

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 2 October 2020 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 2 October 2020. 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, has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

Approval for the Rights Issue with Warrants has been obtained from our shareholders at our EGM convened on 9 September 2020. Approval has been obtained from Bursa Securities via its letter dated 17 August 2020 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 7 OF THIS ABRIDGED PROSPECTUS.



NETX HOLDINGS BERHAD

[Registration No. 200001030834 (533441-W)]

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

RENOUNCEABLE RIGHTS ISSUE OF UP TO 629,491,596 NEW ORDINARY SHARES IN NETX ("NETX SHARES" OR "SHARES") ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM0.13 PER RIGHTS SHARE TOGETHER WITH UP TO 314,745,798 FREE DETACHABLE WARRANTS IN NETX ("WARRANTS C") ON THE BASIS OF 6 RIGHTS SHARES TOGETHER WITH 3 FREE WARRANTS C FOR EVERY 2 EXISTING SHARES HELD BY THE ENTITLED SHAREHOLDERS OF THE COMPANY AT 5.00 P.M. ON 2 OCTOBER 2020

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	: Friday, 2 October 2020 at 5.00 p.m.
Last date and time for:	
Sale of Provisional Allotments	: Friday, 9 October 2020 at 5.00 p.m.
Transfer of Provisional Allotments	: Tuesday, 13 October 2020 at 4.30 p.m.
Acceptance and payment	: Monday, 19 October 2020 at 5.00 p.m.
Excess Rights Shares with Warrants C Application and payment	: Monday, 19 October 2020 at 5.00 p.m.

This Abridged Prospectus is dated 2 October 2020

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 ACCURACY OF THE INFORMATION CONTAINED IN THE SAID DOCUMENTATION. HAVING MADE ALL REASONABLE INQUIRIES, 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 LISTED ON BURSA 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 2 October 2020 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
Bloomberg	- Bloomberg Finance Singapore L.P. and its affiliates
BNM	- Bank Negara Malaysia
Board	- The Board of Directors of NetX
Bursa Depository	- Bursa Malaysia Depository Sdn Bhd
Bursa Securities	- Bursa Malaysia Securities Berhad
By-Laws	- The by-laws governing the SIS
CAGR	- Compound annual growth rate
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	- 19 October 2020 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
Constitution	- Constitution of the Company
Corporate Exercises	- Collectively, the Share Consolidation and Rights Issue with Warrants
COVID-19	- Coronavirus disease 2019
Deed Poll C	- Deed poll constituting the Warrants C dated 17 September 2020
Director	- The directors of the Company for the time being
EFTPOS	- Electronic funds transfer at point of sale. Further details of the EFTPOS terminals are set out in Section 8.4 of this Abridged Prospectus
EGM	- Extraordinary general meeting of the Company

DEFINITIONS (CONT'D)

Entitled Shareholders	- Shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date in order to be entitled to the Rights Issue with Warrants
Entitlement Date	- 2 October 2020, at 5.00 p.m., being the date 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
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) prior to the Closing Date
Excess Rights Shares with Warrants C Application	- Application for additional Rights Shares with Warrants C in excess of the Provisional Allotments
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	- RM0.13, 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
F&B	- Food and beverage
First Phase	- Introduction, development and marketing of the GEM application. Refer to Section 5 of this Abridged Prospectus for further details
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
Fourth Phase	- Development of F&B e-commerce platform, marketing of GemSpot and GemSpot Lite and incorporating the business intelligence and data analytics system. Refer to Section 5 of this Abridged Prospectus for further details
FPE	- Financial period ended
FYE	- Financial year ended / ending, as the case may be
GDP	- Gross domestic product
GEM	- Great Experiences Matter, a lifestyle mobile application which has subsequently been rebranded to GemSpot
Gem Live	- Gem Live Sdn Bhd, an indirect subsidiary of the Company
Gem Pay	- Gem Pay Sdn Bhd, a 60%-owned subsidiary of the Company
GemSpot	- GemSpot mobile application

DEFINITIONS (CONT'D)

GemSpot Lite	- GemSpot Lite web application
GNI	- Gross national income
GP	- Gross profit
ICT	- Information and communications technology
IT	- Information technology
IMR Report	- The independent market research report dated 15 September 2020 prepared by Smith Zander
KOL(s)	- Key opinion leader(s), being a person or organisation who are regarded as experts in a related field and whose opinions are trusted or has influence over the consumer's decision (e.g. social media influencers)
LAT	- Loss after taxation
LBT	- Loss before taxation
Listing Requirements	- ACE Market Listing Requirements of Bursa Securities, including any amendments made thereto from time to time
LPD	- 9 September 2020, being the latest practicable date prior to the printing of this Abridged Prospectus
LPS	- Loss per Share
LTD	- 15 September 2020, being the last trading day prior to the date of fixing the issue price of the Rights Shares and Exercise Price
Market Day	- Any day on which Bursa Securities is open for trading in securities
Maximum Scenario	- Assuming all the Entitled Shareholders and/or their renounees(s) fully subscribe for their respective entitlements under the Rights Issue with Warrants
Mbps	- Megabytes per second
MCMC	- Malaysian Communications and Multimedia Commission
MCO	- Movement control order issued by the Malaysian Government under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 with effect from 18 March 2020 to 3 May 2020. During the MCO, Malaysia imposed a complete restriction on movements and assemblies nationwide with the closure of all government and private premises except those involved in essential services to prevent the spread of COVID-19
Mercury Securities or the Principal Adviser	- Mercury Securities Sdn Bhd
Minimum Scenario	- The Rights Issue with Warrants is undertaken on the Minimum Subscription Level

DEFINITIONS (CONT'D)

Minimum Subscription Level	- Minimum subscription level of 76,923,077 Rights Shares together with 38,461,537 Warrants C based on an issue price of RM0.13 per Rights Share to arrive at RM10.0 million
NA	- Net assets
NetX or the Company	- NetX Holdings Berhad
NetX Group or the Group	- Collectively, NetX and its subsidiaries
NetX Shares or Shares	- Ordinary shares in the Company
NFCP	- National Fiberisation and Connectivity Plan
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
POS	- Point-of-sales
Private Placement 2019	- Private placement exercise of 840,089,500 Shares, which was completed on 21 November 2019
Private Placement April 2020	- Private placement exercise of 390,038,800 Shares, which was completed on 21 April 2020
Private Placement June 2020	- Private placement exercise of 459,891,000 Shares, which was completed on 16 June 2020
Provisional Allotments	- The Rights Shares with Warrants C provisionally allotted to Entitled Shareholders
QR Code	- Quick Response Code
R&D	- Research and development
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 629,491,596 Rights Shares together with up to 314,745,798 free detachable Warrants C on the basis of 6 Rights Shares together with 3 free Warrants C for every 2 existing Shares held by the Entitled Shareholders on the Entitlement Date
Rights Shares	- Up to 629,491,596 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

DEFINITIONS (CONT'D)

Rules of Bursa Depository	- The Rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991 as amended from time to time
Rules on Take-Overs, Mergers and Compulsory Acquisitions	- 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
SC	- Securities Commission Malaysia
Second Phase	- Rebranding and upgrading of the GEM application to GemSpot and introduced GemSpot Lite, a back-end application for F&B merchants. Refer to Section 5 of this Abridged Prospectus for further details
Share Consolidation	- Consolidation of every 25 Shares into 1 Share, which was completed on 25 September 2020
Share Registrar	- ShareWorks Sdn Bhd
Shareholders	- Registered holders of the Shares
SIS	- Share issuance scheme of the Company which took effect on 24 November 2016
SIS Options	- Options granted or which may be granted under the SIS pursuant to the By-Laws governing the SIS, where each holder of the SIS Options can subscribe for 1 new Share for every 1 SIS Option held
Smith Zander	- Smith Zander International Sdn Bhd, an independent market researcher
TEAP	- Theoretical ex-all price
Third Phase	- Enhancement of GemSpot and GemSpot Lite including introduction of food delivery feature, automation of processes and integration of cloud-based POS system. Refer to Section 5 of this Abridged Prospectus for further details
Undertakings	- The written undertakings from the Undertaking Shareholders dated 9 July 2020 pursuant to which the Undertaking Shareholders have irrevocably and unconditionally undertaken, amongst others, to apply and subscribe in full for their entitlement of Rights Shares and additional Rights Shares not taken up by other Entitled Shareholders by way of excess Right 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 not less than RM10.0 million, details of which are set out in Section 3 of this Abridged Prospectus
Undertaking Shareholder	- Collectively, Tan Sik Eek (Executive Director of NetX), Yong Ket Inn (Independent Non-Executive Director of NetX) and Charissa Lim Zhu Ai (Chief Executive Officer of GEM Live)
USD	- United States Dollar, the lawful currency of the United States of America

DEFINITIONS (CONT'D)

- VWAP** - Volume-weighted average market price
- Warrants C** - Up to 314,745,798 free detachable warrants in NetX to be allotted and issued pursuant to the Rights Issue with Warrants
- Warrant C Holders** - Holders of the Warrants C

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

Words importing 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 discrepancies in the tables included in this Abridged Prospectus between the amounts listed, actual figures and the totals thereof are due to rounding.

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

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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ADVISER'S DIRECTORY

- 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
A3-3-3A, Solaris Dutamas,
No. 1, Jalan Dutamas 1
50480, Kuala Lumpur
Tel : +603 – 6205 3928
Fax : +603 - 6205 4928
- 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
- AUDITORS AND REPORTING
ACCOUNTANTS** : Siew Boon Yeong & Associates (AF 0660)
Wisma SBY
9-C, Jalan Medan Tuanku, Medan Tuanku
50300 Kuala Lumpur
Wilayah Persekutuan (KL)
Tel : +603 – 2693 8837
Fax : +603 - 2693 8836
- INDEPENDENT MARKET
RESEARCHER** : Smith Zander International Sdn Bhd
15-01, Level 15, Menara MBMR
1, Jalan Syed Putra
58000 Kuala Lumpur
Wilayah Persekutuan
Tel : +603 - 2732 7537
- Managing Partner: Dennis Tan Tze Wen
(Bachelor of Science (major in Computer Science and minor in
Business Administration) from Memorial University of
Newfoundland, Canada)
- STOCK EXCHANGE LISTING** : ACE Market of Bursa Securities

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SUMMARY OF THE RIGHTS ISSUE WITH WARRANTS

This summary of the Rights Issue with Warrants only highlights the key information from other parts of the 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: 6 Rights Shares together with 3 free Warrants C for every 2 existing Shares 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%; margin-top: 10px;"> <thead> <tr> <th></th> <th style="text-align: center;">Minimum 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;">76,923,077</td> <td style="text-align: center;">629,491,596</td> </tr> <tr> <td>Number of Warrants C attached</td> <td style="text-align: center;">38,461,537</td> <td style="text-align: center;">314,745,798</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> <ol 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 11.6 of this Abridged Prospectus for further information.</p>		Minimum Scenario	Maximum Scenario	Number of Rights Shares to be issued	76,923,077	629,491,596	Number of Warrants C attached	38,461,537	314,745,798
	Minimum Scenario	Maximum Scenario								
Number of Rights Shares to be issued	76,923,077	629,491,596								
Number of Warrants C attached	38,461,537	314,745,798								
(ii) Price of the Rights Shares	<p>Issue price of the Rights Shares: RM0.13 per Rights Share Exercise Price for the Warrants C: RM0.13 per Warrant C</p> <p>Please refer to Section 2.2 of this Abridged Prospectus for further information.</p>									
(iii) Undertakings	<table border="1" style="width: 100%; margin-top: 10px;"> <tbody> <tr> <td style="width: 50%;">Undertaking Shareholders and undertaking amount</td> <td> <ul style="list-style-type: none"> • Tan Sik Eek (Executive Director of NetX): RM4.0 million • Yong Ket Inn (Independent Non-Executive Director of NetX): RM3.0 million • Charissa Lim Zhu Ai (Chief Executive Officer of GEM Live): RM3.0 million </td> </tr> <tr> <td>Minimum Rights Shares to be subscribed for if none of the other Entitled Shareholders and/or their transferees and/or their renounees subscribe for the Rights Shares</td> <td>76,923,077 Rights Shares (representing 12.2% of the total number of 629,491,596 Rights Shares available for subscription under the Maximum Scenario)</td> </tr> </tbody> </table> <p>Please refer to Section 3 of this Abridged Prospectus for further information.</p>	Undertaking Shareholders and undertaking amount	<ul style="list-style-type: none"> • Tan Sik Eek (Executive Director of NetX): RM4.0 million • Yong Ket Inn (Independent Non-Executive Director of NetX): RM3.0 million • Charissa Lim Zhu Ai (Chief Executive Officer of GEM Live): RM3.0 million 	Minimum Rights Shares to be subscribed for if none of the other Entitled Shareholders and/or their transferees and/or their renounees subscribe for the Rights Shares	76,923,077 Rights Shares (representing 12.2% of the total number of 629,491,596 Rights Shares available for subscription under the Maximum Scenario)					
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SUMMARY OF THE RIGHTS ISSUE WITH WARRANTS (CONT'D)

Key information	Summary																																			
(iv) Utilisation of proceeds	<p>The gross proceeds to be raised from the Rights Issue with Warrants will be utilised in the following manner:-</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Proposed utilisation of proceeds</th> <th style="text-align: center;">Expected timeframe for utilisation from completion of the Rights Issue with Warrants</th> <th style="text-align: center;">Minimum Scenario (RM'000)</th> <th style="text-align: center;">Maximum Scenario (RM'000)</th> </tr> </thead> <tbody> <tr> <td>(i) Development of a F&B e-commerce platform</td> <td style="text-align: center;">Within 18 months</td> <td style="text-align: center;">5,000</td> <td style="text-align: center;">5,000</td> </tr> <tr> <td>(ii) Marketing of GemSpot and GemSpot Lite</td> <td style="text-align: center;">Within 36 months</td> <td style="text-align: center;">4,100</td> <td style="text-align: center;">25,000</td> </tr> <tr> <td>(iii) Development and integration of a business intelligence and data analytics system</td> <td style="text-align: center;">Within 36 months</td> <td style="text-align: center;">-</td> <td style="text-align: center;">8,000</td> </tr> <tr> <td>(iv) Acquisition and/or investments and/or partnerships in other complementary businesses and/or assets</td> <td style="text-align: center;">Within 36 months</td> <td style="text-align: center;">-</td> <td style="text-align: center;">25,000</td> </tr> <tr> <td>(v) Working capital</td> <td style="text-align: center;">Within 24 months</td> <td style="text-align: center;">-</td> <td style="text-align: center;">17,934</td> </tr> <tr> <td>(vi) Estimated expenses for the Corporate Exercises</td> <td style="text-align: center;">Immediate</td> <td style="text-align: center;">900</td> <td style="text-align: center;">900</td> </tr> <tr> <td>Total</td> <td></td> <td style="text-align: center;">10,000</td> <td style="text-align: center;">81,834</td> </tr> </tbody> </table> <p>Please refer to Section 6 of this Abridged Prospectus for further information.</p>				Proposed utilisation of proceeds	Expected timeframe for utilisation from completion of the Rights Issue with Warrants	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)	(i) Development of a F&B e-commerce platform	Within 18 months	5,000	5,000	(ii) Marketing of GemSpot and GemSpot Lite	Within 36 months	4,100	25,000	(iii) Development and integration of a business intelligence and data analytics system	Within 36 months	-	8,000	(iv) Acquisition and/or investments and/or partnerships in other complementary businesses and/or assets	Within 36 months	-	25,000	(v) Working capital	Within 24 months	-	17,934	(vi) Estimated expenses for the Corporate Exercises	Immediate	900	900	Total		10,000	81,834
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(v) Risk factors	<p>You should consider the following risk factors before subscribing for or investing in the Rights Issue with Warrants:-</p> <ul style="list-style-type: none"> (a) the Group has been incurring losses since FYE 30 June 2018 and there is no assurance it is able to turnaround its financial performance in the near term; (b) the Group faces stiff competition from other similar service providers; (c) due to the rapid changes in technology, the Group's performance is dependent on its ability to continuously innovate and upgrade its applications, systems, software and infrastructure in a timely manner to ensure that the Group's products remain relevant to its customers; (d) the Group's products and services are exposed to cyber security risk; and (e) the COVID-19 pandemic has resulted in adverse impact to the performance of the world's economies including Malaysia. Consumer sentiment is expected to remain dampened in the near future as consumers stay cautious in their spending and this may adversely affect the Group's business. <p>Please refer to Section 7 of this Abridged Prospectus for further information.</p>																																			
(vi) 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 on the RSF issued together with this Abridged Prospectus and must be completed 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 Monday, 19 October 2020 at 5.00 p.m.</p> <p>Please refer to Section 11 of this Abridged Prospectus for further information.</p>																																			



