requirements of the Group, as set out in Section 5 of this Abridged Prospectus;
- (b) the reference share price of the Shares (after the Share Consolidation);
- (c) the TEAP⁽¹⁾ of the Shares based on the 5-Market Day VWAP of the Shares up to and including the LTD; and
- (d) the rationale for the Rights Issue with Warrants, as set out in Section 4 of this Abridged Prospectus.

The issue price of RM0.10 per Rights Share represents a discount of approximately 16.46% to the TEAP of the Shares of RM0.1197, calculated based on the 5-Market Day VWAP of the Shares up to and including the LTD of RM0.2578 (after adjusting for the effects of the Share Consolidation).

Note:-

- (1) TEAP is computed as follows:-

$$\text{TEAP} = \frac{(A \times X) + (B \times Y) + (C \times Z)}{A + B + C}$$

where:-

- A = Number of Rights Shares
- B = Number of Warrants C
- C = Number of existing Shares
- X = Issue price of the Rights Shares
- Y = Exercise Price
- Z = 5-Market Day VWAP of Lambo Shares up to and including the LTD (after adjusting for the effects of the Share Consolidation)

and the ratio of A:B:C is 5:2:1, in accordance with the entitlement basis of 5 Rights Shares together with 2 free Warrants C for every 1 existing Share held on the Entitlement Date.

(ii) Exercise Price

The Board had fixed the Exercise Price at RM0.10 per Warrant C after taking into consideration:-

- (i) the TEAP of the Shares based on the 5-Market Day VWAP of the Shares up to and including the LTD; and
- (ii) the need to fix an exercise price that makes the Warrants C attractive for the purposes of enhancing the subscription level of the Rights Shares.

The Exercise Price of RM0.10 per Warrant C represents a discount of approximately 16.46% to the TEAP of the Shares of RM0.1197, calculated based on the 5-Market Day VWAP of the Shares up to and including the LTD of RM0.2578 (after adjusting for the effects of the Share Consolidation).

2.3 Ranking of the Rights Shares and new Shares to be issued arising from the exercise of the Warrants C

(i) Rights Shares

The Rights Shares shall, upon allotment, issuance and full payment of the issue price of the Rights Shares, rank equally in all respects with the then existing issued Shares, save and except that the holders of such Rights Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment and issuance of such Rights Shares.

(ii) New Shares to be issued arising from the exercise of the Warrants C

The new Shares to be issued arising from the exercise of the Warrants C shall, upon allotment, issuance and full payment of the Exercise Price, rank equally in all respects with the then existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment and issuance of such new Shares.

2.4 Last date and time for acceptance and payment

The Closing Date is on **Friday, 27 August 2021 at 5.00 p.m.**

2.5 Salient terms of the Warrants C

The salient terms of the Warrants C to be issued pursuant to the Rights Issue with Warrants are set out below:-

Issuer	: Lambo.
Issue size	: Up to 483,115,126 Warrants C.
Form and detachability	: The Warrants C will be issued in registered form and constituted by the Deed Poll C. The Warrants C which are to be issued with the Rights Shares will immediately be detached from the Rights Shares upon allotment and issuance and will be traded separately on Bursa Securities.
Board lot	: For the purpose of trading on Bursa Securities, a board lot of Warrants C shall be 100 units of Warrants C, or such other number of units as may be prescribed by Bursa Securities.
Tenure of the Warrants C	: 3 years commencing from and including the date of issuance of the Warrants C.

- Exercise Period : The Warrants C may be exercised at any time within a period of 3 years commencing from and including the date of issuance of the Warrants C to the close of business at 5.00 p.m. (Malaysian time) on the Market Day immediately preceding the date which is the 3rd anniversary from the date of issuance of the Warrants C. Any Warrants C not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.
- Exercise Price : RM0.10 per Warrant C.
- The Exercise Price during the Exercise Period shall however be subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll C.
- Subscription rights : Each Warrant C shall entitle its registered holder to subscribe for 1 new Share at any time during the Exercise Period at the Exercise Price, subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll C.
- Mode of exercise : The Warrant C Holders are required to lodge a subscription form with the Company's registrar, duly completed, signed and stamped or via electronic submission of the subscription form by way of email at ir@shareworks.com.my, together with payment by way of banker's draft or cashier's order drawn on a bank operating in Malaysia or money order or postal order issued by a post office in Malaysia or by way of internet bank transfer to a designated bank account for the aggregate of the Exercise Price payable when exercising their Warrants C to subscribe for new Shares. The payment of such fee must be made in RM.
- Adjustments to the Exercise Price and/or the number of Warrants C : Subject to the provisions of the Deed Poll C, the Exercise Price and/or the number of Warrants C in issue may be subject to adjustments by the Board in consultation with an approved adviser appointed by the Company or the auditors in the event of any alteration in the share capital of the Company at any time during the tenure of the Warrants C, whether by way of, amongst others, rights issue, bonus issue, consolidation of shares, subdivision of shares or capital distribution, in accordance with the provisions of the Deed Poll C. Any adjustment to the Exercise Price will be rounded up to the nearest 1 sen while any adjustment to the number of Warrants C held by each Warrant C Holder will be rounded down to the nearest whole Warrant C.
- Rights of the Warrant C Holders : The Warrants C do not confer on their holders any voting rights or any right to participate in any form of distribution and/or offer of further securities in the Company until and unless such Warrant C Holders exercise their Warrants C for new Shares in accordance with the provisions of the Deed Poll C and such new Shares have been allotted and issued to such holders.

- Ranking of the new Shares to be issued pursuant to the exercise of the Warrants C : The new Shares to be issued pursuant to the exercise of the Warrants C in accordance with the provisions of the Deed Poll C shall, upon allotment, issuance and full payment of the Exercise Price, rank equally in all respects with the then existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment and issuance of such new Shares.
- Rights of the Warrant C Holders in the event of winding up, liquidation, compromise and/or arrangement : Where a resolution has been passed for a members' voluntary winding-up of the Company, or where 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 1 or more companies, then:-
- (i) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant C Holders (or some other persons designated by them for such purpose by special resolution) shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the Warrant C Holders; and
- (ii) every Warrant C Holder shall be entitled to exercise his Warrants C at any time within 6 weeks after the passing of such resolution for a members' voluntary winding up of the Company or within 6 weeks after the granting of the court order approving the winding-up, compromise or arrangement, whereupon the Company shall allot the relevant new Shares to the Warrant C Holder credited as fully paid subject to the prevailing laws, and such Warrant C holder shall be entitled to receive out of the assets of the Company which would be available in liquidation if he 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. Upon the expiry of the aforesaid 6 weeks, all subscription rights of the Warrants C shall lapse and cease to be valid for any purpose.
- Modification of rights of Warrant C Holders : Save as otherwise provided in the Deed Poll C, a special resolution of the Warrant C Holders is required to sanction any modification, alteration or abrogation in respect of the rights of the Warrant C Holders.
- Modification of Deed Poll C : Any modification to the terms and conditions of the Deed Poll C may be effected only by a further deed poll, executed by the Company and expressed to be supplemental to the Deed Poll C. Any of such modification shall however be subject to the approval of Bursa Securities (if so required).

No amendment or addition may be made to the provisions of the Deed Poll C without the sanction of a special resolution unless the amendments or additions are required to correct any typographical errors or relate purely to administrative matters or are required to comply with any provisions of the prevailing laws or regulations of Malaysia or in the opinion of the Company, upon consultation with an approved adviser appointed by the Company, will not be materially prejudicial to the interests of the Warrant C Holders.

- Listing status : The Warrants C will be listed and traded on the ACE Market of Bursa Securities. The listing and quotation of the Warrants C on the ACE Market of Bursa Securities is subject to a minimum of 100 Warrant C Holders holding not less than 1 board lot of Warrants C each.
- Transferability : The Warrants C shall be transferable in the manner provided under the SICDA and the Rules of Bursa Depository.
- Governing laws : The Warrants C and the Deed Poll C shall be governed by the laws of Malaysia.

2.6 Details of other corporate exercises

As at the date of this Abridged Prospectus, save for the Rights Issue with Warrants, the Board confirmed that there are no other corporate exercises which have been approved by the regulatory authorities but are pending completion.

2.7 Details of past fund-raising exercises undertaken by the Company

Save as disclosed below and the granting of ESOS Options, Lambo has not undertaken any other fund raising exercises or issued any securities to raise funds in the past 12 months up to the LPD:-

(i) Private Placement September 2020

On 18 September 2020, the Company completed a private placement exercise which involved the issuance of 813,303,800 new Shares (representing approximately 30% of the then existing total number of issued Shares), raising a total of RM34.03 million.

As at the LPD, the said proceeds have been used as follows:-

Use of proceeds	Expected timeframe for use from completion of Private Placement September 2020	Actual proceeds raised (RM'000)	Actual use up to the LPD (RM'000)	Variation (RM'000)	Balance available for use (RM'000)
(i) E-commerce business expansion for LamboPlace and LamboMove in Malaysia ⁽¹⁾	Within 36 months	33,232	(2,719) ⁽²⁾	315	30,828
(ii) Expenses for the Private Placement September 2020	Immediate	800	(485)	(315)	-
Total		34,032	(3,204)	-	30,828

Notes:-

- (1) LamboPlace is the Group's business-to-consumer (B2C) e-commerce marketplace in Malaysia for original lifestyle consumer products including food products, apparels and accessories, baby toys and collectibles, fitness products, home and living products, lifestyle gadgets as well as beauty and wellness products. LamboMove is the Group's platform to offer its last-mile delivery services.

The proceeds from the Private Placement September 2020 were earmarked for marketing campaigns (RM18.5 million), systems enhancement (RM5.0 million), expansion of warehousing (RM3.5 million) and delivery (RM1.0 million) capability and capacity, hiring of personnel (RM4.5 million) and office expansion (RM1.0 million). Further details on the use of proceeds from the Private Placement September 2020 have been set out in the circular to the Shareholders dated 30 July 2020.

- (2) The amount of RM2.7 million has been used for marketing campaigns to promote LamboPlace (including advertisement placements on social media and digital media as well as product promotions) (RM0.5 million), enhancements of the Group's business platforms (RM0.1 million) and staff costs for the Group's new recruits (RM2.1 million). On the other hand, no proceeds have been used for the expansion of warehousing and delivery capability and capacity as well as office expansion as at the LPD, pending the identification of a suitable warehouse and commencement of renovation works.

The implementation of the Group's expansion plan has been inevitably prolonged as a result of the various on-going MCO restrictions imposed by the Government.

(ii) Private Placement February 2021

On 2 February 2021, the Company completed a private placement exercise which involved the issuance of 775,063,300 new Shares (representing approximately 20% of the then existing total number of issued Shares), raising a total of RM21.09 million.

As at the LPD, the said proceeds have been used as follows:-

Use of proceeds	Expected timeframe for use from completion of Private Placement February 2021	Actual proceeds raised (RM'000)	Actual use up to the LPD (RM'000)	Variation (RM'000)	Balance available for use (RM'000)
(i) Investment in a specialised e-commerce platform to market liquor products, particularly wines ("Wine Business") ⁽¹⁾	Within 24 months	20,147	(910) ⁽²⁾	690	19,927
(ii) Expenses for the Private Placement February 2021	Immediate	940	(250)	(690)	-
Total		21,087	(1,160)	-	19,927

Notes:-

- (1) The proceeds from the Private Placement February 2021 were earmarked for procurement of inventory (RM6.8 million), setting up of a new warehouse (RM4.0 million), marketing and promotion (RM5.0 million), development of a new platform (RM2.0 million) and working capital (RM3.0 million) for the Wine Business. Further details on the use of proceeds from the Private Placement February 2021 have been set out in the announcements of the Company dated 24 December 2020 and 12 January 2021.

- (2) The amount of RM0.9 million has been used mainly for working capital (RM0.8 million), with the remaining RM0.1 million used for purchase of wine inventories, marketing and promotion as well as development of the e-commerce platform known as “LamboCellar” to market liquor products, particularly wines. On the other hand, no proceeds have been used for the establishment of a new warehouse as at the LPD, pending the identification of a suitable warehouse and commencement of renovation works.

The implementation of the Group’s expansion plan has been inevitably prolonged as a result of the various on-going MCO restrictions imposed by the Government.

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3. MINIMUM SUBSCRIPTION LEVEL AND THE UNDERTAKING

The Company intends to raise a minimum of RM7.0 million from the Rights Issue with Warrants to meet the funding requirements of the Group, which will be channelled towards the proposed use as set out in Section 5 of this Abridged Prospectus.

In view of the above, the Board has determined to undertake the Rights Issue with Warrants based on the Minimum Subscription Level, which is based on the issue price of RM0.10 per Rights Share, shall entail the subscription of 70,000,000 Rights Shares together with 28,000,000 Warrants C.

To meet the Minimum Subscription Level, the Company has procured the Undertaking from the Undertaking Shareholder to apply and subscribe in full for his entitlement of Rights Shares and additional Rights Shares not taken up by other Entitled Shareholders by way of excess Rights Shares application, to the extent such that the aggregate subscription proceeds of the Rights Shares received by the Company arising from the subscription by all Entitled Shareholders and/or their renouncee(s) amount to RM7.0 million.

The details of the Undertaking and the pro forma shareholding of the Undertaking Shareholder under the Minimum Scenario are as follows:-

Undertaking Shareholder	Existing direct shareholding as at the LPD		Direct shareholding after the Share Consolidation ⁽¹⁾		Minimum Rights Shares with Warrants C to be subscribed pursuant to the Undertaking							
	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽³⁾	Subscription based on entitlement		Subscription based on excess application					
					No. of Shares	% ⁽⁴⁾	No. of Shares	% ⁽⁵⁾	No. of Warrants C	% ⁽⁶⁾		
Koo Kien Yoon	429,000	0.01	17,160	0.01	85,800	0.01	34,320	0.01	69,914,200	7.01	27,965,680	7.01
Total Rights Shares with Warrants C to be subscribed pursuant to the Undertaking					Assuming none of the other Entitled Shareholders and/or their transferees(s) and/or their renouncee(s) subscribe for their Rights Shares with Warrants C							
Undertaking Shareholder	No. of Rights Shares	% ⁽⁴⁾	No. of Warrants C	% ⁽⁵⁾	No. of Shares held after the Rights Issue with Warrants		No. of Shares held after the Rights Issue with Warrants and assuming full exercise of the Warrants C					
Koo Kien Yoon	70,000,000	7.02	28,000,000	7.02	70,017,160	25.98	98,017,160	32.95				

Notes:-

- (1) The Share Consolidation was ongoing as at the LPD and subsequently completed on 27 July 2021.
- (2) Based on the total number of 4,987,880,099 Shares as at the LPD.
- (3) Based on the total number of 199,515,203 Shares after the Share Consolidation.
- (4) Based on the total number of 997,576,015 Rights Shares available for subscription.
- (5) Based on the total number of 399,030,406 free Warrants C based on the total number of 997,576,015 Rights Shares available for subscription.
- (6) Based on the enlarged total number of 269,515,203 Shares after the Rights Issue with Warrants under the Minimum Scenario.
- (7) Based on the enlarged total number of 297,515,203 Shares after the Rights Issue with Warrants under the Minimum Scenario and assuming full exercise of the Warrants C.

Pursuant to the Undertaking, the Undertaking Shareholder has:-

- (i) irrevocably and unconditionally warranted that he shall not sell or in any other way dispose of or transfer his existing interest in the Company or any part thereof during the period commencing from the date of the Undertaking up to the Entitlement Date; and
- (ii) confirmed that he has sufficient financial means and resources to fulfil his obligations under the Undertaking.

Mercury Securities has verified the sufficiency of financial resources of the Undertaking Shareholder for the purpose of subscribing for the Rights Shares and excess Rights Shares pursuant to the Undertaking.

As set out in the pro forma shareholding of the Undertaking Shareholder under the Minimum Scenario above, his subscription for 70,000,000 Rights Shares (including his entitlement of 85,800 Rights Shares) pursuant to the Undertaking will not give rise to a mandatory take-over offer obligation on the part of the Undertaking Shareholder under the Code and the Rules immediately after completion of the Rights Issue with Warrants. The Undertaking Shareholder has confirmed that he will observe and comply at all times with the provisions of the Code and the Rules and will seek from the SC the necessary exemptions from undertaking such mandatory take-over offer, if required.

As the Minimum Subscription Level will be fully satisfied via the Undertaking, the Company will not procure any underwriting arrangement for the remaining Rights Shares not subscribed for by other Entitled Shareholders.

