

All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.

**THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.** If you have sold or transferred all your shares in our Company, you should immediately hand this AP together with the NPA and RSF (collectively referred to as "**Documents**") to the purchaser or transferee or agent/broker through whom you have effected the sale or transfer for onward transmission to the purchaser or transferee. You should address all enquiries concerning the Rights Issue of Shares with Warrants and Rights Issue of ICPS to our share registrar, Mega Corporate Services Sdn Bhd at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia.

The Documents are only despatched to our Entitled Shareholders whose names appear in our Record of Depositors as at 5.00 p.m. on 3 November 2017 at their registered addresses in Malaysia. The Documents are not intended to be (and will not be) issued, circulated or distributed in any countries or jurisdictions other than Malaysia. No action has been or will be taken to ensure that the Rights Issue of Shares with Warrants, Rights Issue of ICPS or the Documents comply with the laws of any countries or jurisdictions other than the laws of Malaysia. The Documents do not constitute an offer, solicitation or invitation to subscribe for the Rights Issue of Shares with Warrants and/or the Rights Issue of ICPS in any jurisdiction other than Malaysia or to any person to whom it may be unlawful to make such an offer, solicitation or invitation. It shall be the sole responsibility of the Entitled Shareholders and/or their renounees/transferees (if applicable) who are residents in countries or jurisdictions other than Malaysia to consult their legal and/or other professional adviser as to whether their acceptance or renunciation (as the case may be) of his/her entitlement to the Rights Issue of Shares with Warrants and/or Rights Issue of ICPS would result in the contravention of any laws of such countries or jurisdictions. Such Entitled Shareholders and/or their renounees/transferees (if applicable) should note the additional terms and restrictions as set out in Section 11 of this AP. Neither our Company nor TA Securities shall accept any responsibility or liability whatsoever to any party in the event that any acceptance or sale/renunciation made by the Entitled Shareholders, and/or their renounees/transferees (if applicable) is or shall become illegal, unenforceable, voidable or void in any countries or jurisdictions in which the Entitled Shareholder and/or his renounee/transferee (if applicable) is a resident.

This AP has been registered with the SC. The registration of this AP should not be taken to indicate that the SC recommends the Rights Issue of Shares with Warrants and/or Rights Issue of ICPS or assumes responsibility for the correctness or any statement made or opinion or report expressed in this AP. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this AP, together with the NPA and RSF, has also been lodged with the Registrar of Companies who takes no responsibility for the contents of these documents.

Our shareholders have approved the Rights Issue of Shares with Warrants and Rights Issue of ICPS at the Extraordinary General Meeting held on 23 February 2017. Bursa Securities had vide its letter dated 21 December 2016 approved the admission of the Warrants and ICPS to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for the Rights Shares, Warrants, ICPS and the new MMAG Shares to be issued upon the exercise of the Warrants and conversion of the ICPS on the ACE Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue of Shares with Warrants and/or Rights Issue of ICPS. The admission of the Warrants and ICPS to the Official List of the ACE Market of Bursa Securities, listing of and quotation for the Rights Shares, Warrants, ICPS and new MMAG Shares to be issued upon exercise of the Warrants and conversion of the ICPS on the ACE Market of Bursa Securities are in no way reflective of the merits of the Rights Issue of Shares with Warrants and Rights Issue of ICPS. Bursa Securities takes no responsibility for the correctness of any statement made or opinions expressed in the Documents. The listing of and quotation for the Rights Shares, Warrants and ICPS will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS accounts of the Entitled Shareholders and/or their renounees/transferees (if applicable) have been duly credited and notices of allotment have been despatched to the Entitled Shareholders and/or their renounees/transferees (if applicable).

Our Board has seen and approved all the documentation relating to this Rights Issue of Shares with Warrants and Rights Issue of ICPS. Our Board collectively and individually accepts full responsibility for the accuracy of the information given and confirms that, after having made all reasonable inquiries, and to the best of our Board's 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.

TA Securities, being the Adviser for the Rights Issue of Shares with Warrants and Rights Issue of ICPS, acknowledges that, based on all available information and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning the Rights Issue of Shares with Warrants and Rights Issue of ICPS.

**FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE REFER TO "RISK FACTORS" AS SET OUT IN SECTION 7 HEREIN.**



**MMAG**

**MMAG HOLDINGS BERHAD**

(Company No. 609423-V)

(Incorporated in Malaysia under the Companies Act 2016)

- (I) **RENOUNCEABLE RIGHTS ISSUE OF UP TO 151,834,154 NEW ORDINARY SHARES IN MMAG HOLDINGS BERHAD ("MMAG SHARES") ("RIGHTS SHARES") ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 2 EXISTING MMAG SHARES HELD AS AT 5.00 P.M. ON 3 NOVEMBER 2017 AT AN ISSUE PRICE OF RM0.25 PER RIGHTS SHARE, TOGETHER WITH UP TO 227,751,231 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF 3 WARRANTS FOR EVERY 2 RIGHTS SHARES SUBSCRIBED FOR ("RIGHTS ISSUE OF SHARES WITH WARRANTS"); AND**
- (II) **RENOUNCEABLE RIGHTS ISSUE OF UP TO 607,336,618 NEW IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS") ON THE BASIS OF 2 ICPS FOR EVERY 1 EXISTING MMAG SHARE HELD AS AT 5.00 P.M. ON 3 NOVEMBER 2017 AT AN ISSUE PRICE OF RM0.05 PER ICPS ("RIGHTS ISSUE OF ICPS")**

*Adviser*

 **TA SECURITIES**  
A MEMBER OF THE TA GROUP

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

**IMPORTANT RELEVANT DATES AND TIME**

Entitlement date	:	Friday, 3 November 2017 at 5.00 p.m.
<b>Last date and time for:</b>		
Sale of provisional allotment of rights	:	Friday, 10 November 2017 at 5.00 p.m.
Transfer of provisional allotment of rights	:	Wednesday, 15 November 2017 at 4.00 p.m.
Acceptance and payment	:	Monday, 20 November 2017 at 5.00 p.m.
Excess application and payment	:	Monday, 20 November 2017 at 5.00 p.m.

**This Abridged Prospectus is dated 3 November 2017**

*All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.*

**BURSA SECURITIES HAS APPROVED THE ADMISSION OF THE WARRANTS AND ICPS TO THE OFFICIAL LIST OF THE ACE MARKET OF BURSA SECURITIES AND LISTING OF AND QUOTATION FOR THE RIGHTS SHARES, WARRANTS, ICPS AND THE NEW SHARES TO BE ISSUED PURSUANT TO THE EXERCISE OF THE WARRANTS AND THE CONVERSION OF THE ICPS ON THE ACE MARKET OF BURSA SECURITIES AND THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS THE RIGHTS ISSUE OF SHARES WITH WARRANTS AND/OR THE RIGHTS ISSUE OF ICPS.**

**THE SC AND BURSA SECURITIES ARE NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKE NO RESPONSIBILITY FOR THE CONTENTS OF THIS AP, MAKE NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIM ANY LIABILITY WHATSOEVER FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS AP.**

**YOU SHOULD RELY ON YOUR 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.**

**YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS AP ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.**

**SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.**

**WE AND OUR ADVISER HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THIS AP.**

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**DEFINITIONS**

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

“5D-VWAP”	:	5-day volume weighted average market price
“ACE Market”	:	ACE Market of Bursa Securities
“Act”	:	Companies Act 2016
“Announcement LPD”	:	14 October 2016, being the latest practicable date prior to the announcements in relation to the Corporate Exercises dated 17 October 2016 and 11 November 2016
“AP”	:	This Abridged Prospectus issued by our Company dated 3 November 2017
“BNM”	:	Bank Negara Malaysia
“Board”	:	Board of Directors of our Company
“Bumiputera Shares”	:	28,855,000 new MMAG Shares issued pursuant to the Special Bumiputera Issue
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“CAGR”	:	Compounded annual growth rate
“CKM”	:	Chong Koon Meng
“CDS”	:	An account established by Bursa Depository or its successor-in-title or any other approved depository under SICDA
“CMSA”	:	Capital Markets and Services Act 2007
“Code”	:	Malaysian Code on Take-overs and Mergers 2016
“Conversion Price”	:	The conversion price for the ICPS to be converted into 1 new MMAG Share is RM0.20 based on the Conversion Ratio
“Conversion Ratio”	:	Conversion ratio of the ICPS for 1 new MMAG Share is either: (a) 4 ICPS to be converted into 1 MMAG Share; or (b) a combination of 1 ICPS and RM0.15 in cash for 1 MMAG Share
“Corporate Exercises”	:	Share Capital Reduction, Share Consolidation, Debt Settlement, Special Bumiputera Issue, Rights Issue of Shares with Warrants, Rights Issue of ICPS, Diversification and Amendments, collectively
“Debt Settlement”	:	Settlement of the amount owing to LSSB via the issuance of 36,363,600 Settlement Shares which was completed on 20 July 2017
“Deed Poll”	:	The document constituting the Warrants dated 20 October 2017
“Director”	:	A natural person who holds a directorship in our Company, whether in an executive or non-executive capacity, and shall have the meaning given in Section 2 of the Act and Section 2(1) of the Capital Markets and Services Act 2007
“Diversification”	:	Diversification of the business of our Company to include logistics (including courier and warehousing) and/or fulfilment

**DEFINITIONS (CONT'D)**

“EGM”	:	Extraordinary general meeting of our Company held on 23 February 2017
“Entitled Shareholders”	:	The shareholders of our Company whose names appear in our Company’s Record of Depositors on the Entitlement Date
“Entitlement Date”	:	3 November 2017 at 5.00 p.m. being the date and time on which our shareholders must appear in the Record of Depositors in order to be entitled to the Rights Issue of Shares with Warrants and Rights Issue of ICPS
“EPS”	:	Earnings per Share
“FPE”	:	Financial period ended/ending, as the case may be
“FYE”	:	Financial year ended/ending, as the case may be
“GDP”	:	Gross domestic product
“GL”	:	Gross loss
“GP”	:	Gross profit
“ICPS”	:	Up to 607,336,618 new irredeemable convertible preference shares to be issued pursuant to the Rights Issue of ICPS
“ICT”	:	Information and communications technology
“IMR Report”	:	Independent market research report on the logistics industry, courier industry and ICT industry in Malaysia prepared by Smith Zander dated October 2017
“IT”	:	Information technology
“KKCW”	:	Kenny Khoo Chuan Wah
“LAT”	:	Loss after tax
“LBITDA”	:	Loss before interest, taxation, depreciation and amortisation
“LBT”	:	Loss before tax
“Letter of Award”	:	A letter awarded by Webe to MMAG Digital whereby our Company will assist Webe in the strategic sourcing and procurement (i.e. sourcing for mobile phones), inventory and warehousing (i.e. storing the mobile phones) as well as logistics, freight management and delivery of mobile phones and SIM cards for Webe’s customers
“Line Clear”	:	Line Clear Express & Logistics Sdn Bhd, our wholly-owned subsidiary
“Listing Requirements”	:	ACE Market Listing Requirements of Bursa Securities
“LPD”	:	16 October 2017, being the latest practicable date prior to the registration of this AP
“LPS”	:	Loss per Share
“LSSB”	:	Landasan Simfoni Sdn Bhd
“Marina Teguh” or “Undertaking Shareholder”	:	Marina Teguh Sdn Bhd

**DEFINITIONS (CONT'D)**

“Market Day”	:	A day on which the stock market of Bursa Securities is open for trading in securities
“Maximum Scenario”	:	Maximum Scenario – Rights ICPS and Maximum Scenario – Rights Share
“Maximum Scenario – Rights ICPS”	:	All shareholders will subscribe for their entitlements to the ICPS in full. The ICPS are converted at 1 ICPS and cash of RM0.15 for 1 MMAG Share
“Maximum Scenario – Rights Shares”	:	All shareholders will subscribe for their entitlements to the Rights Shares in full
“Minimum Scenario”	:	Minimum Scenario – Rights ICPS or Minimum Subscription Level – Rights ICPS and Minimum Scenario – Rights Shares or Minimum Subscription Level – Rights Shares
“Minimum Scenario – Rights ICPS” or “Minimum Subscription Level – Rights ICPS”	:	Minimum level of subscription of 90,281,580 ICPS pursuant to the Undertaking – Rights ICPS. The ICPS are converted at 4 ICPS for 1 MMAG Share
“Minimum Scenario – Rights Shares” or “Minimum Subscription Level – Rights Shares”	:	Minimum level of subscription of 22,570,395 Rights Shares together with 33,855,592 Warrants pursuant to the Undertaking – Rights Shares
“NA”	:	Net assets
“M&A”	:	Memorandum and Articles of Association
“MIER”	:	Malaysian Institute of Economic Research
“MMAG” or “Company”	:	MMAG Holdings Berhad
“MMAG Digital”	:	MMAG Digital Sdn Bhd, our wholly-owned subsidiary
“MMAG Group” or “Group”	:	MMAG and its subsidiaries, collectively
“MMAG Shares” or “Shares”	:	Ordinary shares in our Company
“NPA”	:	Notice of Provisional Allotment in relation to the Rights Issue of Shares with Warrants and Rights Issue of ICPS
“PAC”	:	Persons acting in concert
“Record of Depositors”	:	A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
“Rights Issue of ICPS”	:	Renounceable rights issue of up to 607,336,618 new ICPS on the basis of 2 ICPS for every 1 existing MMAG Share held on the Entitlement Date at an issue price of RM0.05 per ICPS
“Rights Issue of Shares with Warrants”	:	Renounceable rights issue of up to 151,834,154 new Rights Shares on the basis of 1 Rights Share for every 2 existing MMAG Shares held on the Entitlement Date at an issue price of RM0.25 per Rights Share, together with up to 227,751,231 Warrants on the basis of 3 Warrants for every 2 Rights Shares subscribed for
“Rights Shares”	:	Up to 151,834,154 new MMAG Shares to be issued pursuant to the Rights Issue of Shares with Warrants
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively

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**DEFINITIONS (CONT'D)**

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“RSF”	:	Rights Subscription Form in relation to the Rights Issue of Shares with Warrants and Rights Issue of ICPS
“Rules”	:	Rules on Take-overs, Mergers and Compulsory Acquisitions
“Rules of Bursa Depository”	:	Rules of Bursa Depository as issued pursuant to the SICDA as amended, modified or re-enacted from time to time
“Settlement Shares”	:	36,363,600 new MMAG Shares issued pursuant to the Debt Settlement
“SIM”	:	Subscriber identification module
“SC”	:	Securities Commission Malaysia
“Share Capital Reduction”	:	Reduction of the issued share capital of our Company pursuant to Section 116 of the Act which was completed on 1 June 2017
“Share Consolidation”	:	Share consolidation of every 4 MMAG Shares into 1 new MMAG Share which was completed on 13 July 2017
“Share Registrar”	:	Mega Corporate Services Sdn Bhd
“SICDA”	:	Securities Industry (Central Depositories) Act, 1991 as amended, modified or re-enacted from time to time
“Special Bumiputera Issue”	:	Special issue of 28,855,000 new Bumiputera Shares to Bumiputera investors recognised by the Ministry of International Trade and Industry (MITI) which was completed on 3 October 2017
“Smith Zander”	:	Smith Zander International Sdn Bhd, the independent market researcher
“Sq ft”	:	Square feet
“TA Securities”	:	TA Securities Holdings Berhad
“TEAP”	:	Theoretical ex-all price
“TERP”	:	Theoretical ex-rights price
“Undertaking – Rights ICPS”	:	Irrevocable and unconditional undertaking dated 17 October 2016 from our substantial shareholder, namely Marina Teguh, to subscribe in full for its entitlement in the ICPS arising from the Rights Issue of ICPS based on its shareholdings as at the Announcement LPD
“Undertaking – Rights Shares”	:	Irrevocable and unconditional undertaking dated 17 October 2016 from our substantial shareholder, namely Marina Teguh, to subscribe in full for its entitlement in the Rights Shares arising from the Rights Issue of Shares with Warrants based on its shareholdings as at the Announcement LPD
“Warrants”	:	Up to 227,751,231 free detachable warrants to be issued pursuant to the Rights Issue of Shares with Warrants
“Webe”	:	Webe Digital Sdn Bhd, a digital mobility service provider which is a subsidiary of Telekom Malaysia Berhad which was previously known as Packet One Networks (Malaysia) Sdn Bhd (P1)
“WES”	:	Wong Eng Su

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**DEFINITIONS (CONT'D)**

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All references to “our Company” and/or “MMAG” in this AP are to MMAG Holdings Berhad. References to “our Group” and/or “MMAG Group” are to MMAG and our subsidiaries and references to “we”, “us” “our” and “ourselves” are to MMAG and where the context does require, shall include our subsidiaries.

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

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

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## CORPORATE DIRECTORY

### BOARD OF DIRECTORS

Name	Address	Age	Nationality	Profession
Dato' Johari Bin Yahya <i>(Chairman / Independent Non-Executive Director)</i>	No. 46, Jalan P11 A1/12 Presint 11 62300 Putrajaya	64	Malaysian	Company Director
Wong Eng Su <i>(Managing Director)</i>	No. 3, Jalan PJU 2/39 Taman Puncak Jalil 43300 Seri Kembangan Selangor Darul Ehsan	46	Malaysian	Company Director
Chong Koon Meng <i>(Executive Director)</i>	No. 61, Jalan Desa Residen Levenue, Desa Park City 52200 Kuala Lumpur	51	Malaysian	Company Director
Leong Kam Soon <i>(Independent Non-Executive Director)</i>	No. 52, Jalan USJ 11/2C 47620 Subang Jaya Selangor Darul Ehsan	59	Malaysian	Company Director
Tham Kah Yong <i>(Independent Non-Executive Director)</i>	No. 21, Jalan SS 22/34 Damansara Jaya 47400 Petaling Jaya Selangor Darul Ehsan	62	Malaysian	Company Director

### AUDIT COMMITTEE

Name	Designation	Directorship
Leong Kam Soon	Chairman	Independent Non-Executive Director
Dato' Johari Bin Yahya	Member	Chairman / Independent Non-Executive Director
Tham Kah Yong	Member	Independent Non-Executive Director

### COMPANY SECRETARY

: Lim Seck Wah (MAICSA 0799845)  
Level 15-2  
Bangunan Faber Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel. no. : 03-2692 4271  
Fax. no. : 03-2732 5388

### REGISTERED OFFICE

: Level 15-2  
Bangunan Faber Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel. no. : 03-2692 4271  
Fax. no. : 03-2732 5388

**CORPORATE DIRECTORY (CONT'D)**

- HEAD/MANAGEMENT OFFICE/  
PRINCIPAL PLACE OF BUSINESS** : Lot 6, Jalan Pemaju U1/15  
Seksyen U1  
Hicom Glenmarie Industrial Park  
40150 Shah Alam  
Selangor  
Tel. no. : 03-5567 9217  
Fax. no. : 03-5567 9178  
Website : www.mmag.com.my  
E-mail address : info@mmag.com.my
- SHARE REGISTRAR** : Mega Corporate Services Sdn Bhd  
Level 15-2  
Bangunan Faber Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel. no. : 03-2692 4271  
Fax. no. : 03-2732 5388
- AUDITORS AND REPORTING  
ACCOUNTANTS** : SJ Grant Thornton (AF 0737)  
Chartered Accountants  
Level 11, Sheraton Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel. no. : 03-2692 4022  
Fax. no. : 03-2732 5119
- SOLICITORS FOR THE RIGHTS  
ISSUE OF SHARES WITH  
WARRANTS AND RIGHTS ISSUE  
OF ICPS** : Messrs Peter Ling & van Geyzel  
Advocates & Solicitors  
B-19-4, Tower B, Northpoint Office Suites  
Mid Valley City  
No. 1, Medan Syed Putra Utara  
59200 Kuala Lumpur  
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Tel. no. : 03-2265 8888  
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- ADVISER FOR THE RIGHTS ISSUE  
OF SHARES WITH WARRANTS  
AND RIGHTS ISSUE OF ICPS** : TA Securities Holdings Berhad  
32<sup>nd</sup> Floor, Menara TA One  
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Tel. no. : 03-2072 1277  
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- STOCK EXCHANGE LISTING** : ACE Market of Bursa Securities



MMAG

MMAG HOLDINGS BERHAD

(Company No. 609423-V)

(Incorporated in Malaysia under the Companies Act 2016)

**Registered Office:**

Level 15-2  
Bangunan Faber Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur

3 November 2017

**Our Board of Directors:**

Dato' Johari Bin Yahya (*Chairman / Independent Non-Executive Director*)

Wong Eng Su (*Managing Director*)

Chong Koon Meng (*Executive Director*)

Leong Kam Soon (*Independent and Non-Executive Director*)

Tham Kah Yong (*Independent and Non-Executive Director*)

**To: Our Entitled Shareholders**

Dear Sir/Madam,

- (I) RIGHTS ISSUE OF SHARES WITH WARRANTS; AND**  
**(II) RIGHTS ISSUE OF ICPS**

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**1. INTRODUCTION**

Our shareholders had, at the EGM held on 23 February 2017 approved the Rights Issue of Shares with Warrants and Rights Issue of ICPS.

A certified true extract of the ordinary resolutions in relation to the Rights Issue of Shares with Warrants and Rights Issue of ICPS passed at the EGM is set out in Appendix I of this AP.

Bursa Securities had vide its letter dated 21 December 2016 approved the following:

- (i) the Share Consolidation;
- (ii) listing of and quotation for the Settlement Shares, Bumiputera Shares and Rights Shares on the ACE Market of Bursa Securities;
- (iii) admission of the Warrants and ICPS to the Official List of the ACE Market of Bursa Securities and listing of and quotation for the Warrants and ICPS on the ACE Market of Bursa Securities; and
- (iv) listing of and quotation for the new MMAG Shares to be issued pursuant to the exercise of the Warrants and conversion of the ICPS on the ACE Market of Bursa Securities.

The approval by Bursa Securities for the Rights Issue of Shares with Warrants and Rights Issue of ICPS is subject to the following conditions:

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

On 20 October 2017, TA Securities had on our behalf announced that the Entitlement Date has been fixed on 3 November 2017 at 5.00 p.m. and the other relevant dates pertaining to the Rights Issue of Shares with Warrants and Rights Issue of ICPS.

No person is authorised to give any information or to make any representation not contained in this AP in connection with the Rights Issue of Shares with Warrants and/or Rights Issue of ICPS and if given or made, such information or representation must not be relied upon as having been authorised by us or by TA Securities in connection with the Rights Issue of Shares with Warrants and/or Rights Issue of ICPS.

**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.**

## **2. DETAILS OF THE RIGHTS ISSUE OF SHARES WITH WARRANTS**

The Rights Issue of Shares with Warrants entails the issuance of up to 151,834,154 Rights Shares on the basis of 1 Rights Share for every 2 MMAG Shares held, at an issue price of RM0.25 per Rights Share, together with up to 227,751,231 Warrants on the basis of 3 Warrants for every 2 Rights Shares subscribed for.

The maximum number of up to 151,834,154 Rights Shares together with up to 227,751,231 Warrants was arrived at based on the issued share capital of our Company of RM81,285,181.80\* comprising 303,668,309 MMAG Shares as at the LPD. The minimum number of 22,570,395 Rights Shares together with 33,855,592 Warrants was arrived at based on the Minimum Subscription Level – Rights Shares as set out in Section 2.4 of this AP. The ICPS are not entitled to the Rights Shares with Warrants. The Rights Issue of Shares with Warrants and the Rights Issue of ICPS are inter-conditional upon each other.

*Note:*

\* *Inclusive of the share premium account balance prior to 31 January 2017.*

The Rights Shares with Warrants which are not taken up or validly taken up shall be made available for excess applications by the Entitled Shareholders and/or their renounees/transferees (if applicable). It is the intention of our Board to allocate the excess Rights Shares in a fair and equitable manner on a basis specified under Section 11.7 herein. The entitlements for the Rights Shares with Warrants are renounceable in full or in part. The Warrants will be immediately detached from the Rights Shares upon issuance and separately traded from the Rights Shares on Bursa Securities. The renunciation of Rights Shares by the Entitled Shareholders will accordingly entail the renunciation of the Warrants to be issued together with the Rights Shares pursuant to the Rights Issue of Shares with Warrants. However, if the Entitled Shareholders accept only part of their entitlements to the Rights Shares under the Rights Issue of Shares with Warrants, they shall be entitled to the Warrants in proportion of their acceptances of the Rights Shares. Any unsubscribed Rights Shares with Warrants shall be offered to other Entitled Shareholders and/or their renounees/transferees (if applicable) under the excess Rights Shares with Warrants application.

As you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisional allotted Rights Shares with Warrants, which you are entitled to subscribe for in full or in part under terms of the Rights Issue of Shares with Warrants. You will find enclosed with this AP, the NPA notifying you of the crediting of such provisional Rights Shares with Warrants into your CDS Account and the RSF to enable you to subscribe for the provisional Rights Shares with Warrants, as well as to apply for the excess Rights Shares with Warrants if you choose to do so.

Any dealing in our securities will be subject to the SICDA and the Rules of Bursa Depository. Accordingly, the Rights Shares with Warrants and new Shares to be issued arising from the exercise of the Warrants will be credited directly to the respective CDS Accounts of the successful applicants and exercising Warrant holders (as the case may be). No physical share certificates or warrant certificates will be issued to the Entitled Shareholders and/or their renounee/transferee (if applicable). A notice of allotment will be despatched to the successful applicants within 8 Market Days from the last date of acceptance and payment for the Rights Issue of Shares with Warrants and a notice of allotment will be despatched to the exercising Warrant holders within 8 Market Days after the date of receipt of the subscription form together with the requisite payment (for exercise of Warrants) from the date of exercise of the Warrants. The Rights Shares with Warrants will then be quoted on the ACE Market of Bursa Securities within 2 Market Days after the application for quotation is made to Bursa Securities as specified in the Listing Requirements.

## **2.1 Basis of determining the issue price of the Rights Shares and exercise price of the Warrants**

### **(i) Rights Shares**

The issue price of RM0.25 per Rights Share was arrived at after taking into consideration, amongst others, the following:

- (a) the TEAP of MMAG Shares of RM0.2123 based on the theoretical 5D-VWAP of MMAG Shares (after the Share Consolidation) of RM0.2216, which in turn is based on the 5D-VWAP of MMAG Shares up to the Announcement LPD of RM0.0554;
- (b) the rationale for the Rights Issue of Shares with Warrants and Rights Issue of ICPS as set out in Section 5 of this AP; and
- (c) the funding requirements of our Group, details of which are set out in Section 6 of this AP.

The issue price of RM0.25 per Rights Share represents a premium of approximately RM0.0377 or 17.76% to the TEAP of MMAG Shares of RM0.2123.

**(ii) Warrants**

The Warrants will be issued at no cost to the Entitled Shareholders who successfully subscribed for the Rights Shares.

The exercise price of RM0.20 per Warrant was arrived at after taking into consideration, amongst others, the following:

- (a) the TERP of MMAG Shares of RM0.2216 based on the theoretical 5D-VWAP of MMAG Shares (after the Share Consolidation) of RM0.2216, which in turn is based on the 5D-VWAP of MMAG Shares up to the Announcement LPD of RM0.0554; and
- (b) the then expected par value of MMAG Shares of RM0.20 each\* after the Share Consolidation.

\* Pursuant to Section 74 of the Act which came into effect on 31 January 2017, all shares issued before or upon the commencement of the Act shall have no par or nominal value.

The exercise price of the Warrants at RM0.20 represents a discount of approximately RM0.0216 or 9.75% to the TERP of MMAG Shares of RM0.2216.