NETX HOLDINGS BERHAD

[Registration No. 200001030834 (533441-W)]

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

Registered Office

22-09, Menara 1MK
No. 1, Jalan Kiara
Mont Kiara
50480 Kuala Lumpur
Wilayah Persekutuan (KL)

2 October 2020

Board of Directors:-

YM Tengku Ahmad Badli Shah Bin Raja Hussin (Senior Independent Non-Executive Director/
Chairman)
Chu Chee Peng (Independent Non-Executive Director)
Yong Ket Inn (Independent Non-Executive Director)
Tan Sik Eek (Executive Director)

To: Entitled Shareholders

Dear Sir / Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 629,491,596 RIGHTS SHARES AT AN ISSUE PRICE OF RM0.13 PER RIGHTS SHARE TOGETHER WITH UP TO 314,745,798 FREE DETACHABLE WARRANTS C ON THE BASIS OF 6 RIGHTS SHARES TOGETHER WITH 3 FREE WARRANTS C FOR EVERY 2 EXISTING SHARES HELD BY THE ENTITLED SHAREHOLDERS AT 5.00 P.M. ON 2 OCTOBER 2020

1. INTRODUCTION

On 14 August 2020, Mercury Securities had, on behalf of the Board, announced that the Company proposes to undertake the Corporate Exercises.

On 18 August 2020, Mercury Securities had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 17 August 2020, granted its approval for the following:-

- (i) Share Consolidation;
- (ii) admission of the Warrants C to the Official List;
- (iii) listing and quotation of the Rights Shares and Warrants C; and
- (iv) listing and quotation of the new Shares to be issued arising from the exercise of the Warrants C.

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

Condition	Status of compliance
(i) NetX or Mercury Securities is required to make the relevant announcements pursuant to Rule 13.20(2) of the Listing Requirements ⁽¹⁾ ;	Complied via the announcement dated 9 September 2020
(ii) NetX 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) NetX and Mercury Securities to inform Bursa Securities upon the completion of the Rights Issue with Warrants;	To be complied
(iv) NetX 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) NetX 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) This refers to the requirement to disclose certain information pertaining to the Share Consolidation on the date of announcement of the entitlement date of the Share Consolidation.

The Board is pleased to inform that the Shareholders had, during the EGM held on 9 September 2020, approved the Corporate Exercises.

On 17 September 2020, 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 RM0.13 per Rights Share as well as the Exercise Price at RM0.13 per Warrant C.

On 18 September 2020, 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 2 October 2020.

On 25 September 2020, Mercury Securities had, on behalf of the Board, announced that the Share Consolidation has been completed.

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 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 629,491,596 Rights Shares together with up to 314,745,798 free detachable Warrants C on a renounceable basis of 6 Rights Shares together with 3 free Warrants C for every 2 existing Shares held by the Entitled Shareholders on the Entitlement Date, at an issue price of RM0.13 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 total number of issued shares of the Company is 5,245,763,316 Shares and the Company has up to 13,089,044 SIS Options which may be granted pursuant to the maximum allowable amount under the SIS. In conjunction with the Corporate Exercises, the Company has undertaken not to grant any further SIS Options until completion of the Rights Issue with Warrants.

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 our 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 will entitle the Warrant 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. 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 holders of Rights Shares 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), if applicable, shall be made available for Excess Rights Shares with Warrants C Applications.

Fractional entitlements arising from the Rights Issue with Warrants, if any, will be disregarded and 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 interests 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

Issue price of the Rights Shares

The Board had fixed the issue price of the Rights Shares at RM0.13 per Rights Share after taking into consideration, amongst others, the following:-

- (i) the funding requirements of the Group as set out in Section 6 of this Abridged Prospectus;
- (ii) the reference share price of the Shares (after the Share Consolidation);
- (iii) the TEAP⁽¹⁾ of NetX Shares of RM0.1636, calculated based on the 5-day VWAP of NetX Shares up to and including the LTD of RM0.0126 and after adjusting for the effects of the Share Consolidation; and
- (iv) the rationale for the Rights Issue with Warrants, as set out in Section 4 of this Abridged Prospectus.

The issue price of RM0.13 per Rights Share represents a discount of approximately 20.54% to the TEAP of NetX Shares of RM0.1636, calculated based on the 5-day VWAP of NetX Shares up to and including the LTD of RM0.0126 and after adjusting for the effects of the Share Consolidation.

Note:-

(1) TEAP is computed as follows:-

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

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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-day VWAP of NetX Shares up to and including the LTD

and the ratio of A:B:C is 6:3:2, in accordance with the entitlement basis of 6 Rights Shares together with 3 free Warrants C for every 2 existing Shares held.

Exercise Price

The Board had fixed the Exercise Price at RM0.13 per Warrant C after taking into consideration the following:-

- (i) the TEAP of NetX Shares based on the 5-day VWAP of NetX Shares up to and including the LTD of RM0.1636 and after adjusting for the effects of the Share Consolidation;
- (ii) the future prospects of the Group, further details of which are set out in Section 8.4 of this Abridged Prospectus; and
- (iii) 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 per Warrant C represents a discount of approximately 20.54% to the TEAP of NetX Shares of RM0.1636, calculated based on the 5-day VWAP of NetX Shares up to and including the LTD of RM0.0126 and after adjusting for the effects of the Share Consolidation.

2.3 Ranking of the Rights Shares and new Shares 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 *pari passu* 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 of such Rights Shares.

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

The new Shares to be issued pursuant to the exercise of the Warrants C shall, upon allotment, issuance and full payment of the exercise price of the Warrants C, rank *pari passu* 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 of such new Shares.

2.4 Last date and time for acceptance and payment

The Closing Date is 5.00 p.m. on **Monday, 19 October 2020**.

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	:	NetX
Issue size	:	Up to 314,745,798 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	:	3 years commencing on 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. (Malaysia time) on the market day immediately preceding the date which is the third (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	:	RM0.13 per Warrant C. The Exercise Price and/or the number of Warrants C in issue 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 holders of the Warrants C are required to lodge a subscription form with the Company's registrar, duly completed, signed and stamped 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 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 Ringgit Malaysia.
Adjustments to the Exercise Price and/or the number of the 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.

- 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 holders of Warrants C 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 of the Warrants C, rank *pari passu* 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 the Shareholders, the entitlement date of which is prior to the date of allotment of such new Shares arising from the exercise of the Warrants C.
- Rights of the Warrants 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 holders of the Warrants C (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 holders of the Warrants C; and
- (ii) in the event a notice is given by the Company to its Shareholders to convene a general meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall on the same date or soon after it despatches such notice to its Shareholders, give notice thereof to all Warrant C holders. Every Warrant C holder shall thereupon be entitled, subject to the conditions set out in the Deed Poll C, to exercise his / her Warrants C at any time not more than 21 days prior to the proposed general meeting of the Company by submitting the subscription form (by irrevocable surrender of his Warrants C to the Company) duly completed authorising the debiting of his / her Warrants C together with payment of the relevant exercise price, whereupon the Company shall as soon as possible but in any event prior to the date of the general meeting, allot the relevant NetX Shares to the holder of the said Warrants C credited as fully paid subject to the prevailing laws.
- Modification of rights of Warrants 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 Warrants C holders.

Modification of the Deed Poll C : Any modification to the terms and conditions of the Deed Poll C may be effected only by a further Deed Poll C, 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 Warrants C Holders.

Listing status : Bursa Securities had on 17 August 2020 approved the admission of the Warrants C to the Official List and the listing and quotation of the Warrants C and new Shares to be issued arising from the exercise of the Warrants C 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 holders of Warrants C.

Transferability : The Warrants C shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository.

Deed Poll C : The Warrants C shall be constituted by the Deed Poll C to be executed by the Company.

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.

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3. MINIMUM SUBSCRIPTION LEVEL AND SHAREHOLDERS' UNDERTAKING

NetX intends to raise a minimum of RM10.0 million from the Rights Issue with Warrants to meet the funding requirements of the Group, which will be channelled towards the utilisation as set out in Section 6 of this Abridged Prospectus.

In view of the above, the Board has determined to undertake the Rights Issue with Warrants on the Minimum Subscription Level.

To meet the Minimum Subscription Level, the Company has procured the Undertakings from the Undertaking Shareholders. Details of the Undertakings are as follows:-

Undertaking Shareholders	Existing direct shareholding as at the LPD		Direct shareholding after the Share Consolidation		Minimum Rights Shares to be subscribed for pursuant to the Undertakings			Assuming none of the other Entitled Shareholders subscribe for their Rights Shares	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	Subscription based on entitlement	Subscription based on excess shares application	Total ⁽³⁾	No. of Shares held after the Rights Issue with Warrants	% ⁽⁴⁾
Tan Sik Eek	1,000,000	0.02	40,000	0.02	120,000	30,649,231	30,769,231	30,809,231	10.74
Yong Ket Inn	1,000,000	0.02	40,000	0.02	120,000	22,956,923	23,076,923	23,116,923	8.06
Charissa Lim Zhu Ai	1,000,000	0.02	40,000	0.02	120,000	22,956,923	23,076,923	23,116,923	8.06

Notes:-

- (1) Based on the issued share capital of 5,245,763,316 Shares as at the LPD.
- (2) Based on the issued share capital of 209,830,532 Shares after the Share Consolidation.
- (3) Based on issue price of RM0.13 per Rights Share.
- (4) Based on the enlarged share capital of 286,753,609 Shares under the Minimum Scenario.

Pursuant to the Undertakings, the Undertaking Shareholders have:-

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

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

The Undertaking Shareholders have confirmed that their subscription for Rights Shares and excess Rights Shares pursuant to the Undertakings will not give rise to any consequence of mandatory take-over offer obligation under the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions immediately after completion of the Rights Issue with Warrants.

In the event that either of the Undertaking Shareholders triggers an obligation to undertake a mandatory take-over offer under the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions pursuant to the Undertakings, a separate announcement will be made.

Nonetheless, the Undertaking Shareholders have confirmed that they will at all times observe and ensure compliance with the provisions of the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions 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 Undertakings, the Company will not procure any underwriting arrangement for the remaining Rights Shares not subscribed for by other Entitled Shareholders.

The Undertakings are 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.

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

Particulars	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	5,245,763,316	100.00	209,830,532	100.00	286,753,609	100.00	325,215,146	100.00
Less:								
Directors, substantial shareholders and their associates								
- Asiabio Capital Sdn Bhd	264,457,713	5.04	10,578,308	5.04	10,578,308	3.69	10,578,308	3.25
- Tan Sik Eek ⁽⁵⁾	1,000,000	0.02	40,000	0.02	30,809,231	10.74	46,193,846	14.20
- Yong Ket Inn ⁽⁵⁾	1,000,000	0.02	40,000	0.02	23,116,923	8.06	34,655,384	10.66
- Charissa Lim Zhu Ai ⁽⁵⁾	1,000,000	0.02	40,000	0.02	23,116,923	8.06	34,655,384	10.66
Shareholders holding less than 100 Shares	3,264	⁽⁶⁾ -	130	⁽⁶⁾ -	130	⁽⁶⁾ -	130	⁽⁶⁾ -
Public shareholding spread	4,978,302,339	94.90	199,132,094	94.90	199,132,094	69.45	199,132,094	61.23

Notes:-

- (1) Based on the issued share capital of 5,245,763,316 Shares as at the LPD.
- (2) Based on the issued share capital of 209,830,532 Shares after the Share Consolidation.
- (3) Based on the enlarged issued share capital of 286,753,609 Shares pursuant to the Undertakings.
- (4) Based on the enlarged issued share capital of 325,215,146 Shares.
- (5) As at the LPD and after the Share Consolidation, the Undertaking Shareholders are not substantial Shareholders. However, they will become substantial Shareholders after the Rights Issue with Warrants following their respective subscription of Rights Shares pursuant to their Undertakings under the Minimum Scenario.
- (6) Negligible.

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 utilisation as set out in Section 6 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 Entitled Shareholders to subscribe for the Rights Shares. In addition, the free Warrants C will provide Entitled Shareholders with an opportunity to increase their equity participation in the Company at a pre-determined 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 they 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, should the Company increase its borrowings in the future, the exercise of Warrants C will increase Shareholders' funds and lower the Company's gearing, thereby providing the Company with flexibility in terms of the options available to meet its funding requirements.

5. DETAILS OF GEMSPOT AND GEMSPOT LITE

Pursuant to the Private Placement 2019, the Company successfully raised approximately RM12.5 million which was earmarked for the development and marketing of the GEM application, being the First Phase of the GEM application. The GEM application was launched in October 2018 as a lifestyle mobile application that allows users to stay connected to their favourite F&B outlets such as restaurants, entertainment outlets, bars and clubs as well as entertainment events like concerts, musicals and comedy shows, all under a single platform.

As the GEM application gained traction, the Group decided to expand this segment through another round of fund raising via the Private Placement April 2020 which raised approximately RM4.6 million for the Second Phase. In December 2019, the Group rebranded the GEM application to GemSpot and introduced a back-end merchant application catered for F&B merchants, which is now known as GemSpot Lite. GemSpot Lite contains, amongst others, sales, operations and marketing features and aims to be a one-stop growth partner for F&B merchants.