For avoidance of doubt, the number of Rights Shares for which the Undertaking Shareholder is obliged to subscribe pursuant to the Undertaking would be the shortfall in subscription to achieve the Minimum Subscription Level, after taking into consideration the level of subscription by other Entitled Shareholders and/or their transferee(s) and/or their renouncee(s). If there is no shortfall, the Undertaking Shareholder is not obliged to subscribe for any Rights Shares (including his entitlement of 85,800 Rights Shares together with 34,320 Warrants C based on his shareholding as at the LPD). However, while the Undertaking Shareholder is not obliged to subscribe for the Rights Shares in such event, the Undertaking Shareholder may still subscribe for his entitlement and/or excess Rights Shares at his own discretion.

The Undertaking is not expected to result in any breach in the public shareholding spread requirement by the Company under Rule 8.02(1) of the Listing Requirements, which stipulates that a listed corporation must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. As at the LPD, the Company does not hold any treasury shares.

The pro forma public shareholding spread under the Minimum Scenario is illustrated as follows:-

Particulars	Beneficial shareholding as at the LPD		(I) After the Share Consolidation		(II) After (I) and the Rights Issue with Warrants		(III) After (II) and assuming full exercise of the Warrants C	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽³⁾	No. of Shares	% ⁽⁴⁾
Issued share capital	4,987,880,099	100.00	199,515,203	100.00	269,515,203	100.00	297,515,203	100.00
Less: Directors, substantial shareholders and their associates	433,250	0.01	17,330	0.01	70,017,330	25.98	98,017,330	32.94
Shareholders holding less than 100 Shares	1,474	-(5)	22,663	0.01	22,663	0.01	22,663	0.01
Public shareholding spread	4,987,445,375	99.99	199,475,210	99.98	199,475,210	74.01	199,475,210	67.05

Notes:-

- (1) Based on the total number of 4,987,880,099 Shares as at the LPD.
- (2) Based on the total number of 199,515,203 Shares after the Share Consolidation.
- (3) Based on the enlarged total number of 269,515,203 Shares after the Rights Issue with Warrants under the Minimum Scenario.
- (4) Based on the enlarged total number of 297,515,203 Shares after the Rights Issue with Warrants under the Minimum Scenario and assuming full exercise of the Warrants C.
- (5) Less than 0.005%.

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4. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS

The Rights Issue with Warrants will enable the Company to raise funds and channel them towards the proposed use as set out in Section 5 of this Abridged Prospectus.

After due consideration of the various options available, the Board is of the opinion that the Rights Issue with Warrants is the most suitable means of fund raising for the Company for the following reasons:-

- (i) it will involve the issuance of new Shares without diluting the Entitled Shareholders' shareholdings provided that they subscribe in full for their respective entitlements under the Rights Issue with Warrants and exercise their Warrants C subsequently;
- (ii) it provides an opportunity for the Entitled Shareholders to participate in the equity offering of the Company on a pro-rata basis; and
- (iii) it will enable the Company to raise the requisite funds without incurring additional interest expense from bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing costs.

The free Warrants C which are attached to the Rights Shares are intended to provide an added incentive to the Entitled Shareholders to subscribe for the Rights Shares. In addition, the free Warrants C will provide the Entitled Shareholders with an opportunity to increase their equity participation in the Company at the Exercise Price during the tenure of the Warrants C and will allow Entitled Shareholders to further participate in the future growth of the Company as and when the Warrants C are exercised.

The exercise of the Warrants C in the future will allow the Company to obtain additional funds without incurring additional interest expenses from borrowings. Furthermore, the exercise of Warrants C will increase Shareholders' funds, thereby strengthening the financial position of the Company and providing the Company with flexibility in terms of the options available to meet its funding requirements.

5. USE OF PROCEEDS

The Lambo Group has ventured into the e-commerce industry and has developed its own e-commerce marketplace in the PRC in 2016. However, in the recent financial periods, the Group's financial contribution from its operations in the PRC has been negatively impacted by the economic downturn arising from the COVID-19 pandemic as well as the global trade war arising from economic conflicts between the United States of America and the PRC, which resulted in amongst others, the imposition of tariffs and other trade barriers, leading to lower international trade. As a result of the slowdown in economic activities, the Group's business in the PRC had declined as the Group's major customers reduced their orders amidst lower sales achieved by them. In mitigation, the Group has been and will continue to expand its operations in Malaysia to diversify and reduce dependency on its operations in the PRC, in line with the Group's strategy to shift its focus from the PRC to Malaysia.

In August 2019, the Group had launched its own business-to-consumer (B2C) e-commerce marketplace known as "LamboPlace" in Malaysia. LamboPlace is a B2C e-commerce marketplace for original lifestyle consumer products including food products, apparels and accessories, baby toys and collectibles, fitness products, home and living products, lifestyle gadgets as well as beauty and wellness products. In August 2019, the Group had also launched its last-mile delivery services through its online delivery platform, "LamboMove". Following thereafter, the Group embarked on an expansion plan for both LamboPlace and LamboMove with an estimated total budgeted costs of up to RM35.0 million, to be funded mainly via proceeds from the Private Placement September 2020.

As set out in the circular to the Shareholders in relation to the Private Placement September 2020 dated 30 July 2020, the abovementioned expansion plan includes (i) marketing campaigns targeted at creating and increasing brand awareness as well as attracting new users and increasing conversion rates into sales, (ii) systems enhancement for LamboPlace (i.e. implementation of a business intelligence system for the e-commerce marketplace) and LamboMove (i.e. development of a mobile application for on-demand delivery services for individuals), (iii) establishment of a larger warehouse (which was to be rented) and purchase of motor vehicles as well as (iv) hiring of more personnel and (v) office expansion to support the larger operations post expansion.

Subsequently, the Group undertook the Private Placement February 2021 to fund its expansion plan into the Wine Business. The expansion plan includes (i) developing a specialised e-commerce platform known as "LamboCellar"⁽¹⁾ to market liquor products, particularly wines, (ii) procurement of wine inventories, (iii) acquisition and setting up of a separate warehouse for storage of wine inventories, (iv) marketing and promotion as well as (v) working capital for the Wine Business.

Note:-

- (1) The specialised platform is intended to be a marketplace for both merchants and consumers to buy and sell wines. Other types of liquor products may be introduced in stages to the marketplace, depending on the pick-up in demand for the different types of liquor products.

Further to the above, the Group intends to expand its e-commerce fulfilment services, particularly in terms of warehousing and logistics to support and expand its LamboPlace and LamboMove operations. In recent years, the Group has observed an increasing number of retailers looking for third-party fulfilment providers for their warehousing and logistics needs (in contrast with the traditional business strategy to keep stocks in own warehouses) in order to have a leaner cost structure. This is particularly important for businesses to withstand the adverse economic effects arising from the current COVID-19 pandemic.

Hence, as an extension to the Group's ongoing expansion plan for LamboPlace and LamboMove (which is to be funded mainly via proceeds from the Private Placement September 2020), the Group is undertaking the Rights Issue with Warrants to raise additional funds to further expand its e-commerce business in Malaysia. This expansion plan will focus on building up the Group's warehousing and logistics capability and capacity through:-

- (i) investment in enhanced warehousing systems for the Group's new warehouse (whether rented or purchased);
- (ii) purchase of additional motor vehicles to increase the Group's delivery fleet (on top of those to be purchased using proceeds from the Private Placement September 2020);
- (iii) acquisition and setting up of a new warehouse, if there are sufficient proceeds raised from the Rights Issue with Warrants (as opposed to the Group's initial plan to establish a new warehouse which was to be rented);
- (iv) marketing campaigns targeting at securing more vendors (also known as merchants on the Group's LamboPlace e-commerce marketplace) and other corporations for the use of the Group's expanded warehousing space (whether rented or purchased);
- (v) acquisitions and/or investments in complementary businesses and/or assets, including those in the operations of e-commerce platform, warehousing and/or logistics industry which may be identified for the Group's business expansion in the future; and
- (vi) additional working capital for the Group's enlarged operations post expansion.

Further details of the use of proceeds from the Rights Issue with Warrants are set out below.

As disclosed in the circular to Shareholders in relation to the Corporate Exercises dated 24 June 2021, the Rights Issue with Warrants was expected to raise indicative gross proceeds of RM79.8 million under the Base Case Scenario and RM96.6 million under the Maximum Scenario, based on an illustrative issue price of RM0.08 per Rights Share.

Subsequently, on 23 July 2021, the Board had resolved to fix the issue price at RM0.10 per Rights Share. Pursuant thereto, the Rights Issue with Warrants is now expected to raise indicative gross proceeds of RM99.8 million and RM120.8 million under the Base Case Scenario and Maximum Scenario respectively. The additional proceeds of RM20.0 million and RM24.2 million under the Base Case Scenario and Maximum Scenario respectively will be allocated for marketing campaigns (addition of RM5.0 million under both scenarios), acquisitions and/or investments in complementary businesses and/or assets (addition of RM5.0 million under both scenarios) and the working capital of the Group (addition of RM10.0 million and RM14.2 million under the Base Case Scenario and Maximum Scenario respectively), further details of which are set out below.

Hence, based on the issue price of RM0.10 per Rights Share, the gross proceeds to be raised from the Rights Issue with Warrants are intended to be used in the following manner:-

Proposed use of proceeds	Expected timeframe for use from completion of the Rights Issue with Warrants	Minimum Scenario		Base Case Scenario		Maximum Scenario	
		(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
(i) Systems enhancement	Within 12 months	5,995	85.6	8,000	8.0	8,000	6.6
(ii) Purchase of motor vehicles	Within 6 months	-	-	2,000	2.0	2,000	1.7
(iii) Expansion of warehousing capability and capacity	Within 18 months	-	-	40,000	40.1	40,000	33.1
(iv) Marketing campaigns	Within 12 months	-	-	15,000	15.0	15,000	12.4
(v) Acquisitions and/or investments in complementary businesses and/or assets	Within 24 months	-	-	20,000	20.1	20,000	16.6
(vi) Working capital	Within 24 months	-	-	13,753	13.8	34,774	28.8
(vii) Estimated expenses for the Corporate Exercises	Immediate	1,005	14.4	1,005	1.0	1,005	0.8
Total		7,000	100.0	99,758	100.0	120,779	100.0

Notes:-

- (1) Any additional proceeds raised from the Rights Issue with Warrants in excess of the RM7.0 million under the Minimum Scenario will be allocated in the following order:-
- (i) systems enhancement (up to RM8.0 million);
 - (ii) purchase of motor vehicles (up to RM2.0 million);
 - (iii) if the remaining proceeds is RM25.0 million or more, the amount shall be used for the expansion of warehousing capability and capacity (up to RM40.0 million). Otherwise, the amount shall be used in the order of (iv), (v) and (vi) below;
 - (iv) marketing campaigns (up to RM15.0 million);
 - (v) if the remaining proceeds is RM10.0 million or more, the amount shall be used for the acquisitions and/or investments in complementary businesses and/or assets (up to RM20.0 million). Otherwise, the amount shall be used for (vi) below; and
 - (vi) any balance thereafter shall be used for the Group's working capital purposes, further details of which are set out in Section 5(vi) of this Abridged Prospectus.

For avoidance of doubt, in the event that the proceeds raised from Rights Issue with Warrants are not sufficient for the expansion of warehousing capability and capacity through acquisition of a new warehouse, the Group will revert to its initial plan which is to rent a warehouse to expand its warehousing space. Hence, in any case (i.e. whether to buy or to rent a warehouse), the Group will proceed with the other proposed uses of proceeds (including systems enhancement, purchase of motor vehicles and marketing campaigns).

- (2) The Board wishes to highlight that the illustrative amount of up to approximately RM120.8 million that would be raised under the Maximum Scenario is based on the assumptions that:-
- (i) all the outstanding Warrants B as at the LPD will be exercised into new Shares prior to the Entitlement Date; and
 - (ii) all the Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) fully subscribe for their respective entitlements under the Rights Issue with Warrants.

The Board is of the view that the Maximum Scenario is an unlikely scenario as it is unlikely for all the outstanding Warrants B to be exercised into new Shares prior to the Entitlement Date in view of:-

- (i) the closing market price of Lambo Shares as at the LPD of RM0.015; and
 - (ii) the exercise price of the Warrants B as at the LPD of RM0.16 (out-of-the-money), the closing market price of Warrants B as at the LPD of RM0.005 and the remaining tenure of approximately 2.8 years from the LPD.
- (3) Pending the use of the proceeds from the Rights Issue with Warrants, the unused proceeds shall be placed in interest-bearing deposits and/or invested in money market financial instruments. Any interest and/or gain derived will be used for the Group's general working capital purposes.

(i) Systems enhancement

An efficient warehouse management system plays a vital role in the management and administration of warehouse operations as it orchestrates and records the inventory movement into and out of the warehouse. A systematic inventory control is important to ensure, amongst others, accurate and efficient tracking of stocks availability and their location within the warehouse as well as to minimise incidences of pilferage, theft and loss.

At present, the Group operates its warehouse in Petaling Jaya, Selangor (which has been rented since July 2019 and operating at full capacity since December 2020⁽¹⁾) using manual inventory recording system whereby physical movements of the inventory within and out of the warehouse are evidenced by physical documentation which are then collated and manually inputted into the warehouse inventory system. Inherently, manual records are time consuming and are prone to human errors and/or manipulation. Inaccurate or incomplete records will lead to inefficiencies in tracking the stocks within the warehouse as well as higher risks of stock pilferage, theft and loss.

Note:-

(1) Due to the lack of information maintained in the current system, the utilisation rate of the warehouse for the period from July 2019 to November 2020 cannot be determined.

In view of the Group's expansion plan to acquire or rent a larger warehouse of more than 30,000 square feet for its LamboPlace and LamboMove operations in place of its existing warehouse (see Section 5(iii) of this Abridged Prospectus for further details), a more organised and automated warehouse management system is necessary to ensure that all inventory movements are processed quickly, accurately and efficiently. Hence, the Group intends to invest in a new warehouse management system which incorporates, amongst others, the use of barcode readers and radio frequency identification (RFID) tags to record inventory movements (including details such as dates, product types, size and quantities) in a more efficient and accurate manner. Further, the warehouse management system is expected to be able to integrate with the Group's accounting, invoicing and procurement functions.

With real-time information from the new warehouse management system, the Group will be able to manage all warehousing activities including orders, shipments, receipts and delivery of goods in an efficient and timely manner. In addition, such real-time information will help the Group identify any excess warehousing space, which may be rented out to other corporations for a rental fee. The new system will also ease inventory management and planning of the vendors as they will be allowed limited access to the system to view the level of their inventories held on consignment in the Group's warehouse.

An automated racking system will also be incorporated in the warehouse management, whereby the racking system will have autoloaders which will simplify loading and storage of products. This is necessary for a large warehouse set-up which is intended to store various range of products, particularly bulky and/or heavy items.

The Group intends to invest an amount of up to RM8.0 million for enhancement of systems used in the Group's warehouse. The exact cost of such enhancement cannot be determined at this juncture as the specifications and requirements for the warehousing systems have not been finalised, pending the identification of the warehouse. In the event the actual cost is higher than the proceeds raised, such shortfall will be funded via internally generated funds, bank borrowings and/or future fund raising exercises to be undertaken by the Group (if required).

(ii) Purchase of motor vehicles

As at the LPD, the Group has only 2 vans which are currently being utilised at full capacity for delivery services. The Group has allocated RM1.0 million from the proceeds raised from Private Placement September 2020 for the purchase of 10 minivans and a 3-tonne lorry for use in its last-mile delivery services. As at the LPD, the Group has yet to purchase any of these minivans and/or lorry pending its warehouse expansion.

In view of the prospects of the e-commerce market in Malaysia, which is forecasted by Providence to grow from RM478.5 billion and reach RM635.5 billion in 2023, registering a growth of 15.2% between 2021 and 2023 (see Section 7.2 of this Abridged Prospectus for further details), the Group anticipates high delivery orders and the need for a large delivery fleet to facilitate the delivery of larger volumes of products. Hence, the Group intends to further expand the delivery capability and capacity of LamboMove (on top of the 10 minivans and a 3-tonne lorry to be purchased using proceeds from the Private Placement September 2020) by acquiring 10 vans of larger size, costing above RM100,000 each and 7 lorries of larger size, with price ranging between RM100,000 and RM150,000 each. Such acquisitions are estimated to cost up to approximately RM2.0 million.