**2.2 Ranking of the Rights Shares and the new MMAG Shares to be issued arising from the exercise of the Warrants**

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

The Rights Shares and the new MMAG Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing MMAG Shares, save and except that the Rights Shares and the new MMAG Shares shall not be entitled to any dividends, rights, allotments and/or other forms of distribution, the entitlement date of which is prior to the date of allotment of the Rights Shares and the new MMAG Shares arising from the exercise of the Warrants.

**2.3 Salient terms of the Warrants**

The salient terms of the Warrants are as follows:

<b>Terms</b>	<b>Details</b>
Issue size	: Up to 227,751,231 Warrants.
Form and denomination	: The free Warrants will be issued in registered form and will be constituted by the Deed Poll.
Exercise period	: The Warrants may be exercised at any time within 5 years commencing on and including the date of issuance of the Warrants until 5.00 p.m. on the expiry date. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.
Exercise price	: The exercise price of the Warrants is fixed at RM0.20 each.
Expiry date	: The day falling 5 years from and including the date of issue of the Warrants, provided that if such day falls on a day which is not a market day, then on the preceding market day.

- Exercise rights : Each Warrant entitles the registered holder to subscribe for 1 new MMAG Share at any time during the exercise period at the exercise price (subject to adjustments in accordance with the provisions of the Deed Poll).
- Mode of exercise : The registered holder of the Warrants is required to lodge an exercise form, as set out in the Deed Poll, with our Company's registrar, duly completed, signed and stamped together with payment of the exercise price for the new MMAG Shares subscribed for by banker's draft or cashier's order or money order or postal order in Ringgit Malaysia drawn on a bank or post office operating in Malaysia.
- Board lot : For the purpose of trading on Bursa Securities, 1 board lot of Warrant shall comprise 100 Warrants carrying the right to subscribe for 100 new MMAG Shares at any time during the exercise period, or such other denomination as determined by Bursa Securities from time to time.
- Adjustments in the exercise price and/or number of the Warrants : The exercise price and/or number of unexercised Warrants shall be adjusted in the event of alteration to the share capital by reason of any issue of shares, consolidation, subdivision, conversion or capital distribution in accordance with the provisions of the Deed Poll.
- Provision for changes in the terms of the Warrants : Any modification to the Deed Poll (including the form and content of the global warrant certificate) may be effected only by Deed Poll, executed by our Company and expressed to be supplemental to the Deed Poll, and only if the requirement of Condition 6 of the Deed Poll has been complied with. Any modification shall however be subject to the approval of Bursa Securities (if so required).
- Rights of the Warrant holders : The new MMAG Shares arising from the exercise of the Warrants are not entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment and issuance of the new MMAG Shares upon the exercise of the Warrants. The Warrant holders are not entitled to any voting rights or participation in any form of distribution and/or offer of securities in our Company until and unless such Warrant holders exercise their Warrants into new MMAG Shares.
- Rights in the event of winding-up, liquidation, compromise and/or arrangement : If a resolution is passed for a members' voluntary winding-up of our Company or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of our Company with one or more companies, then:
- (i) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the Warrant holder (or some person designated by them for such purpose by a special resolution) shall be a party, the terms of such winding-up, compromise and arrangement shall be binding on all the Warrant holders; and



- (ii) in any other case, every Warrant holder shall be entitled upon and subject to the conditions at any time within 6 weeks after the passing of such resolution for a members' voluntary winding-up of our Company or the granting of the court order approving the winding up, compromise or arrangement (as the case may be), to exercise their Warrants by submitting the exercise form duly completed authorising the debiting of his Warrants together with payment of the relevant exercise price to elect to be treated as if he had immediately prior to the commencement of such winding-up exercised the exercise rights to the extent specified in the exercise form(s) and had on such date been the holder of the new Shares to which he would have become entitled pursuant to such exercise and the liquidator of our Company shall give effect to such election accordingly.

**Listing status** : The Warrants will be listed and traded on the ACE Market of Bursa Securities. Approval has been obtained from Bursa Securities for the admission of the Warrants to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for the Warrants and the new MMAG Shares to be issued pursuant to the exercise of the Warrants on the ACE Market of Bursa Securities.

**Governing law** : The laws of Malaysia.

#### 2.4 Minimum subscription level and substantial shareholder's undertaking

The Rights Issue of Shares with Warrants will be implemented based on the Minimum Subscription Level – Rights Shares.

Our Company intends to raise funds from the Rights Issue of Shares with Warrants to meet the funding requirements of our Group that will be channelled towards the proposed utilisation as set out in Section 6 of this AP.

In order to meet the purposes of the proposed utilisation and to achieve the Minimum Subscription Level – Rights Shares, our Company has procured the Undertaking – Rights Shares.

The Minimum Subscription Level – Rights Shares was determined by our Board after taking into consideration the minimum level of funds that our Company wishes to raise from the Rights Issue of Shares with Warrants, which will be channelled towards the proposed utilisation of proceeds as set out in Section 6 of this AP.

The Rights Issue of Shares with Warrants is intended to be undertaken on a Minimum Subscription Level – Rights Shares which will be achieved in view of the Undertaking – Rights Shares. Hence, no underwriting arrangement is required for the remaining Rights Shares of up to 129,263,759 Rights Shares, representing approximately 85.13% of the total Rights Shares available for subscription under the Maximum Scenario – Rights Shares.

Details of the Undertaking – Rights Shares based on the Minimum Subscription Level – Rights Shares is set out below:

	As at the LPD		Rights Shares entitled and undertaken	
	No. of MMAG Shares held	%	No. of Rights Shares	% <sup>(2)</sup>
<b>Undertaking shareholder Marina Teguh</b>	45,140,790 <sup>(1)</sup>	14.87	22,570,395 <sup>(1)</sup>	14.87

*Notes:*

- (1) *Based on our Company's Record of Depositors as at the Announcement LPD, Marina Teguh holds 180,563,124 MMAG Shares. Pursuant to the Share Consolidation, Marina Teguh should hold 45,140,781 MMAG Shares. However, as per our Company's Record of Depositors as at the LPD, Marina Teguh holds 45,140,790 MMAG Shares as it was granted all fractional entitlements arising from the Share Consolidation due to it being the largest shareholder in MMAG.*
- (2) *Percentage computed based on 151,834,154 Rights Shares available for subscription under the Maximum Scenario – Rights Shares.*

The Undertaking Shareholder has confirmed that it has sufficient financial resources to subscribe for its entitlement of 22,570,395 Rights Shares pursuant to the Undertaking – Rights Shares. As the Adviser for the Rights Issue of Shares with Warrants, TA Securities has verified that the Undertaking Shareholder has sufficient financial resources to fulfil its commitment pursuant to the Undertaking – Rights Shares.

## **2.5 Take-over implications**

After taking into consideration of the Undertaking – Rights Shares, the subscription of the Rights Shares with Warrants by Marina Teguh will not give rise to any consequences of mandatory general offer obligations pursuant to the Code and the Rules.

However, like any other Entitled Shareholders, should Marina Teguh and the PACs (namely, WES, KKCW and CKM) exercise all their Warrants into new MMAG Shares such that their shareholdings fall into any of the following situations, Marina Teguh and the PACs will be obliged to undertake a mandatory general offer for all the remaining MMAG Shares and convertible securities, not already held by them pursuant to the Code and Rule 4 of the Rules:

- (i) their shareholdings increase to above 33%; or
- (ii) where their aggregate shareholdings is between 33% and 50%, an increase by more than 2% in any 6 months period.

Marina Teguh and the PACs do not intend to undertake a mandatory general offer to acquire all the MMAG Shares and convertible securities not already held by them after the exercise of the Warrants. Hence, Marina Teguh and the PACs will not exercise their Warrants into such new MMAG Shares that would result in any of the circumstances mentioned above and have given confirmations to observe and comply at all times with the provisions of the Code and the Rules.

## **3. DETAILS OF THE RIGHTS ISSUE OF ICPS**

The Rights Issue of ICPS entails the issuance of up to 607,336,618 ICPS on the basis of 2 ICPS for every 1 existing MMAG Share held, at an issue price of RM0.05 per ICPS by the Entitled Shareholders as at the close of business on the Entitlement Date (being the same Entitlement Date as the Rights Issue of Shares with Warrants).

The maximum number of up to 607,336,618 ICPS was arrived at based on the issued share capital of our Company of RM81,285,181.80\* comprising 303,668,309 MMAG Shares as at the LPD. The minimum number of 33,855,592 ICPS was arrived at based on the Minimum Subscription Level – Rights ICPS as set out in Section 3.4 of this AP. The Rights Shares with Warrants are not entitled to the ICPS. The Rights Issue of Shares with Warrants and the Rights Issue of ICPS are inter-conditional upon each other.

*Note:*

- \* *Inclusive of the share premium account balance prior to 31 January 2017.*

The ICPS which are not taken up or validly taken up shall be made available for excess applications by the Entitled Shareholders and/or their renounees/transferees (if applicable). It is the intention of our Board to allocate the excess ICPS in a fair and equitable manner on a basis specified under Section 11.7 herein. The entitlements for the ICPS are renounceable in full or in part. Any unsubscribed ICPS shall be offered to other Entitled Shareholders and/or their renounees/transferees (if applicable) under the excess ICPS application.

As you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisional allotted ICPS, which you are entitled to subscribe for in full or in part under terms of the Rights Issue of ICPS. You will find enclosed with this AP, the NPA notifying you of the crediting of such provisional ICPS into your CDS Account and the RSF to enable you to subscribe for the provisional ICPS, as well as to apply for the excess ICPS if you choose to do so.

Any dealing in our securities will be subject to the SICDA and the Rules of Bursa Depository. Accordingly, the ICPS and new Shares to be issued arising from the conversion of the ICPS will be credited directly to the respective CDS Accounts of the successful applicants or converting ICPS holders (as the case may be). No physical ICPS certificates will be issued to the Entitled Shareholders and/or their renounee/transferee (if applicable). A notice of allotment will be despatched to the successful applicants within 8 Market Days from the last date of acceptance and payment for the Rights Issue of ICPS and a notice of allotment will be despatched to the converting ICPS holders within 8 Market Days after the date of receipt of the subscription form together with the requisite payment (for conversion of ICPS) from the date of conversion of ICPS. The ICPS will be quoted on the ACE Market of Bursa Securities within 2 Market Days after the application for quotation is made to Bursa Securities as specified in the Listing Requirements.

### 3.1 Basis of determining the issue price of the ICPS

Our Board has fixed the issue price of the ICPS at RM0.05 each after taking into consideration the following:

- (i) the TEAP of MMAG Shares of RM0.2123 based on the theoretical 5D-VWAP of MMAG Shares (after the Share Consolidation) of RM0.2216, which in turn is based on the 5D-VWAP of MMAG Shares up to the Announcement LPD of RM0.0554;
- (ii) the then expected par value of each MMAG Share of RM0.20<sup>#</sup> after the Share Consolidation;
- (iii) the then par value of each ICPS of RM0.05, the Conversion Price and Conversion Ratio of the ICPS which have been fixed at either 4 ICPS to be converted into 1 MMAG Share or a combination of 1 ICPS and RM0.15 in cash for 1 MMAG Share;
- (iv) the rationale for the Rights Issue of Shares with Warrants and Rights Issue of ICPS as set out in Section 5 of this AP; and
- (v) the funding requirements of our Group, as detailed in Section 6 of this AP.

<sup>#</sup> Pursuant to Section 74 of the Act which came into effect on 31 January 2017, all shares issued before or upon the commencement of the Act shall have no par or nominal value.

The Conversion Price of RM0.20 is at a discount of approximately RM0.0123 or 5.79% to the TEAP of RM0.2123 per MMAG Share. The TEAP is based on the Conversion Ratio of 4 ICPS to be converted into 1 new MMAG Share.

The Conversion Price of RM0.20 will enable the Entitled Shareholders to further increase their equity participation in our Company at a predetermined price.

**3.2 Salient terms of the ICPS**

The salient terms of the ICPS are as follows:

<b>Terms</b>	<b>Details</b>
Issue size	: Up to 607,336,618 ICPS.
Issue price	: RM0.05 per ICPS.
Dividend rate	: Our Company has full discretion over the declaration of dividends, if any. Dividends declared and payable annually in arrears are non-cumulative and shall be in priority over the ordinary shares of our Company.
Tenure	: 5 years commencing from and inclusive of the date of issue of the ICPS.
Maturity date	: The day immediately preceding the 5 <sup>th</sup> anniversary from the date of issue of the ICPS. If such a day falls on a non-market day, then the maturity date would be the preceding market day.
Redemption	: Not redeemable for cash.
Board lot	: For the purpose of trading on Bursa Securities, 1 board lot of ICPS shall comprise 100 ICPS, or such other denomination as determined by Bursa Securities from time to time.
Form and denomination	: The ICPS will be issued in registered form and will be constituted by our Company's Constitution (M&A).
Conversion rights	: (a) Each ICPS carries the entitlement to be converted into new MMAG Shares at the Conversion Ratio through the surrender of the ICPS.  (b) No adjustment to the Conversion Price shall be made for any declared and unpaid dividends on the ICPS surrendered for conversion.  (c) If the conversion results in a fractional entitlement to ordinary shares of our Company, such fractional entitlement shall be disregarded and no refund or credit, whether in the form of the ICPS, cash or otherwise, shall be given in respect of the disregarded fractional entitlement.
Conversion period	: (a) The ICPS may be converted at any time within 5 years commencing on and including the date of issue of the ICPS up to and including the maturity date, as determined by the Conversion Ratio and Conversion Price.  (b) Any remaining ICPS that are not converted by the maturity date shall be automatically converted into new MMAG Shares at the Conversion Ratio of 4 ICPS to be converted into 1 new MMAG Share.
Conversion Price	: The conversion price for the ICPS to be converted into 1 new MMAG Share is RM0.20 based on the Conversion Ratio

Conversion Ratio : Conversion ratio of the ICPS for 1 new MMAG Share is either:

- (a) 4 ICPS to be converted into 1 MMAG Share; or
- (b) a combination of 1 ICPS and RM0.15 in cash for 1 MMAG Share

Ranking of the ICPS and liquidation preference : The ICPS shall rank *pari passu* amongst themselves and shall rank in priority to any other class of shares in the capital of our Company. In the event of liquidation, dissolution, winding-up, reduction of capital or other repayment of capital:

- (a) The ICPS shall confer on the holders the rights to receive in priority to the holders of ordinary shares in our Company, cash repayment in full of the amount of any non-cumulative preferential dividend that has been declared and remaining in arrears. After the payment of any dividends to the holders of ICPS, the remaining assets shall be distributed first to the holders of ICPS in full of the amount which is equal to the issue price for each ICPS, provided that there shall be no further right to participate in any surplus capital or surplus profits of our Company.
- (b) In the event that our Company has insufficient assets to permit payment of the full issue price to the ICPS holders, the assets of our Company shall be distributed pro rata on an equal priority, to the ICPS holders in proportion to the amount that each ICPS holder would otherwise be entitled to receive.