Through GemSpot Lite, the Group offers F&B merchants a variety of in-house marketing services such as photoshoots, videography, copywriting and graphic design. These services appeal to smaller F&B merchants who may not have such services in-house and prefers to pay a small fee to engage the Group for these services (e.g. photoshoots for its products, copywriting of promotional materials and graphic design for its brochures) and helps position GemSpot Lite as a one-stop provider for the merchant's marketing needs. Merchants are also able to access the mobile application space by listing and promoting their event / venue in GemSpot at a relatively cheaper cost as opposed to developing and maintaining their own proprietary mobile application.

Subsequently, the Company completed the Private Placement June 2020 and successfully raised approximately RM4.6 million for the continuous enhancement of GemSpot and GemSpot Lite under the Third Phase. Under the Third Phase, the Group introduced a food delivery feature on GemSpot and GemSpot Lite in the first quarter of 2020 which allowed users to browse through products and/or service offerings, place food orders and get their orders delivered to their doorstep.

The status of utilisation of proceeds from the Private Placement 2019, Private Placement April 2020 and Private Placement June 2020 are set out as follows:-

(a) Private Placement 2019

On 21 November 2019, the Company completed a private placement exercise involving the issuance of 840,089,500 new Shares (representing 30% of the then existing total number of issued Shares prior to the Private Placement 2019), raising proceeds of RM12.5 million to facilitate the First Phase. The status of utilisation of the proceeds as at the LPD is as below:-

Utilisation of proceeds	Timeframe for utilisation from completion of the Private Placement 2019	Proposed utilisation (RM'000)	Amount utilised as at the LPD (RM'000)	Balance available for utilisation (RM'000)
(i) Development of the GEM application	Within 24 months	6,000	6,000	-
(ii) Marketing costs for the GEM application ⁽¹⁾	Within 24 months	6,514	6,147	⁽¹⁾ 367
(iii) Expenses for the Private Placement 2019	Immediate	300	300	-
Total		12,814	12,447	367

Note:-

(1) The GEM application has been rebranded to GemSpot and GemSpot Lite in December 2019. The balance of proceeds available will be channelled towards the marketing of the rebranded application.

(b) Private Placement April 2020

On 21 April 2020, the Company completed a private placement exercise involving the issuance of 390,038,800 new Shares (representing 10% of the then existing total number of issued Shares prior to the Private Placement April 2020), raising proceeds of RM4.6 million to facilitate the Second Phase. The status of utilisation of the proceeds as at the LPD is as below:-

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Utilisation of proceeds	Timeframe for utilisation from completion of the Private Placement April 2020	Proposed utilisation (RM'000)	Amount utilised as at the LPD (RM'000)	Balance available for utilisation (RM'000)
(i) Rebranding and upgrading of the GEM application ⁽¹⁾	Within 12 months	4,573	1,231	3,342
(ii) Expenses for the Private Placement April 2020	Immediate	95	95	-
Total		4,668	1,326	3,342

Note:-

- (1) The Group has included new features such as the specially curated recommendations feature, exclusive voucher purchasing feature on GemSpot and the upgrade to its instant table reservations feature. The inclusion of the on-demand queuing feature is currently ongoing. The balance proceeds of RM3.3 million from the Private Placement April 2020 as at the LPD will be utilised for:-
- (a) the upgrades and/or inclusion of the remaining features under the Second Phase, which is expected to complete in the fourth quarter of 2020; and
 - (b) the continuous maintenance, bug fixes as well as cosmetic and other miscellaneous enhancements required for the features under the Second Phase from time to time.

(c) Private Placement June 2020

On 16 June 2020, the Company completed a private placement exercise involving the issuance of 459,891,000 new Shares (representing 10% of the then existing total number of issued Shares prior to the Private Placement June 2020), raising proceeds of RM4.6 million to facilitate the Third Phase. The status of utilisation of the proceeds as at the LPD is as below:-

Utilisation of proceeds	Timeframe for utilisation from completion of the Private Placement June 2020	Proposed utilisation (RM'000)	Amount utilised as at the LPD (RM'000)	Balance available for utilisation (RM'000)
(i) Enhancement of GemSpot and GemSpot Lite	Within 24 months	4,581	151	4,430
(ii) Expenses for the Private Placement June 2020	Immediate	110	110	-
Total		4,691	261	4,430

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The various phases and inclusion of new features of GemSpot and GemSpot Lite are summarised as follows:-

First Phase	Second Phase	Third Phase	Fourth Phase
<ul style="list-style-type: none"> • Introduced as the GEM application and launched in October 2018. • Features include:- <ul style="list-style-type: none"> ➢ Dining – make reservations at a popular F&B outlet and pre-order dishes in advance ➢ Party – reserve seats, tables or rooms at a bar, pub, club or karaoke box and pre-order beverages in advance ➢ Events – purchase tickets for an upcoming concert, musical, comedy show or other entertainment events and obtain priority lane privileges to skip the queue ➢ Social media platform for users to connect with each other, share events and reviews ➢ Customer loyalty feature via reward points • The Group has completed the development of the GEM application under the First Phase in December 2019. 	<ul style="list-style-type: none"> • Rebranded to GemSpot and introduced the back-end merchant application GemSpot Lite in December 2019. • The Second Phase commenced in April 2020. • Additional and upgraded features to GemSpot include:- <ul style="list-style-type: none"> ➢ Instant table reservations ➢ On-demand queuing ➢ Specially curated recommendations ➢ Exclusive voucher purchasing • GemSpot Lite's features include:- <ul style="list-style-type: none"> ➢ sales, operations and marketing features such as reservation and order management, customer database management, daily sales report and tracking as well as venue performance analytics ➢ offer F&B merchants a variety of in-house marketing services, such as photoshoots, videography, copywriting and graphic design • The Group is in the midst of rolling out the Second Phase in stages and the Second Phase is expected to be fully completed by the fourth quarter of 2020 	<ul style="list-style-type: none"> • The Group commenced the Third Phase in June 2020 by introducing the following new features:- <ul style="list-style-type: none"> ➢ Food delivery feature meet the rising needs for food delivery in the F&B segment. Pursuant to enhancements, its current capacity of handling 25-30 orders a day is expected to increase to 500 orders per day ➢ Additional features assimilated with the booking process which requires users to fill up a health pre-screening questionnaire before they can proceed with bookings/reservations • Back-end enhancements to GemSpot and GemSpot Lite:- <ul style="list-style-type: none"> ➢ Automation of processes to enhance operational efficiencies and replace certain manual functions ➢ Integration of cloud-based POS system which allows orders and/or reservations from users to merchants to flow through the applications and the POS system automatically • The Group is in the midst of rolling out the Third Phase in stages and the Third Phase is expected to be fully completed by the third quarter of 2021 	<ul style="list-style-type: none"> • The Fourth Phase will commence upon receipt of proceeds from the Rights Issue with Warrants and shall include the following:- <ul style="list-style-type: none"> ➢ Development of a F&B e-commerce platform which provides convenience to event organisers where they can access listings of event spaces and to make reservations for their intended usage under one platform ➢ Marketing initiatives to increase database of KOLs, acquire consumers and merchants for its food delivery services and acquire consumers, event organisers and event space providers for the F&B e-commerce platform ➢ Development and integration of a business intelligence and data analytics system • The above enhancements are expected to complete within the timeframe for utilisation as set out in Section 6 of this Abridged Prospectus

As at the LPD, GemSpot has approximately 110,000 active users and GemSpot Lite has approximately 520 F&B merchants, of which includes 80 F&B merchants that offers food delivery services in the Klang Valley.

6. UTILISATION OF PROCEEDS

In the Company's circular to Shareholders dated 21 August 2020, it was disclosed that the Rights Issue with Warrants will raise gross proceeds of RM62.9 million under the Maximum Scenario, based on an illustrative issue price of RM0.10 per Rights Share.

Subsequently, on 17 September 2020, the Board had resolved to fix the issue price at RM0.13 per Rights Share after taking into consideration, amongst others, the factors set out in Section 2.2 of this Abridged Prospectus.

Arising from the above, the additional proceeds of RM18.9 million under the Maximum Scenario will be allocated for the acquisition and/or investments and/or partnerships in other complementary businesses and/or assets as well as for the working capital of the Group, further details of which are set out in Sections 6(iv) and 6(v) below.

Hence, based on the issue price of RM0.13 per Rights Share, the gross proceeds to be raised from the Rights Issue with Warrants are intended to be utilised in the following manner:-

Proposed utilisation of proceeds	⁽¹⁾Expected timeframe for utilisation from completion of the Rights Issue with Warrants	⁽²⁾Minimum Scenario (RM'000)	⁽²⁾Maximum Scenario (RM'000)
(i) Development of a F&B e-commerce platform	Within 18 months	5,000	5,000
(ii) Marketing of GemSpot and GemSpot Lite	Within 36 months	4,100	25,000
(iii) Development and integration of a business intelligence and data analytics system	Within 36 months	-	8,000
(iv) Acquisition and/or investments and/or partnerships in other complementary businesses and/or assets	Within 36 months	-	25,000
(v) Working capital	Within 24 months	-	17,934
(vi) Estimated expenses for the Corporate Exercises	Immediate	⁽³⁾ 900	⁽³⁾ 900
Total		10,000	81,834

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Notes:-

- (1) The status of utilisation will be reported in the quarterly financial results announcements as well as annual reports of the Company. Any extension of the timeframe or variation for the utilisation shall be announced and disclosed in the Company's quarterly results announcements and in accordance to the Listing Requirements.
- (2) Any additional proceeds raised in excess of the RM10.0 million under the Minimum Scenario will be allocated up to its respective maximum allocation under the Maximum Scenario in the following order:-
 - (i) development of F&B e-commerce platform;
 - (ii) marketing of GemSpot and GemSpot Lite;
 - (iii) development and integration of a business intelligence and data analytics system;
 - (iv) acquisition and/or investments and/or partnerships in other complementary businesses and/or assets; and
 - (v) working capital.
- (3) If the actual expenses incurred are higher than the budgeted amount of RM0.9 million, the deficit will be funded via internally generated funds. Conversely, any surplus of funds following payment of expenses will be utilised in the order as set out in Note (2) above.

Pending the utilisation of the proceeds from the Rights Issue with Warrants as and when they may be utilised, the unutilised proceeds shall be placed in interest-bearing deposits and/or money market financial instruments.

Pursuant to the First Phase, Second Phase and Third Phase as detailed under Section 5 of this Abridged Prospectus, the Group intends to undertake the Fourth Phase which includes the development of a F&B e-commerce platform, marketing of GemSpot and GemSpot Lite and enhancement of GemSpot and GemSpot Lite by way of incorporating a business intelligence and data analytics system. The business intelligence and data analytics system is expected to allow the Group to obtain meaningful and useful insights on consumer preferences, buying behaviours which allows for the Group to better enhance the consumers' experiences and allow the F&B merchants to adopt a more tailored and targeted marketing and advertising strategies. Further details are set out in Section 6(i), (ii) and (iii) of this Abridged Prospectus.

(i) Development of a F&B e-commerce platform

Leveraging on the Group's network of merchants comprising F&B outlets and event organisers, the Group intends to develop a F&B e-commerce platform which shall be integrated with GemSpot and GemSpot Lite to connect event organisers to event venue space providers.

The F&B e-commerce platform will include a listing of event spaces available where event organisers will be able to make reservations for the event spaces, have a virtual view of the space and facilities, view F&B deal packages, customise and pre-order menu and event items. This will provide convenience to event organisers where they can access listings of event spaces and to make reservations for their intended usage under one platform. In addition, the F&B e-commerce platform allows higher visibility and exposure of the available event spaces for hire.

The Group will derive revenue from fees charged to the event organisers and commission charged to the venue space providers upon selection of an event space from the F&B e-commerce platform.

The breakdown of the funding requirements for the development of the F&B e-commerce platform is set out as follows:-

Breakdown of utilisation	RM'000
Hiring of additional software engineers ⁽¹⁾	2,000
Purchase of software development tools and subscription services ⁽²⁾	2,500
R&D ⁽³⁾	500
Total	5,000

Notes:-

- (1) Upon receipt of the proceeds from the Rights Issue with Warrants, the Group plans to hire additional 8 software engineers for the development, testing and maintenance of the F&B e-commerce platform slated under the Fourth Phase. The hiring cost for the software engineers was estimated based on the scope of work and skillset required for the development, testing and maintenance of the F&B e-commerce platform.
- (2) Software development tools and subscription services required for the development of F&B e-commerce platform such as cloud server service hosting, database server hosting, application development tools and relevant software licenses. These software development tools are vital in the integration of the front-end and back-end of the F&B e-commerce platform which in turn, will enable the platform to operate in a seamless manner. The Group estimated these costs based on the historical costs incurred for similar software development tools and subscription services required to support up to 1,500 transactions per day on the F&B e-commerce platform. At this juncture, the breakdown of the purchases and/or subscriptions cannot be ascertained as it depends on the actual usage.
- (3) The R&D cost was estimated based on the scope of R&D work to be carried out by the Group to facilitate the development of the F&B e-commerce platform. This includes running testing phases over the period of 18 months to ensure that the F&B e-commerce platform will be fully functional as well as run smoothly and securely. At this juncture, the Group has not incurred any costs relating to R&D for the F&B e-commerce platform.

As at the LPD, the Group expects to roll out the F&B e-commerce platform within 18 months from the completion of the Corporate Exercises.

(ii) Marketing of GemSpot and GemSpot Lite

The awareness by the mass public of GemSpot and GemSpot Lite is crucial in the success of the mobile application. Alongside the enhancements introduced under the Third Phase that is still currently being implemented, the Group intends to intensify its marketing efforts to increase brand awareness and reinforce brand positioning through the implementation of various marketing and promotional activities to acquire users (e.g. KOLs, F&B merchants, event organisers) for GemSpot and GemSpot Lite.

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The breakdown of the marketing initiatives is set out as follows:-

Breakdown of utilisation	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
(a) Development of a digital marketing platform to increase database of KOLs	1,500	1,500
(b) Acquisition of consumers and merchants for food delivery ordering services and table booking functions	2,600	2,600
(c) Acquisition of consumers, event organisers and event space providers and new partnerships with brand owners for the F&B e-commerce platform	-	20,900
Total	4,100	25,000

Notes:-

- (a) The Group intends to develop a KOL marketing platform for merchants to engage the services of KOLs and is to be integrated into GemSpot. Through the KOL marketing program, social media influencers which are key opinion leaders (i.e. person or organisation who are regarded as experts in a related field with an online presence) are engaged by merchants to feature specific products in their online videos or social media profiles on amongst others, Facebook and Instagram. Merchants are able to view and engage KOLs for promotional and marketing activities. Selected KOLs will be invited to visit the merchant's F&B outlets to provide reviews and ratings, as well as publish social media posts to increase visibility of the F&B outlets to attract new customers and retain existing customers.