(iii) Expansion of warehousing capability and capacity

Currently, the Group operates from a rented warehouse in Petaling Jaya, Selangor measuring approximately 1,500 square feet for its e-commerce business in Malaysia. In addition to the said warehouse (which is currently operating at full capacity), the Group also rents part of a single-storey warehouse in Subang Jaya, Selangor to temporarily store products while awaiting delivery by the Group's delivery partner which operates from the same location. The rental of the premise is charged based on usage, i.e. as and when the storage space is required.

Pursuant to the Private Placement September 2020, the Group has raised a sum of RM3.5 million for the purposes of setting up a new warehouse (which was to be rented) with a larger capacity for storage of products in which a suitable premise with a built-up area of more than 30,000 square feet was to be identified for rental. Further, the plan was to undertake renovation works on the said warehouse to incorporate a cold room facility and an automated racking system and packaging line. As at the LPD, renovation works have not commenced, pending the identification of a suitable premise.

After further consideration and if sufficient proceeds are raised through the Rights Issue with Warrants for the purpose of expansion of warehousing capability and capacity (i.e. at least RM25.0 million), the Group is considering to acquire a warehouse of more than 30,000 square feet (instead of the initial plan to rent a warehouse) and to consolidate all products which are currently stored at different locations to the said warehouse for ease of management and co-ordination. Upon consolidation of the warehousing capacity, the Group will cease operations in its current warehouse and will benefit from rental cost and time savings. Further, the renovation costs to be incurred by the Group will be spent on its own warehouse instead of a rented warehouse.

As at the LPD, the Group is in the midst of identifying a suitable premise in the Klang Valley with an estimated built-up area of about 30,000 square feet to 50,000 square feet which may be used as the Group's new warehouse for its e-commerce business in Malaysia to support and expand its LamboPlace and LamboMove operations as well as to rent out any excess warehousing space to other corporations for rental fee. The actual total costs for the purchase and setting up of the Group's new warehouse cannot be determined at this juncture as it depends on, amongst others, the location and size of the premise to be identified, the specifications of the warehouse as well as the extent of renovation works to be undertaken.

The Group's new warehouse is expected to incorporate, amongst others, cold room / chiller facilities (allowing frozen food products to be stored, preserving the freshness of the food products while awaiting delivery), security surveillance system, electrical installations and furnishings. Renovation works are expected to commence upon completion of the acquisition of the premise and the warehouse is expected to be operational within 18 months from the completion of the Rights Issue with Warrants.

The total costs for the purchase and setting up of the new warehouse are intended to be funded via the proceeds raised from the Rights Issue with Warrants and the abovementioned RM3.5 million raised from the Private Placement September 2020. The Group intends to raise and allocate a sum of at least RM25.0 million and up to RM40.0 million from the Rights Issue with Warrants for the purchase and setting up of the said warehouse. Any shortfall between the actual total costs and the funds available will be funded via internally generated funds, bank borrowings and/or future fund raising exercises to be undertaken by the Group (if required).

For avoidance of doubt, if the proceeds raised through the Rights Issue with Warrants for the purpose of expansion of warehousing capability and capacity (based on the order of proposed use of proceeds) are less than RM25.0 million, the funds available will not be sufficient for the Group to purchase a sizeable warehouse. In this instance, the Group will revert to its initial plan which is to rent a warehouse (instead of purchasing).

(iv) Marketing campaigns

Pursuant to the Private Placement September 2020, the Group has raised and earmarked a sum of RM18.5 million for marketing campaigns targeted at creating and increasing brand awareness as well as attracting new users and increasing conversion rates into sales for LamboPlace and LamboMove,

Unlike the above, the marketing campaigns to be undertaken using the proceeds from Rights Issue with Warrants are for different target audience. With a larger warehousing capacity, the Group is able to further expand its LamboPlace and LamboMove operations. The Group intends to intensify its marketing efforts to secure more vendors to list their products on LamboPlace as well as to rent out any excess capacity to other corporations through the following key marketing strategies:-

- (a) Engaging social media influencers which are key opinion leaders (KOL) (i.e. online personalities who are regarded as experts in a related field) to feature the services offered by Lambo in their online videos or social media profiles on amongst others, YouTube, Instagram and Twitter;
- (b) Digital media marketing targeting at a larger audience by way of:-
 - (1) advertisement placements on social media platforms such as YouTube, Instagram and Twitter in the form of video or online content in relation to the services offered by Lambo; and
 - (2) online media advertising on platforms with established network of followers such as SAYS.com, Vulcan Post and worldofbuzz.com;
- (c) Promotions, discounts and other reward programmes to attract new vendors and encourage vendors to list their products on LamboPlace, in line with the increased warehousing capacity. Promotions, discounts and other reward programmes will also be offered for rental of excess warehousing space by other corporations; and

- (d) Advertising through other channels including:-
- (1) out-of-home advertising by way of digital billboard advertisements on key highways in Kuala Lumpur and Selangor as well as mobility vehicle advertising, whereby print stickers are placed on vehicles;
 - (2) television advertising in various television channels including Astro and streaming platforms; and
 - (3) radio advertising in radio channels such Hitz.fm, Mix.fm and 988 FM.

The abovementioned marketing initiatives are estimated to cost up to approximately RM15.0 million.

(v) Acquisitions and/or investments in complementary businesses and/or assets

The Group has earmarked proceeds of up to RM20.0 million (based on the order of proposed use of proceeds) to finance the acquisitions and/or investments in any suitable and complementary businesses and/or assets, which shall be used within 24 months from completion of the Rights Issue with Warrants. Such acquisitions and/or investments may include, amongst others, businesses and/or assets in the operations of e-commerce platform, warehousing and/or logistics industry which may be identified for the Group's business expansion in the future.

The proceeds to be raised from the Rights Issue with Warrants will allow the Group to capitalise on investment opportunities as and when they arise, which may in turn generate positive returns to the Group, thereby increasing shareholders' value.

As at the LPD, the Board has yet to identify any specific businesses and/or assets for acquisition and/or investment. The Company will make the necessary announcements in accordance with the Listing Requirements (if required) as and when it enters into any agreement to acquire and/or invest in complementary businesses and/or assets. In the event that Shareholders' approval and/or other regulatory approvals are required, the necessary approvals will be sought.

Pending the identification of businesses and/or assets to be acquired and/or invested in, the Company will place the unused cash proceeds in interest-bearing bank deposits and/or money market financial instruments under a separate bank account from the other proceeds allocated for in Sections 5(i), 5(ii), 5(iii), 5(iv), 5(vi) and 5(vii) of this Abridged Prospectus. Any form of use from this account shall be subject to the approval of the Audit and Risk Management Committee of the Company. The status of use for Sections 5(i) to 5(vii) of this Abridged Prospectus will also be reported in the quarterly financial results announcements as well as annual reports of the Company.

If the Company is unable to identify suitable acquisitions and/or investments within 24 months from the completion of the Rights Issue with Warrants, the timeframe for use of proceeds that has been allocated for the said purpose will be extended for another 12 months and such extension will be announced as well as disclosed in the Company's quarterly financial results announcements as well as annual reports until the Company has successfully identified a suitable acquisition and/or investment. If the Company is still unable to identify suitable acquisitions and/or investments within 36 months from the completion of the Rights Issue with Warrants, the Company shall undertake a capital reduction and repayment exercise to distribute the unused proceeds back to the Shareholders. In such an event, the Company shall seek the necessary approvals from the Shareholders and/or other relevant authorities to effect the capital reduction and repayment exercise.

(vi) Working capital

As at the LPD, the Group's cash and cash equivalents stood at RM74.8 million (including approximately RM23.8 million raised from Private Placement September 2020 and Private Placement February 2021, which are earmarked for the proposed use as set out in Section 2.7 of this Abridged Prospectus. For information purposes, the remaining RM27.0 million of balance proceeds raised from these placement exercises is placed into money market instruments). Nonetheless, the Group will require additional funds for working capital, taking into consideration the Group's business expansion plan.

The proceeds earmarked for working capital will be used to finance the Group's day-to-day operations and are expected to be used in the following manner:-

Working capital	Percentage allocation (%)	Base Case Scenario (RM'000)	Maximum Scenario (RM'000)
Operating and administrative expenses such as utilities, insurance, rental cost and other office expenses including travelling expenses, accommodation, repair and maintenance, printing, stationeries and office supplies ⁽¹⁾	50.0	6,876.5	17,387.0
Staff-related costs including costs of hiring van drivers and lorry drivers ⁽¹⁾	50.0	6,876.5	17,387.0
Total	100.0	13,753.0	34,774.0

Note:-

- (1) The actual breakdown of these expenses cannot be determined at this juncture as it will depend on the actual operating, administrative and other requirements of the Group at the relevant time.

(vii) Estimated expenses for the Corporate Exercises

The breakdown of the estimated expenses for the Corporate Exercises is illustrated below:-

Estimated expenses	Amount (RM'000)
Professional fees ⁽¹⁾	601
Fees to the relevant authorities ⁽²⁾	115
Printing, despatch, advertising and meeting expenses	279
Miscellaneous charges and contingencies	10
Total	1,005

Notes:-

- (1) Comprises estimated professional fees payable to the Principal Adviser, solicitors, reporting accountants, independent market researcher, company secretaries and Share Registrar for the Corporate Exercises.
- (2) Includes fees payable to Bursa Securities, the SC and the Registrar of Companies.

If the actual expenses incurred are higher than the budgeted amount, the deficit will be funded from internally generated funds. Conversely, any surplus funds following the payment of expenses will be used to fund the working capital requirements of the Group.

The actual gross proceeds to be raised from the Rights Issue with Warrants will depend on the actual number of Rights Shares that will be eventually issued.

The exact quantum of proceeds that may be raised by the Company from the exercise of the Warrants C will depend on the actual number of Warrants C exercised. The proceeds from the exercise of the Warrants C will be received on an "as and when basis" over the tenure of the Warrants C. Strictly for illustrative purposes, based on the Exercise Price of RM0.10 per Warrant C, the Company will raise gross proceeds of up to approximately RM2.8 million, RM39.9 million and RM48.3 million upon full exercise of the Warrants C issued under the Minimum Scenario, Base Case Scenario and Maximum Scenario respectively.

Any proceeds arising from the exercise of the Warrants C in the future will be used for the Group's general working capital purposes (such as utilities, insurance, rental cost, staff-related costs such as payment of salaries, wages, overtime, bonus, incentive and commission to staff of the Group, contribution to employees' provident funds and training costs as well as other office expenses which include travelling expenses, accommodation, repair and maintenance, printing, stationeries and office supplies), repayment of borrowings and/or acquisitions and/or investments in complementary businesses and/or assets within a period of 2 years from the receipt of the proceeds. The exact utilisation breakdown cannot be determined at this juncture as it would depend on the actual requirements of the Group at the relevant time.

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6. RISK FACTORS

You should carefully consider, in addition to the other information contained in this Abridged Prospectus, the following risk factors before subscribing for or investing in the Rights Issue with Warrants:-

6.1 Risks relating to the Group

(i) Ability to turnaround the Group's financial performance

The Group's financial performance for the most recent financial period was unfavourable as the Group recorded gross loss of RM51.6 million and LAT of RM98.8 million for the FYE 31 May 2021, mainly due to lower sales in the PRC. Further details of the Group's historical financial performance are set out in Section 4, Appendix I of this Abridged Prospectus.

The Group's financial contribution from its operations in the PRC has been negatively impacted by the economic downturn arising from the COVID-19 pandemic as well as the global trade war arising from economic conflicts between the United States of America and the PRC, which resulted in amongst others, the imposition of tariffs and other trade barriers, leading to lower international trade. As a result of the slowdown in economic activities, the Group's business in the PRC had declined as the Group's major customers reduced their orders amidst lower sales achieved by them. The Group had significant reliance on its major customers for its business. The top 3 major customers of the Group in the PRC contributed approximately 91% of the Group's total revenue for the FYE 31 May 2021 (17-month FPE 31 May 2020: 81%; FYE 31 December 2018: 87%; FYE 31 December 2017: 82%).

For the latest audited 17-month FPE 31 May 2020, the revenue contribution from the Group's business in the PRC (RM64.10 million) constitutes 99% of the total Group's revenue (RM64.78 million). As a result of the COVID-19 pandemic and the global trade war, the revenue contribution from the Group's business in the PRC (RM0.23 million) has declined and it constitutes only 47% of the total Group's revenue (RM0.49 million) for the 3-month FPE 31 May 2021. In mitigation, the Group has been and will continue to expand its operations in Malaysia to diversify and reduce dependency on its operations in the PRC, in line with the Group's strategy to shift its focus from the PRC to Malaysia.

The Group is currently undertaking the e-commerce business expansion for LamboPlace and LamboMove using the proceeds raised from the Private Placement September 2020 and the investment in the Wine Business using the proceeds raised from the Private Placement February 2021. However, the implementation of the Group's e-commerce business expansion plans has been inevitably prolonged as a result of the various on-going MCO restrictions imposed by the Government, which led to delays in terms of, amongst others, identifying suitable warehouses, commencing renovation works and hiring additional staff. Nevertheless, the Group will strive to implement the e-commerce business expansion plans to the best extent possible, with strict adherence to the relevant standard operating procedures and MCO restrictions in place.

Further, the Corporate Exercises enable the Group to raise additional funds to expand its warehousing and logistics capability and capacity to support and expand its LamboPlace and LamboMove operations, intensify its marketing efforts, explore opportunities to acquire and/or invest in any suitable and/or complementary businesses and/or assets, as well as allocate funds for working capital. The Corporate Exercises enable the Group to raise funds without incurring additional interest expenses from borrowings, thereby minimising any potential cash outflow in respect of interest servicing costs and preserving the Group's cash flow.

Notwithstanding the Group's efforts, prospects and future plans, there is no assurance that these plans are able to be implemented without further delays or are able to successfully turnaround the financial performance of the Group in the future. Even if the plans are successful in the near term, there is no assurance that the Group is able to sustain its earnings and maintain a profit-making position.

(ii) Risks relating to the impact of COVID-19 on the Group's businesses

In the past year, the COVID-19 pandemic has spread across the world resulting in lockdown or similar measures imposed by governments worldwide to curb the spread of the virus. The imposition of lockdown or similar measures has had an adverse impact to the performance of the world's economies. Even if such lockdown measures are gradually relaxed over time, consumer sentiment is expected to remain dampened in the near future as consumers stay cautious in their spending. Until vaccines are able to be dispensed to the majority of the general population thus allowing herd immunity to be achieved and social distancing measures to be lifted, the dampening effects of the COVID-19 pandemic on consumer spending and the economy as a whole are expected to remain in the foreseeable future.

With the current daily global COVID-19 cases remain high, countries around the globe are facing the risk of a prolonged wave of COVID-19 infection in the future. Should the respective government around the globe reintroduce, reinforce and/or prolong movement restrictions / lockdown, this will potentially reduce economic activities and gradually, lower consumer spending as more workforce suffers from loss of employment or pay cuts. As the Group's businesses are mainly driven by consumer spending and hence, are closely related to the well-being of the country's economy, a prolonged wave of COVID-19 infection across the globe may result in a material adverse impact on the financial performance of the Group.

As highlighted in Section 6.1(i) of this Abridged Prospectus, the Group's financial contribution from its operations in the PRC has been negatively impacted by the impact of COVID-19 pandemic. Meanwhile, the implementation of the Group's e-commerce business expansion plans in Malaysia has been inevitably prolonged as a result of the various on-going MCO restrictions imposed by the Government. With various standard operating procedures and restrictions in place during the MCO period, these have led to delays in terms of, amongst others, identifying suitable warehouses, commencing renovations works and hiring additional staff for the Group's expansion plans.

Despite the above, the Group has observed an increasing number of retailers looking for third-party fulfilment providers for their warehousing and logistics needs (in contrast with the traditional business strategy to keep stocks in own warehouses) in order to have a leaner cost structure. This is particularly important for businesses to withstand the adverse economic effects arising from the current COVID-19 pandemic.

While the COVID-19 pandemic has accelerated digital transformation and led to a surge in e-commerce activities, there can be no assurance that the Group will be able to benefit from the pandemic. If the country is unable to successfully control the spread of the disease and limit the far-reaching financial impact to the economy, a lack of financial means could deter retailers and local businesses from carrying on their businesses. Business closures could directly and/or indirectly impact the financial performance of the Group's businesses. In view of the ever-changing developments surrounding the COVID-19 pandemic, the Group is unable to estimate the full impact of the COVID-19 pandemic as a whole on the business and financial performance of the Group moving forward, at this juncture.