Ranking of new MMAG Shares to be issued pursuant to the conversion of the ICPS : All new MMAG Shares to be issued pursuant to the conversion of the ICPS shall, upon allotment and issuance, rank *pari passu* in all respects with the existing MMAG Shares except that such new MMAG Shares shall not be entitled to any dividends, rights, allotments and/or other distribution, the entitlement date of which is prior to the date of allotment and issuance of the new MMAG Shares arising from the conversion of the ICPS.

Adjustment to Conversion Price and Conversion Ratio : The Conversion Price and/or Conversion Ratio will be adjusted at the determination of our Company, in all or any of the following events:

- (a) an alteration to the number of MMAG Shares by reason of consolidation or subdivision; or
- (b) a bonus issue of fully paid-up ordinary shares by our Company or any other capitalisation issue for accounting purposes; or
- (c) a rights issue of ordinary shares by our Company; or
- (d) any other circumstances that our Board deems necessary,

provided that any adjustment to the Conversion Price will be rounded down to the nearest one sen (RM0.01). No adjustment to the Conversion Price and/or Conversion Ratio will be made unless the computation has been certified by the external auditors of our Company.

Rights of ICPS holders : ICPS holders are not entitled to any voting right or participation in any rights, allotments and/or other distribution in our Company until and unless such holders convert their ICPS into new Shares except in the following circumstances:

- (a) when the dividend or part of the dividend on the ICPS is in arrears for more than 6 months;
- (b) on a proposal to reduce our Company's share capital;
- (c) on a proposal for sanctioning the sale of the whole of our Company's property, business and undertaking;
- (d) on a proposal that directly affects their rights and privileges attached to the ICPS;
- (e) on a proposal to wind-up our Company; and
- (f) during the winding-up of our Company.

Listing : The ICPS will be listed and traded on the ACE Market of Bursa Securities. Approval has been obtained from Bursa Securities for the admission of the ICPS to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for the ICPS and the new MMAG Shares to be issued pursuant to the conversion of the ICPS on the ACE Market of Bursa Securities.

Transfer : The ICPS will be transferable only by instrument in writing in the usual or common form or such other form as the Directors of our Company and the relevant authorities may approve. As the ICPS will be listed on and traded on the ACE Market of Bursa Securities, they will be deposited in a central depository system and will be subject to the rules of such system.

Modification of rights : Our Company may from time to time with the consent or sanction of all the holders of the ICPS make modifications to the terms of which in the opinion of our Company are not materially prejudicial to the interest of the holders of the ICPS or are to correct a manifest error or to comply with mandatory provisions of the laws of Malaysia and the relevant regulations.

Governing law : The laws of Malaysia.

### **3.3 Ranking of the new MMAG Shares to be issued pursuant to the conversion of the ICPS**

The new MMAG Shares to be issued arising from the conversion of the ICPS shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing MMAG Shares, save and except that the new MMAG Shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment and issuance of the new MMAG Shares arising from the conversion of the ICPS.

### **3.4 Minimum subscription level and substantial shareholder's undertaking**

The Rights Issue of ICPS will be implemented based on the Minimum Subscription Level – Rights ICPS.

MMAG intends to raise funds from the Rights Issue of ICPS to meet the funding requirements of our Group that will be channelled towards the proposed utilisation as set out in Section 6 of this AP.

In order to meet the purposes of the proposed utilisation and to achieve the Minimum Subscription Level – Rights ICPS, MMAG had procured the Undertaking – Rights ICPS.

The Minimum Subscription Level – Rights ICPS was determined by our Board after taking into consideration the minimum level of funds that our Company wishes to raise from the Rights Issue of ICPS, which will be channelled towards the proposed utilisation of proceeds as set out in Section 6 of this AP.

The Rights Issue of ICPS is intended to be undertaken on a Minimum Subscription Level – Rights ICPS which will be achieved in view of the Undertaking – Rights ICPS. Hence, no underwriting arrangement is required for the remaining Rights ICPS of up to 517,055,038 Rights ICPS, representing approximately 85.13% of the total Rights ICPS available for subscription under the Maximum Scenario – Rights ICPS.

Details of the Undertaking – Rights ICPS based on the Minimum Subscription Level – Rights ICPS is set out below:

	As at the LPD		ICPS entitled and undertaken	
	No. of MMAG Shares held	%	No. of ICPS	% <sup>(2)</sup>
<b>Undertaking shareholder</b> Marina Teguh	45,140,790 <sup>(1)</sup>	14.87	90,281,580	14.87

Notes:

- (1) *Based on our Company's Record of Depositors as at the Announcement LPD, Marina Teguh holds 180,563,124 MMAG Shares. Pursuant to the Share Consolidation, Marina Teguh should hold 45,140,781 MMAG Shares. However, as per our Company's Record of Depositors as at the LPD, Marina Teguh holds 45,140,790 MMAG Shares as it was granted all fractional entitlements arising from the Share Consolidation due to it being the largest shareholder in MMAG.*
- (2) *Percentage computed based on 607,336,618 ICPS available for subscription under the Maximum Scenario – Rights ICPS.*

The Undertaking Shareholder has confirmed that it has sufficient financial resources to subscribe for its entitlement of 90,281,580 ICPS pursuant to the Undertaking – Rights ICPS. As the Adviser for the Rights Issue of ICPS, TA Securities has verified that the Undertaking Shareholder has sufficient financial resources to fulfil its commitment pursuant to the Undertaking – Rights ICPS.

### 3.5 Take-over implications

After taking into consideration of the Undertaking – Rights ICPS, the subscription of the ICPS by Marina Teguh will not give rise to any consequences of mandatory general offer obligations pursuant to the Code and the Rules.

However, like any other Entitled Shareholders, should Marina Teguh and the PACs (namely WES, KKCW and CKM) convert all their ICPS into new MMAG Shares such that their shareholdings fall into any of the following situations, Marina Teguh and the PACs will be obliged to undertake a mandatory general offer for all the remaining MMAG Shares and convertible securities, not already held by them pursuant to the Code and Rule 4 of the Rules:

- (i) their shareholdings increase to above 33%; or
- (ii) where their aggregate shareholdings is between 33% and 50%, an increase by more than 2% in any 6 months period.

Marina Teguh and the PACs do not intend to undertake a mandatory general offer to acquire all the MMAG Shares and convertible securities not already held by them after the conversion of the ICPS. Hence, Marina Teguh and the PACs will not convert their ICPS into such new MMAG Shares that would result in any of the circumstances mentioned above and have given confirmations to observe and comply at all times with the provisions of the Code and the Rules.

#### **4. DETAILS OF OTHER CORPORATE EXERCISES**

As at the LPD, save for the Rights Issue of Shares with Warrants and Rights Issue of ICPS, there is no other outstanding corporate proposal which has been announced but pending completion.

#### **5. RATIONALE FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS AND THE RIGHTS ISSUE OF ICPS**

After due consideration of the various methods of fund raising available for the purposes as stated in Section 6 of this AP, our Board is of the opinion that the Rights Issue of Shares with Warrants and the Rights Issue of ICPS are the most suitable and expedient forms of fund raising for our Company at this juncture after taking into consideration the following:

- (i) the issuance of Rights Shares with Warrants and ICPS allows our Company to raise funds without incurring interest costs as compared to other means of financing, such as bank borrowings or the issuance of debt instruments;
- (ii) the issuance of Rights Shares with Warrants and ICPS enhances the cash flow of our Group and enables our Group to fund the purposes set out in Section 6 of this AP which are expected to contribute positively to the future earnings of our Group and improve our financial performance;
- (iii) the combination of the issuances of Rights Shares with Warrants and ICPS provides the necessary and sufficient level of funding for the purposes set out in Section 6 of this AP while reducing the immediate dilution effect on the EPS;

Nevertheless, the issuance of new MMAG Shares via the Rights Issue of Shares with Warrants would not dilute the existing shareholders' equity interest, assuming all Entitled Shareholders fully subscribe for their respective entitlements.

The issuance of ICPS minimises the immediate dilution effect on the EPS, which would otherwise have an immediate impact if it were an issuance of ordinary shares instead, as the ICPS are expected to be converted over a period of time during the conversion period; and

- (iv) the issuance of Rights Shares with Warrants provides an opportunity for existing MMAG shareholders to increase their equity participation in our Company from the subscription of the Rights Shares and by exercising the Warrants into new MMAG Shares. The issuance of ICPS also provides an opportunity for existing MMAG shareholders to increase their equity participation in our Company by converting the ICPS into new MMAG Shares.

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## 6. UTILISATION OF PROCEEDS

Based on the issue prices of RM0.20 per Bumiputera Share<sup>\*</sup>, RM0.25 per Rights Share and RM0.05 per ICPS, the Special Bumiputera Issue, Rights Issue of Shares with Warrants and Rights Issue of ICPS will raise total gross proceeds of up to RM74,096,370 as follows:

	Minimum Scenario RM	Maximum Scenario RM
Full issuance of Bumiputera Shares	5,771,000	5,771,000
Issuance of Rights Shares	5,642,599	37,958,539
Issuance of ICPS	4,514,079	30,366,831
<b>Total estimated proceeds</b>	<b>15,927,678</b>	<b>74,096,370</b>

Note:

- \* The full issuance of the 28,855,000 Bumiputera Shares at an issue price of RM0.20 was completed on 3 October 2017 with the listing and quotation of the said Bumiputera Shares on the same day. As at LPD, RM1.04 million have been used for the payment of staff costs for Line Clear, RM0.18 million have been used for expenses in relation to the Corporate Exercises and the balance of RM4.55 million have been placed in deposits with financial institutions (RM1.25 million) and short-term money market instruments (RM3.30 million).

The gross proceeds will be utilised in the manner as set out below:

Description	Notes	Minimum Scenario RM'000	Maximum Scenario RM'000	Expected time frame for utilisation of proceeds (from the date of listing of the Bumiputera Shares, Rights Shares with Warrants and ICPS)
Expansion of Line Clear	(1)	8,458	40,390	Within 36 months
Working capital for ICT distribution business	(2)	6,470	32,706	Within 36 months
Estimated expenses in relation to the Corporate Exercises	(3)	1,000	1,000	Within 2 weeks
<b>Total estimated proceeds</b>		<b>15,928</b>	<b>74,096</b>	

Notes:

- (1) Our Group intends to utilise up to RM40.39 million of the proceeds for phase 2 of the expansion of Line Clear<sup>^</sup>, our Company's logistics division ("Expansion Plan").

<sup>^</sup> Line Clear was incorporated as a wholly owned subsidiary of MMAG under the name of DPEG Services Sdn Bhd on 21 January 2013 and subsequently changed its name to Line Clear on 22 April 2014. Line Clear commenced operations on 13 July 2015 and operates under its current name.

The Expansion Plan is being implemented over 2 phases. The total cost of phase 1 of the Expansion Plan is RM5.00 million which was funded via the internally generated funds of MMAG and advances from LSSB (a company of which CKM is a director and major shareholder). Phase 1 of the Expansion Plan involves the setting up of Line Clear's operations (Line Clear commenced operations on 13 July 2015) by acquiring the logistics license, hiring of key personnel, setting up of headquarters and branches (4 locations in total, inclusive of the headquarters) as well as the purchase of the current fleet which consists of 20 vehicles which was completed as at 30 June 2016. Line Clear has contributed revenue of RM0.76 million, RM3.46 million and RM1.21 million to the Group for the FYE 31 March 2016, FYE 31 March 2017 and 3-month FPE 30 June 2017, respectively.

The headquarters of Line Clear is located in Shah Alam (owned by MMAG Digital) while the branches are located in Kuala Lumpur, Penang and Johor Bahru (all the branches are on the ground floors of the rented office shop lots). The size of the current headquarters in Shah Alam is set out in Note 1(e) while the branches have an average built-up area of 1,500 sq ft.

Phase 2 of the Expansion Plan requires up to approximately RM40.39 million and will be utilised as follows:

Description	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
Additional vehicles <sup>(a)</sup>	1,410	6,000
Expansion of network <sup>(b)</sup>	600	3,000
Staff cost <sup>(c)</sup>	2,000	10,000
Billing, inventory, warehousing and tracking systems <sup>(d)</sup>	100	500
Leasing of Land and Construction of the New Office and Warehouse <sup>(e)</sup>	4,348	20,620
Purchase of storage racks and associated equipment and tools <sup>(f)</sup>	-	270
<b>Total</b>	<b>8,458</b>	<b>40,390</b>

In the event only the Minimum Scenario is achieved, Line Clear will fund the balance of up to RM31.93 million estimated for phase 2 of the Expansion Plan via a combination of internally generated funds and bank borrowings. The proportion of such funding has yet to be determined at this juncture as it will depend on, amongst others, the level of proceeds raised, status of MMAG's business and progress of phase 2 of the Expansion Plan as well as the economic conditions then as the proceeds are expected to be utilised within 36 months from the date of listing of the Bumiputera Shares, Rights Shares with Warrants and ICPS.