The Group is allocating approximately RM0.5 million to acquire up to 3,000 KOLs to join its KOL marketing platform through proactively engaging in various promotional activities such as on-ground recruitment events and digital advertising and promotion campaign advertising on advertorial channels such as Facebook, YouTube, Instagram and Twitter. Thus, merchants will be able to access a wider portfolio of KOLs for selection based on their criteria.

To develop this KOL marketing platform, the Group is allocating RM0.5 million for software development tools and subscription services to support the digital marketing platform. This includes cloud service hosting, code documentation and code review tools, customer relation management software subscription license and analytic software application subscription.

Further, the Group intends to allocate RM0.5 million for the hiring of 1 software programmer to perform the development, testing and maintenance of the digital marketing platform for a period of 3 years.

At this juncture, the breakdown of the purchases and/or subscriptions cannot be ascertained as it depends on the actual usage.

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- (b) Further to the introduction of the food delivery function under the Third Phase, the Group intends to engage in various marketing strategies for the continuous acquisition of consumers and merchants for GemSpot's food delivery ordering services and table booking functions. This includes digital marketing campaigns, targeted advertising strategies, promotional events, discounts and reward programmes and promotional and marketing materials including brochures, table tent cards and entrance standees. The cost for the marketing initiatives are estimated based on a broad list of proposed marketing and promotional campaigns as well as based on the Group's experience in rolling out similar campaigns.
- (c) Upon the commercialisation of the F&B e-commerce platform (further details as set out under Section 6(i) above), the Group intends to engage in marketing efforts to increase awareness and attract users (e.g. consumers, event organisers and event space providers) to utilise the F&B e-commerce platform. The Group also intends to leverage on the existing following for certain brands and collaborate with these brand owners to jointly promote complementary products and services.

Some of the marketing strategies include:-

- (i) implementation of digital marketing campaigns;
- (ii) targeted advertising strategy by leveraging on the Group's business intelligence and data analytics system which is to be developed under Section 6(iii) of this Abridged Prospectus;
- (iii) promotions, discounts and other reward programmes to attract new users and encourage users to use the food delivery and booking function features through the platform;
- (iv) advertising through other channels such as out-of-home advertising by way of digital billboard advertisements;
- (v) guerrilla roadshows and events in high-traffic locations, including malls and campuses, as well as at the F&B outlets; and/or
- (vi) in-store promotional materials such as entrance standees, table tent cards, table QR Code stickers.

The cost for the marketing initiatives are estimated based on a broad list of proposed marketing and promotional campaigns as well as based on the Group's experience in rolling out similar campaigns. Depending on various factors which may impact the marketing strategies to be adopted by the Group, including the severity of the COVID-19 pandemic, the Group is only able to finalise the respective marketing and promotional campaigns at the relevant time.

These marketing initiatives are expected to create brand awareness and reinforce brand loyalty which then generates a larger traffic and user base, thereby increasing transaction volume and revenue for the Group. With every successful transaction, the Group will be able to derive revenue through the subscription fees and commission chargeable to the F&B merchants, event organisers and/or venue space providers. By acquiring a higher number of vendors, merchants and partners, users are expected to be more inclined to utilise GemSpot and GemSpot Lite for their F&B, dining reservations, events and other lifestyle needs.

(iii) Development and integration of a business intelligence and data analytics system

The Group intends to enhance all functions of GemSpot and GemSpot Lite by developing and integrating a business intelligence and data analytics system.

The business intelligence and data analytics system shall be able to transform large sets of raw data gathered from GemSpot into meaningful and useful information for predictive modelling purposes. By doing so, this will enable the Group and the merchants to better understand the consumers' preferences and buying behaviors, thus generating new leads and providing enhanced consumers' experiences. The merchants are also better able to target its marketing and advertising strategies based on the consumer preferences.

The Group will also be able to leverage on the business intelligence and data analytics system to process data coming in through the different silos of the entire system to continuously monitor all platforms and channels to create a unified consumer view. This universal customer view will enable GemSpot to deliver a seamless customer experience across all channels.

The processed information from the business intelligence and data analytics system empowers the F&B merchants, event spaces and event organisers in knowing their customers better and help to arm their F&B businesses with the timely intelligence required for the dynamic and evolving F&B e-commerce industry.

By leveraging on its business intelligence and data analytics system, the Group is also better able to tailor its marketing strategies and tap into the F&B market efficiently and effectively.

The breakdown of the funding requirements for the enhancement of GemSpot and GemSpot Lite through business intelligence and data analytics system is set out as follows:-

Breakdown of utilisation	RM'000
Hiring of manpower for the setup of the business intelligence and data analytics system ⁽¹⁾	3,500
Purchase of software development tools and subscription services ⁽²⁾	1,800
R&D ⁽³⁾	2,700
Total	8,000

Notes:-

- (1) The Group plans to hire and assemble a team comprising 2 specialised artificial intelligence and machine learning specialists, 2 data scientist analysts, 1 web developer, 1 system designer and 1 project manager to setup, develop and manage the business intelligence and data analytics system slated under the Fourth Phase. The hiring cost for the manpower required was estimated based on the scope of work and skillset required for the development, testing and maintenance of the business intelligence and data analytics system.
- (2) Software development tools and subscription services include cloud server service hosting, database server hosting, application development tools, system development framework and business intelligence and data analytics software system. The Group estimated these costs based on preliminary market research on costs required for software development tools and subscription services required to support the business intelligence and data analytics system. At this juncture, the breakdown of the purchases and/or subscriptions cannot be ascertained as it depends on the actual usage.

- (3) The R&D cost was estimated based on the scope of R&D work to be carried out by the Group to facilitate the development, implementation and integration of the business intelligence and data analytics system. This includes running testing and evaluation phases over the period of 36 months. At this juncture, the Group has not incurred any costs relating to R&D for the business intelligence and data analytics system.

The implementation of the business intelligence and data analytics system is expected to cost approximately RM8.0 million and the system is estimated to be completed within 36 months from the completion of the Rights Issue with Warrants.

(iv) Acquisition and/or investments and/or partnerships in other complementary businesses and/or assets

The Group has earmarked proceeds of up to RM25 million under the Maximum Scenario to finance any suitable and viable potential business(es) / investment(s) /partnership(s) and/or strategic acquisition(s) in similar or other complementary businesses or assets, within 36 months from completion of the Rights Issue with Warrants.

This may include, amongst others, investments in the ICT industries, such as digital platforms, e-payment solutions, e-commerce and IT infrastructure. In view thereof, the Rights Issue with Warrants will allow the Group to capitalise on suitable and viable investment opportunities as and when it arises, which may in turn generate positive returns to the Group, thereby increasing the Shareholders' value.

As at the LPD, the Board has yet to identify any specific businesses and/or assets for acquisition and/or investment and/or partnerships. The Company will make necessary announcement(s) as provided in the Listing Requirements as and when it has entered into any agreement in relation to the acquisition and/or investment of the complementary business and/or assets and/or partnerships. In the event that Shareholders' approval and/or other regulatory approvals are required, the necessary approval(s) will be sought.

Pending the identification of new businesses to be invested in, the Company will place the unutilised 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 6(i), 6(ii), 6(iii), 6(v) and 6(vi) of this Abridged Prospectus. Any form of utilisation from this account shall be subject to the approval of the Audit Committee of the Company. The status of utilisation for Sections 6(i) to 6(vi) 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 investments and/or partnerships within 36 months from the completion of the Rights Issue with Warrants, the timeframe for utilisation of proceeds that has been allocated for the said purpose will be extended and announced as well as disclosed in the Company's quarterly results announcements until the Company has successfully identified a suitable business to acquire and/or invest in.

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(v) Working capital

Under the Maximum Scenario, part of the proceeds will be utilised for the Group's working capital purposes in the following manner:-

Working capital	Percentage allocation (%)	Maximum Scenario (RM'000)
Operating and administrative expenses ⁽¹⁾ such as staff cost, rental cost, professional fees ⁽²⁾ , utilities, transportation costs and upkeep of office	60.0	10,760
Marketing costs ⁽¹⁾ for the Group's other businesses	40.0	7,174
Total	100.0	17,934

Notes:-

- (1) The actual breakdown of these expenses cannot be determined at this juncture as it will depend on the actual operating, administrative and marketing requirements of the Group at the relevant time.
- (2) Comprises audit fees, secretarial fees, tax agent fees and legal fees incurred in the ordinary course of business of the Group and excludes the professional fees incurred for the Corporate Exercises as set out in Section 6(vi) below.

(vi) Estimated expenses for the Corporate Exercises

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

Estimated expenses	RM'000
Professional fees ⁽¹⁾	645
Fees to the relevant authorities	82
Printing, despatch, advertising and meeting expenses	140
Miscellaneous charges	33
Total	900

Note:-

- (1) Comprises estimated professional fees payable to the Principal Adviser, Company Secretary, Share Registrar, Solicitors and Reporting Accountants for the Corporate Exercises.

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 issued.

The exact quantum of proceeds that may be raised by the Company from the exercise of the Warrants C would 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 RM0.13 per Warrant C, the Company will raise gross proceeds of up to approximately RM40.9 million upon full exercise of the Warrants C under the Maximum Scenario. Any proceeds arising from the exercise of the Warrants C in the future will be used to finance future working capital requirements including payment of salaries to staff of the Group, rental costs, professional fees such as audit, company secretarial fees, operating expenses and administrative expenses such as utilities, transportation costs and upkeep of office. The exact breakdown cannot be determined at this juncture and would depend on the actual requirements at the relevant time.

7. 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:-

7.1 Risks relating to the Group

(i) The Group has been incurring losses since FYE 30 June 2018

The Group's financial performance in recent years declined due to numerous factors, including a decline in sales from the electronic payment services segment which comprises sales and rental of EFTPOS terminals and sales of mobile payment solutions. The decline in revenue from this segment is mainly due to competition from similar service providers which has a competitive advantage. This includes their ability to charge lower rental fees to merchants and lower commission fees to merchants for every transaction performed through the EFTPOS terminals as compared to that offered by the Group. The Group had also received lower revenue from the non-electronic payment services segment as revenue from this segment is dependent on projects secured and is therefore inconsistent.

Further, the Group incurred higher administrative and other operating expenses which were contributed by, amongst others, the amortisation and write-off of intangible assets as well as the provision of doubtful debts and bad debts written off due to difficulty in collection of debts from its customer. The Group had also incurred higher marketing expenses in recent years to promote its GEM application which was launched since 2018 to enhance the Group's income stream. Further details on the financial performance of the Group is set out in Section 4(i), Appendix I of the Abridged Prospectus.

Notwithstanding the prospects and future plans of the Group as set out in Section 8.4 of this Abridged Prospectus, there is no assurance these future plans are able to successfully turnaround the financial performance of the Group in 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 will not revert back into a loss-making position.

(ii) Competition from other similar service providers

The Group currently faces stiff competition from existing competitors and the introduction of new market players in the online food delivery service market. Competitors are also offering innovative marketing campaigns, attractive and interesting deals and discounts to entice users. As such, there is no assurance that the Group's GemSpot and GemSpot Lite will be able to gain or grow its market share. In order to stay ahead of the competition, the Group may need to incur additional costs to run marketing, advertising and promotional activities for the continuous acquisition of consumers and merchants to use its application.

(iii) Rapid changes in technology

The Group operates in a dynamic market where its products are prone to the evolving needs of the ICT industry and the online food delivery service market, frequent and potentially new product introductions and enhancements that may be disruptive to the industry. The Group's future growth and success would significantly depend on continuing market acceptance of its products, and its ability to develop new products to meet the requirements of the Group's customers.

In this context, the Group's performance is dependent on its ability to continuously innovate and upgrade its applications, systems, software and infrastructure in a timely manner to ensure that the Group's products remain relevant to its customers. This would then allow the Group to compete effectively against other providers moving forward. The emergence of new industry standards, regulations and practices could also render the Group's existing technologies and systems obsolete.

While the Group intends to constantly upgrade its product features and development, there is no assurance that these upgrades will allow the Group to remain relevant in future technological landscapes given the potential for rapid technological advancements. It should be noted that the development of technological products is a complex and uncertain process. To that end, the Group may experience design, marketing and operational difficulties that could delay or prevent the development of the product. In addition, the Group may not be able to successfully commercialise the new products developed.

If the Group's competitors have more advanced technology which allows them to consistently deliver better product offerings, the Group may suffer substantial loss of customers as they switch to these competitors. In this event, the Group's business and financial performance would be adversely affected.

(iv) Cyber security risk

The Group's products and services are exposed to cyber security risk as they may be susceptible to data breaches, malware attack and phishing activities, amongst others.

Cyber threats can have a cascading impact across the internal systems as well as those of the partners and customers. The impact on security breach compromises the confidentiality, integrity or availability of confidential information. A security breach can disrupt the systems, impact the ability to provide services to the customers and protect the privacy of their data.

There is no assurance that the security measures to protect against cyberattacks are sufficient to prevent the occurrence of any cyber-attacks on the various platforms which would compromise the security of the users' data.

The occurrence of such incidences may, amongst others, hinder the Group's ability to attract and retain customers, materially damage the Group's reputation and potentially expose the Group to litigation. Consequently, the Group may be required to devote a significant amount of resources to recover from cyber-attacks and strengthen the security measures which may then have an adverse effect to the businesses and financial performance.

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

Over the last few months, 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. These have resulted in adverse impact to the performance of the world's economies including Malaysia. Even with the gradual relaxation of lockdown measures moving forward, consumer sentiment is expected to remain dampened in the near future as consumers stay cautious in their spending. Until a vaccine and/or a cure can be developed and mass-distributed to the general population, the dampening effects of the COVID-19 pandemic on consumer spending is expected to remain in the foreseeable future.

During the MCO period that was imposed by the Government of Malaysia, the Group's operations faced minimal disruptions despite a restriction in movement as the Group was still able to carry out its businesses outside of the office. This is in view that the Group's business is mainly in the ICT industry and it was able to continue to conduct most of its businesses virtually.

The Group recorded an increase in revenue by RM6.5 million or 91.5% based on the annualised revenue for 6-month FPE 31 May 2020 and 17-month FPE 30 November 2019 of RM13.6 million and RM7.1 million respectively. During the 6-month FPE 31 May 2020, the Group managed to secure and deliver 2 new projects amounting to RM6.5 million. One of the projects worth RM3.0 million relating to the provision of email management services was delivered virtually during the MCO period. Please refer to Section 4(i), Appendix I of this Abridged Prospectus for further details on the Group's financial performance for the 6-month FPE 31 May 2020.

While the COVID-19 pandemic appears to be under control in the country for now with the progressive relaxation of lockdown measures by the Government since May 2020, there can be no assurance that the country will not suffer another wave of COVID-19 infection in the future. Should the Government reintroduce movement restrictions leading to bans on gatherings, events and/or outings, the Group may not be able to generate sufficient revenues from event organisers and F&B merchants through GemSpot. In turn, these may have a material adverse impact on the financial performance of the Group.

7.2 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 have been allotted to the successful Entitled Shareholders and/or their transferee(s) and/or their renounee(s) and/or their transferee(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 will repay such monies 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 foregoing, there can be no assurance that the 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 the 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 is 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 subscriber of the Warrants C.