(iii) Dependence on key personnel

The Group relies on its key personnel for its businesses. As such, the loss of any key personnel, without a suitable and timely replacement, may adversely affect the Group's businesses.

The Group recognises the importance of attracting and retaining key personnel and will develop human resource initiatives that include, amongst others, competitive compensation packages as well as training and development programmes to retain the Group's key personnel. Furthermore, the Group intends to reduce dependency on individual key personnel by putting in place a succession plan and provide training and career development opportunities to groom junior employees.

Additionally, the Group is of the view that there is a sufficient pool of talent with suitable experience and expertise in the e-commerce market. As such, the Group is confident that it will be able to recruit suitable candidates to fill up any vacancies within a reasonable timeframe.

Nonetheless, even though the Group is of the view that there is a sufficient pool of talent with suitable experience and expertise that can be recruited from the labour market in Malaysia, there can be no assurance that the Group will be able to recruit suitable candidates to replace its existing key personnel in a timely manner to facilitate handover of responsibilities. Without a smooth and proper transition, this may affect the smooth running of the Group's business operations. As a result, the Group's business and financial performance may be adversely affected.

(iv) Competition risk

The Group faces competition from other e-commerce businesses which have a larger presence in Malaysia and in the PRC. Intense competition in this segment may result in low profitability margins and impact the Group's financial performance.

The sustainability of the Group's e-commerce business is dependent on the Group's ability to respond promptly to changes in economic condition and market demand. As such, the Group would need to constantly conduct market intelligence surveys to understand the consumers' needs in terms of product suitability, pricing, features, design and quality. In addition, intensive marketing efforts are necessary to promote and drive more traffic to the Group's e-commerce platforms.

However, there is no assurance that the Group will be able to succeed in marketing its offerings moving forward or the Group will not suffer erosion in profit margins in order to maintain its competitiveness. Failure to compete effectively with the Group's competitors will result in loss of customers, resulting in lower sales and profitability of the Group. In such an event, the Group's business and financial performance may be adversely affected.

(v) Non-renewal and/or revocation of business licenses, certifications and permits

The Group is required to have various business licenses, certifications and permits from authorities, which are necessary for the Group to carry on with its business operations in Malaysia and in the PRC. Some of these business licenses, certifications and permits are subject to periodic inspections, changes and/or fulfilment of certain conditions imposed by the relevant authorities.

Failure to comply with the directives from the authorities may lead to the business licenses, certifications and permits of the Group to be not renewed or revoked, which may lead to a major disruption to the Group's business operations. As at the LPD, the Group does not have any business licenses, certifications and permits which are expiring soon or are in the midst of renewal. The Group did not experience any non-renewal or revocation of business licenses, certifications and permits in the past.

Any delay in obtaining the necessary business licenses, certifications and permits which may be caused by enhanced measures imposed by the government of Malaysia and/or the PRC to reduce the spread of the ongoing COVID-19 pandemic may cause a corresponding delay to the Group's business operations and its expansion plans.

6.2 Risks relating to the Rights Issue with Warrants

(i) Failure or delay in the completion of the Rights Issue with Warrants

The Rights Issue with Warrants is exposed to the risk that it may be terminated or delayed in the event of a material adverse change of events or circumstances (such as force majeure events including without limitation, acts of government, natural disasters including without limitation the occurrence of a tsunami and/or earthquakes, acts of terrorism, strikes, national disorder, declaration of a state of war or accidents, or any change in law, regulation, policy or ruling), which is beyond the control of the Group and the Principal Adviser, arising prior to the completion of the Rights Issue with Warrants.

There can be no assurance that the abovementioned factors or events will not cause a failure or delay in the completion of the Rights Issue with Warrants. In the event the Rights Shares and Warrants C have been allotted to the successful Entitled Shareholders and/or their transferee(s) and/or their renouncee(s), if applicable, and the Rights Issue with Warrants is subsequently cancelled or terminated other than due to a stop order issued by the SC pursuant to Section 245 of the CMSA, a return of monies to the successful applicants can only be achieved by way of cancellation of share capital under the Act.

Such cancellation may require the approval of the Shareholders by way of a special resolution in a general meeting, consent of the Company's creditors (where applicable) and either the confirmation of the High Court of Malaya or a solvency statement by the Board. There can be no assurance that such monies can be returned within a short period of time under such circumstances.

In the event the Rights Issue with Warrants cannot be implemented or completed for any reason, the Company will undertake the necessary procedures to ensure the refund of monies is made in full without interest in respect of any application for the subscription of the Rights Shares with Warrants C including the Excess Rights Shares with Warrants C within 14 days after the Company becomes liable to do so, in accordance with the relevant provisions of the CMSA. If such monies are not repaid within 14 days after the Company becomes liable to do so, the Company shall be liable to repay such monies with interest at the rate of 10% per annum or at such other rate as may be specified by the SC in accordance with Section 245(7) of the CMSA.

(ii) Capital market risk

The market price of the new securities arising from the Rights Issue with Warrants, like all listed securities traded on Bursa Securities, is subject to fluctuation. The respective price of the Company's securities is influenced by, amongst others, the prevailing market sentiments, the volatility of the stock market, movements in interest rates and the outlook of the industry in which the Company operates in.

In view of the above, there can be no assurance that the Rights Shares (together with any new Shares issued pursuant to the exercise of the Warrants C) will trade at or above the TEAP disclosed in Section 2.2 of this Abridged Prospectus after completion of the Rights Issue with Warrants.

The Warrants C are new instruments issued by the Company. Therefore, there can be no assurance that an active market for the Warrants C will develop upon listing on Bursa Securities, or if developed, will be sustainable. In addition, there is no assurance that the Warrants C will be "in-the-money" during the Exercise Period.

Accordingly, there can be no assurance that the market price of the Warrants C will be at a level that meets the specific investment objectives or targets of any Warrants C Holders.

(iii) Potential dilution of existing shareholders' shareholding

Those Entitled Shareholders who do not subscribe for their entitlement of Rights Shares with Warrants C under the Rights Issue with Warrants will experience dilution in their existing shareholding in the Company as a result of the issuance of the Rights Shares arising from the subscription by other Entitled Shareholders and/or their transferee(s) and/or their renounees. In addition, the issuance of new Shares arising from the exercise of the Warrants C in the future will lead to further such dilution.

Consequently, their proportionate entitlement to any dividends, rights, allotments and/or other distributions that the Company may declare, make or pay after completion of the Rights Issue with Warrants will correspondingly be diluted.

(iv) Forward-looking statements and other information

Certain statements in this Abridged Prospectus are based on historical data, which may not be reflective of future results and others are forward-looking in nature, which are subject to uncertainties and contingencies. All statements, other than statements of historical data, included in this Abridged Prospectus, including without limitation, those regarding the financial position, risk factors, prospects and future plans of the Group are forward-looking statements.

Such forward-looking statements are based on the estimates and assumptions made by the Company, unless stated otherwise, and although the Board believes these forward-looking statements to be reasonable at this point in time given the prevailing circumstances, they are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied in such forward-looking statements.

In light of these uncertainties, the inclusion of such forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by the Company, the Principal Adviser and/or other advisers in relation to the Rights Issue with Warrants that the plans and objectives of the Group will be achieved.

7. INDUSTRY OVERVIEW AND PROSPECTS**7.1 Outlook and prospects of the Malaysian economy**

The Malaysian economy registered a smaller decline of 0.5% in the first quarter (“1Q”) (fourth quarter of (“4Q”) 2020: -3.4%). The growth performance was supported mainly by the improvement in domestic demand and robust exports performance, particularly for electrical and electronic (“E&E”) products. Growth was also supported by the continued policy measures. The imposition of the Second Movement Control Order (MCO 2.0) and the continued closure of international borders and restrictions on inter-state travel, however, weighed on economic activity. Nevertheless, as restrictions were eased in February and March, economic activity gradually picked up. All economic sectors registered an improvement, particularly in the manufacturing sector. On the expenditure side, growth was driven by better private sector spending and strong growth in trade activity. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a growth of 2.7% (4Q 2020: -1.5%). The Malaysian economy contracted by 5.6% in 2020.

Despite the recent re-imposition of containment measures, the impact on growth would be less severe than that experienced in 2020, as almost all economic sectors are allowed to operate. Overall, the growth recovery will benefit from better global demand, increased public and private sector expenditure as well as continued policy support. This will also be reflected in the recovery in labour market conditions, especially in the gradual improvement in hiring activity. Higher production from existing and new manufacturing facilities, particularly in the E&E and primary-related subsectors, as well as oil and gas facilities will provide further impetus to growth. The roll-out of the domestic COVID-19 vaccine programme will also lift sentiments and contribute towards recovery in economic activity. Nevertheless, the pace of recovery will be uneven across economic sectors.

The balance of risks remains tilted to the downside, arising mainly from ongoing uncertainties in developments related to the pandemic, and continued challenges that affect the roll-out of vaccines both globally and domestically.

(Source: Quarterly Bulletin 1Q 2021, Bank Negara Malaysia, 11 May 2021)

The Malaysian economy is projected to rebound to between 6.0% and 7.5% in 2021. Growth will be underpinned by the recovery in global demand and the gradual improvement in domestic economic activity. The growth trajectory will be mainly influenced by the COVID-19 developments, particularly the extent and duration of containment measures and the rollout of vaccines.

(Source: Economic and Monetary Review 2020, Bank Negara Malaysia, 31 March 2021)

7.2 Overview and outlook of the e-commerce market in Malaysia

E-commerce refers to the sale and purchase of products and services via the Internet. The e-commerce market size in Malaysia, as depicted by e-commerce transaction values in the country, increased from RM195.1 billion in 2015 to an estimated RM409.6 billion in 2020 at a compound annual growth rate (“CAGR”) of 16.0%⁽¹⁾. Providence estimates that the e-commerce market size in Malaysia will grow by 16.8% from 2020, to RM478.5 billion in 2021. The recent and on-going COVID-19 pandemic led to the implementation of national lockdown policies in Malaysia which restricted travel, movement and/or business activities. As a result, consumers have been spending more time on the Internet to purchase products, and this has led to higher number of e-commerce transactions in 2020 and 2021.

Providence forecasts the e-commerce market size in Malaysia to grow from RM478.5 billion and reach RM635.5 billion in 2023, registering a growth of 15.2% between 2021 and 2023.

The growth of the e-commerce market has been, and is expected to continue to be, driven by the following key demand drivers:-

- (i) Growing broadband penetration which will encourage e-commerce activities

Subscriptions for broadband in Malaysia grew from 30.6 million subscribers in 2015 to 42.2 million subscribers in 2020, depicting an increase of 37.9% more subscribers over the 5-year period⁽²⁾. This indicates growing Internet connectivity in the country.

As Internet connectivity provides a platform for e-commerce activities to take place, the e-commerce market in Malaysia is expected to grow in line with the increasing broadband penetration rate in the country. As an illustration, the percentage of Internet users performing e-commerce activities have increased from 35.3% of Internet users in 2015 to 64.2% of Internet users in 2020⁽²⁾.

- (ii) Proliferation of mobile devices which will encourage e-commerce activities to take place on an on-the-go basis

Mobile devices, such as smartphones and tablets, not only enables communication, but also allows users to perform various tasks over the Internet, including e-commerce activities, at any time and place. In Malaysia, the percentage of Internet users which utilises smartphones to access the Internet grew from 89.3% in 2015 to 98.7% in 2020⁽²⁾. In addition, Malaysia's mobile broadband subscription increased from 27.8 million subscriptions in 2015 to 38.8 million subscriptions in 2020, recording a CAGR of 6.9%⁽²⁾. The proliferation of these mobile devices will lead to higher purchases of products and services over the Internet on an on-the-go basis, as users can access e-commerce mobile applications at any time and place using their mobile devices.

Notes:-

- (1) Source: Department of Statistics Malaysia, Providence analysis
 (2) Source: Malaysian Communications and Multimedia Commission

- (iii) Increased acceptance of digital payments which will support e-commerce activities

Digital payments, such as using credit cards, debit cards and electronic wallets, are the most common and convenient way of paying for electronic transactions, including products and services purchased over e-commerce platforms. Digital payments today are encrypted and are protected with more advanced cybersecurity solutions, and thus they are less susceptible to fraud and cyberattacks. As digital payments become more widespread and widely-accepted, they will support the use of e-commerce platforms, which are typically linked to a digital payment gateway.

The number of digital payment transactions in Malaysia increased at a CAGR of 9.2% between 2015 and 2020, from 1.8 billion to 2.8 billion transactions⁽³⁾. This growth is attributed to changing consumer behaviour and increasing acceptance, as people with busy lifestyles demand speed and convenience.

To spur the adoption of cashless transactions, the Government introduced the e-Tunai Rakyat programme. Between 15 January and 14 March 2020, the Government gave an incentive of RM30 to eligible applicants through 3 electronic wallet service providers, with a total allocation of RM450 million. As part of the stimulus package to cushion the headwinds arising from COVID-19, the Government also announced that RM50 worth of e-wallet credits and additional RM50 in vouchers, cashback and discounts will be given between July to September 2020 to drive e-wallet usage. The Government later announced the eBelia programme under the Budget 2021, where citizens between 18 and 20 years old or full-time students enrolled in courses equivalent to diploma and above can claim RM150 in the form of e-wallet credit. These incentives aim to promote digital culture and cashless transactions, in a bid to encourage both customers and merchants to use and accept digital payments. This is in conjunction with the various ongoing discounts, rebates, cashback and other promotions that individual electronic wallet providers are offering in a bid to increase awareness and usage of their respective platforms.

In addition, the Government has put in place the Interoperable Credit Transfer Framework (“**ICTF**”) to accelerate the nation’s migration from a cash society to electronic payments society, as well as to advance financial inclusion by enabling electronic payment access. ICTF aims to promote the usage of mobile devices for financial transactions as a cost-effective and convenient alternative to cash and cheques, thereby fostering an efficient, competitive and innovative payment landscape in the country.

Further, the participation of established e-wallet platforms such as “Boost”, “WeChat Pay”, “GrabPay” and “Touch n’ Go Pay Direct” are expected to drive the acceptance of digital payments amongst the population in Malaysia.

Note:-

(3) Source: Bank Negara Malaysia

- (iv) Consumer lifestyle trends which have led to an increase in usage of the Internet for e-commerce activities

Malaysia is a developing nation with an urbanisation rate of 77.2% in 2020⁽⁴⁾. As the country's urbanisation rate continues to increase, more women will typically join the workforce and people generally work longer hours. As such, convenience is increasingly important to Malaysia's population, particularly in urban and sub-urban areas. E-commerce provides convenience to consumers as consumers can purchase various types of products and services online at any time and place. This is suitable for consumers who work long hours and have hectic schedules, as they can purchase these products and services without physically visiting stores and outlets. With the prevalence of fast-paced urban living in Malaysia, consumers are expected to develop a preference towards purchasing products and services online, thereby driving the growth of the e-commerce market in the country.

The recent and on-going COVID-19 pandemic, which led to the implementation of national lockdown policies in many countries including Malaysia, has also driven sales from e-commerce activities worldwide. During this period, restrictions in terms of travel, movement and/or business activities were imposed on Malaysians to contain the outbreak of COVID-19. As a result, consumers have been spending more time on the Internet and this has led to higher number of e-commerce transactions during this period.

- (v) Rising income levels will lead to greater spending power on e-commerce platforms

Malaysia's gross national income per capita grew from RM36,710 in 2015 to RM42,503 in 2020⁽⁵⁾. These increases in disposable income will lead to greater spending power, creating demand for products sold on e-commerce platforms.

The recent and on-going COVID-19 pandemic and resulting national lockdown policies have caused a slowdown in economic activities as business activities were restricted to curb the spreading of the pandemic. Nevertheless, the Government has announced stimulus packages, and this is expected to cushion the adverse impacts of the COVID-19 pandemic. As such, the disposable income of the population in Malaysia is expected to continue growing in the long term, and this will support demand for products and services sold via e-commerce platforms.

- (vi) Improved logistics infrastructure and last-mile delivery services will support the e-commerce industry

Logistics infrastructure is essential for e-commerce platforms as it supports the delivery of parcels from vendors and distribution hubs to customers. The logistics infrastructure has been improving globally over the last decade. With improved logistics infrastructure, products from international markets can be easily sourced and delivered at lower costs. Last-mile delivery services, which allow parcels to be delivered directly to the customers' location have also been recently growing in Malaysia. These last-mile delivery services meet the demands for convenience of the urban population in Malaysia, as they need not incur time to collect parcels from a designated location. The improvements in logistics infrastructure and last-mile delivery services have been largely supported by the growing number of industry players. In Malaysia, some of the last-mile delivery platforms include "Grab Delivery", "Lalamove", "Ninja Van" and "Poslaju SendParcel".