Notes:

- (a) In order to accommodate the growing demand for our Group's existing logistics services as can be seen from the increase in revenue of our Group's logistics division to RM3.46 million for the FYE 31 March 2017 (FYE 31 March 2016: RM0.76 million), Line Clear intends to expand its current fleet of 20 lorries and/ or vans with the purchase of up to 80 additional vehicles consisting of 70 lorries and/ or vans and 10 motorcycles under the Maximum Scenario. Under the Minimum Scenario, Line Clear intends to purchase up to 26 additional vehicles consisting of 16 lorries and/ or vans and 10 motorcycles. Lorries and/ or vans and motorcycles will cost approximately RM85,000 per unit and RM5,000 per unit, respectively.
- (b) At present, Line Clear's logistics network consists of its headquarters at Hicom Glenmarie Industrial Park, Shah Alam as well as 7 other branches/depots in Dengkil, Desa Petaling, Penang, Johor Bahru, Ipoh, Malacca and Juru.

In line with the Expansion Plan, under the Maximum Scenario, Line Clear intends to set up an additional of up to 15 new branches/depots nationwide, with at least 2 new branches/depots in the Klang Valley, to expand its logistics network. Under the Minimum Scenario, Line Clear intends to set up 3 new branches/depots nationwide with at least 1 new branch/depot in the Klang Valley. Line Clear will prioritise the opening of branches/depots in Kuantan and Alor Setar with the eventual goal of having a branch/depot in every state by the end of 2018. Line Clear will rent empty buildings or office shop lots for their new branches/depots. The management of Line Clear estimates that the cost of setting up each branch/depot to be approximately RM0.20 million which includes rental, renovation and purchase of furniture and fittings cost. As at the LPD, Line Clear has identified 6 locations to set up its branches/depots, namely Kuching, Kota Kinabalu, Kuantan, Kuala Trengganu, Kota Bahru and Alor Setar. However, the exact building or shop lot to be rented has not been determined at this juncture.

- (c) Our Group intends to utilise up to RM10.0 million of the proceeds for the payment of wages, allowances, Employees' Provident Fund (EPF) and Social Security Organisation (SOCSO) contribution to the staff of Line Clear as the headcount of Line Clear is expected to increase by approximately 118 staffs under the Maximum Scenario from the current 152 staffs (which consists of 9 management level staffs, 37 executive level staffs and 106 despatch staffs), with the majority of the new staff being despatch staff as part of the Expansion Plan. Under the Minimum Scenario, Line Clear is expected to hire additional 20 staffs. The proceeds of RM10.0 million and RM2.0 million is expected to be sufficient to cover the staff costs of Line Clear for approximately 2 years and 1 year under the Maximum Scenario and Minimum Scenario, respectively.
- (d) The current business operations of Line Clear involves service centre personnel attending to customer enquiries in relation to price quotation and availability of its courier and logistics services by phone, facsimile and email. In order to reduce the cost on manual handling and improve the productivity of its service centres, Line Clear intends to utilise up to RM0.50 million to develop its own electronic platform system which will be installed to link up the functions of provision of real time delivery schedule information, price quotations and transaction confirmation. The electronic platform system is currently being developed and is expected to be completed by 1<sup>st</sup> quarter of 2018.

With the electronic platform system, all of the standard/ scheduled courier and logistics services will be listed on the system for customers to obtain product information (such as price and time for delivery) online and make transactions online (by logging into the system and printing their own consignment notes) instead of manual processing as per above. The management of Line Clear plans to incorporate the electronic platform system in its current business operations by 1<sup>st</sup> quarter of 2018. In order to facilitate the implementation of the electronic platform system, Line Clear has hired 1 staff and may hire 1 to 2 additional staffs (expected to join in the 1<sup>st</sup> quarter of 2018) with relevant information technology experience and expertise to manage and operate the system.

The RM0.50 million was arrived at based on estimation by Line Clear's management and would enable Line Clear to develop its own electronic platform system which is able to support the expected number of business transactions. Under the Minimum Scenario, Line Clear will utilise up to RM0.10 million from the proceeds to develop its own electronic platform system and the remaining costs shall be funded from its own internally generated funds.

- (e) As part of the Expansion Plan, our Board had on 18 November 2016 announced that MMAG Digital had on the same date entered into a Warehouse Construction Agreement with Tristar Union Sdn Bhd ("**TUSB**") to appoint TUSB as the contractor for the construction of a new 2 storey office ("**Office**") with one storey warehouse ("**Warehouse**") ("**Construction of the New Office and Warehouse**") on a piece of land located at No. 3 Jalan TP2, Taman Perindustrian UEP Subang Jaya, 47620 Subang Jaya, Selangor Darul Ehsan ("**Land**"). The construction period for the Office and Warehouse is expected to be 1 year and all costs in relation to and during the construction will be funded by TUSB.

The said construction has commenced in July 2017 upon receipt of the planning permission from Majlis Perbandaran Subang Jaya ("**MPSJ**") and is expected to be completed in June 2018.

MMAG Digital will make payments totalling approximately RM16.80 million to be fully settled in cash for the Construction of the New Office and Warehouse. Payments will be made on a deferred basis (i.e., monthly payment of RM210,000<sup>^</sup> for a period of 12 months with the final payment of RM14,280,000 to be made on the 13<sup>th</sup> month from commencement of payment).

^ *The said construction commenced in July 2017 upon receipt of the planning permission from MPSJ. The monthly payment of RM210,000 will commence within 14 days from the date of completion of the Construction of the New Office and Warehouse (“Completion Date”) or the issuance of the Certificate of Completion and Compliance (“CCC”), whichever is earlier. The monthly payment of RM210,000 is expected to commence on 1 July 2018.*

MMAG Digital had also on 18 November 2016 entered into an agreement with Acer Sales and Services Sdn Bhd (“Acer”), being the owner of the Land, to lease the Land at a monthly cost of RM60,000 for the said construction. The commencement date of the lease is 1 January 2017. The lease period is for a period of 3 years and under the agreement, Acer is obliged to grant MMAG the option to renew the lease period after every 3 years for a further 3 years up to a total lease period of 12 years. Acer can only terminate the lease in the event MMAG fails to comply with its covenants as a lessee under the agreement. In the event of a breach, Acer will serve MMAG with a notice to remedy the breach. MMAG is required to remedy the breach within 60 days from the date of notice, failing which Acer may proceed to terminate the lease. There is no obligation for MMAG Digital to purchase the leased land during the duration of the lease. However, MMAG Digital has the 1<sup>st</sup> right of refusal should Acer find a buyer during the lease period or after the expiry of the total lease period of 12 years. Acer will need to give MMAG Digital a notice period of 1 year should it decides to sell the Land.

The new Office cum Warehouse will have a built-up area of 131,132 Sq ft (i.e., the Office and Warehouse will have a built-up area of 20,914 Sq ft and 110,218 Sq ft, respectively), while the Land will have a total area of 203,694 Sq ft compared to the existing built-up area of the existing office cum warehouse at Hicom Glenmarie Industrial Park, Shah Alam of 53,558 Sq ft (i.e., the office and warehouse has a built-up area of 16,218 Sq ft and 37,100 Sq ft, respectively) and the land area is 51,419 Sq ft. The Construction of the New Office and Warehouse is to support the expansion of our Company’s logistics business and to relocate Line Clear’s headquarters which is currently located at Hicom Glenmarie Industrial Park, Shah Alam.

Under the Minimum Scenario, Line Clear intends to utilise up to RM4.35 million for the Construction of the New Office and Warehouse and the lease of the Land. Under the Maximum Scenario, Line Clear intends to utilise up to RM20.62 million for the Construction of the New Office and Warehouse and the lease of the Land as well as building or leasing an additional warehouse in the Klang Valley, Penang or Johor Bahru. The new Warehouse will enable Line Clear to increase its warehouse capacity from the current 3,000 deliveries per day to up to 6,000 deliveries per day under the Minimum Scenario and up to 9,000 deliveries per day under the Maximum Scenario.

The breakdown of the proceeds used for the leasing of Land and Construction of New Office and Warehouse is as follows:

Description	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
Leasing of Land	495	2,160
Construction of the New Office and Warehouse	3,853	16,800
Building or leasing additional warehouse	-	1,660
<b>Total</b>	<b>4,348</b>	<b>20,620</b>

The above allocation for the lease of the Land and Construction of the New Office and Warehouse is based on Line Clear’s estimation and thus any shortfall or surplus of any category will be adjusted against any other category as per the table above as the management of Line Clear deems appropriate.

In addition, should only the Minimum Scenario be achieved (i.e., RM4.35 million raised) or the proceeds raised for the leasing of the Land and Construction of the New Office and Warehouse is less than RM16.80 million, the funding for the said purpose may be via a combination of the proceeds to be raised, internally generated funds and/or bank borrowings.

In view that the costs to be incurred will be increased progressively as disclosed above (i.e., commencing with the monthly land lease payments of RM60,000 from 1 January 2018<sup>+</sup> and monthly settlement of construction costs of RM210,000 commencing within 14 days from the Completion Date or the issuance of CCC, whichever is earlier, with the final payment to be made on the 13<sup>th</sup> month), the exact mix of funding via the said proceeds, internally generated funds and/or bank borrowings has not been finalised at this juncture.

+ *Based on the above-mentioned announcement on 18 November 2016, the payment of the lease will commence on 1 January 2018 (a 1 year rent free period is given while awaiting the Construction of the New Office and Warehouse).*

- (f) Line Clear intends to purchase heavy duty storage racks, bar scanners and folding trolley carts to be used in Line Clear's new warehouse. The number of racks, bar scanners and folding trolley carts and cost of each rack, bar scanners and folding trolley carts cannot be determined at this juncture as it will depend on, amongst others, the level of proceeds raised, status of MMAG's business and progress of phase 2 of the Expansion Plan as well as the economic conditions then. In the event only the Minimum Scenario be achieved, MMAG will fund the purchase of heavy duty storage racks, bar scanners and folding trolley carts from our Group's internally generated funds.

The proceeds raised will positively affect our Group's logistics business as it will enable our Group to carry out the Expansion Plan thereby enabling Line Clear to increase its fleet of vehicles, expand its network through the setting up of new branches/depots, cover its staff costs, develop its own electronic platform system, fund the Construction of the New Office and Warehouse and purchase heavy duty storage racks, bar scanners and folding trolley carts in line with the expansion of the logistics business.

- (2) Our Group intends to utilise up to RM32.71 million of the proceeds as working capital for the ICT distribution business as follows:

<b>Description</b>	<b>Minimum Scenario (RM'000)</b>	<b>Maximum Scenario (RM'000)</b>
ICT distribution - IT <sup>(a)</sup>	1,600	8,000
ICT distribution - Mobile <sup>(b)</sup>	4,870	24,706
<b>Total</b>	<b>6,470</b>	<b>32,706</b>

Notes:

- (a) Our Group intends to utilise up to RM8.0 million of the proceeds to purchase ICT inventories (which include desktops, laptops, and other computer peripherals such as monitors, speakers, keyboards and mice) and to grow the existing distribution network of key ICT products (such as Acer, Asus and Lenovo). Our Group will only purchase additional ICT inventories as and when the need arises.

- (b) Our Group intends to utilise up to RM24.71 million of the proceeds for its ICT distribution - Mobile as follows:

<b>ICT distribution – Mobile</b>	<b>Minimum Scenario RM'000</b>	<b>Maximum Scenario RM'000</b>
Fulfilment provider for mobile phones <sup>(i)</sup>	2,370	9,000
Mobile leasing program <sup>(ii)</sup>	-	5,000
Distribution of mobile phones <sup>(iii)</sup>	2,500	10,706
	<b>4,870</b>	<b>24,706</b>

- (i) MMAG Digital has been awarded a Letter of Award by Webe for a contract sum of RM31.30 million. The contract is for a period of 2 years from 1 December 2015 to 30 November 2017. Discussions are currently on-going between MMAG Digital and Webe for the extension of the contract period. The Company will act as a fulfilment provider for Webe whereby MMAG Digital would be responsible for strategic sourcing and procurement (i.e. sourcing for mobile phones), inventory and warehousing (i.e. storing the mobile phones) as well as logistics, freight management and delivery of mobile phones and SIM cards to Webe's customers.

The total number of mobile phones to be sourced by MMAG Digital under the said contract cannot be determined at this juncture as this is dependent on Webe's requirement. MMAG Digital will be sourcing for Samsung, Hua Wei and ZTE mobile phones to cater to the various user requirements (i.e., high-end, middle-end and low-end markets).

- (ii) Our Group intends to enter into a mobile leasing programme with 1 of the major telecommunications operators in Malaysia whereby our Group will purchase mobile phones (from Apple and Samsung) that will then be leased out to the telecommunications operator's high value customers.

Our Group is still in preliminary discussion with the major telecommunications operator to determine the terms/details (including the duration, date of entering into the programme, number of mobile phones and etc) of the programme. MMAG intends to enter into a contract with the major telecommunications operator upon completion of the Rights Issue of Shares with Warrants and Rights Issue with ICPS. Nevertheless, the programme will essentially involve our Group purchasing mobile phones and selling them to the telecommunications operator for monthly repayments over a certain period. The programme is expected to begin in the 1<sup>st</sup> quarter of 2018 for a period of 1 to 2 years.

- (iii) The proceeds will be utilised to purchase additional ZTE mobile phones for distribution in Malaysia.

On 21 March 2014, our Company announced that MMAG Digital had entered into a Memorandum of Understanding ("MOU") with ZTE (Malaysia) Corporation Sdn Bhd ("ZTE Corp") in relation to telco products (i.e., telecommunications devices such as smartphones, tablets and modems) and provision of on-site warranty services nationwide.

The MOU, amongst others, gives MMAG Digital the right to distribute ZTE mobile phones in Malaysia. The MOU was in force for 12 months from 20 March 2014 and the parties may mutually agree to extend the MOU at the expiry of the duration.