(iii) 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 C that the plans and objectives of the Group will be achieved.

8. INDUSTRY OVERVIEW AND PROSPECTS

8.1 Malaysian economy

The Malaysian economy contracted by 17.1% in the second quarter of 2020 (1Q 2020: 0.7%). The decline reflected the unprecedented impact of the stringent containment measures to control the COVID-19 pandemic globally and domestically. In Malaysia, the nationwide MCO issued by the Government included various measures that restricted production and consumption activities. This resulted in demand and supply shocks that emanated not only from significantly weak external demand conditions, but also production constraints in many economic sectors. On the supply side, most economic sectors registered negative growth, while most expenditure components declined. On a quarter-on-quarter seasonally-adjusted basis, the economy contracted by 16.5%.

Economic activity has resumed since the economy began to reopen in early May 2020. Consequently, growth is expected to have troughed in the second quarter of 2020, with a gradual recovery in the second half. This outlook is underpinned by the rebound of key indicators such as wholesale and retail trade, industrial production, gross exports, and electricity generation.

This improvement in growth will also be supported by the recovery in global growth and continued domestic policy support. In particular, consumption and investment activities are projected to benefit from the wide-range of measures in the fiscal stimulus packages, continued financial measures and low interest environment. With the reopening of economic activities, a concurrent improvement in labour market conditions is expected.

Overall, the Malaysian economy is therefore forecasted to grow within the range of -3.5% to -5.5% in 2020, before staging a rebound within a growth range of 5.5% to 8.0% in 2021.

(Source: Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2020, BNM)

In 2019, the Malaysian economy expanded by 4.3%. 2020 is an exceptionally challenging year for the global economy. Confronted with an unprecedented health crisis, global growth is expected to contract. As an open economy, Malaysia will not be spared. Malaysia's GDP growth is projected to be between -3.5% and -5.5% in 2020⁽¹⁾, affected by weak global demand, supply chain disruptions and COVID-19 containment measures both abroad and domestic.

Source:-

(1) BNM's Sidang Akhbar dated 14 August 2020: "Pretasi Ekonomi Suku Kedua Tahun 2020".

While the MCO and measures to promote social distancing will dampen economic activity temporarily, they are necessary to contain the spread of the virus. The Government's stimulus package will help to cushion the economic fallout. Both Pakej Rangsangan Ekonomi 2020 and Pakej Rangsangan Ekonomi Prihatin Rakyat as well as BNM's financial measures will provide sizable support to households and businesses.

These measures are expected to add 2.8 percentage points to 2020 GDP growth. Also supporting growth is the ongoing large-scale infrastructure projects, which are expected to provide an additional 1 percentage point lift to growth in 2020.

There remain significant uncertainties surrounding the growth outlook, with both upside and downside risks to the outlook. Downside risks stems from more prolonged and wider spread of COVID-19 globally and domestically, recurring commodities supply disruptions and tighter financial conditions following heightened volatility in financial markets. However, there are also upside risks, emanating from potentially larger-than-expected impact from the pro-growth measures, faster normalisation in activity amid pent-up demand and better-than expected global economy, arising from the various stimulus measures. BNM expects the Malaysian economy to rebound in 2021, in line with the projected global recovery.

(Source: BNM's press statement dated 3 April 2020: "Bank Negara Malaysia Publishes Annual Report 2019, Economic and Monetary Review 2019 and Financial Stability Review for Second Half 2019")

8.2 ICT industry in Malaysia

The Government will create the necessary infrastructure to construct a Digital Malaysia by implementing the National Fiberisation & Connectivity Plan ("**NFCP**") over the next 5 years which will provide comprehensive coverage of high speed and quality digital connectivity nationwide including rural areas. The NFCP will adopt a public private partnership approach involving a total investment of RM21.6 billion. The Government, through Malaysian Communications and Multimedia Commission ("**MCMC**"), will finance at least half of the required investment with corresponding investments by the private sector telecommunications players via a matching grant mechanism.

As part of NFCP, the Government will improve connectivity in remote areas of Malaysia, especially in Sabah and Sarawak, to ensure that no one is left behind in Malaysia's digital drive. MCMC will allocate RM250 million to leverage on various technologies, including via satellite broadband connectivity.

In addition, the Government will allocate RM210 million to accelerate the deployment of new digital infrastructure for public buildings particularly schools and also high impact areas such as industrial parks. Priority will be given to locations within states that are able to facilitate and expedite the implementation of the NFCP.

The vigorous rollout of the NFCP will be key to bringing fifth-generation cellular network ("**5G**") technology and services to the Malaysian public. To seed technological developments by Malaysian companies to ride the global 5G wave, which is 100 times faster than 4G, the Government will introduce a 5G Ecosystem Development Grant worth RM50 million.

Digital content creates economic value. For instance, the global video gaming industry today has revenue upward of USD150 billion, higher than both the music and movie industries combined. Therefore, the Government will allocate RM20 million to Malaysian Digital Economy Corporation to grow local champions in creating digital content, especially in e-Gamer, animation and digital arts.

To build a Digital Malaysia, the private sector must come onboard. More Malaysian small medium enterprises ("**SME**") need to adopt digitalisation measures for their business operations, including electronic POS system, Enterprise Resource Planning and electronic payroll system. The Government will provide a 50% matching grant of up to RM5,000 per company for the subscription of the above services. This matching grant will be worth RM500 million over 5 years, limited to the first 100,000 SMEs applying to upgrade their systems.

According to BNM's Financial Sector Blueprint for 2011 to 2020, Malaysia stands to gain about 1% in cost savings to the GDP annually by switching fully to e-payments processes and becoming cashless society. This is at a time where mobile payment transaction volume had increased twenty-fold to over 34 million transactions in 2018 from just below 2 million transactions in 2017.

To significantly increase the number of Malaysians, participating merchants and SMEs to use e-wallets, the Government will offer a one-time RM30 digital stimulus to qualified Malaysians. The Government will allocate up to RM450 million to Khazanah Nasional to implement this digital stimulus, which will benefit up to 15 million Malaysians.

The Government will support and encourage new digital financial innovations such as Equity Crowd Funding and Peer-to-Peer platforms. Collectively, more than RM430 million was raised as at June 2019, benefitting more than 1,200 SMEs. Building on this early success, the Government will further allocate an additional RM50 million to My Co-Investment Fund under the SC to leverage such platforms to help finance the underserved SMEs. To further encourage alternative sources of funding for start-ups companies and to attract more foreign investment to Malaysia, tax incentives given to venture capital and angel investors will be extended until the year 2023.

(Source: Budget 2020, Ministry of Finance)

In 2019, the information and communication subsector is expected to grow 6.7%⁽¹⁾ attributed to telecommunications and computer services. The communication segment will continue to spearhead the subsector with various Government's initiatives to enhance broadband access and coverage through NFCP. This plan focuses on expanding the existing fibre optic network, installing submarine cables and developing gigabyte networks in several locations in state capitals and selected industrial areas.

In addition, the Digital Free Trade Zone which emphasises on the growth of the digital economy and cross-border e-commerce activities, including e-fulfilment hub to enhance exports will continue to support the segment.

Meanwhile, the introduction of the fifth-generation cellular network ("5G") is anticipated to drive the growth of the subsector to 6.9% in 2020. The 5G technology will create a competitive market for home broadband services as well as increase the coverage and network quality. This will strengthen Malaysia's capacity to participate in the Industrial Revolution 4.0, allowing the industry to fully utilise artificial intelligence, robotics, virtual reality, big data analytics, internet of Things and software engineering, leading to higher digital adoption.

In addition, NCFP will provide affordable broadband services to support the digital economy, especially to small and medium enterprises. In the meantime, i-Solutions offers a seamless, borderless digital connectivity solution for the Malaysian market mainly for the small and medium enterprises and multinational corporations.

(Source: Economic Outlook 2020, Ministry of Finance Malaysia)

Note:-

- (1) Based on the Quarterly Services Statistics for fourth quarter of 2019 published by the Department of Statistics, Malaysia, the growth rate for information and communication subsector in 2019 is 7.0%.

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8.3 Online food delivery service market in Malaysia

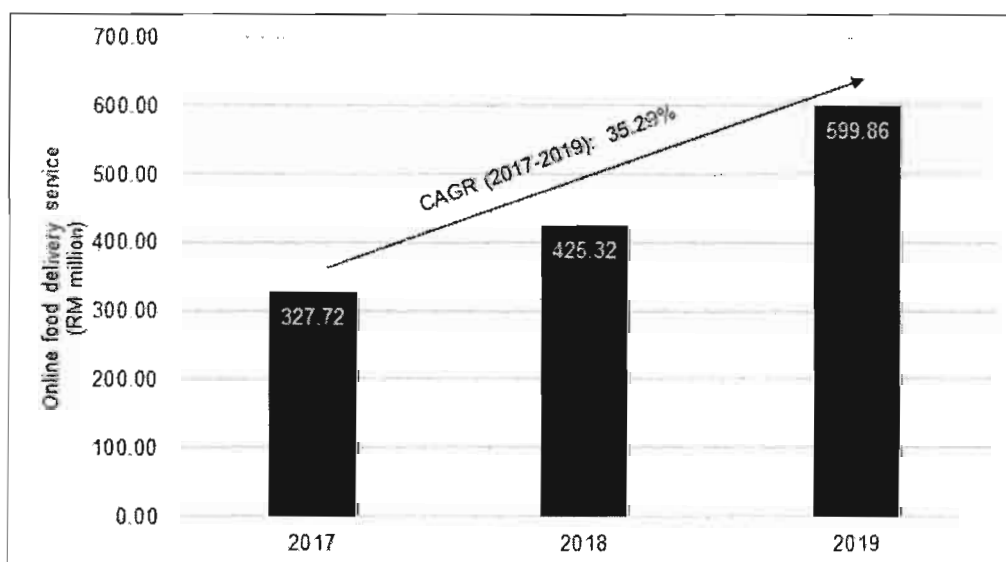
Food delivery service is a courier service in which food ordered by a customer is delivered directly to the customer's doorstep. In the past, food delivery orders were made via telephone calls. With the advancement of technology and adoption of online platforms, the usage of online food delivery services has become increasingly common among consumers. Online food delivery service refers to a service provided in the form of an online platform (i.e. mobile application or website) which allows consumers to place their food delivery orders over the internet.

Further, with advancements in technology, online food delivery platform providers are gradually adopting business intelligence and data analytics tools which provide comprehensive business metrics, in near real-time. Business intelligence and data analytics tools have the capability to process data into valuable insights and enable companies to draw conclusions from the insights in a short period of time. As the business environment becomes increasingly competitive, businesses are required to make quicker and more accurate decisions in the face of changing or new market developments.

The adoption of business intelligence and data analytics tools will enable both the online food delivery platform providers and F&B outlets to make evidence-based decisions instead of intuition-based decisions, reducing potential human errors and biases in the decision-making process to improve their sales performance and customer experience more effectively.

The online food delivery service market in Malaysia, in terms of gross merchandise value comprising the value of food sales and delivery charges, increased from RM327.72 million in 2017 to RM599.86 million in 2019 at a CAGR of 35.29%. Smith Zander expects the online food delivery service market in Malaysia to reach RM819.01 million in 2020, an increase of 36.53% from RM599.86 million in 2019.

Online food delivery service market (Malaysia), 2017-2019

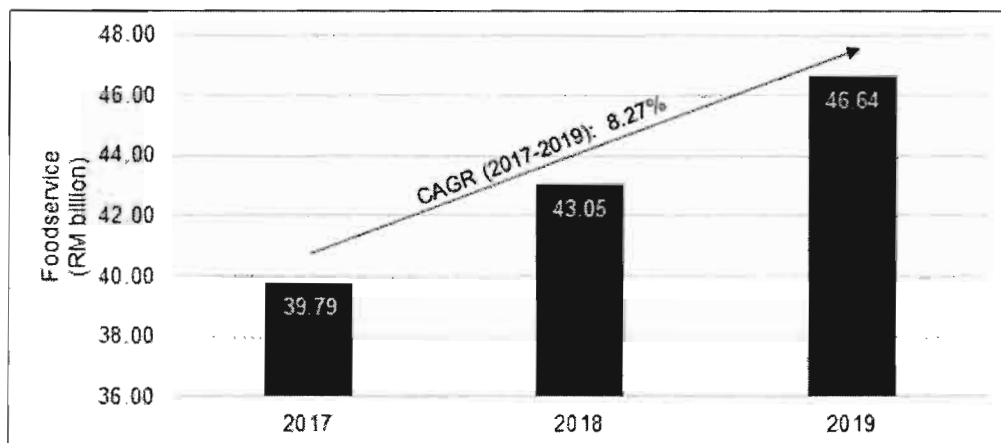


Growth in the foodservice market as a result of economic affluence drives demand for online food delivery services

The online food delivery service market is a supporting industry to the foodservice market, as online food delivery service serves as an additional sales channel for the F&B outlets.

The foodservice market in Malaysia, denoted by foodservice sales, increased from RM39.79 billion in 2017 to RM46.64 billion in 2019 at a CAGR of 8.27%.

Foodservice market (Malaysia), 2017-2019



Malaysia is an upper-middle income developing country with a growing economy and increasing wealth. The GNI per capita in Malaysia increased from RM41,647.00 in 2017 to RM45,212.00 in 2019 at a CAGR of 4.19%. The increasing GNI per capita indicates a more affluent population with greater propensity to spend and better standard of living, creating demand for basic necessities especially food. Thus, the increasing disposable income of the Malaysian population contributes to an increase in consumer spending on foodservice, as well as for online food delivery services as a supporting service to the foodservice market.

Nevertheless, in the short-term, the foodservice market is estimated to decline in 2020 due to the imposition of the MCO, conditional MCO and recovery MCO by the Government to curb the spread of the COVID-19 virus, whereby during the MCO period, dine-ins at F&B outlets were not allowed and F&B outlets were only allowed to operate for takeaway or delivery services.

Subsequently, during the conditional MCO and recovery MCO periods, the Government has instructed all F&B outlet operators and consumers to adhere to strict guidelines such as maintaining table and physical distancing when dining-in at F&B outlets. As a result, F&B outlets are expected to derive lower sales from dine-ins during the MCO, conditional MCO and recovery MCO periods and instead depend on sales of takeaway or delivery services.

In addition, many consumers may choose to cook at home and be more cautious in their spending in view of anticipated adverse economic impact of the COVID-19 virus which may lead to loss of businesses and jobs, pay cuts or increase in unemployment. As such, the demand for foodservice in Malaysia is expected to slowdown in 2020. However, the online food delivery service market is expected to continue to grow as consumers have a preference for takeaway or delivery meals in view of the restrictions on dining-in at F&B outlets during the COVID-19 outbreak period.

As such, Smith Zander expects the foodservice market in Malaysia to decline by 21.74% from RM46.64 billion in 2019 to RM36.50 billion in 2020.