Notes:-

(4) Source: World Bank

(5) Source: Department of Statistics Malaysia

The improved logistics infrastructure has led to increased route networks and reduced delivery costs and time. As such, this allows e-commerce platforms to have a wider reach of potential customers. As existing logistics and last-mile delivery service providers become more established and new service providers are introduced into the industry, the logistics infrastructure is expected to continue to improve and this will, in turn, benefit the e-commerce market in Malaysia.

(vii) Favourable government initiatives will boost the e-commerce industry

The Government has launched the National eCommerce Strategic Roadmap in 2016, which aims to double e-commerce contribution to the country's gross domestic product ("GDP") from 6.1% in 2016 to 11.9% in 2020, and have e-commerce industry contribute RM211 billion to the country's economy by 2020. The Government also introduced Digital Free Trade Zone ("DFTZ"), which is the world's first free trade zone for digital services outside of the PRC, in 2017. DFTZ will facilitate the country's e-commerce industry by providing digital services, such as an integrated system to connect users with the Government and other businesses, to enable local companies to expand their geographical footprint globally. With the DFTZ in place, Malaysia aspires to be positioned as the regional electronic commerce hub in Southeast Asia. The launch of the DFTZ is expected to support the National eCommerce Strategic Roadmap.

In January 2021, the Vice President of Digitally Powered Businesses, Malaysian Digital Economy Corporation (MDEC) announced that the National eCommerce Strategic Roadmap's 2020 target has been surpassed as the digital economy had contributed 19.1% to Malaysia's GDP in 2019.

Meanwhile, in order to cushion the adverse impact of the COVID-19, the Government has also announced several stimuli to encourage the adoption of e-commerce platforms amongst micro enterprises and small and medium-sized enterprises as well as encourage online consumer consumption through e-commerce vouchers.

The e-commerce market in Malaysia stands to benefit from the abovementioned initiatives and plans driven by the Government.

(Source: IMR Report)

7.3 Prospects and future plans of the Group

The Group is continuously embarking on expansion of its business-to-consumer (B2C) e-commerce marketplace known as "LamboPlace" and its last-mile delivery services through "LamboMove" in Malaysia. Since their launch in August 2019 up to July 2021, LamboPlace and LamboMove have shown favourable performance. LamboPlace has registered over 2 million accumulated page views and over 50,000 product listings from over 800 brands on its platform. Since commencing operations, the e-commerce marketplace has garnered the registrations of over 10,000 users and facilitated over 5,000 transactions with an aggregate value of more than RM0.70 million. For the FYE 31 May 2021, LamboPlace recorded a higher revenue of RM0.20 million, as compared to the revenue of RM0.03 million for the 17-month FPE 31 May 2020. As for LamboMove, it recorded a higher revenue of RM0.74 million, as compared to the revenue of RM0.64 million for the 17-month FPE 31 May 2020.

In recent years, the Group has observed an increasing number of retailers looking for third-party fulfilment providers for their warehousing and logistics needs (in contrast with the traditional business strategy to keep stocks in own warehouses) in order to have a leaner cost structure.

Recognising this as an opportunity, the Group undertakes the Corporate Exercises to raise additional funds to expand its warehousing and logistics capability and capacity to support and expand its LamboPlace and LamboMove operations whereby a total sum of up to RM50.0 million is allocated for such expansion comprising systems enhancement (RM8.0 million), purchase of motor vehicles (RM2.0 million) and expansion of warehousing capability and capacity (RM40.0 million).

With a larger warehousing capacity, the Group is able to further expand its LamboPlace and LamboMove operations. The Group intends to intensify its marketing efforts to secure more vendors to list their products on LamboPlace as well as to rent out any excess capacity to other corporations. For this purpose, a sum of RM15.0 million is earmarked for the Group's marketing campaigns.

Amidst the on-going COVID-19 pandemic environment, the Group is actively on the lookout for and exploring opportunities to acquire and/or invest in any suitable and/or complementary businesses and/or assets. The Group has earmarked proceeds of up to RM20.0 million to finance the acquisitions and/or investments in any suitable and complementary businesses and/or assets which may be identified for the Group's business expansion in the future. This will allow the Group to immediately capitalise on any investment opportunities which may arise.

Meanwhile, additional funds for working capital from the Rights Issue with Warrants will strengthen the Group's financial position, according the Group with better control and flexibility over its cash flow management. This is especially important in view of the ever-changing business environment amidst the on-going COVID-19 pandemic.

The Group's financial contribution from its operations in the PRC has been negatively impacted by the economic downturn arising from the COVID-19 pandemic as well as the global trade war arising from economic conflicts between the United States of America and the PRC, which resulted in amongst others, the imposition of tariffs and other trade barriers, leading to lower international trade. As a result of the slowdown in economic activities, the Group's business in the PRC had declined as the Group's major customers reduced their orders amidst lower sales achieved by them. For the latest audited 17-month FPE 31 May 2020, the revenue contribution from the Group's business in the PRC (RM64.10 million) constitutes 99% of the total Group's revenue (RM64.78 million). As a result of the COVID-19 pandemic and the global trade war, the revenue contribution from the Group's business in the PRC (RM0.23 million) has declined and it constitutes only 47% of the total Group's revenue (RM0.49 million) for the 3-month FPE 31 May 2021. In mitigation, the Group has been and will continue to expand its operations in Malaysia to diversify and reduce dependency on its operations in the PRC, in line with the Group's strategy to shift its focus from the PRC to Malaysia.

In addition to the abovementioned expansion plan, the Group is currently undertaking the e-commerce business expansion for LamboPlace and LamboMove using the proceeds raised from the Private Placement September 2020 and the investment in the Wine Business using the proceeds raised from the Private Placement February 2021. However, the implementation of the Group's e-commerce business expansion plans has been inevitably prolonged as a result of the various on-going MCO restrictions imposed by the Government, which led to delays in terms of, amongst others, identifying suitable warehouses, commencing renovation works and hiring additional staff. Nevertheless, the Group will strive to implement the e-commerce business expansion plans to the best extent possible, with strict adherence to the relevant standard operating procedures and MCO restrictions in place.

Premised on the above, outlook of the e-commerce market in Malaysia as set out in Section 7.2 of this Abridged Prospectus and successful implementation of the Group's expansion plans, the Board is cautiously optimistic of the prospects of the Group moving forward. Shareholders should also refer to the risks relating to the Group's ability to turnaround its financial performance with the future plans as set out in Section 6.1(i) of this Abridged Prospectus.

8. EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

8.1 Share capital

The pro forma effects of the Rights Issue with Warrants on the issued share capital of the Company are as follows:-

	Minimum Scenario		Base Case Scenario		Maximum Scenario	
	No. of Shares	Share capital (RM)	No. of Shares	Share capital (RM)	No. of Shares	Share capital (RM)
Issued share capital as at the LPD	4,987,880,099	190,810,581	4,987,880,099	190,810,581	4,987,880,099	190,810,581
New Shares to be issued assuming full exercise of Warrants B	-	-	-	-	1,051,058,992	168,169,439 ⁽¹⁾
	4,987,880,099	190,810,581	4,987,880,099	190,810,581	6,038,939,091	358,980,020
After the Share Consolidation⁽²⁾	199,515,203	190,810,581	199,515,203	190,810,581	241,557,563	358,980,020
New Shares to be issued pursuant to the Rights Issue with Warrants	70,000,000	2,842,200 ⁽³⁾	997,576,015	53,821,778 ⁽³⁾	1,207,787,815	65,375,018 ⁽³⁾
Enlarged issued share capital after the Rights Issue with Warrants	269,515,203	193,652,781	1,197,091,218	244,632,359	1,449,345,378	424,355,038
New Shares to be issued assuming full exercise of the Warrants C	28,000,000	5,952,800 ⁽⁴⁾	399,030,406	84,833,864 ⁽⁴⁾	483,115,126	102,710,276 ⁽⁴⁾
Enlarged issued share capital	297,515,203	199,605,581	1,596,121,624	329,466,223	1,932,460,504	527,065,314

Notes:-

- (1) Assuming full exercise of 1,051,058,992 outstanding Warrants B at the exercise price of RM0.16 per Warrant B.
- (2) The Share Consolidation was ongoing as at the LPD and subsequently completed on 27 July 2021.
- (3) Based on the issue price of RM0.10 per Rights Share and after accounting for the creation of warrant reserve at an allocated fair value of RM0.1126 per Warrant C (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and estimated expenses for the Corporate Exercises of approximately RM1.01 million.
- (4) Assuming full exercise of Warrants C at the Exercise Price of RM0.10 per Warrant C and after accounting for the reversal of warrant reserve.

8.2 NA and gearing

As at the LPD, save for the Corporate Exercises, there are no material transactions which may have a material effect on the operations, financial position and results of the Group since the Group's latest unaudited FYE 31 May 2021.

The pro forma effects of the Rights Issue with Warrants on the NA and gearing of the Group are as follows:-

Minimum Scenario

Group level	Unaudited as at 31 May 2021 (RM'000)	After the Share Consolidation ⁽¹⁾ (RM'000)	After (I) and the Rights Issue with Warrants ^{(2)/(3)} (RM'000)	(III) After (II) and assuming full exercise of the Warrants C ⁽⁴⁾ (RM'000)
Share capital	190,811	190,811	193,653	199,606
Foreign currency translation reserve	2,245	2,245	2,245	2,245
Warrant reserve	-	-	3,153	-
Accumulated losses	(67,229)	(67,229)	(67,229)	(67,229)
Shareholders' equity / NA	125,827	125,827	131,822	134,622
Non-controlling interests	(44)	(44)	(44)	(44)
Total equity	125,783	125,783	131,778	134,578
No. of Shares in issue ('000)	4,987,880	199,515	269,515	297,515
NA per Share (RM)	0.03	0.63	0.49	0.45
Total borrowings (RM'000)	87	87	87	87
Gearing ratio (times)	negligible	negligible	negligible	negligible

Notes:-

- (1) After accounting for the consolidation of every 25 Shares into 1 Consolidated Share pursuant to the Share Consolidation which was ongoing as at the LPD and subsequently completed on 27 July 2021.
- (2) Based on the issuance of 70,000,000 Rights Shares at the issue price of RM0.10 each together with 28,000,000 Warrants C.
- (3) After accounting for the creation of warrant reserve at an allocated fair value of RM0.1126 per Warrant C (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and estimated expenses for the Corporate Exercises of approximately RM1.01 million.
- (4) Based on the Exercise Price of RM0.10 per Warrant C and after accounting for the reversal of warrant reserve.

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Base Case Scenario

Group level	Unaudited as at 31 May 2021 (RM'000)	(I) After the Share Consolidation ⁽¹⁾ (RM'000)	(II) After (I) and the Rights Issue with Warrants ⁽²⁾⁽³⁾ (RM'000)	(III) After (II) and assuming full exercise of the Warrants C ⁽⁴⁾ (RM'000)
Share capital	190,811	190,811	244,632	329,466
Foreign currency translation reserve	2,245	2,245	2,245	2,245
Warrant reserve	-	-	44,931	-
Accumulated losses	(67,229)	(67,229)	(67,229)	(67,229)
Shareholders' equity / NA	125,827	125,827	224,579	264,482
Non-controlling interests	(44)	(44)	(44)	(44)
Total equity	125,783	125,783	224,535	264,438
No. of Shares in issue ('000)	4,987,880	199,515	1,197,091	1,596,122
NA per Share (RM)	0.03	0.63	0.19	0.17
Total borrowings (RM'000)	87	87	87	87
Gearing ratio (times)	negligible	negligible	negligible	negligible

Notes:-

- (1) After accounting for the consolidation of every 25 Shares into 1 Consolidated Share pursuant to the Share Consolidation which was ongoing as at the LPD and subsequently completed on 27 July 2021.
- (2) Based on the issuance of 997,576,015 Rights Shares at the issue price of RM0.10 each together with 399,030,406 Warrants C.
- (3) After accounting for the creation of warrant reserve at an allocated fair value of RM0.126 per Warrant C (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and estimated expenses for the Corporate Exercises of approximately RM1.01 million.
- (4) Based on the Exercise Price of RM0.10 per Warrant C and after accounting for the reversal of warrant reserve.

Maximum Scenario

Group level	Unaudited as at 31 May 2021 (RM'000)	(I) Assuming full exercise of the Warrants B ⁽¹⁾ (RM'000)	(II) After (I) and the Share Consolidation ⁽²⁾ (RM'000)	(III) After (II) and the Rights Issue with Warrants ⁽³⁾⁽⁴⁾ (RM'000)	(IV) After (III) and assuming full exercise of the Warrants C ⁽⁵⁾ (RM'000)
Share capital	190,811	358,980	358,980	424,355	527,065
Foreign currency translation reserve	2,245	2,245	2,245	2,245	2,245
Warrant reserve	-	-	-	54,399	-
Accumulated losses	(67,229)	(67,229)	(67,229)	(67,229)	(67,229)
Shareholders' equity / NA	125,827	293,996	293,996	413,770	462,081
Non-controlling interests	(44)	(44)	(44)	(44)	(44)
Total equity	125,783	293,952	293,952	413,726	462,037
No. of Shares in issue ('000)	4,987,880	6,038,939	241,558	1,449,345	1,932,461
NA per Share (RM)	0.03	0.05	1.22	0.29	0.24
Total borrowings (RM'000)	87	87	87	87	87
Gearing ratio (times)	negligible	negligible	negligible	negligible	negligible

Notes:-

- (1) Assuming full exercise of 1,051,058,992 outstanding Warrants B at the exercise price of RM0.16 per Warrant B.
- (2) After accounting for the consolidation of every 25 Shares into 1 Consolidated Share pursuant to the Share Consolidation which was ongoing as at the LPD and subsequently completed on 27 July 2021.
- (3) Based on the issuance of 1,207,787,815 Rights Shares at the issue price of RM0.10 each together with 483,115,126 Warrants C.
- (4) After accounting for the creation of warrant reserve at an allocated fair value of RM0.1126 per Warrant C (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and estimated expenses for the Corporate Exercises of approximately RM1.01 million.
- (5) Based on the Exercise Price of RM0.10 per Warrant C and after accounting for the reversal of warrant reserve.

8.3 Substantial Shareholders' shareholdings

The pro forma effects of the Rights Issue with Warrants on the substantial Shareholder's and the Undertaking Shareholder's shareholdings in the Company are as follows:-

Minimum Scenario

As at the LPD, Koo Kien Yoon (the Undertaking Shareholder) is not a substantial Shareholder. He will become a substantial Shareholder following the completion of the Rights Issue with Warrants under the Minimum Scenario.

Substantial Shareholder	As at the LPD			(I) After the Share Consolidation ⁽¹⁾		
	Direct		Indirect	Direct		Indirect
	No. of Shares	% ⁽²⁾		No. of Shares	% ⁽³⁾	
Koo Kien Yoon	429,000	0.01	-	17,160	0.01	-

Substantial Shareholder	(II) After (I) and the Rights Issue with Warrants			(III) After (II) and assuming full exercise of the Warrants C		
	Direct		Indirect	Direct		Indirect
	No. of Shares	% ⁽⁴⁾		No. of Shares	% ⁽⁵⁾	
Koo Kien Yoon	70,017,160	25.98	-	98,017,160	32.95	-

Notes:-

- (1) The Share Consolidation was ongoing as at the LPD and subsequently completed on 27 July 2021.
- (2) Based on the total number of 4,987,880,099 Shares as at the LPD.
- (3) Based on the total number of 199,515,203 Shares after the Share Consolidation.
- (4) Based on the enlarged total number of 269,515,203 Shares after the Rights Issue with Warrants.
- (5) Based on the enlarged total number of 297,515,203 Shares assuming full exercise of the Warrants C.

Base Case Scenario

Under the Base Case Scenario, the Undertaking Shareholder will not be a substantial Shareholder.