In this regard, due to our Group's working relationship with ZTE Corp, the arrangement continues to be in place for both parties (although there is no formal agreement) and MMAG Digital has commenced purchasing ZTE mobile phones from ZTE Corp. MMAG is of the view that this arrangement is in the best interest of MMAG Digital and our Group as purchases from ZTE Corp are only made when MMAG Digital receives a sufficient or acceptable level of confirmed orders from the resellers/retailers/distributors. Thus, we will not be burdened with excess stock as opposed to having purchase quotas imposed arising from an agreement. For the avoidance of doubt, no contract is required for the distribution of ZTE mobile phones.

Any surplus arising from the proceeds allocated for the above projects as a result of, amongst others, termination of contracts and/or delays in the projects will be adjusted to the proceeds allocated for any of the other said projects depending on their respective funding requirements. In the event there is any shortfall in proceeds, MMAG intends to fund the projects via bank borrowings or scale down the projects accordingly.

The proceeds raised will positively affect our Group's ICT distribution business as it will allow MMAG Digital to carry out its obligations as a fulfilment provider for Webe under the Letter of Award, allow our Group to purchase and sell mobile phones from the major telecommunications operator under the mobile leasing program and allow MMAG Digital to purchase additional ZTE mobile phones from ZTE Corp for distribution in Malaysia.

- (3) The estimated expenses consist of professional fees and fees payable to the relevant authorities. Any variation in the actual amount of the expenses for the Corporate Exercises will be adjusted proportionately to/from the working capital for ICT distribution business of our Group.

The actual proceeds to be raised from the Rights Issue of Shares with Warrants and Rights Issue of ICPS are dependent on the subscription level of the Rights Issue of Shares with Warrants and ICPS. Any variation in the actual proceeds raised will be adjusted to/from the proceeds for our Group's working capital for ICT distribution business.

Pending utilisation of the proceeds from the Special Bumiputera Issue, Rights Issue of Shares with Warrants and Rights Issue of ICPS for the abovementioned purposes, the proceeds will be placed in deposits with financial institutions or short-term money market instruments as our Board may deem fit. The interest derived from the deposits with the financial institution or any gain arising from the short-term money market instruments will be used for working capital purposes.

The exact quantum of proceeds that may be raised by our Company pursuant to the exercise of the Warrants and/or conversion of the ICPS will depend upon the actual number of Warrants exercised and/or the ICPS converted during the tenure of the Warrants and/or ICPS as well as the Conversion Ratio.

The proceeds to be raised from the exercise of the Warrants and the conversion of the ICPS shall be utilised for working capital purposes of which the exact timeframe, quantum and the breakdown for the utilisation cannot be determined at this juncture.

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## 7. RISK FACTORS

You and/or your renounees/transferees (if applicable) should consider carefully the following risk factors which may have an impact on the future performance of our Group, in addition to other information contained elsewhere in this AP, before subscribing for or investing in the Rights Issue of Shares with Warrants.

### 7.1 Risks relating to our business and industry

#### (i) Business/Operational risk

Presently, our Company is an investment holding company while our Group is mainly involved in the ICT business. Our Group's ICT activities principally involve the following:

- being a consultant, adviser, manager, researcher, trainer and total solution provider in all aspects of IT, including the business of marketing and distribution of multimedia products and accessories;
- marketing of computer hardware and software for business solutions;
- provision of warranty management services;
- distributor of IT products;
- distributor of telecommunication products, services, accessories and devices and other multimedia hardware and software;
- trading, reselling, retailing, marketing and promotion of all types of IT and telecommunication and multimedia products, software, accessories and services;
- distributor of computer hardware and accessories;
- manufacturing, assembling, refurbishment and installation of modem and other ICT devices including logistic and distribution of ICT products and services; and
- import, export, retail, trading, marketing and promoting all types of consumable products including telecommunication, IT and multimedia accessories.

Our Group also provided "in-house" delivery services to our customers (comprising mainly resellers and retailers) which allowed our Group to have better control and monitoring over the entire delivery process for timely delivery of the ICT products. The scope of the delivery services (which was initially for our ICT products) expanded organically over the years to include provision of services to third parties and range of services including fulfilment, courier and/or logistic services which are carried out by our wholly-owned subsidiary, Line Clear.

As such, our Group has also diversified our core business to include the logistics (including courier and warehousing) and/or fulfilment services business and our shareholders had, at the EGM held on 23 February 2017 approved the Diversification. Therefore, our Group is subject to risks inherent to the ICT industry, logistics industry and courier industry in which we operate.

Such risks may include, amongst others, the ability to obtain and/or renew the necessary courier licenses, potential labour shortages, obsolescence risk, change in technological standards, risk of suitable insurance coverage for assets, under-utilisation of existing assets, the ability to maintain profitable operating margins and also to procure new contracts with potential and existing customers at rates which are acceptable to our Group.

There is no assurance that these risks, if they materialise, will not affect the performance of our Group.



**(ii) Dependency on key management personnel**

As in any other business, our Group's involvement in the ICT business and logistics and/or fulfilment services business depends largely on the abilities, skills, experience, competency and continued efforts of our Managing Director namely WES (for the logistics division), Executive Director namely CKM (for the ICT division) and our key management personnel namely Adam Khoo Teow Beng (Chief Operating Officer of Line Clear) and Junaidi Bin Yusoff (Head of Operations of Line Clear).

The loss of WES, CKM and/or any of the relevant key management personnel without suitable and timely replacements, or the inability of our Group to attract and retain other qualified personnel, could adversely affect our Group's logistics and/or fulfilment services business and consequently, our revenue and profitability.

**(iii) Financing risks**

The expansion of Line Clear and working capital for the ICT distribution business will be funded through a combination of proceeds raised from the Special Bumiputera Issue, Rights Issue of Shares with Warrants, Rights Issue of ICPS, internally generated funds and/or bank borrowings. If bank borrowings are secured to fund the expansion costs and/or additional working capital, the gearing level of our Group will increase and any adverse movement in the interest rates may have a significant impact on the expansion costs and/or additional working capital which would adversely affect our Group's financial performance in the future.

**(iv) Foreign exchange risk**

Our Group is exposed to foreign exchange risk through the import of all types of consumable products including telecommunication, IT and multimedia accessories. As such, any fluctuation in foreign exchange rates will increase the costs of the above-mentioned consumable products and would have an impact on our Group's profitability.

**(v) Economic, political and regulatory risk**

Like all other business entities, adverse development in political, economic, regulatory and social conditions could materially affect our financial performance and business prospects. Amongst the political, economic and regulatory uncertainties are the changes in the risks of economic downturn, unfavourable monetary and fiscal policy changes, exchange control regulations or introduction of new rules or regulation, changes in interest rates, inflation and taxation and political leadership.

Much of the above changes are beyond our control. The changes in the political, economic, regulatory and social conditions have not adversely impacted our business and growth prospects as at the LPD.

**ICT division**

**(vi) Competition risk**

Our Group faces competition from both new and existing players which offer similar ICT products and services to that of our Group's offerings, in terms competing telecommunication and multimedia products, accessories and devices as well as computer hardware and software for business solutions, competitive pricing for both standard off-the-shelf IT software and hardware products as well as the IT service packages which include the systems integration, system implementation, consulting, maintenance support and ICT training services.

In view of the competitive market environment, we will leverage and sharpen our competitive edge by providing innovative product differentiation (to cater to various user requirements) and efficient products and services delivery and deployment, providing quality and reliable products and services to our customers as well as offering competitive pricing and after sales services to customers. However, there can be no assurance that our Group will be able to compete effectively against our competitors and that competitive pressure will not materially and adversely affect our Group's business, operations and results and/or financial conditions.

**(vii) Rapid technological change in the ICT industry**

The market for our Group's ICT products and services involves rapid technological changes, evolving industry standards, swift changes in customer requirements, computer operating environments, software and hardware applications and frequent new product introductions and enhancements. Our Group's products may become obsolete due to changes in technology used in the products and in developing the software. Our Group's future depends substantially upon our ability to address the increasingly sophisticated needs of our customers. Our Group's business, operating results and financial position can be affected by competing products and services which better address customer requirements or for any reason is preferred by customers and market over our products.

In this regard, our Group endeavours to provide products with the latest appropriate technology or enhancements due to our good relationship with various vendors of ICT related products which adequately response to the changing market conditions and the requirements of our customers.

**Logistics division**

**(viii) Risk of non-renewal or revocation of approvals, licenses or permits**

Line Clear is required to obtain a courier license to provide courier services. Courier licenses are issued by the Malaysian Communications and Multimedia Commission. Line Clear was granted the Non-Universal Service License for Courier Services (Class A) under the Postal Service Act 2012 (Act 741) in July 2015, and is thus licensed to provide international inbound and outbound courier services in Malaysia. The revocation or non-renewal of the courier license may adversely affect our ability to continue operation and hence affect our financial performance.

We have not encountered any difficulties in maintaining and renewing the courier license in the past. To date, our courier license has never been revoked. However, we cannot give any assurance that the renewal of the courier license will not be subject to variation, modifications or imposition of additional conditions by the regulatory authorities.

**(ix) Competition risk**

Our Group also faces direct competition from both existing players and new entrants in the logistics and courier industries. The principal elements of competition include the pick-up and delivery cycle, pricing, quality, scalability, conformity with industry standards, reliability and brand name. Our Group may also be at a disadvantage being a new entrant in the logistics and courier industries as we lack the relevant track record and brand name as compared to existing players that may enjoy the privilege of their established brand name and reputation in the industry. Other existing players in the industry may have longer operating histories, more established brands, larger customer base, larger teams of professional staff, greater economies of scale and greater financial, technical, marketing capabilities and other resources. No assurance is given that our Group will be able to maintain or increase its existing market presence in the future. If we are unable to respond to such competition, our financial performance could be adversely affected.

**(x) Substitution risk**

The delivery of documents is an important service provided by our Group's logistics arm. Documents delivered by our Group include, amongst others, agreements, business correspondences, invoices as well as other printed materials. The recent trend whereby banks, government agencies and utility companies issue the abovementioned documents via electronic mail, mobile applications, electronic statements, electronic direct marketing or any other means through the internet poses a threat to the document delivery service component of our logistics business as information is being made available quicker and, in many cases, at a lower price through the internet as compared to traditional mail services. More of our customers are also turning to bill consolidation and lighter weight posting to reduce their costs of operations.

The combined effect of our customers' usage of the internet for faster document delivery and lighter weight posting could adversely affect the financial performance of our Group.

**(xi) Increase in operating expenses**

At present, fuel and staff costs make up a significant portion of our operating expenses. The price of crude oil (unrefined fuel) has experienced varying levels of fluctuation in recent years due to the politically unstable situation in major oil producing countries. With the expansion of Line Clear, our Group's staff costs are expected to increase as our Group will need to hire new management and ground staff for our new branches/depots. With the further budget tightening of our customers who have become more cost conscious while having higher expectations of our services, passing on the increased fuel cost has become increasingly difficult. The rising operating costs may have to be partially absorbed by our Group which could adversely affect the financial performance of our Group and the passing of fuel costs on to our customers could also have an adverse impact on the demand for our logistics and fulfilment services.

**7.2 Risks relating to the Rights Issue of Shares with Warrants and the Rights Issue of ICPS**

**(i) No prior market for the ICPS**

The ICPS comprises a new issuance of securities for which there is currently no public market. No assurance can be given that an active market for the ICPS will develop upon or subsequent to the listing of and quotation for the ICPS on the ACE Market of Bursa Securities or, if developed, that such a market will be sustainable or adequately liquid during the tenure of the ICPS.

The market price of the ICPS, like other securities traded on Bursa Securities, is subject to fluctuations and will be influenced by, amongst others, prevailing market sentiments, volatility of the stock market, the market price of the underlying MMAG Shares, interest rate movements, trades of substantial amounts of the ICPS on Bursa Securities in the future, corporate developments as well as the future prospects of the ICT industry as well as the courier industry and logistics industry.

There is no assurance that the market price of the ICPS will trade at or above its issue price of RM0.05 subsequent to its listing.

**(ii) Investment and capital market risks**

The market price of the Rights Shares and ICPS are influenced by, amongst others, the prevailing market sentiments, the volatility of equity markets, the liquidity of the ICPS and MMAG Shares, the outlook for the ICT industry, courier industry and logistics industry, changes in regulatory requirements or market conditions, the financial performance and fluctuations in our Group's operating results. In addition, the performance of the local stock market (where our Shares are listed) is dependent on the economic and political conditions in Malaysia as well as external factors such as, amongst others, the performance of the world bourses, flows of foreign funds and prices of commodities. In view of this, there can be no assurance that the Rights Shares and/or ICPS will trade above their respective issue prices or TEAP upon or subsequent to the listing of and quotation for the Rights Shares with Warrants and the ICPS on the ACE Market of Bursa Securities.

The market price of the Warrants may be influenced by, amongst others, the market price of MMAG Shares, and the remaining exercise period of the Warrants and the volatility of MMAG Shares. There can be no assurance that the Warrants will be "in-the-money" during the exercise period of the Warrants. In the event the Warrants are not exercised during the exercise period, the unexercised Warrants will lapse and cease thereafter to be valid for any purpose.

**(iii) Delay in or failure of the Rights Issue of Shares with Warrants and/or the Rights Issue of ICPS**

The Rights Issue of Shares with Warrants and the Rights Issue of ICPS are exposed to the risk that they may be aborted or delayed on the occurrence of force majeure events or circumstances that are beyond the control of our Company arising prior to the implementation of the Rights Issue of Shares with Warrants and/or the Rights Issue of ICPS. Such events or circumstances include *inter-alia*, natural disasters, adverse developments in political, economic and government policies in Malaysia, including changes in inflation and interest rates, global economic downturn, acts of war, acts of terrorism, riots, expropriations and changes in political leadership.