However, moving forward, the foodservice market in Malaysia will likely gain from the positive long-term economic growth prospects in Malaysia. The growth of the foodservice market in Malaysia signifies growth potential for the online food delivery service market, as online food delivery service serves as an additional channel for the sales of F&B.

The continued growth in internet usage facilitates growth for online food delivery services

The growth in internet usage can be represented in terms of number of broadband subscriptions. Total broadband subscriptions in Malaysia increased from 37.85 million subscriptions in 2017 to 43.38 million subscriptions in 2019 at a CAGR of 7.06%. Smith Zander expects the total broadband subscriptions in Malaysia to reach 47.07 million subscriptions in 2020, an increase of 8.51% from 43.38 million subscriptions in 2019.

Mobile broadband subscriptions grew from 35.26 million subscriptions in 2017 to 40.43 million subscriptions in 2019 at a CAGR of 7.08%, and as the percentage of mobile broadband subscriptions accounts for more than 90.00% of total broadband subscriptions, the growth in internet usage is mainly attributed to the growth in mobile broadband subscriptions. Smith Zander expects the mobile broadband subscriptions to reach 44.00 million subscriptions in 2020, an increase of 8.83% from 40.43 million subscriptions in 2019.

Mobile broadband brings convenience to internet users as they can gain access to the internet on-the-go using their smartphones. The growth in mobile broadband subscriptions has also contributed to the growth in online food delivery services as consumers can perform food delivery orders anytime and anywhere.

Initiatives by the Government will contribute to the participation by F&B outlets in online food delivery platforms as well as demand for online food delivery services in Malaysia

In view of the outbreak of COVID-19 pandemic which has led to a disruption in the Malaysian economy, the Government had, on 5 June 2020, introduced initiatives under a Pelan Jana Semula Ekonomi Negara (PENJANA) Short-Term Economic Recovery Plan (June – December 2020) (“**PENJANA Short-Term Economic Recovery Plan**”) to support the economy to operate in the new normal. Among the initiatives include the micros and small and medium enterprises (“**SMEs**”) e-commerce campaign to encourage the adoption of e-commerce by micro enterprises and SMEs including F&B outlets. Eligible F&B outlets will be onboarded to shift towards business digitalisation through a co-funded programme with Malaysia Digital Economy Corporation and participating online food delivery platforms. These participating online food delivery platforms will provide on-board training, seller subsidy and sales support to the eligible F&B outlets. Further, under the PENJANA Short-Term Economic Recovery Plan, the Government introduced a “Shop Malaysia Online” initiative to encourage online consumer consumption where the Government will collaborate with participating e-commerce platforms including online food delivery platforms to co-fund digital discount vouchers to encourage online consumer consumption. As such, these initiatives by the Government will contribute to the participation by F&B outlets in online food delivery platforms as well as demand for online food delivery services in Malaysia.

Moving forward, Smith Zander expects the online food delivery service market in Malaysia to grow from RM819.01 million in 2020 to RM1.41 billion in 2022 at a CAGR of 31.21%.

(Source: IMR Report prepared by Smith Zander)

8.4 Prospects and future plans of the Group

The Group serves the broad ICT market and records revenues under the non-electronic payment services segment, electronic payment services segment and GEM application segment.

Under the non-electronic payment services segment, the Group provides systems integration and hardware solutions including the supply of network equipment and infrastructure on a project basis. During the 6-month FPE 31 May 2020, the Group managed to record higher revenue due to 2 new projects under the non-electronic payment services segment. Further details are set out under Section 4(i), Appendix I of this Abridged Prospectus. While the Group endeavours to continue to procure projects for this segment, the project nature of this segment is expected to contribute to the volatility in the Group's revenue.

The Group also ventured into the electronic payment services segment through the deployment of its EFTPOS terminals. The EFTPOS terminal is a device that allows acceptance of payment cards to complete payment card transactions. EFTPOS terminals are widely used by merchants in the retail sector as a common means of effecting payment for goods and/or services using debit cards and credit cards. The Group earns fees and charges via fixed annual rental fee for the EFTPOS terminals payable by the merchants as well as commission fee for every transaction performed through the EFTPOS terminals. As at 28 September 2020, the Group has secured 799 merchants and installed 745 EFTPOS terminals.

The Group also records revenue under the GEM application segment following the launch of the GEM application in October 2018, a lifestyle application that allows users to stay connected to their favourite F&B outlets such as restaurants entertainment outlets, bars and clubs as well as entertainment events. Subsequently, the Group decided to expand this segment in December 2019 to rebrand and upgrade the GEM application to GemSpot and introduced the back-end merchant application catered for F&B merchants, which is now known as GemSpot Lite. Further information on GemSpot and GemSpot Lite is set out in Section 5 of this Abridged Prospectus.

The Group is in the midst of implementing the Third Phase (expected to be completed by the third quarter of 2021) and intends to undertake the Fourth Phase using the proceeds to be raised from the Rights Issue with Warrants. Under the Fourth Phase, the Group plans to develop the F&B e-commerce platform which is vital in positioning GemSpot and GemSpot Lite as the "go-to" application for lifestyle-related needs such as events, dining reservations, food delivery features, engagement of KOLs services by merchants and etc.

Going forward, the Group also plans to further enhance GemSpot and GemSpot Lite by developing and integrating them with a business intelligence and data analytics system to better understand consumers and merchants' behaviour and patterns. This is expected to be able to allow both the Group and the merchants to launch more efficient and effective marketing and promotional strategies.

The awareness by the mass public of GemSpot and GemSpot Lite is crucial in the success of the mobile application. Alongside with the enhancements that will be implemented concurrently, the Group intends to intensify its marketing efforts via various marketing and promotional activities aimed at consumers, KOLs, F&B merchants and event organisers. These marketing initiatives are expected to create brand awareness and to generate a larger traffic and user base.

The Group derives revenue from fees and commission charged to the merchants based on successful transaction via GemSpot and GemSpot Lite. By acquiring a higher number of vendors, merchants and partners, users are expected to be more inclined to utilise GemSpot and GemSpot Lite for their F&B, dining reservations, events and other lifestyle needs, consequentially contributing positively to the Group's revenue and earnings base.

In view of the foregoing and taking into consideration of the outlook of the ICT industry, online food delivery service market and initiatives by the Government, the Board is positive about the Group's prospects and expects continued growth of its business operations and financial performance.

9. EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

9.1 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		Maximum Scenario	
	No. of Shares	Share capital (RM)	No. of Shares	Share capital (RM)
Issued share capital as at the LPD	5,245,763,316	124,478,931	5,245,763,316	124,478,931
After the Share Consolidation	209,830,532	124,478,931	209,830,532	124,478,931
New Shares to be issued pursuant to the Rights Issue with Warrants	76,923,077	⁽¹⁾ 10,000,000	629,491,596	⁽¹⁾ 81,833,907
Enlarged issued share capital after the Rights Issue with Warrants	286,753,609	134,478,931	839,322,128	206,312,838
New Shares to be issued assuming full exercise of the Warrants C	38,461,537	⁽²⁾ 5,000,000	314,745,798	⁽²⁾ 40,916,954
Enlarged issued share capital	325,215,146	139,478,931	1,154,067,926	247,229,792

Notes:-

(1) Based on the issue price of RM0.13 per Rights Share.

(2) Assuming all the Warrants C are fully exercised into new Shares based on the Exercise Price of RM0.13 each.

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9.2 NA and gearing

As at the LPD, 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 6-month FPE 31 May 2020.

The pro forma effects of the Corporate Exercises on the NA and gearing of the Group are as follows:-

Minimum Scenario

Group level	Unaudited as at 31 May 2020 (RM'000)	(I) After adjusting for subsequent events ⁽¹⁾ (RM'000)	(II) After (I) and Share Consolidation ⁽²⁾ (RM'000)	(III) After (II) and Rights Issue with Warrants ⁽³⁾⁽⁴⁾ (RM'000)	(IV) After (III) and assuming full exercise of Warrants C ⁽⁵⁾ (RM'000)
Share capital	117,417	124,479	124,479	134,479	139,479
Foreign currency translation reserve	(1,466)	(1,466)	(1,466)	(1,466)	(1,466)
Warrant reserve	-	-	-	6,696	-
Other reserve	-	-	-	(6,696)	-
Accumulated losses	(24,821)	(25,325)	(25,325)	(26,225)	(26,225)
Shareholders' equity / NA	91,130	97,688	97,688	106,788	111,788
Non-controlling interest	(2,932)	(2,932)	(2,932)	(2,932)	(2,932)
Total equity	88,198	94,756	94,756	103,856	108,856
No. of Shares in issue ('000)	4,598,911	5,245,763	209,831	286,754	325,215
NA per Share (RM)	0.02	0.02	0.47	0.37	0.34
Total borrowings (RM'000)	1,997	1,997	1,997	1,997	1,997
Gearing ratio (times)	0.02	0.02	0.02	0.02	0.02

Notes:-

(1) After accounting for the following:-

- (i) issuance of 459,891,000 new Shares at the issue price of RM0.0102 on 15 June 2020 arising from the Private Placement June 2020; and

- (ii) issuance of 143,961,000 new Shares and 43,000,000 new Shares pursuant to the exercise of SIS Options at the exercise price of RM0.01 and RM0.0125 respectively, from 1 June 2020 up to the LPD.
- (2) After adjusting for the consolidation of every 25 NetX Shares into 1 NetX Share pursuant to the Share Consolidation. The Share Consolidation was completed on 25 September 2020.
- (3) Based on the issuance of 76,923,077 Rights Shares at an issue price of RM0.13 each together with 38,461,537 Warrants C.
- (4) After accounting for the creation of warrant reserve based on the issuance of 38,461,537 Warrants C at an allocated fair value of RM0.1741 per Warrant C (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and estimated expenses incidental to the Corporate Exercises of approximately RM0.9 million.
- (5) Based on the Exercise Price of RM0.13 per Warrant C.

Maximum Scenario

Group level	Unaudited as at 31 May 2020 (RM'000)	(I) After adjusting for subsequent events⁽¹⁾ (RM'000)	(II) After (I) and Share Consolidation⁽²⁾ (RM'000)	(III) After (II) and Rights Issue with Warrants⁽³⁾⁽⁴⁾ (RM'000)	(IV) After (III) and assuming full exercise of Warrants C⁽⁵⁾ (RM'000)
Share capital	117,417	124,479	124,479	206,313	247,230
Foreign currency translation reserve	(1,466)	(1,466)	(1,466)	(1,466)	(1,466)
Warrant reserve	-	-	-	54,797	-
Other reserve	-	-	-	(54,797)	-
Accumulated losses	(24,821)	(25,325)	(25,325)	(26,225)	(26,225)
Shareholders' equity / NA	91,130	97,688	97,688	178,622	219,539
Non-controlling interest	(2,932)	(2,932)	(2,932)	(2,932)	(2,932)
Total equity	88,198	94,756	94,756	175,690	216,607
No. of Shares in issue ('000)	4,598,911	5,245,763	209,831	839,322	1,154,068
NA per Share (RM)	0.02	0.02	0.47	0.21	0.19
Total borrowings (RM'000)	1,997	1,997	1,997	1,997	1,997
Gearing ratio (times)	0.02	0.02	0.02	0.01	0.01

Notes:-

- (1) After accounting for the following:-
 - (i) issuance of 459,891,000 new Shares at the issue price of RM0.0102 on 15 June 2020 arising from the Private Placement June 2020; and
 - (ii) issuance of 143,961,000 new Shares and 43,000,000 new Shares pursuant to the exercise of SIS Options at the exercise price of RM0.01 and RM0.0125 respectively, from 1 June 2020 up to the LPD.
- (2) After adjusting for the consolidation of every 25 NetX Shares into 1 NetX Share pursuant to the Share Consolidation. The Share Consolidation was completed on 25 September 2020.
- (3) Based on the issuance of 629,491,596 Rights Shares at an illustrative issue price of RM0.13 per Rights Share together with 314,745,798 Warrants C.
- (4) After accounting for the creation of warrant reserve based on the issuance of 314,745,798 Warrants C at an illustrative fair value of RM0.1741 per Warrant C (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and estimated expenses incidental to the Corporate Exercises of approximately RM0.9 million.
- (5) Based on the Exercise Price of RM0.13 per Warrant C.

9.3 Substantial Shareholders' shareholdings

The substantial Shareholders of the Company based on the Register of Substantial Shareholders as at the LPD and the pro forma effects of the Rights Issue with Warrants on their shareholdings are as follows:-

Minimum Scenario

Substantial Shareholders	As at the LPD				(I) After the Share Consolidation			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Asiabio Capital Sdn Bhd	264,457,713	5.04	-	-	10,578,308	5.04	-	-
Fintec Global Berhad	-	-	(5)264,457,713	5.04	-	-	(5)10,578,308	5.04
Tan Sik Eek	1,000,000	0.02	-	-	40,000	0.02	-	-
Charissa Lim Zhu Ai	1,000,000	0.02	-	-	40,000	0.02	-	-
Yong Ket Inn	1,000,000	0.02	-	-	40,000	0.02	-	-

Substantial Shareholders	(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	⁽³⁾ %	No. of Shares	⁽³⁾ %	No. of Shares	⁽⁴⁾ %	No. of Shares	⁽⁴⁾ %
Asiabio Capital Sdn Bhd	10,578,308	3.69	-	-	10,578,308	3.25	-	-
Fintec Global Berhad	-	-	⁽⁵⁾ 10,578,308	3.69	-	-	⁽⁵⁾ 10,578,308	3.25
Tan Sik Eek	30,809,231	10.74	-	-	46,193,846	14.20	-	-
Charissa Lim Zhu Ai	23,116,923	8.06	-	-	34,655,384	10.66	-	-
Yong Ket Inn	23,116,923	8.06	-	-	34,655,384	10.66	-	-

Notes:-

- (1) Based on the issued share capital of 5,245,763,316 Shares as at the LPD.
- (2) Based on the issued share capital of 209,830,532 Shares after the Share Consolidation.
- (3) Based on the enlarged issued share capital of 286,753,609 Shares.
- (4) Based on the enlarged issued share capital of 325,215,146 Shares.
- (5) Deemed interest pursuant to Section 8 of the Act by virtue of its interest in Asiabio Capital Sdn Bhd.

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Maximum Scenario

Under the Maximum Scenario, the Undertaking Shareholders will not be substantial Shareholders of the Company.

Substantial Shareholders	As at the LPD				(I) After the Share Consolidation			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Asiabio Capital Sdn Bhd	264,457,713	5.04			10,578,308	5.04	-	-
Fintec Global Berhad	-	-	(5)264,457,713	5.04	-	-	(5)10,578,308	5.04

Substantial Shareholders	(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	(3)%	No. of Shares	(3)%	No. of Shares	(4)%	No. of Shares	(4)%
Asiabio Capital Sdn Bhd	42,313,232	5.04	-	-	58,180,694	5.04	-	-
Fintec Global Berhad	-	-	(5)42,313,232	5.04	-	-	(5)58,180,694	5.04

Notes:-

- (1) Based on the issued share capital of 5,245,763,316 Shares as at the LPD.
- (2) Based on the issued share capital of 209,830,532 Shares after the Share Consolidation.
- (3) Based on the enlarged issued share capital of 839,322,128 Shares.
- (4) Based on the enlarged issued share capital of 1,154,067,926 Shares.
- (5) Deemed interest pursuant to Section 8 of the Act by virtue of its interest in Asiabio Capital Sdn Bhd.