Substantial Shareholder	As at the LPD				(I) After the Share Consolidation ⁽¹⁾			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽³⁾	No. of Shares	% ⁽³⁾
Koo Kien Yoon	429,000	0.01	-	-	17,160	0.01	-	-

Substantial Shareholder	(II) After (I) and the Rights Issue with Warrants				(III) After (II) and assuming full exercise of the Warrants C			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% ⁽⁴⁾	No. of Shares	% ⁽⁴⁾	No. of Shares	% ⁽⁵⁾	No. of Shares	% ⁽⁵⁾
Koo Kien Yoon	102,960	0.01	-	-	137,280	0.01	-	-

Notes:-

- (1) The Share Consolidation was ongoing as at the LPD and subsequently completed on 27 July 2021.
- (2) Based on the total number of 4,987,880,099 Shares as at the LPD.
- (3) Based on the total number of 199,515,203 Shares after the Share Consolidation.
- (4) Based on the enlarged total number of 1,197,091,218 Shares after the Rights issue with Warrants.
- (5) Based on the enlarged total number of 1,596,121,624 Shares assuming full exercise of the Warrants C.

Maximum Scenario

Under the Maximum Scenario, the Undertaking Shareholder will not be a substantial Shareholder.

	As at the LPD				(I) After assuming full exercise of the Warrants B			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
Substantial Shareholder								
Koo Kien Yoon	429,000	0.01	-	-	429,000	0.01	-	-

	(II) After (I) and the Share Consolidation ⁽³⁾				(III) After (II) and the Rights Issue with Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% ⁽⁴⁾	No. of Shares	% ⁽⁴⁾	No. of Shares	% ⁽⁵⁾	No. of Shares	% ⁽⁵⁾
Substantial Shareholder								
Koo Kien Yoon	17,160	0.01	-	-	102,960	0.01	-	-

	(IV) After (III) and assuming full exercise of the Warrants C			
	Direct		Indirect	
	No. of Shares	% ⁽⁶⁾	No. of Shares	% ⁽⁶⁾
Substantial Shareholder				
Koo Kien Yoon	137,280	0.01	-	-

Notes:-

- (1) Based on the total number of 4,987,880,099 Shares as at the LPD.
- (2) Based on the enlarged total number of 6,038,939,091 Shares assuming full exercise of the Warrants B.
- (3) The Share Consolidation was ongoing as at the LPD and subsequently completed on 27 July 2021.
- (4) Based on the total number of 241,557,563 Shares after the Share Consolidation.
- (5) Based on the enlarged total number of 1,449,345,378 Shares after the Rights Issue with Warrants.
- (6) Based on the enlarged total number of 1,932,460,504 Shares assuming full exercise of the Warrants C.

8.4 Earnings and EPS

The effects of the Rights Issue with Warrants on the consolidated earnings and EPS of the Company moving forward will depend on, amongst others, the number of Rights Shares to be issued and the level of returns generated from the use of the proceeds to be raised from the Rights Issue with Warrants as set out in Section 5 of this Abridged Prospectus.

Assuming that the consolidated earnings of the Company remain unchanged after the Rights Issue with Warrants, the EPS of the Company will be diluted as a result of the increase in the number of Shares in issue following the issuance of the Rights Shares and any new Shares arising from the exercise of the Warrants C.

For illustration purposes, assuming that the Corporate Exercises had been completed at the beginning of the FYE 31 May 2021, the pro forma effects of the Rights Issue with Warrants on the consolidated losses and LPS of the Company are as follows:-

	Unaudited FYE 31 May 2021	(I)			(II)			(III)		
		After the Share Consolidation ⁽¹⁾			After (I) and the Rights Issue with Warrants			After (II) and assuming full exercise of the Warrants C		
		Minimum Scenario	Base Case Scenario	Maximum Scenario	Minimum Scenario	Base Case Scenario	Maximum Scenario	Minimum Scenario	Base Case Scenario	Maximum Scenario
LAT attributable to owners of the Company (RM'000)	(98,821)	(98,821)	(98,821)	(98,821)	(98,821)	(98,821)	(98,821)	(98,821)	(98,821)	(98,821)
Weighted average number of Shares in issue ('000)	3,820,450	152,818	152,818	194,860	1,150,394	1,402,648	250,818	1,549,424	1,885,763	1,885,763
LPS (sen)	(2.59)	(64.67)	(64.67)	(50.71)	(8.59)	(7.05)	(39.40)	(6.38)	(5.24)	(5.24)

Note:-

(1) The Share Consolidation was ongoing as at the LPD and subsequently completed on 27 July 2021.

The pro forma effects above have not taken into consideration any returns which may be generated from the use of the proceeds to be raised from the Rights Issue with Warrants and the proceeds from the exercise of Warrants B into new Shares under the Maximum Scenario.

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working capital and sources of liquidity

The Group's working capital is funded by cash generated from operating activities, the Group's existing cash and bank balances, investment in money market instruments, credit facilities from financial institutions and proceeds from the issuance of equity securities. As at the LPD, the Group's cash and cash equivalents stood at RM74.8 million (including approximately RM23.8 million raised from Private Placement September 2020 and Private Placement February 2021, which are earmarked for the proposed use as set out in Section 2.7 of this Abridged Prospectus. For information purposes, the remaining RM27.0 million of balance proceeds raised from these placement exercises is placed into money market instruments.

Apart from the sources of liquidity described above, the Group does not have access to other material unused sources of liquidity as at the LPD.

The Board confirmed that, after taking into consideration the cash flows from the Group's operations, the Group's existing cash and bank balances and investment in money market instruments, the banking facilities which may be procured by the Group, the proceeds to be raised from the Rights Issue with Warrants as well as the impact of the COVID-19 pandemic on the businesses of the Group, the Group will have sufficient working capital for a period of 12 months from the date of this Abridged Prospectus.

9.2 Borrowings

As at the LPD, the Group's total outstanding borrowings (all of which are interest bearing and denominated in RM) are set out as follows:-

Borrowings	Amount (RM'000)
<u>Long term borrowings (secured)</u>	
- Hire purchase	56
<u>Short term borrowings (secured)</u>	
- Hire purchase	24
Total	80

There has not been any default on payments of either interest and/or principal sums on any borrowings throughout the past 1 financial year and subsequent financial period up to the LPD.

9.3 Contingent liabilities

As at the LPD, the Board confirmed that there are no contingent liabilities incurred or known to be incurred by the Group which, upon becoming due or enforceable, may have a material impact on the financial results or position of the Group.

9.4 Material commitments

As at the LPD, save for a sum of RM16.5 million in respect of purchase of property, plant and equipment and systems development expenditure, the Board confirmed that there are no material commitments incurred or known to be incurred by the Group.

The said capital commitment of RM16.5 million is to be funded by the proceeds from Private Placement September 2020 and Private Placement February 2021.

10. INSTRUCTIONS FOR ACCEPTANCE AND PAYMENT

Full instructions for the acceptance of and payment for the Provisional Allotments as well as Excess Rights Shares with Warrants C Applications and the procedures to be followed should you and/or your transferee(s) and/or your renounee(s) (if applicable) wish to sell or transfer all or any part of your/his rights entitlement are set out in this Abridged Prospectus and the RSF. You and/or your transferee(s) and/or your renounee(s) (if applicable) are advised to read this Abridged Prospectus, the RSF and the notes and instructions printed therein carefully. In accordance with Section 232(2) of the CMSA, the RSF must not be circulated unless accompanied by this Abridged Prospectus.

Acceptance of and/or payment for the Provisional Allotments which do not conform strictly to the terms of this Abridged Prospectus, the RSF or the notes and instructions printed therein or which are illegible may be rejected at the absolute discretion of the Board.

10.1 General

As an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Allotments that you are entitled to subscribe for in full or in part under the terms and conditions of the Rights Issue with Warrants. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Allotments into your CDS Account and the RSF to enable you to subscribe for such Rights Shares with Warrants C that you have been provisionally allotted as well as to apply for Excess Rights Shares with Warrants C if you choose to do so. This Abridged Prospectus and the RSF are also available at the registered office of the Company, the Share Registrar's office or on its website at <https://www.shareworks.com.my> or on Bursa Securities' website at <https://www.bursamalaysia.com>.

10.2 NPA

The Provisional Allotments are prescribed securities under Section 14(5) of the SICDA and therefore, all dealings in the Provisional Allotments will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. As an Entitled Shareholder, you and/or your transferee(s) and/or your renounee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making the applications to subscribe for the Rights Shares.

10.3 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the Rights Shares with Warrants C and the Excess Rights Shares with Warrants C Application is on **Friday, 27 August 2021 at 5.00 p.m.** Within 5 Market Days after the Closing Date, the Company will make the relevant announcements in relation to the subscription rate of the Rights Issue with Warrants.

10.4 Methods of acceptance and application

You may subscribe for the Provisional Allotments as well as apply for Excess Rights Shares with Warrants C, if you choose to do so, using either of the following methods:-

<u>Method</u>	<u>Category of Entitled Shareholders</u>
RSF	All Entitled Shareholders
e-Subscription	All Entitled Shareholders

10.5 Procedures for full acceptance and payment

10.5.1 By way of RSF

If you wish to accept all or part of your entitlement to the Provisional Allotments, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed, signed and stamped RSF with the relevant payment must be despatched by ORDINARY POST, COURIER or DELIVERED BY HAND (at your own risk) to the Share Registrar, ShareWorks Sdn Bhd, at the following address:-

ShareWorks Sdn Bhd
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan
Tel : +603 - 6201 1120
Fax : +603 - 6201 3121

so as to arrive not later than **5.00 p.m. on Friday, 27 August 2021**, being the last time and date for the acceptance and payment for the Rights Shares with Warrants C.

If you lose, misplace or for any other reason require another copy of the RSF, you may obtain additional copies from the registered office of the Company, the Share Registrar's office or on its website at <https://www.shareworks.com.my> or Bursa Securities' website at <https://www.bursamalaysia.com>.

1 RSF must be used for acceptance of the Provisional Allotments standing to the credit of 1 CDS Account. Separate RSFs must be used for the acceptance of Provisional Allotments standing to the credit of more than 1 CDS Account. The Rights Shares with Warrants C accepted by you will be credited into the CDS Account(s) where the Provisional Allotments are standing to the credit.

Successful applicants to the Rights Shares with Warrants C will be given the Warrants C on the basis of 2 Warrants C for every 5 Rights Shares successfully subscribed for. The minimum number of Rights Shares that can be subscribed or accepted is 1 Rights Share. However, you should take note that a trading board lot comprises 100 Rights Shares and 100 Warrants C respectively. Fractions of a Rights Shares and/or Warrant C arising from the Rights Issue with Warrants will be disregarded and the aggregate of such fractions shall be dealt with as the Board may at its absolute discretion deem fit and expedient and in the best interest of the Company. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar.

In the event that the Rights Shares with Warrants C are not fully and/or validly taken up by such applicants, the Board will then have the right to allot such Rights Shares with Warrants C to the applicants who have applied for the Excess Rights Shares with Warrants C in the manner as set out in Section 10.8 of this Abridged Prospectus. The Board reserves the right to accept any applicant in full or in part only without assigning any reasons.

A reply envelope is enclosed with this Abridged Prospectus. To facilitate the processing of the RSFs by the Share Registrar, you are advised to use 1 reply envelope for each completed RSF.

Each completed RSF must be accompanied by the appropriate remittance in RM for the full amount payable for the Rights Shares accepted in the form of a banker's draft or cashier's order or money order or postal order drawn on a bank or post office in Malaysia and which must be made payable to "**LAMBO RIGHTS ISSUE ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name in block letters, your contact number, your address and your CDS Account number, and must be received by the Share Registrar by **5.00 p.m. on Friday, 27 August 2021**. The payment must be made for the exact amount payable for the Rights Shares accepted. Any excess or insufficient payment may be rejected at the absolute discretion of the Board. Cheques or other mode(s) of payment not prescribed herein are not acceptable.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN THE RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 8 MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. THE BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREOF.

YOU SHOULD NOTE THAT ANY RSF AND REMITTANCE LODGED WITH THE SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS MUST BE MADE IN ACCORDANCE WITH THE RSF ENCLOSED WITH THIS ABRIDGED PROSPECTUS AND MUST BE COMPLETED STRICTLY IN ACCORDANCE WITH THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. ACCEPTANCES AND/OR PAYMENTS WHICH DO NOT CONFORM WITH THE TERMS AND CONDITIONS OF THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF OR WHICH ARE ILLEGIBLE MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF THE BOARD.

WHERE AN APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST. THE REFUND WILL BE MADE BY ISSUANCE OF CHEQUE AND SHALL BE DESPATCHED TO THE APPLICANT BY ORDINARY POST TO THE ADDRESS AS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT THE APPLICANT'S OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.

10.5.2 By way of e-Subscription

The e-Subscription is available to you upon your login to the Share Registrar's Investor Portal at <https://www.shareworks.com.my>. You are advised to read the instructions as well as the terms and conditions of the e-Subscription.

Entitled Shareholders who wish to subscribe for the Rights Shares with Warrants C and apply for the Excess Rights Shares with Warrants C by way of e-Subscription, shall take note of the following:-

- (i) the e-Subscription will be closed at **5.00 p.m. on Friday, 27 August 2021**. All valid e-Subscription received by the Share Registrar are irrevocable and cannot be subsequently withdrawn;
- (ii) the e-Subscription must be made in accordance with the procedures and terms and conditions of this Abridged Prospectus, the e-RSF and the notes and instructions contained in the e-RSF. Any incomplete or incorrectly completed e-RSF submitted via the Share Registrar's Investor Portal may or may not be accepted at the absolute discretion of the Board;
- (iii) your application for the Rights Shares with Warrants C and Excess Rights Shares with Warrants C (if applicable) must be accompanied by the remittance in RM via internet bank transfer, the bank account details as follows:-

Name of bank:	United Overseas Bank
Name of account:	LAMBO RIGHTS ISSUE ACCOUNT
Bank account no.:	223-304-737-8

You are required to pay an **additional fee of RM15.00** being the stamp duty and handling fee for each e-Subscription; and

- (iv) All Entitled Shareholders who wish to submit by way of e-Subscription are required to follow the procedures and read the terms and conditions as stated below:-

Procedures

Procedure		Action
User registration		
1.	Register as a user with the Investor Portal	<ul style="list-style-type: none"> • If you have already registered an account in the Investor Portal, you are not required to register again. • Access the website at https://www.shareworks.com.my. Click Investor Portal. Refer to the online help tutorial for assistance. • Read and agree to the terms and conditions and confirm the declaration. • Upon submission of your registration, your account will be activated within one working day.
e-Subscription		
2.	Sign in to Investor Portal	<ul style="list-style-type: none"> • Login with your user ID and password for e-Subscription before the Closing Date.
3.	Complete the e-Subscription	<ul style="list-style-type: none"> • Open the corporate exercise "RIGHTS ISSUE FOR LAMBO GROUP BERHAD". • Key in your full name, CDS Account number, contact number, the number of units for acceptance of your Rights Shares with Warrants C and Excess Rights Shares with Warrants C (if you choose to apply for additional Rights Shares with Warrants C). • Upload the proof of payment(s) and print your e-RSF for your reference and record. • Ensure all information in the form is accurate and then submit the form.

If you encounter any problems during the registration or submission, please email the Share Registrar at support@shareworks.com.my for assistance.

Terms and conditions of the e-Subscription

By submitting your acceptance of the Rights Shares with Warrants C and application of the Excess Rights Shares with Warrants C (if applicable) by way of e-Subscription:-

(a) You acknowledge that your submission by way of e-Subscription is subject to the risks of electrical, electronic, technical, transmission, communication and computer related faults and breakdowns, fires and other events beyond the control of the Company or the Share Registrar and irrevocably agree that if:-

- the Company or the Share Registrar does not receive your e-Subscription; or
- data on the e-RSF is wholly or partially lost, corrupted or inaccessible, or not transmitted or not communicated to the Share Registrar,

your e-Subscription will be deemed as failed and not to have been made. The Company and the Share Registrar will not be held liable for any delays, failures or inaccuracies in the processing of your e-Subscription due to the above reasons and you further agree that you may not make any claims whatsoever against the Company or the Share Registrar for any loss, compensation or damage in relation to the unsuccessful or failure of your e-Subscription;

(b) You will ensure that all information provided by you in the e-RSF is identical with the information in the records of Bursa Depository and further agree and confirm that in the event the said information differs from the records of Bursa Depository, your application by way of e-Subscription may be rejected at the absolute discretion of the Board without assigning any reason;

(c) You agree that your application shall not be deemed to have been accepted by reason of the remittance have been made;

(d) You agree that all the Rights Shares and Warrants C to be issued pursuant to the Rights Issue with Warrants will be allotted by way of crediting the Rights Shares and Warrants C into your CDS Account. No physical share or warrant certificates will be issued;

(e) You agree that the Company and the Share Registrar reserve the right to reject your application which does not conform to these terms and conditions;

(f) If your application is successful, a notice of allotment will be issued and despatched by ordinary post to the address as shown in the Record of Depositors provided by Bursa Depository at your own risk within 8 Market Days from the Closing Date or such other period as may be prescribed by Bursa Securities; and

- (g) Where your application is not accepted or is accepted in part only, the full amount or the surplus application monies, as the case may be, will be refunded without interest. The refund will be made by issuance of cheque and shall be despatched to you by ordinary post to the address as shown in the Record of Depositors provided by Bursa Depository at your own risk within 15 Market Days from the Closing Date.