In this respect, all proceeds arising from the Rights Issue of Shares with Warrants and/or the Rights Issue of ICPS will be refunded without interest to the Entitled Shareholders and/or their renounees/transferees (if applicable) in the event the Rights Issue of Shares with Warrants and/or the Rights Issue of ICPS is aborted and if such monies are not repaid within 14 days after MMAG becomes liable, we will repay such monies with interest at the rate of 10% per annum or such other rate as may be prescribed by the SC in accordance with Section 243(2) of the CMSA. Notwithstanding the above, our Company will exercise our best endeavor to ensure the successful implementation of the Rights Issue of Shares with Warrants and the Rights Issue of ICPS. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or abortion of the Rights Issue of Shares with Warrants and/or the Rights Issue of ICPS.

In the event that the Rights Shares and/or ICPS have been allotted to the successful Entitled Shareholders and/or their renounees/transferees (if applicable) and the Rights Issue of Shares with Warrants and/or the Rights Issue of ICPS is subsequently cancelled or terminated, a return of monies to the shareholders can only be achieved by way of cancellation of our share capital as provided under the Act. Such cancellation requires the approval of our shareholders by way of special resolution in a general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya. There can be no assurance that such monies can be returned within a short period of time or at all under such circumstances.

**(iv) Potential dilution**

The Entitled Shareholders who do not or are not able to accept their provisional offer of the Rights Shares with Warrants will have their proportionate ownership and voting interest in our Company reduced and the percentage of our enlarged issued capital represented by their shareholdings in our Company will also be reduced accordingly. In respect of the ICPS, there would not be an immediate dilution of shareholdings and voting interests from the issuance of the ICPS as dilution will only arise from the conversion of the ICPS.

**(v) Forward-looking statements**

Certain statements in this AP are based on historical information, which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements contained in this AP are based on forecasts and assumptions made by our Company, unless stated otherwise. Although our Board believes that these forward-looking statements are reasonable, the statements 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 future results, performance or achievements expressed or implied in such forward-looking statements. In view of the above, the inclusion of any forward-looking statements in this AP should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

**7.3 Other risks**

**(i) We may not be able to pay dividends**

Our ability to pay future dividends to both ICPS holders and shareholders is largely dependent on the performance of our Group.

In determining the size of any dividend recommendation, we will take into consideration a number of factors, including but not limited to our financial performance, cash flow requirements, future plans, availability of distributable reserves and compliance with regulatory requirements. While we endeavor to make dividend payments, no assurance can be given that we are able to pay dividends in the future due to the factors stated above.

In this regard, shareholders should also note that the dividends of the ICPS shall be paid in priority over our ordinary shares (i.e., no dividend shall be paid on the ordinary shares of our Company unless the dividends of the ICPS have first been paid). As such, there is no assurance that dividends will be declared to the ordinary shares of our Company after the declaration of dividends to the ICPS.

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## 8. INDUSTRY OUTLOOK AND FUTURE PROSPECTS OF OUR GROUP

### 8.1 Overview of the Malaysian economy

The Malaysian economy is projected to continue its strong growth momentum with real gross domestic product expanding between 5% and 5.5% in 2018 (2017: 5.2% and 5.7%). Growth will be mainly driven by resilient domestic demand amid a favourable external sector. Given the robust economic development, gross national income per capita is estimated to increase 5.1% to RM42,777 (2017: 7.7%: RM40,713).

Despite the strong growth momentum, Malaysia as an open economy is not immune to external headwinds. These include rising protectionism, policy uncertainties in the advanced countries and volatility in the financial markets. Nevertheless, structural reforms undertaken over the years to diversify the economy and strengthen the financial system have provided sufficient buffer to weather these external challenges.

On the demand side, household spending will remain as a key source of growth, benefiting from higher income following stable employment conditions and firmer commodity prices. Private investment is forecasted to remain resilient primarily attributed to capital outlays in the services and manufacturing sectors. The private sector continues to spearhead growth, while the public sector remains committed towards its fiscal consolidation path. The external sector is expected to remain resilient supported by sustained demand from major trading partners. Inflation will remain benign between 2.5% and 3.5% while the economy continues to operate under full employment.

On the supply side, growth is expected to be broad-based with positive contribution from all sectors in the economy. Growth in the services sector is expected to remain strong, largely led by the final services group in line with the trends in private consumption. Likewise, the manufacturing sector is anticipated to expand in line with sustained external demand and consumption activities. The agriculture sector is forecast to increase supported by higher output and firmer commodity prices. Growth in the construction sector will be driven by major civil engineering projects while the mining sector is projected to continue expanding at a moderate pace supported by natural gas production.

The global economy is expected to expand 3.7% in 2018 (2017: 3.6%). The advanced economies are projected to register growth of 2% (2017: 2.2%), supported by strong domestic and external demand. In the emerging market and developing economies, gross domestic product is expected to improve 4.9% (2017: 4.6%), mainly supported by higher global demand and rising market confidence, particularly in China, India and South East Asia. However, the global economy will still face some downside risks due to policy uncertainties in major economies, rising protectionism, geopolitical tensions, the effects of climate change, and volatility in the financial markets.

*(Source: Economic Report 2017/2018, Ministry of Finance Malaysia)*

The Malaysian economy recorded a stronger growth of 5.8% in the second quarter of 2017 (1Q 2017: 5.6%). Private sector spending continued to be the main driver of growth. On the external front, growth was further supported by the robust expansion in real exports of goods and services (9.6%; 1Q 2017: 9.8%) following strong demand for manufactured and commodity products. Real imports moderated slightly to 10.7% (1Q 2017: 12.9%) following more moderate expansion in investment. On a quarter-on-quarter seasonally adjusted basis, the economy recorded a growth of 1.3% (1Q 2017: 1.8%).

Domestic demand grew by 5.7% in the second quarter of the year (1Q 2017: 7.7%), supported by continued expansion in both private sector expenditure (7.2%; 1Q 2017: 8.2%) and public sector spending (0.2%; 1Q 2017: 5.8%). Private consumption recorded a growth of 7.1% (1Q 2017: 6.6%), supported by the improvement in private sector wages amid continued strength in employment growth. During the quarter, consumer sentiments continued to improve, providing further impetus to household spending. Public consumption growth moderated to 3.3% (1Q 2017: 7.5%) following slower growth in the spending on emoluments, and supplies and services.

Given the continued strong performance in the second quarter of 2017, the Malaysian economy recorded a strong growth of 5.7% in first half of 2017. At this point, compared to the beginning of the year, there are considerable improvements in the operating environment of the economy. Looking ahead, it is likely for the Malaysian economy to expand by more than 4.8% for the whole year of 2017. Leading indicators such as the Department of Statistics Malaysia's composite leading index, MIER Business Conditions Index and MIER Consumer Sentiments Index, suggest continued expansion of the domestic economy. Private consumption will be underpinned by continued wage and employment growth, with support from various policy measures to raise disposable income. Investments will be driven by the implementation of new and ongoing infrastructure projects, and higher capacity expansion in the manufacturing and services sectors. The stabilisation of commodity prices is also expected to lend support to investments in the mining sector. On the external front, exports are expected to benefit from the improvement in global growth, especially amongst Malaysia's key trading partners. Overall, the economy is expected to record a stronger growth in 2017.

*(Source: Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2017, BNM)*

## **8.2 Overview of the logistics industry in Malaysia**

Logistics is a part of supply chain management, and is a process of planning, implementing and controlling procedures for the movement and storage of goods, services and related information between the point of origin and the point of consumption in order to meet customer requirements. Logistics can be broadly divided into inbound and outbound logistics, where inbound logistics involves the movement of materials from suppliers and vendors into the production process or storage facilities while outbound logistics is the process related to the movement and storage of products from the end of the production line to the end user.

Logistics activities may be either outsourced to professional logistics service providers or performed internally as in-house logistics by manufacturers and distributors. Typically, a logistics service provider is able to carry out supply chain planning, sourcing activities, assembly and kitting, storage and customisation, and delivery and returns. Thus, logistics service providers are capable of providing logistics and trade facilitation support and services such as inbound and outbound transportation by sea, air and land, warehousing services and distribution services. In comparison, courier industry players are involved in the collection, transmission and delivery of letters, packages or parcels to either domestic or international destinations, without the provision of services such as supply chain planning, sourcing activities, assembly and kitting, storage and customisation.

The logistics industry plays an important role in stimulating trade, facilitating business efficiency and spurring economic growth. Efficient logistics contributes to operational efficiency by reducing the time and cost for goods to reach domestic consumers and subsequently increases the comparative advantage of domestic industries. Further, logistics activities can also accelerate convergence with global supply chains and help key export industries connect with international markets.

The logistics industry in Malaysia, measured by the GDP for transportation and storage activities in the country, grew from RM29.0 billion in 2010 to RM39.5 billion in 2016 at a CAGR of 5.3%. Over the same period, contribution of transportation and storage activities to Malaysia's total GDP increased from 3.5% to 3.6%, signifying its importance to overall economic development. Based on latest available information from the Ministry of Finance Malaysia, the GDP for transportation and storage activities in Malaysia was registered at an estimated RM39.4 billion in 2016 and is further forecasted to reach RM41.7 billion in 2017.

Malaysia was ranked 32<sup>nd</sup> in the World Bank Logistics Performance Index 2016 among the 160 ranked countries. The World Bank Logistics Performance Index is a benchmarking tool which measures performance along the logistics supply chain within a country. The World Bank Logistics Performance Index scores a country based on 6 components, namely efficiency of the clearance process, quality of trade and transport related infrastructure, ease of arranging competitively priced shipments, competence and quality of logistics services, ability to track and trace consignments, and timeliness of shipments in reaching destination within the scheduled or expected delivery time. Under the Eleventh Malaysia Plan (“11MP”), Malaysia is targeting a place in the top 10 of the World Bank Logistics Performance Index by 2020.

*(Source: Extracted from the IMR Report)*

### **8.3 Overview of the courier industry in Malaysia**

The courier industry is part of the postal and courier industry. Postal and courier services refer to the collection, transmission and delivery of letters, packages or parcels to either domestic or international destinations. Postal services in Malaysia is solely provided by POS Malaysia Berhad while courier services in the country are typically provided by privately owned companies. While similar, there are several key differences between postal and courier services. Postal services do not provide pick up services. Instead, letters, packages or parcels are collected from either post boxes or post office counters before being delivered to the designated destinations. The collection and delivery of these letters, packages or parcels are based on a fixed schedule which is determined by the postal service organisation.

On the other hand, courier services cover door-to-door movement, where letters, packages or parcels are collected from the point of origin before being delivered to the designated destination. Courier service providers also offer flexible scheduling, thus allowing for speedier deliveries such as same day and next day deliveries. Further, courier service providers may provide customised solutions to customers in certain circumstances, where these customised solutions include, but are not limited to, warehousing, pick and pack activity, customised courier packaging and secure delivery.

Courier activities include pick up, unloading activity from the collection vehicle, sorting shipment activities and delivery. Courier service providers may also provide warehousing activities as part of their services, which includes scanning and storage of bulk shipment, as well as pick and pack activities. These activities take place upon unloading of the bulk shipment from the collection vehicle, and prior to delivery of the bulk shipment.

Courier service providers are required to obtain a courier licence to provide courier services. According to the latest publicly available data, a total of 112 courier licences were issued in Malaysia in 2016. There are 6 main types of courier establishments in Malaysia, namely hubs, branches, gateways, franchises, affiliates and agents. Between 2010 and 2016, the total number of courier establishments increased from 646 courier establishments to 1153 courier establishments at a CAGR of 10.1%.

Letters, packages and parcels are delivered using courier vehicles such as motorcycles, cars, vans and trucks. There are 2 main types of delivery in the courier industry, namely despatch and linehaul delivery. Despatch delivery refers to short distance delivery and is carried out via motorcycles, cars, vans and trucks. Motorcycles are commonly used for despatch delivery, and thus registered the highest growth rate, increasing from 1,832 motorcycles in 2010 to 4,139 motorcycles in 2016 at a CAGR of 14.5%. This is followed by cars and vans which increased from 1,257 cars and vans to 2,647 cars and vans at a CAGR of 13.2%, and trucks which increased from 636 trucks to 1,479 trucks at a CAGR of 15.1% over the same period. Linehaul delivery refers to long distance delivery and is typically carried out via trucks. Between 2010 and 2016, the number of trucks used for linehaul deliveries increased from 248 trucks to 444 trucks, registering a CAGR of 10.2%.



The courier industry in Malaysia, measured in terms of domestic and international courier traffic, increased from 43.0 million documents and parcels in 2010 to 78.6 million documents and parcels in 2016 at a CAGR of 10.6%, where the number of documents couriered increased from 29.3 million to 49.8 million at a CAGR of 9.2%, while the number of parcels couriered increased from 13.7 million to 28.8 million at a CAGR of 13.2%. Smith Zander forecasts courier traffic in Malaysia to further increase from an estimated 84.6 million documents and parcels in 2017 to 102.1 million documents and parcels in 2019.

The key market drivers, trends and development in the courier industry are as follows:

**(i) Growth in the e-commerce industry in Malaysia to drive future demand for courier services**

The e-commerce or electronic commerce industry in Malaysia, measured in terms of gross value added\*, increased from RM37.7 billion in 2010 to RM68.3 billion in 2015 at a CAGR of 12.6%. E-commerce can be defined as the sale and purchase of products and/or services over the internet. Customer retention, and by extension, customer service, plays a key role in the success of an e-commerce business, and as such, logistics management to ensure the proper and timely delivery of products to customers is important. E-commerce retailers may opt to manage the delivery of products either in-house or through a third party, such as a logistics service provider or a courier service provider. Thus, the growth in the e-commerce industry in Malaysia is expected to strongly drive future demand for courier services. Smith Zander estimates that e-commerce industry in Malaysia was RM77.3 billion in 2016 and is forecast to reach RM87.4 billion in 2017.