9.4 Losses and LPS

The Board expects the Corporate Exercises to contribute positively to the future financial performance of the Group via the utilisation of proceeds as set out in Section 6 of this Abridged Prospectus.

Subsequent to the completion of the Corporate Exercises, the LPS of the Group shall be correspondingly diluted as a result of the increase in the number of Rights Shares to be issued and the exercise of the Warrants during the Exercise Period.

The potential effects of the Rights Issue with Warrants on the future consolidated earnings and EPS (or LPS) of the Company will depend on, amongst others, the number of Warrants exercised at any point in time and the level of returns generated from the utilisation of the proceeds to be raised from the Rights Issue with Warrants.

For illustration, assuming the Corporate Exercises had been completed on 1 December 2019 (being the beginning of the latest audited FYE 30 November 2020), the pro forma effects of the Corporate Exercises on the consolidated losses and LPS of the Company would be as follows:-

	Unaudited 6-month FPE 31 May 2020	Adjusted for Share Consolidation ⁽¹⁾	Pro forma I		Pro forma II	
			After the Rights Issue with Warrants		After Pro forma I and assuming full exercise of the Warrants C	
			Minimum Scenario	Maximum Scenario	Minimum Scenario	Maximum Scenario
LAT attributable to owners of the Company (RM'000)	(724)	(724)	(724)	(724)	(724)	(724)
Weighted average number of Shares ('000)	3,973	159	77,082	629,651	115,544	944,397
LPS (sen)	(18.22)	(455.53)	(0.94)	(0.11)	(0.63)	(0.08)

Note:-

(1) NetX completed the Share Consolidation involving the consolidation of 25 NetX Shares into 1 NetX Share on 25 September 2020.

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

10.1 Working capital and sources of liquidity

The Group's working capital is funded through cash generated from operating activities, proceeds from the exercise of SIS Options as well as the Group's existing cash and bank balances.

As at the LPD, the Group's cash and bank balances stood at RM36.1 million.

The Board confirmed that, after taking into consideration the funds generated from the Company's operations, the banking facilities available to the Group as well as the proceeds to be raised from the Rights Issue with Warrants, the Group will have sufficient working capital available for a period of 12 months from the date of this Abridged Prospectus.

10.2 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	Total (RM'000)
<u>Short term borrowing (secured)</u>	
- Term loan	283
<u>Long term borrowing (secured)</u>	
- Term loan	1,714
Total	1,997

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.

10.3 Contingent liabilities

As at the LPD, save as disclosed below, the Board confirmed that there are no other 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:-

Contingent liabilities	Total (RM'000)
Corporate guarantees given to a financial institution for banking facilities granted to Ariantec Sdn Bhd, a wholly-owned subsidiary of the Company	2,964

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10.4 Material commitments

As at the LPD, the Board confirmed that there are no other material commitments incurred or known to be incurred by the Group:-

Material commitments	Amount	
	USD'000	⁽¹⁾ RM'000
Approved and contracted for:-		
- Registered share capital of Fujian First United Technology Co., Ltd to be paid by year 2048 ⁽²⁾	8,889	37,072

Notes:-

- (1) Based on the BNM's exchange rates of USD1:RM4.1705 as at the LPD.
- (2) On 20 June 2018, a 90%-owned subsidiary of NetX, First United Technology Limited, has incorporated Fujian First United Technology Co., Ltd, a company incorporated in Fujian, China, with registered capital of USD8,888,880. The registered capital is required to be paid up within 30 years from its date of incorporation. To date, no capital has been paid up. As at the LPD, Fujian First United Technology Co., Ltd is an indirect and wholly-owned subsidiary of the Company.

11. 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.

11.1 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 or on Bursa Securities' website (<http://www.bursamalaysia.com>).

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11.2 NPA

The Provisional Allotments are prescribed securities under Section 14(5) of the SICDA and therefore, all dealings in the NPA 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.

11.3 Procedures for acceptance and payment

Acceptance of and payment for the Provisional Allotments allotted to you must be made on the RSF issued together with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained therein. Acceptances which do not strictly conform to the terms and conditions of this Abridged Prospectus, the RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of the Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF. YOU ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY.

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 and signed 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 Kuala Lumpur
Malaysia
Tel : +603 - 6201 1120
Fax : +603 - 6201 3121

so as to arrive not later than 5.00 p.m. on **Monday, 19 October 2020**, being the last date and time 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 or Bursa Securities' website (<http://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.

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Successful applicants to the Rights Shares with Warrants C will be given the Warrants C on the basis of 1 Warrant C for every 2 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 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.

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 "**NETX RIGHTS SHARES 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 **Monday, 19 October 2020**. 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.

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 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 AND/OR YOUR TRANSFEREE(S) AND/OR YOUR RENOUNCEE(S) BY ORDINARY POST TO THE ADDRESS AS SHOWN ON 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.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY ACCEPTED APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST BY ORDINARY POST TO THE ADDRESS AS SHOWN ON THE RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.

ALL RIGHTS SHARES AND WARRANTS C TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WITH WARRANTS WILL BE ALLOTTED BY WAY OF CREDITING SUCH RIGHTS SHARES AND WARRANTS C INTO THE CDS ACCOUNTS OF THE SUCCESSFUL APPLICANTS. NO PHYSICAL SHARE OR WARRANT CERTIFICATES WILL BE ISSUED.

If acceptance of and payment for the Provisional Allotments allotted to you (whether in full or in part, as the case may be) are not received by the Share Registrar by 5.00 p.m. on **Monday, 19 October 2020**, the provisional entitlement to you or remainder thereof (as the case may be) will be deemed to have been declined and will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar.

The Board will then have the right to allot any Rights Shares with Warrants C not taken up or not validly taken up to applicants applying for the Excess Rights Shares with Warrants C in the manner as set out in Section 11.6 of this Abridged Prospectus. The Board reserves the right not to accept any application or to accept any application in part only without assigning any reason thereof.

11.4 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 and signed RSF together with the relevant payment to the Share Registrar in the same manner as set out in Section 11.3 of this Abridged Prospectus.

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

11.5 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 on 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 11.3 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.

11.6 Procedures for the Excess Rights Shares with Warrants C Application

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) and forwarding it with a separate remittance made in RM for the full amount payable for the Excess Rights Shares with Warrants C applied for, to the Share Registrar so as to arrive not later than 5.00 p.m. on **Monday, 19 October 2020**, being the last time and date for Excess Rights Shares with Warrants C Applications and payment.

Payment for the Excess Rights Shares with Warrants C Application(s) be made in the same manner as set out in Section 11.3 of this Abridged Prospectus except that the banker's draft or cashier's order or money order or postal order drawn on a bank or post office in Malaysia must be made payable to "**NETX EXCESS RIGHTS SHARES ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name in block letters and your CDS Account number, and must be received by the Share Registrar by 5.00 p.m. on **Monday, 19 October 2020**. 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 herein are not acceptable.

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 renouncee(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.

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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 Section 11.6 (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 DESPACHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR 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 BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.

11.7 Procedures to be followed by transferee(s) and/or renounee(s)

As a transferee and/or renounee, 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 11.3 to 11.6 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 or Bursa Securities' website (<http://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.

11.8 CDS Account

Bursa Securities has already prescribed the Shares listed on the ACE Market of Bursa Securities 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.

11.9 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 renounee / transferee acceptance (if applicable) and Excess Rights Shares with Warrants C Application (if any), the Rights Shares 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. However, a notice of allotment will be despatched to you and/or your renounee / transferee (if applicable) by ordinary post within 8 Market Days from the Closing Date or such other period as may be prescribed or allowed by Bursa Securities, to the address last shown on 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 balance of the application monies, as the case may be, will be refunded without interest to you. The refund will be by issuance of cheque and will be despatched to you within 15 Market Days from the Closing Date by ordinary post to the address last shown on our Record of Depositors at your own risk.

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

11.10 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.

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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 our 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 Kuala Lumpur, 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 on our 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 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 entitlement 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 our absolute discretion, to treat any acceptances as invalid, if we believe 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 or might be subject to;
- (ii) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) has complied with the laws to which the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) is 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 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 renounee(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.

12. 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.

13. 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
NETX HOLDINGS BERHAD



TAN SIK EEK
Executive Director

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

As at the LPD, the issued share capital of the Company is RM124,478,931 comprising 5,245,763,316 Shares.

2. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Please refer to Section 9.3 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 (<i>Designation</i>)	Age	Address	Nationality
YM Tengku Ahmad Badli Shah Bin Raja Hussin (<i>Senior Independent Non-Executive Director / Chairman</i>)	51	No. 1, Jalan Mewah 1 Kemensah Heights 68000 Ampang Selangor Darul Ehsan	Malaysian
Chu Chee Peng (<i>Independent Non-Executive Director</i>)	49	No. 3A, Jalan SP4 Taman Saujana Palma 43000 Kajang Selangor Darul Ehsan	Malaysian
Yong Ket Inn (<i>Independent Non-Executive Director</i>)	63	7, Taman Rafflesia Jalan Bundusan 88300 Kota Kinabalu Sabah	Malaysian
Tan Sik Eek (<i>Executive Director</i>)	44	Unit D16-15, 16th Floor Residency @ Park 51 Jalan 51A/241, Seksyen 51A, 47000 Petaling Jaya Selangor Darul Ehsan	Malaysian

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APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)

Save as disclosed below, none of the Directors have any direct and/or indirect shareholding in the Company as at the LPD. The pro forma effects of the Rights Issue with Warrants on the Directors' shareholding are as follows:-

Minimum Scenario

Directors	As at the LPD				(I) After the Share Consolidation			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Tan Sik Eek	1,000,000	0.02	-	-	40,000	0.02	-	-
Yong Ket Inn	1,000,000	0.02	-	-	40,000	0.02	-	-

Directors	(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	(3)%	No. of Shares	(3)%	No. of Shares	(4)%	No. of Shares	(4)%
Tan Sik Eek	30,809,231	10.74	-	-	46,193,846	14.20	-	-
Yong Ket Inn	23,116,923	8.06	-	-	34,655,384	10.66	-	-

Notes:-

- (1) Based on the issued share capital of 5,245,763,316 Shares as at the LPD.
- (2) Based on the issued share capital of 209,830,532 Shares after the Share Consolidation.
- (3) Based on the enlarged issued share capital of 286,753,609 Shares.
- (4) Based on the enlarged issued share capital of 325,215,146 Shares.

APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)

Maximum Scenario

	As at the LPD				(I) After the Share Consolidation			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Directors								
Tan Sik Eek	1,000,000	0.02	-	-	40,000	0.02	-	-
Yong Ket Inn	1,000,000	0.02	-	-	40,000	0.02	-	-

	(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	(3)%	No. of Shares	(3)%	No. of Shares	(4)%	No. of Shares	(4)%
Directors								
Tan Sik Eek	160,000	0.02	-	-	220,000	0.02	-	-
Yong Ket Inn	160,000	0.02	-	-	220,000	0.02	-	-

Notes:-

- (1) Based on the issued share capital of 5,245,763,316 Shares as at the LPD.
- (2) Based on the issued share capital of 209,830,532 Shares after the Share Consolidation.
- (3) Based on the enlarged issued share capital of 839,322,128 Shares.
- (4) Based on the enlarged issued share capital of 1,154,067,926 Shares.

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APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)**4. HISTORICAL FINANCIAL INFORMATION**

The following table sets out a summary of the financial information of the Group for the FYE 30 June 2017, FYE 30 June 2018 and 17-month FPE 30 November 2019 as well as the 6-month FPE 31 May 2020:-

Historical financial performance

	Audited			Unaudited
	FYE 30 June 2017	FYE 30 June 2018	⁽¹⁾ 17-month FPE 30 November 2019	6-month FPE 31 May 2020
	RM'000	RM'000	RM'000	RM'000
Revenue	19,302	17,567	9,993	6,813
Cost of sales	(13,913)	(9,711)	(6,149)	(2,226)
GP	5,389	7,856	3,844	4,587
Other income	574	2,184	2,913	3,943
Administrative expenses	(4,180)	(9,756)	(18,108)	(4,734)
Other operating expenses	(140)	(11,444)	(20,468)	(4,627)
Finance costs	(165)	(162)	(176)	(60)
PBT / (LBT)	1,478	(11,322)	(31,995)	(891)
Taxation	(566)	(137)	-	(1)
PAT / (LAT)	912	(11,459)	(31,995)	(892)
Profit / (Loss) attributable to:-				
- owners of the Company	1,078	(10,266)	(30,643)	(724)
- non-controlling interests	(166)	(1,193)	(1,352)	(168)
GP margin (%)	27.9	44.7	38.5	67.3
PAT / (LAT) margin (%)	4.7	(65.2)	(320.2)	(13.1)

Historical financial position

	Audited			Unaudited
	As at 30 June 2017	As at 30 June 2018	As at 30 November 2019	As at 31 May 2020
	RM'000	RM'000	RM'000	RM'000
Non-current assets	9,192	22,219	38,686	41,828
Current assets	37,997	73,745	41,470	49,230
Total assets	47,189	95,964	80,156	91,058
Share capital	26,844	87,035	103,280	117,417
Foreign currency translation reserve	(12)	(141)	(174)	(1,465)
Warrant reserve	15,264	15,263	-	-
Other reserve	-	-	-	-
Accumulated losses	1,548	(8,718)	(24,098)	(24,822)
Shareholders' equity / NA	43,644	93,439	79,008	91,130
Non-controlling interests	(128)	(1,333)	(2,701)	(2,932)
Total equity	43,516	92,106	76,307	88,198

APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)

	Audited			Unaudited
	As at 30 June 2017	As at 30 June 2018	As at 30 November 2019	As at 31 May 2020
	RM'000	RM'000	RM'000	RM'000
Non-current liabilities	2,557	2,249	1,779	1,668
Current liabilities	1,116	1,609	2,070	1,192
Total liabilities	3,673	3,858	3,849	2,860
Total equity and liabilities	47,189	95,964	80,156	91,058

Historical cash flow

	Audited			Unaudited
	FYE 30 June 2017	FYE 30 June 2018	⁽¹⁾ 17-month FPE 30 November 2019	6-month FPE 31 May 2020
	RM'000	RM'000	RM'000	RM'000
Net cash from / (used in)				
Operating activities	(17,132)	(3,511)	1,718	(4,183)
Investing activities	(328)	(18,528)	(25,052)	(2,300)
Financing activities	(5,064)	56,506	20,467	12,742
Net increase / (decrease) in cash and cash equivalents	(22,524)	34,467	(2,867)	6,259
Effects of changes in exchange rate	(13)	(1,800)	342	1,032
Cash and cash equivalents at beginning of the year / period	27,624	5,087	37,754	35,229
Cash and cash equivalents at end of the year / period	5,087	37,754	35,229	42,520

Note:-

- (1) As a result of the change in the Group's financial year end from 30 June to 30 November as announced by the Company on 25 September 2019, there were no comparative figures for 17-month FPE 30 November 2019 and 6-month FPE 31 May 2020. The change was to accord the new auditors sufficient time to issue the annual report following the resignation of the Group's former auditors, Messrs Chengco PLT as the Audit Oversight Board of Malaysia prohibited them from auditing financial statements of public interest entities for 12 months with effect from 6 August 2019.