10.6 Procedures for part acceptance

If you do not wish to accept the Rights Shares with Warrants C provisionally allotted to you in full, you are entitled to accept part of your entitlements that can be subscribed / applied for. The minimum number of Rights Shares that may be subscribed or accepted is 1 Rights Share. Fractions of a Rights Shares and/or Warrant C arising from the Rights Issue with Warrants will be disregarded and the aggregate of such fractions shall be dealt with as the Board may at its absolute discretion deem fit and expedient and in the best interests of the Company. Applicants should take note that a trading board lot comprises 100 Rights Shares and 100 Warrants C respectively.

You must complete both Part I(A) of the RSF by specifying the number of Rights Shares with Warrants C which you are accepting and Part II of the RSF and deliver the completed, signed and stamped RSF together with the relevant payment to the Share Registrar in the same manner as set out in Section 10.5 of this Abridged Prospectus.

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

10.7 Procedures for sale or transfer of Provisional Allotments

As the Provisional Allotments are prescribed securities, should you wish to sell or transfer all or part of your entitlement to the Provisional Allotments to 1 or more persons, you may do so through your stockbroker during the period up to the last date and time for sale or transfer of the Provisional Allotments (in accordance with the Rules of Bursa Depository) without first having to request for a split of the Provisional Allotments standing to the credit of your CDS Account. To sell or transfer all or part of your entitlement to the Provisional Allotments, you may sell such entitlement in the open market during the period up to the last date and time for sale or transfer of the Provisional Allotments (in accordance with the Rules of Bursa Depository) or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository during period up to the last date and time for transfer of the Provisional Allotments (in accordance with the Rules of Bursa Depository).

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. IN SELLING OR TRANSFERRING ALL OR PART OF YOUR PROVISIONAL ALLOTMENTS, YOU ARE NOT REQUIRED TO DELIVER ANY DOCUMENT TO YOUR STOCKBROKER. YOU ARE HOWEVER ADVISED TO ENSURE THAT YOU HAVE SUFFICIENT NUMBER OF PROVISIONAL ALLOTMENTS STANDING TO THE CREDIT OF YOUR CDS ACCOUNT BEFORE SELLING OR TRANSFERRING.

If you have sold or transferred only part of the Provisional Allotments, you may still accept the balance of the Provisional Allotments by completing Parts I(A) and II of the RSF and delivering the RSF together with the full amount payable on the balance of the Rights Shares with Warrants C applied for to the Share Registrar. Please refer to Section 10.5 of this Abridged Prospectus for the procedures for acceptance and payment.

YOU SHOULD NOTE THAT ANY RSF AND REMITTANCE LODGED WITH THE SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

10.8 Procedures for the Excess Rights Shares with Warrants C Application

10.8.1 By way of RSF

If you wish to apply for additional Rights Shares with Warrants C in excess of your entitlement, you may do so by completing Part I(B) of the RSF (in addition to Parts I(A) and II). The remittance for the Excess Rights Shares with Warrants C can be made together with the remittance for your entitlements as mentioned in Section 10.5.1 of this Abridged Prospectus. The completed RSF together with the payment must be received by the Share Registrar no later than **5.00 p.m. on Friday, 27 August 2021**, being the last time and date for Excess Rights Shares with Warrants C Applications and payment.

The payment must be made for the exact amount payable for the Excess Rights Shares with Warrants C Applications. Any excess or insufficient payment may be rejected at the absolute discretion of the Board. Cheques or other mode(s) of payment not prescribed in Section 10.5.1 of this Abridged Prospectus are not acceptable.

10.8.2 By way of e-Subscription

You may apply for the Excess Rights Shares with Warrants C via e-Subscription in addition to your Provisional Allotments. If you wish to do so, you may apply for the Excess Rights Shares with Warrants C by following the steps as set out in Section 10.5.2 of this Abridged Prospectus. The e-Subscription for Excess Rights Shares with Warrants C will be made on, and subject to, the same terms and conditions appearing in Section 10.5.2 of this Abridged Prospectus.

It is the intention of the Board to allot the Excess Rights Shares with Warrants C, if any, in a fair and equitable manner in the following priority:-

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for Excess Rights Shares with Warrants C, taking into consideration their respective shareholdings in the Company as at the Entitlement Date;
- (iii) thirdly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for Excess Rights Shares with Warrants C, taking into consideration the quantum of their respective Excess Rights Shares with Warrants C Applications; and
- (iv) finally, on a pro-rata basis and in board lots, to the transferee(s) and/or renounee(s) who have applied for Excess Rights Shares with Warrants C, taking into consideration the quantum of their respective Excess Rights Shares with Warrants C Applications.

The Excess Rights Shares with Warrants C will firstly be allocated to minimise the odd lots (if any) held by each applicant of Excess Rights Shares with Warrants C. Thereafter, the allocation process will perform items (ii), (iii) and (iv) in succession. Any remaining balance of Excess Rights Shares with Warrants C will be allocated by performing the same sequence of allocation i.e. items (ii), (iii) and (iv) again in succession until all Excess Rights Shares with Warrants C are allotted.

Notwithstanding the foregoing, the Board reserves the right to allot any Excess Rights Shares with Warrants C applied for under Part I(B) of the RSF in such manner as it deems fit and expedient and in the best interests of the Company subject always to such allocation being made on a fair and equitable basis, and that the intention of the Board as set out in items (i), (ii), (iii) and (iv) above is achieved. The Board also reserves the right at its absolute discretion not to accept any application for Excess Rights Shares with Warrants C, in full or in part, without assigning any reason thereof.

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF THE BOARD.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE EXCESS RIGHTS SHARES WITH WARRANTS C APPLICATION OR APPLICATION MONIES IN RESPECT THEREOF. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN THE RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 8 MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

EXCESS RIGHTS SHARES WITH WARRANTS C APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. THE BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY SUCH APPLICATION OR TO ACCEPT ANY SUCH APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREOF.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES WITH WARRANTS C APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST. THE REFUND WILL BE MADE BY ISSUANCE OF CHEQUE AND SHALL BE DESPATCHED TO THE APPLICANT BY ORDINARY POST TO THE ADDRESS AS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT THE APPLICANT'S OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.

10.9 Procedures to be followed by transferee(s) and/or renouncee(s)

As a transferee and/or renouncee, the procedures for acceptance, selling or transferring of Provisional Allotments, applying for the Excess Rights Shares with Warrants C and/or payment is the same as that which is applicable to the Entitled Shareholders as described in Sections 10.3 to 10.8 of this Abridged Prospectus. Please refer to the relevant sections for the procedures to be followed.

If you wish to obtain a copy of this Abridged Prospectus and/or accompanying RSF, you can request the same from the registered office of the Company, the Share Registrar's office or on its website at <https://www.shareworks.com.my> or Bursa Securities' website at <https://www.bursamalaysia.com>.

TRANSFEREE(S) AND/OR RENOUNCEE(S) ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

10.10 CDS Account

Bursa Securities has already prescribed the Shares listed on the ACE Market of Bursa Securities and Warrants C to be deposited with Bursa Depository. Accordingly, the new securities arising from the Rights Issue with Warrants are prescribed securities and, as such, all dealings with such securities will be by book entries through CDS Accounts and shall be governed by the SICDA and the Rules of Bursa Depository. You must have a valid and subsisting CDS Account in order to subscribe for the Rights Shares with Warrants C. Failure to comply with these specific instructions or inaccuracy of the CDS Account number may result in your application being rejected.

Your subscription for the Rights Shares with Warrants C shall signify your consent to receiving such Rights Shares with Warrants C as deposited securities that will be credited directly into your CDS Account. No physical certificates will be issued.

All Excess Rights Shares with Warrants C allotted shall be credited directly into the CDS Accounts of successful applicants.

If you have multiple CDS Accounts into which the Provisional Allotments have been credited, you cannot use a single RSF to accept all these Provisional Allotments. Separate RSFs must be used for acceptance of Provisional Allotments credited into separate CDS Accounts. If successful, the Rights Shares with Warrants C that you subscribed for will be credited into the CDS Accounts where the Provisional Allotments are standing to the credit.

10.11 Notice of allotment

Within 5 Market Days after the Closing Date, the Company will make the relevant announcements in relation to the subscription rate of the Rights Issue with Warrants.

Upon allotment of the Rights Shares in respect of your acceptance and/or your renouncee's / transferee's acceptance (if applicable) and Excess Rights Shares with Warrants C Application (if any), the Rights Shares and Warrants C shall be credited directly into the respective CDS Account where the Provisional Allotments were credited. No physical certificates will be issued in respect of the Rights Shares and Warrants C. However, a notice of allotment will be despatched to you and/or your renouncee / transferee (if applicable) by ordinary post within 8 Market Days from the Closing Date or such other period as may be prescribed by Bursa Securities, to the address as shown in the Record of Depositors at your own risk.

Where any application for the Rights Shares is not accepted due to non-compliance with the terms of the Rights Issue with Warrants or accepted in part only, the full amount or the surplus application monies, as the case may be, will be refunded without interest. The refund will be made by issuance of cheque and shall be despatched to you by ordinary post to the address as shown in the Record of Depositors provided by Bursa Depository at your own risk within 15 Market Days from the Closing Date.

Please note that a completed RSF and the payment thereof, once lodged with the Share Registrar for the Rights Shares, cannot be withdrawn subsequently.

10.12 Foreign-Addressed Shareholders

This Abridged Prospectus, the NPA and the RSF have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction other than Malaysia, and have not been (and will not be) lodged, registered or approved under any applicable securities or equivalent legislation (or with or by any regulatory authority or other relevant body) of any country or jurisdiction other than Malaysia.

The distribution of this Abridged Prospectus, the NPA and the RSF, as well as the acceptance of the Provisional Allotments and the subscription for or the acquisition of the Rights Shares with Warrants C may be restricted or prohibited (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain countries or jurisdiction under the relevant laws of those countries or jurisdictions.

This Abridged Prospectus, the NPA and the RSF are not intended to be (and will not be) issued, circulated or distributed and the Rights Issue with Warrants will not be made or offered or deemed made or offered for acquisition or subscription of any Rights Shares, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue with Warrants to which this Abridged Prospectus relates is only available to Entitled Shareholders receiving this Abridged Prospectus, the NPA and the RSF electronically or otherwise within Malaysia.

As a result, this Abridged Prospectus, the NPA and the RSF have not been (and will not be) sent to the Foreign-Addressed Shareholders. However, Foreign-Addressed Shareholders may collect this Abridged Prospectus, the NPA and the RSF from the Share Registrar, ShareWorks Sdn Bhd at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan, who will be entitled to request such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting this Abridged Prospectus, the NPA and the RSF.

The Company will not make or be bound to make any enquiry as to whether you have a registered address in Malaysia or an address for service in Malaysia if not otherwise stated in the Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith. The Company will assume that the Rights Issue with Warrants and the acceptance thereof by you would be in compliance with the terms and conditions of the Rights Issue with Warrants and would not be in breach of the laws of any jurisdiction. The Company will further assume that you had accepted the Rights Issue with Warrants in Malaysia and will at all applicable times be subject to the laws of Malaysia.

A Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) may only accept or renounce all or any part of his/their entitlements and exercise any other rights in respect of the Rights Issue with Warrants only to the extent that it would be lawful to do so, and the Company, the Board and officers, Mercury Securities and/or the advisers named herein ("**Parties**") would not, in connection with the Rights Issue with Warrants, be in breach of the laws of any country or jurisdiction to which the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) is/are or might be subject to.

The Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) shall be solely responsible to seek advice from his/their legal and/or professional advisers as to whether the acceptance or renunciation in any manner whatsoever of his/their entitlements under the Rights Issue with Warrants would result in the contravention of the laws of the countries or jurisdictions to which he/they is/are or might be subject to. The Parties shall not accept any responsibility or liability in the event any acceptance or renunciation made by any Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction. The Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) will also have no claims whatsoever against the Parties in respect of his/their entitlements or to any net proceeds thereof.

The Company reserves the right, in its absolute discretion, to treat any acceptances as invalid, if the Company believes that such acceptance may violate applicable legal or regulatory requirements. The Provisional Allotments relating to any acceptance which is treated as invalid will be included in the pool of Rights Shares with Warrants C available for excess application by other Entitled Shareholders and/or their transferee(s) and/or their renounee(s).

Each person, by accepting the delivery of this Abridged Prospectus, the NPA and the RSF, accepting any Provisional Allotments by signing any of the forms accompanying this Abridged Prospectus or subscribing for or acquiring the Rights Shares with Warrants C, will be deemed to have represented, warranted, acknowledged and agreed in favour of (and which representations, warranties, acknowledgements and agreements will be relied upon by) the Parties as follows:-

- (i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which the Entitled Shareholder and/or his transferee(s) and/or his renounee(s) is/are or might be subject to;
- (ii) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) has/have complied with the laws to which the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) is/are or might be subject to in connection with the acceptance or renunciation;
- (iii) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) is/are not a nominee or agent of a person in respect of whom the Parties would, by acting on the acceptance or renunciation of the Provisional Allotments, be in breach of the laws of any jurisdiction to which that person is or might be subject to;
- (iv) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) is/are aware that the Rights Shares with Warrants C can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged or dealt with in any other way in accordance with all applicable laws in Malaysia;
- (v) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) has/have obtained a copy of this Abridged Prospectus and has/have read and understood the contents of this Abridged Prospectus, has/have had access to such financial and other information and has/have been provided the opportunity to ask such questions to the representatives of the Parties and receive answers thereto as the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) deem(s) necessary in connection with the Foreign-Addressed Shareholder and/or his transferee and/or his renounee's decision to subscribe for or purchase the Rights Shares and Warrants C; and

- (vi) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) has/have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares and Warrants C, and is/are and will be able, and is/are prepared to bear the economic and financial risks of investing in and holding the Rights Shares and Warrants C.

NOTWITHSTANDING ANYTHING HEREIN, THE FOREIGN-ADDRESSED SHAREHOLDERS AND ANY OTHER PERSON HAVING POSSESSION OF THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS ARE ADVISED TO INFORM THEMSELVES OF AND TO OBSERVE ANY LEGAL REQUIREMENTS APPLICABLE TO THEM. NO PERSON IN ANY TERRITORY OUTSIDE OF MALAYSIA RECEIVING THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS MAY TREAT THE SAME AS AN OFFER, INVITATION OR SOLICITATION TO SUBSCRIBE FOR OR ACQUIRE ANY RIGHTS SHARES AND WARRANTS C UNLESS SUCH OFFER, INVITATION OR SOLICITATION COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER REGULATORY OR LEGAL REQUIREMENTS ON SUCH TERRITORY.

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11. TERMS AND CONDITIONS

The issuance of the Rights Shares and Warrants C pursuant to the Rights Issue with Warrants is governed by the terms and conditions as set out in this Abridged Prospectus, the Deed Poll C, the NPA and RSF.

12. FURTHER INFORMATION

You are requested to refer to the enclosed Appendix I for further information.

Yours faithfully
For and on behalf of the Board of
LAMBO GROUP BERHAD



KOO KIEN YOON
Executive Director

APPENDIX I – INFORMATION ON THE COMPANY**1. SHARE CAPITAL**

As at the LPD, the issued share capital of the Company is RM190,810,581 comprising 4,987,880,099 Shares.

2. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Please refer to Section 8.3 of this Abridged Prospectus for information on the substantial Shareholders' shareholdings before and after the Rights Issue with Warrants.