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APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)

(i) 6-month FPE 31 May 2020 vs 17-month FPE 30 November 2019

The Group recorded an increase in revenue by RM6.5 million or 91.5% based on the annualised revenue for 6-month FPE 31 May 2020 and 17-month FPE 30 November 2019 of RM13.6 million and RM7.1 million respectively.

The higher revenue on an annualised basis for 6-month FPE 31 May 2020 was mainly contributed by the higher revenue from the following projects secured in the current financial period under the non-electronic payment services segment:-

- (a) a data centre project for the provision of network infrastructure and integration and installation works of the data centre monitoring works amounting to RM3.5 million; and
- (b) the provision of email management services amounting to RM3.0 million.

There were no projects secured for this segment in prior year as these projects were secured on a project basis.

The annualised GP increased from RM2.7 million (GP margin of 38.5%) in 17-month FPE 30 November 2019 to RM9.2 million (GP margin of 67.3%) in 6-month FPE 31 May 2020, representing an increase in GP by RM6.5 million or 240.7%. Apart from the higher annualised revenue achieved in current financial period due to the reasons above, the higher GP on an annualised basis was also contributed by the higher GP margin from the abovementioned projects secured from the non-electronic payment services segment. These projects involve lower implementation cost as compared to the projects under the electronic payment services segment.

The annualised LAT for 6-month FPE 31 May 2020 was RM1.8 million as compared to the annualised LAT for 17-month FPE 30 November 2019 of RM22.6 million, representing a decrease in LAT by RM20.8 million or 92.0%. The improvement in the Group's annualised LAT was mainly due to the higher annualised GP recorded for current financial period, unrealised foreign exchange gain of RM3.9 million in current financial period as well as the higher losses incurred in prior year.

The losses in prior year was mainly due to following:-

- (a) higher amortisation of intangible assets (proprietary software) amounting to RM4.4 million (FPE 31 May 2020: RM0.6 million). This was mainly contributed by amortisation of the application software and software development costs relating to 2 proprietary software of the Group;
- (b) intangible assets written off of amounting to RM2.8 million (FPE 31 May 2020: Nil). This was mainly due to technological obsolescence in relation to a proprietary software of the Group;
- (c) bad debts written off amounting to RM7.0 million from debtors (FPE 31 May 2020: Nil) as the Group encountered difficulty in collection from 2 foreign customers for the provision of software licensing services; and
- (d) provision of doubtful debts of RM4.1 million (FPE 31 May 2020: Nil) for software licensing services provided to a local customer. The Group is still in the midst of reaching an agreeable settlement with the customer.

However, improvement in the Group's annualised LAT was reduced by the loss on fair value adjustment on investment in quoted securities of RM2.7 million arising from the reduction in market prices of such quoted securities and share-based compensation expenses arising from the offering of SIS Options to its eligible employees of RM1.3 million incurred in the current financial period.

APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)

For 6-month FPE 31 May 2020, the Group recorded an increase in cash and cash equivalents of RM6.3 million (17-month FPE 30 November 2019: decrease of RM2.9 million) mainly due to the proceeds from the issuance of shares amounting to RM12.9 million arising from:-

- (a) SIS Options exercised amounting to RM8.2 million; and
- (b) proceeds raised from Private Placement April 2020 amounting to RM4.7 million.

(ii) 17-month FPE 30 November 2019 vs FYE 30 June 2018

The Group's revenue for 17-month FPE 30 November 2019 of RM10.0 million decreased by approximately RM7.6 million or 43.2% from RM17.6 million in FYE 30 June 2018 (annualised revenue for 17-month FPE 30 November 2019 was RM7.1 million, representing a decrease of RM10.5 million or 59.7%). The decrease in revenue was mainly due to the following:-

- (a) lower foreign sales of mobile payment solutions (i.e. software and hardware) from the electronic payment services segment; and
- (b) lower revenue from the non-electronic payment services segment resulting from lower progress billing received towards the tail-end of a contract that was secured in the previous financial year.

However, the decrease was offset by the revenue earned through the GEM mobile application, which is a lifestyle mobile application that allows users to stay connected to their favourite F&B outlets such as restaurants, entertainment outlets, bars and clubs as well as entertainment events like concerts, musicals and comedy shows, all under a single platform. The mobile application was launched in October 2018.

The Group recorded a GP of RM3.8 million (GP margin: 38.5%) in 17-month FPE 30 November 2019 (the annualised GP for 17-month FPE 30 November 2019 was RM2.7 million (GP margin: 38.5%) as compared to a GP of RM7.9 million (GP margin: 44.7%) in FYE 30 June 2018. The decrease in GP was mainly due to the higher implementation cost arising from the expansion of scope of work and upgrades in the software customisation in the electronic payment services segment in order to improve its competitiveness during the financial period under review.

In line with the lower GP, the Group recorded a higher LAT of RM32.0 million for 17-month FPE 30 November 2019 as compared to RM11.5 million for FYE 30 June 2018 (the annualised LAT for 17-month FPE 30 November 2019 was RM22.6 million, representing an increase of 96.5%). Apart from the lower GP, the higher LAT was mainly due to the following:-

- (a) higher amortisation of intangible assets (proprietary software) amounting to RM4.4 million (FYE 30 June 2018: RM2.1 million). This was mainly contributed by amortisation of the application software and software development costs relating to 2 proprietary software of the Group;
- (b) intangible assets written-off amounting to RM2.8 million (FYE 30 June 2018: Nil). This was mainly due to technological obsolescence in relation to a proprietary software of the Group;
- (c) bad debts written-off amounting to RM7.0 million from debtors (FYE 30 June 2018: Nil) as the Group encountered difficulty in collection from 2 foreign customers for the provision of software licensing services;

APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)

- (d) provision of doubtful debts amounting to RM4.1 million (FYE 30 June 2018: RM0.42 million) for software licensing services provided to a local customer. The Group is still in the midst of reaching an agreeable settlement with the customer; and
- (e) higher marketing expenses amounting to RM8.1 million (FYE 30 June 2018: Nil) to promote GEM's mobile application which was launched in October 2018.

The higher LAT was partially offset by the following:-

- (a) lower share compensation expenses of RM0.8 million arising from the offering of SIS Options to the eligible employees (FYE 30 June 2018: RM4.3 million); and
- (b) lower loss on fair value revaluation on the Group's investment in quoted securities of RM1.0 million (FYE 30 June 2018: RM4.0 million).

For 17-month FPE 30 November 2019, the Group recorded a decrease in cash and cash equivalents of RM2.9 million (FYE 30 June 2018: increase of RM34.5 million) mainly due to the following:-

- (a) increase in intangible assets such as application software and development costs relating to the proprietary software amounting to RM15.7 million;
- (b) purchase of hardware relating to the Group's collaboration project with Multimedia Research Labs Sdn Bhd and Onliner Co. Ltd for the enhancement of Onliner Co. Ltd's free Wi-Fi service in Chatuchak Market, Bangkok, Thailand amounting to RM3.5 million; and
- (c) repayment of term loan and its interest amounting to RM0.6 million.

(iii) FYE 30 June 2018 vs FYE 30 June 2017

The Group recorded a decrease of RM1.7 million or 9.0% in revenue for FYE 30 June 2018 as compared to the previous financial year. The decrease was mainly due to lower revenue for the non-electronic payment services segment resulting from lower progress billing received towards the tail-end of a contract that was secured in the previous financial year as the bulk of the services was performed in the previous financial year.

The Group recorded a GP of RM7.9 million (GP margin: 44.7%) in FYE 30 June 2018 as compared to a GP of RM5.4 million (GP margin: 27.9%) in FYE 30 June 2017. The increase in GP was mainly due to higher gross profit margin from the sales of software in electronic payment solutions segment as compared to contract secured from the non-electronic payment services segment.

The Group recorded a LAT of RM11.5 million for FYE 30 June 2018 as compared to a PAT of RM0.9 million for the previous financial year. This was mainly attributable to:-

- (a) one-off share compensation expenses of RM4.3 million arising from the offering of SIS Options to the eligible employees (FYE 30 June 2017: nil);
- (b) one-off loss on fair value revaluation on the Group's investment in quoted securities totalling RM4.0 million arising from the reduction in market prices of such quoted securities after acquisition of the quoted securities (FYE 30 June 2017: nil);

APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)

- (c) realised and unrealised losses on foreign exchange totalling RM1.7 million (FYE 30 June 2017: RM0.1 million) arising from the weakening of the USD against the RM. This is in view that the Group transacts with foreign customers and suppliers in USD for its electronic payment services segment;
- (d) higher allowance for:-
 - (aa) impairment loss on goodwill attributable to the acquisition of 60% equity interest in Gem Pay of RM0.7 million (FYE 30 June 2017: Nil) as the carrying amount of the Group's investment in Gem Pay is deemed to be in excess of the value of the future economic benefits that may be derived from the asset; and
 - (bb) impairment loss on trade receivables amounting to RM0.4 million following certain trade receivables that were past due (FYE 30 June 2017: RM0.04 million); and
- (e) higher amortisation of intangible assets (proprietary software) amounting to RM2.1 million (FYE 30 June 2017: RM1.1 million).

For FYE 30 June 2018, the Group recorded an increase in cash and cash equivalents of RM34.5 million (FYE 30 June 2017: decrease of RM22.5 million) mainly due to the following:-

- (a) proceeds from the issuance of shares amounting to RM56.9 million arising from:-
 - (aa) SIS Options exercised amounting to RM29.2 million; and
 - (bb) proceeds raised from private placement exercise involving the issuance of 243,998,000 new Shares (representing 10% of the then existing total number of issued Shares prior to the private placement), amounting to RM6.6 million to mainly fund the Group's collaboration project with Multimedia Research Labs Sdn Bhd and Onliner Co. Ltd for the enhancement of Onliner Co. Ltd's free Wi-Fi service in Chatuchak Market, Bangkok, Thailand; and
 - (cc) proceeds from a share issuance exercise involving the issuance of 500,000,000 new Shares to Macquarie Bank Limited (representing 40% of the then existing total number of issued Shares prior to the share issuance), amounting to RM21.1 million to finance the Group's development of a payment exchange system; and
- (b) withdrawal of investment in a cash fund with a licensed financial institution of RM1.7 million for short term investment purposes.

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APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)

5. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of NetX Shares as transacted on Bursa Securities for the past 12 months preceding the date of this Abridged Prospectus are as follows:-

	High RM	Low RM
<u>2019</u>		
October	0.025	0.010
November	0.025	0.015
December	0.025	0.015
<u>2020</u>		
January	0.025	0.015
February	0.025	0.015
March	0.020	0.005
April	0.015	0.005
May	0.015	0.010
June	0.015	0.005
July	0.015	0.005
August	0.025	0.010
September	⁽¹⁾ 0.300	0.010
Last transacted market price on 13 August 2020, being the last Market Day immediately prior to the first announcement of the Corporate Exercises (RM)	0.020	
Last transacted market price on 30 September 2020, being the Market Day immediately prior to the ex-date for the Rights Issue with Warrants (RM)	⁽¹⁾ 0.185	
Last transacted market price on the LPD (RM)	0.015	

Note:-

(1) Adjusted pursuant to the Share Consolidation that was completed on 25 September 2020.

(Source: Bloomberg)

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APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)

6. OPTION TO SUBSCRIBE FOR SHARES

As at the LPD, save as disclosed below and the Provisional Allotments as well as Excess Rights Shares with Warrants C, no option to subscribe for the Shares has been granted or is entitled to be granted to any person:-

- (i) under the SIS, the Company may grant SIS Options to subscribe for new Shares up to but 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 5 years from the effective date of the SIS i.e. 24 November 2016. The exercise price for such SIS Options shall be determined by the Board at its discretion upon recommendation of the Option committee based on the 5-day VWAP of NetX Shares immediately prior to the date of offer with a discount of not more than 10%. As at the LPD, the Company has up to 13,089,044 SIS Options (approximately 0.25% of the total number of issued Shares of the Company as at the LPD) which may be granted pursuant to the maximum allowable amount under the SIS. In conjunction with the Corporate Exercises, the Company has undertaken not to grant any further SIS Options until completion of the Rights Issue with Warrants.

7. MATERIAL CONTRACTS

As at the LPD, save as disclosed below, 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:-

- (i) collaboration agreement dated 6 January 2020 entered into between NetX Digital Limited ("**NDL**"), an indirect wholly-owned subsidiary of the Company, with Onliner Co. Ltd ("**Onliner**"). Onliner is a company principally involved in designing and deploying free wireless internet services across tourist attraction areas in Thailand.

Through the collaboration agreement, NDL agreed to purchase a wireless fidelity (Wi-Fi) hardware from Onliner for a consideration of RM3.5 million and the Wi-Fi hardware shall be placed on an exclusive basis at the Chatuchak Market of Bangkok, Thailand or any other tourist location agreed to between the parties in order to provide Wi-Fi network to merchants and tourists. In return, Onliner shall ensure that the Wi-Fi hardware sold to NDL is fully functional, in good operating condition and stored safely at the Chatuchak Market of Bangkok, Thailand.

The Group and Onliner shall integrate the Wi-Fi hardware with the Group's mobile payment system to provide cashless payments for goods and services purchased at Chatuchak Market. Pursuant to this collaboration agreement, any profits derived from the mobile payment system shall be shared between NDL and Onliner at the basis of 60:40, in which NDL shall be entitled to 60% of the profits and Onliner shall be entitled to the remaining 40%.

8. MATERIAL LITIGATION

As at the LPD, the Board confirmed that neither NetX nor its subsidiaries are 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 Group 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 Principal Adviser, Share Registrar, Auditors and Reporting Accountants, Independent Market Researcher and the Solicitors 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 NetX at 22-09, Menara 1MK, No.1, Jalan Kiara, Mont Kiara, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) 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;
- (ii) the Undertakings referred to in Section 3 of this Abridged Prospectus;
- (iii) the letters of consent referred to in Section 9 of Appendix I above;
- (iv) the Deed Poll C;
- (v) the IMR Report referred to in Section 8.3 of this Abridged Prospectus; and
- (vi) the material contracts referred to in Section 7 of Appendix I above.

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 accuracy of the information contained therein and confirm that, after having made all reasonable inquiries 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 their knowledge and belief, this Abridged Prospectus constitutes full and true disclosure of all material facts concerning the Rights Issue with Warrants.

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