3. DIRECTORS

The details of the Board as at the LPD are set out in the table below:-

Name (Designation)	Age	Address	Nationality
Hj. Abdullah Bin Abdul Rahman (Independent Non-Executive Chairman)	64	6, Jalan Bidai U8/13D Bukit Jelutong 40150 Shah Alam Selangor	Malaysian
Zhuang Guohua (Executive Director)	47	No. 164, East Dangxiao Road Jinjiang City Fujian Province China	PRC
Koo Kien Yoon (Executive Director)	45	Unit 20, Tiara Residenz @ Kayu Ara, Jalan Kekwa Kayu Ara Damansara 47400 Petaling Jaya Selangor	Malaysian
Ng Chee Kin (Independent Non-Executive Director)	52	No. 26 Jalan Hujan Abu 4 O.U.G. 58200 Kuala Lumpur	Malaysian
Khor Chin Fei (Independent Non-Executive Director)	44	27, Jalan Daya 4 Taman Daya 52100 Kuala Lumpur	Malaysian

Save for Koo Kien Yoon, none of the Directors have any direct and/or indirect shareholding in the Company as at the LPD. Please refer to Section 8.3 of this Abridged Prospectus on the pro forma effects of the Rights Issue with Warrants on his shareholding.

APPENDIX I – INFORMATION ON THE COMPANY (cont'd)**4. HISTORICAL FINANCIAL INFORMATION**

A summary of the historical financial information of the Group is as follows:-

Historical financial performance

	Audited			Unaudited
	FYE 31 December 2017	FYE 31 December 2018	17-month FPE 31 May 2020 ⁽¹⁾	FYE 31 May 2021
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	84,725	92,476	64,784	24,844
Cost of sales	(58,646)	(68,832)	(46,255)	(76,413)
GP / (Gross loss)	26,079	23,644	18,529	(51,569)
Other operating income	1,984	1,867	2,289	787
Fair value loss on other investments	-	-	-	(30,669)
Administrative expenses	(2,460)	(2,472)	(9,830)	(17,210)
Finance costs	-	-	(12)	(11)
PBT / (LBT)	25,603	23,039	10,976	(98,672)
Taxation	(6,427)	(6,276)	(4,833)	(169)
PAT / (LAT)	19,176	16,763	6,143	(98,841)
PAT / (LAT) attributable to:-				
- owners of the Company	19,176	16,814	6,172	(98,821)
- non-controlling interests	-	(51)	(29)	(20)
PAT / (LAT)	19,176	16,763	6,143	(98,841)
GP / (Gross loss) margin (%)	30.78	25.57	28.60	(207.57)
PAT / (LAT) margin (%)	22.63	18.13	9.48	(397.85)
Weighted average no. of Shares in issue ('000)	2,081,707 ⁽²⁾	2,088,589	2,108,549	3,820,450
Adjusted weighted average no. of Shares in issue and issuable ('000)	2,744,218 ⁽²⁾	2,308,174	2,249,785	N/A ⁽³⁾
EPS / (LPS)				
- basic (sen)	0.92 ⁽²⁾	0.81	0.29	(2.59)
- diluted (sen)	0.70 ⁽²⁾	0.73	0.27	N/A ⁽³⁾

Notes:-

- (1) The change of financial year end of the Company from 31 December to 31 May is to enable the Group to include the impact of the expected increase in operations in Malaysia following the launch of LamboPlace in August 2019.
- (2) Restated to reflect the effect of the subdivision of every 10 Shares held at 5.00 p.m. on 5 March 2018 into 25 Shares, which was completed on 6 March 2018.
- (3) Not applicable as the Company is loss-making.

APPENDIX I – INFORMATION ON THE COMPANY (cont'd)**Historical financial position**

	Audited			Unaudited
	As at 31 December 2017	As at 31 December 2018	As at 31 May 2020	As at 31 May 2021
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Non-current assets	31,223	31,215	908	42,560
Current assets	72,367	86,233	130,508	83,869
Total assets	103,590	117,448	131,416	126,429
Share capital	93,182	93,662	100,458	190,811
Share option reserve	-	-	798	-
Foreign currency translation reserve	(1,654)	(5,088)	(3,743)	2,245
Warrant reserve	17,603	17,433	-	-
(Accumulated losses) / Retained earnings	(8,150)	8,664	31,592	(67,229)
Equity attributable to owners of the Company	100,981	114,671	129,105	125,827
Non-controlling interests	-	12	(24)	(44)
Total equity	100,981	114,683	129,081	125,783
Non-current liabilities	-	-	87	61
Current liabilities	2,609	2,765	2,248	585
Total liabilities	2,609	2,765	2,335	646
Total equity and liabilities	103,590	117,448	131,416	126,429

Historical cash flow

	Audited			Unaudited
	FYE 31 December 2017	FYE 31 December 2018	17-month FPE 31 May 2020	FYE 31 May 2021
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Net cash from / (used in)				
Operating activities	46,569	20,583	(58,725)	691
Investing activities	(30,487)	(42)	31,062	(72,608)
Financing activities	17	309	4,977	80,513
Net increase / (decrease) in cash and cash equivalents	16,099	20,850	(22,686)	8,596
Effects of exchange rate changes	(3,384)	(2,367)	1,360	4,208
Cash and cash equivalents at beginning of the financial year / financial period	53,981	66,696	85,179	63,853
Cash and cash equivalents at end of the financial year / financial period	66,696	85,179	63,853	76,657

APPENDIX I – INFORMATION ON THE COMPANY (cont'd)**(i) FYE 31 May 2021 vs 17-month FPE 31 May 2020 (annualised)**

The Group's revenue for the FYE 31 May 2021 of RM24.8 million decreased by RM20.9 million or 45.7% from the annualised revenue of RM45.7 million for the 17-month FPE 31 May 2020. The decrease in revenue on an annualised basis was mainly due to lower sales in the PRC. The Group's financial contribution from its operations in the PRC has been negatively impacted by the economic downturn arising from the COVID-19 pandemic as well as the global trade war arising from economic conflicts between the United States of America and the PRC, which resulted in amongst others, the imposition of tariffs and other trade barriers, leading to lower international trade. As a result of the slowdown in economic activities, the Group's business in the PRC had declined as the Group's major customers reduced their orders amidst lower sales achieved by them. The revenue generated by the Group in the PRC was RM23.9 million for the FYE 31 May 2021, a decrease of RM21.3 million or 47.1% from the annualised revenue of RM45.2 million for the 17-month FPE 31 May 2020.

For the FYE 31 May 2021, the Group recorded a gross loss of RM51.6 million (negative GP margin of 207.6%) as compared to an annualised GP of RM13.1 million (GP margin of 28.6%) for the 17-month FPE 31 May 2020, representing a decrease of RM64.7 million on an annualised basis. The gross loss was incurred by the Group mainly due to the loss arising from the shoes clearance sales at discounted price in the PRC to conserve cash for future deployment amidst the concern of re-emergence and worsening of COVID-19 pandemic wave worldwide.

The Group's LAT for the FYE 31 May 2021 was RM98.8 million, which is higher by RM103.1 million or 2,397.7% as compared to an annualised PAT of RM4.3 million for the 17-month FPE 31 May 2020. Apart from the gross loss incurred for the FYE 31 May 2021, the higher LAT was mainly due to:-

- (a) fair value loss on other investments (being the Group's investments in quoted securities of 2 companies listed on Bursa Securities) amounting to RM30.7 million (17-month FPE 28 May 2020: Nil); and
- (b) the increase in administrative expenses by RM10.3 million or 149.3% to RM17.2 million for the FYE 31 May 2021 from RM6.9 million (annualised) for the 17-month FPE 31 May 2020, mainly resulting from expenses relating to the granting of ESOS Options of RM9.0 million (17-month FPE 31 May 2020: RM1.3 million (annualised)).

However, the Group's LAT for the FYE 31 May 2021 was partly offset by lower taxation of RM0.2 million, representing a decrease of RM3.2 million or 94.1% from the annualised taxation of RM3.4 million for the 17-month FPE 31 May 2020.

For the FYE 31 May 2021, the Group recorded a net increase in cash and cash equivalents of RM8.6 million (17-month FPE 31 May 2020: net decrease of RM22.7 million) mainly due to the following:-

- (a) net proceeds amounting to RM80.5 million raised from the Private Placement September 2020, Private Placement February 2021 and the exercise of ESOS Options;
- (b) proceeds from disposal of the Group's investments in quoted securities amounting to RM0.8 million;
- (c) interest received of RM0.7 million; and
- (d) net cash generated from operating activities of RM0.7 million.

APPENDIX I – INFORMATION ON THE COMPANY (cont'd)

The above was partly offset by the following:-

- (a) acquisition of investments in quoted securities of 2 companies listed on Bursa Securities amounting to RM47.0 million; and
- (b) placement of RM27.0 million into money market instruments.

(ii) 17-month FPE 31 May 2020 (annualised) vs FYE 31 December 2018

The Group's annualised revenue for the 17-month FPE 31 May 2020 of RM45.7 million decreased by RM46.8 million or 50.6% from the revenue of RM92.5 million for the FYE 31 December 2018. The decrease in revenue was mainly due to lower revenue from wholesale of shoe products (decrease of RM43.7 million on an annualised basis) and provision of information technology ("IT") services (decrease of RM3.4 million on an annualised basis) in the PRC. In addition to the adverse impact from continuing trade war which restricted global trades and economic activities, the outbreak of COVID-19 pandemic in the PRC in December 2019 had caused further disruptions to the Group's businesses in the PRC.

The Group achieved an annualised GP of RM13.1 million (GP margin of 28.6%) for the 17-month FPE 31 May 2020 as compared to GP of RM23.6 million (GP margin of 25.6%) for the FYE 31 December 2018, representing a decrease of RM10.5 million on an annualised basis. However, the GP margin for the 17-month FPE 31 May 2020 was higher as a higher proportion of the Group's GP was derived from the provision of IT services, which provides higher GP margin than wholesale of shoe products.

The Group's annualised PAT for the 17-month FPE 31 May 2020 was RM4.3 million, which is lower by RM12.5 million or 74.4% as compared to PAT of RM16.8 million for the FYE 31 December 2018. Apart from the lower GP achieved for the 17-month FPE 31 May 2020, the lower annualised PAT was mainly due to the increase in administrative expenses by RM4.4 million or 176.0% to RM6.9 million (annualised) for the 17-month FPE 31 May 2020 from RM2.5 million for the FYE 31 December 2018, mainly resulting from the following:-

- (i) higher staff costs (excluding Directors) of RM3.9 million on an annualised basis (FYE 31 December 2018: RM1.3 million) due to higher staff costs incurred for LamboPlace (which was launched in August 2019) and expenses relating to the granting of ESOS Options of RM1.3 million on an annualised basis (FYE 31 December 2018: Nil); and
- (ii) higher advertising and promotion expenses incurred of RM0.9 million on an annualised basis (FYE 31 December 2018: RM0.1 million).

However, the reduction in the Group's annualised PAT was partly offset by a lower annualised taxation by RM2.9 million.

For the 17-month FPE 31 May 2020, the Group recorded a net decrease in cash and cash equivalents of RM22.7 million (FYE 31 December 2018: net increase of RM20.9 million) mainly due to the net cash used in operating activities of RM58.7 million arising mainly from the payment of deposits to suppliers for purchase of trading inventories totalling 109.0 million Renminbi (equivalent to RM66.3 million) (FYE 31 December 2018: Nil), which was partly offset by the following:-

- (a) redemption of investment fund of RM30.1 million;
- (b) proceeds amounting to RM5.0 million from the exercise of warrants 2016/2019 ("Warrants A") and ESOS Options; and
- (c) interest received of RM1.1 million.

APPENDIX I – INFORMATION ON THE COMPANY (cont'd)**(iii) FYE 31 December 2018 vs FYE 31 December 2017**

The Group's revenue for the FYE 31 December 2018 of RM92.5 million increased by RM7.8 million or 9.2% from the revenue of RM84.7 million for the FYE 31 December 2017. The increase in revenue was mainly due to the full year operations of the Group's wholesale of shoe products in the PRC, offset by a reduction of RM1.9 million of revenue derived from the provision of IT services due to non-renewal of few contracts.

Despite the higher revenue, the Group achieved a lower GP of RM23.6 million (GP margin of 25.6%) for the FYE 31 December 2018 as compared to GP of RM26.1 million (GP margin of 30.8%) for the FYE 31 December 2017, representing a decrease of RM2.5 million. The decrease was mainly due to lower contribution from the provision of IT services, which provides higher GP margin than wholesale of shoe products.

As a result of the lower GP, the Group recorded a lower PAT of RM16.8 million for the FYE 31 December 2018 as compared to PAT of RM19.2 million for the FYE 31 December 2017, representing a decrease of RM2.4 million or 12.5%.

For the FYE 31 December 2018, the Group recorded a net increase in cash and cash equivalents of RM20.9 million (FYE 31 December 2017: net increase of RM16.1 million) mainly due to the following:-

- (a) net cash generated from operating activities of RM20.6 million;
- (b) interest received of RM1.0 million; and
- (c) proceeds amounting to RM0.3 million from the exercise of Warrants A.

The above was partly offset by the purchase of computer equipment and furniture, fittings and equipment amounting to RM0.1 million as well as software development expenditure of RM0.9 million.

5. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of the Shares as transacted on Bursa Securities for the past 12 months preceding the date of this Abridged Prospectus as well as the last transacted market price of the Shares on the last Market Day immediately prior to the announcements of the Corporate Exercises and on the LPD are as follows:-

	High	Low
	RM	RM
<u>2020</u>		
August	0.080	0.045
September	0.060	0.025
October	0.040	0.025
November	0.050	0.025
December	0.040	0.030
<u>2021</u>		
January	0.035	0.025
February	0.030	0.020
March	0.030	0.020
April	0.025	0.015
May	0.025	0.010
June	0.015	0.010
July	0.375 ⁽¹⁾	0.005

APPENDIX I – INFORMATION ON THE COMPANY (cont'd)

	RM
Last transacted market price of the Shares on 11 May 2021, being the last Market Day immediately prior to the announcement of the Corporate Exercises on 12 May 2021 (RM)	0.020
Last transacted market price of the Shares on 8 June 2021, being the last Market Day immediately prior to the announcement of the revision of the entitlement basis of the Rights Issue with Warrants on 9 June 2021 (RM)	0.015
Last transacted market price of the Shares on the LPD (RM)	0.015
Last transacted market price of the Shares on 9 August 2021, being the last Market Day immediately prior to the ex-date for the Rights Issue with Warrants (RM)	0.220 ⁽¹⁾

Note:-

- (1) Adjusted pursuant to the Share Consolidation which was ongoing as at the LPD and subsequently completed on 27 July 2021.

(Source: Bloomberg)

6. OPTION TO SUBSCRIBE FOR SHARES

As at the LPD, save for the Provisional Allotments as well as Excess Rights Shares with Warrants C, Warrants B (including any Additional Warrants B) and any ESOS Options to be granted under the ESOS, no option to subscribe for the Shares has been granted or is entitled to be granted to any person. In conjunction with the Corporate Exercises, the Company has undertaken not to grant any ESOS Options until the completion of the Corporate Exercises. As at the LPD, there is no outstanding ESOS Option.

7. MATERIAL CONTRACTS

The Board confirmed that there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Group during the 2 years preceding the date of this Abridged Prospectus.

8. MATERIAL LITIGATION

As at the LPD, the Board confirmed that the Company and/or its subsidiaries are not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or business of the Group and the Board confirmed that there are no proceedings pending or threatened against the Company and/or its subsidiaries or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group.

APPENDIX I – INFORMATION ON THE COMPANY (cont'd)

9. CONSENTS

- (i) The written consents of the company secretaries, Principal Adviser, solicitors, Share Registrar, reporting accountants and independent market researcher for the Rights Issue with Warrants for the inclusion in this Abridged Prospectus of their names and all references thereto in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not been subsequently withdrawn.
- (ii) The written consent of Bloomberg for the inclusion in this Abridged Prospectus of its name and citation of the market data made available to its subscribers in the form and context in which such name and market data appear has been given before the issuance of this Abridged Prospectus and has not been subsequently withdrawn.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at No. 3-2, 3rd Mile Square, No. 151, Jalan Kelang Lama, Batu 3½, 58100 Kuala Lumpur during normal business hours from Monday to Friday (except public holidays) for a period of 6 months from the date of this Abridged Prospectus:-

- (i) the Constitution of the Company;
- (ii) the Undertaking referred to in Section 3 of this Abridged Prospectus;
- (iii) the letters of consent referred to in Section 9 of this Appendix I;
- (iv) the Deed Poll C; and
- (v) the IMR Report referred to in Section 7.2 of this Abridged Prospectus.

11. RESPONSIBILITY STATEMENT

- (i) The Board has seen and approved this Abridged Prospectus, together with the NPA and RSF, and they collectively and individually accept full responsibility for the completeness and accuracy of the information contained therein 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 other facts which, if omitted, would make any statement in these documents false or misleading.
- (ii) Mercury Securities, being the Principal Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes full and true disclosure of all material facts concerning the Rights Issue with Warrants.