*Note:*

\* *The gross value added for the e-commerce industry is a sum of e-commerce related ICT manufacturing, ICT trade, ICT services, content and media, as well as non-ICT industry gross value added. Gross value added is the value of output less the value of intermediate consumption; it is a measure of the contribution to GDP made by an individual producer, industry or sector.*

**(ii) Growth in the trade sector leads to growth in logistics and transportation services, including courier services**

Malaysia's external trade, comprising total imports and total exports, increased from RM1.2 trillion in 2010 to RM1.5 trillion in 2016, at a CAGR of 4.1%. Malaysia's exports in 2016 grew despite the challenging economic environment. In 2016, 16 of Malaysia's export markets registered export values exceeding RM10 billion, namely Singapore, People's Republic of China, Japan, United States, Thailand, Hong Kong, Australia, India, Indonesia, Republic of Korea, Taiwan, Netherlands, Germany, Vietnam, the Philippines, and United Arab Emirates. Collectively, these countries accounted for 84.2% of Malaysia's total exports in 2016. Based on latest available information from the Ministry of Finance Malaysia, external trade is expected to be registered at an estimated RM1.6 trillion in 2017 and 2018 respectively.

In May 2015, the Government tabled the Eleventh Malaysia Plan ("11MP") (2016 – 2020) which outlined the nation's development expenditure until 2020. As the trade industry in Malaysia plays a significant role in the country's economic growth, movement of goods and the logistics industry is becoming increasingly important. Under the 11MP, Malaysia is targeting an 8.5% annual growth rate of the transport and storage subsector, along with a place in the top 10 of the World Bank Logistics Performance Index by 2020.

In October 2016, the Government of Malaysia announced the Budget 2017, whereby the Government will take measures to ensure that the country will achieve sustainable economic growth. Specific to the trade industry, the Government has committed an allocation of RM2.1 billion for infrastructure and socioeconomic development in the 5 economic corridors, namely, Iskandar Malaysia, Northern Corridor Economic Region (NCER), East Coast Economic Region (ECER), Sabah Development Corridor (SDC) and Sarawak Corridor of Renewable Energy (SCORE). The Malaysian Investment Development Authority (“MIDA”) will be allocated a fund of RM522 million, where emphasis will be given to the chemicals as well as electric and electronics industries as well as research and development activities. An allocation of RM130 million has also been set aside for export promotion programmes to local small and medium enterprises by MATRADE, MIDA and SME Corporation Malaysia through the National Export Promotion Funds. Further, a sum of RM286 million shall be provided to increase exports of palm oil, rubber, cocoa and pepper.

Trade activities are expected to benefit from the implementation of the new East Coast Rail Line project connecting Klang Valley to the East Coast that will take place in phases. The 600 kilometre rail will connect townships such as Port Klang, Integrated Transport Terminal Gombak, Bentong, Mentakab, Kuantan, Kemaman, Kerteh, Kuala Terengganu, Kota Bharu and ends in Tumpat, with an estimated cost of RM55 billion. Under Budget 2017, the Government announced its intention to accelerate the implementation of Pan Borneo Highway in Sabah and Sarawak; and allocate RM100 million to restore the East Coast railway line along Gua Musang – Tumpat that was destroyed during floods.

Further growth in Malaysia’s external trade will create potential demand for road, rail, air and marine logistical services, including courier services, to accommodate this growth.

**(iii) Development of the logistics industry in Malaysia through the Logistics and Trade Facilitation Masterplan will boost the courier industry**

The Logistics and Trade Facilitation Masterplan (2015 – 2020) was developed to provide the strategic direction for the development of the logistics industry to further improve its productivity and competitiveness. The Government aims to develop Malaysia as “The Preferred Logistics Gateway to Asia” through the implementation of 5 strategies under the Logistics and Trade Facilitation Masterplan.

The Logistics and Trade Facilitation Masterplan will be implemented in 3 phases, namely debottlenecking, enhancing domestic growth and creating a regional footprint. The first phase, debottlenecking, was implemented in 2015. Debottlenecking involves addressing the root causes which have held back the development of the logistics industry. The second phase, enhancing domestic growth, was implemented in 2016, and involves strengthening the connectivity and integration of transport services and the capability and competitiveness of logistics service providers. The third and final phase involves leaving an imprint on the region with frontier logistics services that are of high quality and value, thus creating a regional footprint. This phase will be implemented in 2020.

The development of the logistics industry in Malaysia under the Logistics and Trade Facilitation Masterplan will create demand for courier services in the country.

Courier service providers in Malaysia are required to obtain a courier licence to provide courier services. Courier licences are issued by the Malaysian Communications and Multimedia Commission. There are 3 courier licence classes, namely Class A\*, B and C. A courier service provider holding licence Class A is allowed to provide international inbound and outbound courier services and domestic courier services in Malaysia. A licence Class B holder is allowed to provide international inbound courier services and domestic courier services in Malaysia, while a licence Class C holder is allowed to provide intra-state domestic courier services in Malaysia only.

*Note:*

- \* *Line Clear was granted the Non-Universal Service License for Courier Services (Class A) under the Postal Services Act 2012 (Act 741) in July 2015, and thus is licensed to provide international inbound and outbound courier services and domestic courier services in Malaysia.*

According to the latest available data as at September 2017, there were 126 licensed courier service providers in Malaysia, of which there were 40 licence Class A holders, 49 licence Class B holders and 37 licence Class C holders.

*(Source: Extracted from the IMR Report)*

#### **8.4 Overview of the ICT industry in Malaysia**

ICT is an extended form of information technology that focuses on unified communications and the integration of telecommunications (i.e., telephones lines and wireless signals), computers, enterprise software, middleware, storage as well as audio-visual systems that allow users to access, store, transmit and manipulate information. The ICT sector can be broadly divided into ICT manufacturing and ICT services. ICT manufacturing refers to the manufacture of ICT products such as computers and peripheral equipment, communications equipment, consumer electronics and various ICT components. Under the Malaysian Standard Industry Classification 2008, ICT services can be segmented into telecommunications services; computer services; publishing; motion picture, video and television programme; programming and broadcasting; and information services.

Since the introduction of the internet in the early 1990s, Malaysia has continuously promoted the deployment of ICT as a major development thrust in achieving a knowledge-based economy. Malaysia's New Economic Model that was announced in 2010 identified ICT as a strategy to alleviate the nation from the middle income trap.

In Malaysia, the ICT sector is a high performing sector that contributes to enhancing overall national productivity, where it has evolved beyond technological tools to become a socio-economic enabler and key driver of business. The ICT sector is able to improve the efficiency and effectiveness of product and/or service delivery, and the extensive features and characteristics of ICT are continually impacting the way individuals work, play and learn. The development of ICT services in Malaysia has been promoted by MSC Malaysia, the country's national ICT initiative, under the banner of Malaysia Digital Economy Corporation (formerly known as Multimedia Development Corporation Sdn Bhd). The main focus areas for ICT services include application software, mobility embedded software and hardware, shared services and outsourcing, creative multimedia, internet-based business with research as well as development incubators established by institutes of higher learning.

The ICT sector in Malaysia, comprising telecommunication services and computer services, has witnessed positive growth historically. Telecommunication services refers to fixed and mobile telephony services, internet access, satellite and data communication services. Computer services comprise hardware and software wholesaling, retailing and consulting, programming as well as repair and maintenance activities. The ICT sector in Malaysia, measured by value added services for telecommunication services and computer services, increased from RM36.5 billion in 2010 to RM59.8 billion in 2015 at a CAGR of 10.4%. The value added services for telecommunications services<sup>^</sup> comprised 71.1% of ICT services in 2015, and registered a CAGR of 9.4% having increased from RM27.1 billion in 2010 to RM42.5 billion in 2015. The value added for computer services<sup>\*</sup> comprised the remaining 28.9% of ICT services in 2015, and witnessed a CAGR of 13.1% between the period of 2010 and 2015. Smith Zander forecasts the value added services for telecommunication services and computer services to increase from an estimated RM65.5 billion in 2016 to RM89.8 billion in 2019.

*Notes:*

<sup>^</sup> *The value added for telecommunication services is a sum of value added for fixed and mobile telephony services, internet access, satellite and data communication services.*

<sup>\*</sup> *The value added for computer services is a sum of value added for hardware and software wholesaling, retailing and consulting, programming as well as repair and maintenance activities*

ICT investments in Malaysia are largely targeted at sources of new growth areas such as hybrid of wired and wireless telecommunications, multimedia content development, packaged software, software and hardware consultancy as a service, exports and imports of ICT services, e-commerce, mobile and online banking, e-government and outsourcing. On the technology front, the country has also witnessed growth in technological advancements pertaining to nanotechnology, micro-electro-mechanical systems, semantic technology, wireless communication, grid computing, biometrics and biotechnology.

Smith Zander believes Malaysia will experience 4 major trends that will change the manner in which business and companies operate, and consequently contribute to economic growth. These factors are:

- big data analytics – big data analytics are implemented in numerous industries to improve customer service by incorporating insights and predictions from the analysis of massive volumes of data. This can contribute to improved firm profitability through better risk analysis and/or data supported decision making processes;
- cloud computing – cloud computing is a fast growing technology segment which enables firms to structure, organise and store large volumes of data with minimal investments in hardware and software tools. More importantly, employees can remain connected and complete work tasks through the usage of smartphones and tablets regardless of location and proximity to the office;
- mobile device usage – the adoption of smartphones and tablets increases mobility and allows the flexibility of completing tasks away from the office; and
- social media – social media, when used productively, can be a powerful tool for customer engagement, relationship building, networking, information sharing, and advertising and promotional as well as branding activities.

The future of the ICT sector is promising on the back of on-going capital intensive economic transformation programmes and mega projects that have been stimulating domestic demand for ICT services, including the Mass Rapid Transit project in Klang Valley; Petronas Refinery and Petrochemical Integrated Development project in Pengerang, Johor; Tun Razak Exchange in Kuala Lumpur, River of Life in Klang Valley, Bandar Malaysia at Sungai Besi, Kuala Lumpur, as well as the regional economic corridors comprising Iskandar Malaysia, Northern Corridor Economic Region, East Coast Economic Region, Sabah Development Corridor and Sarawak Corridor of Renewable Energy.

*(Source: Extracted from the IMR Report)*

## **8.5 Prospects of our Group's logistics and courier business**

Our Group has since expanded the delivery services for our ICT products organically to include provision of services to third parties and range of services including fulfilment and/or logistics services via Line Clear. Currently, our Group intends to further expand its involvement in the logistics and courier industries. Our Group's prospects are expected to be favourable, taking into consideration the overview of the logistics and courier industries in Malaysia (as set out in Sections 8.2 and 8.3 of this AP).

Line Clear operates in both the logistics and courier industries where it is dedicated to providing transportation solutions to its customers domestically, regionally and globally. Line Clear offers a wide range logistics and courier services to its customers such as pick-up, transport and delivery of documents, parcels and freight.

Line Clear's strength in relation to the logistics and courier business resides in the following areas:

### **(a) Domestic presence due to its service network**

The key success of a company operating in the logistics and courier industry is its network coverage. As mentioned in Section 6 of this AP, Line Clear's current headquarters is located at Hicom Glenmarie Industrial Park, Shah Alam. It has 7 other branches/depots in the Dengkil, Desa Petaling, Penang, Johor Bahru, Ipoh, Malacca and Juru. In order to expand its domestic coverage, Line Clear intends to set up an additional 15 branches/depots nationwide with at least 2 branches/depots in the Klang Valley alone as per the Expansion Plan. Based on its expansion strategy, Line Clear intends to achieve presence in all states in Peninsular Malaysia by the end of 2018. This network expansion strategy will allow Line Clear to improve its network coverage by strengthening its geographical presence as well as improve its support services with local staff providing administrative support. Having greater domestic presence will enable Line Clear to cater to a wider customer base and improve service delivery levels.

### **(b) Transport fleet**

As mentioned in Section 6 of this AP, Line Clear's fleet currently consist of 20 lorries and/or vans and Line Clear intends to purchase up to 80 vehicles consisting of 70 lorries and/or vans and 10 motorcycles. The acquisition of the additional vehicle assets will support the growth of Line Clear's courier and logistics business while maintaining and enhancing its service delivery levels, especially pertaining to time-certain and day-definite deliveries.

**(c) Provision of value-added services**

Line Clear provides warehousing and other logistics services to its customers such as racked and bulk storage, reverse logistics where Line Clear manages product returns to its warehouses or the sender's premises and spare parts logistics where Line Clear manages its customers' spare parts delivery. It also offers fulfilment services which comprise of supply chain planning, sourcing activities, assembly, labelling and kitting/repacking, storage and customisation receiving and stocking inventory at its warehouse, based on the needs of its customers.

Line Clear's current business operations involve service personnel attending to customers' enquiries in relation to price quotation, variety and availability of its courier and logistics services by phone, facsimile or electronic mail. To reduce staff costs and improve productivity of its service centre, Line Clear plans to develop its own electronic platform system as mentioned in Section 6 of this AP. The electronic platform system will streamline its operations as it will allow customers to obtain information such as price quotations and delivery time online.

Line Clear has positioned itself as a total supply chain management provider and strives to distinguish itself in the logistics and courier industries through the above-mentioned provision of value-added services.

**(d) Courier license**

Courier service providers in Malaysia are required to obtain a courier license to provide courier services in Malaysia. Line Clear was granted the Non-Universal Service Licence for Courier Service (Class A) under the Postal Services Act, 2012 in July 2015. With a Class A license, Line Clear is allowed to provide international inbound and outbound courier services and domestic courier services in Malaysia. According to the latest available data as at September 2017, there are only 37 Class A license holders in Malaysia. Line Clear will leverage on its status as a Class A license holder to garner additional business as it will be able to undertake more deliveries as opposed to Class B and Class C license holders. For further details on the services provided by Class A, Class B and Class C license holders, please refer to Section 8.3 of this AP.

Line Clear does not have long term agreements with courier providers overseas for the provision of foreign courier services, as the services of other courier providers will be engaged on case-to-case basis depending on the customers' needs. Line Clear has also, in the past, been engaged by other courier providers in instances where:

- (i) a foreign courier provider is not licensed to provide domestic courier services in Malaysia;
- (ii) a domestic courier provider is not licensed to provide international outbound courier services; and
- (iii) a foreign and/or domestic courier provider is unable to offer fulfilment services to its customers.

In view of the above, the expansion of our Group's venture into the provision of courier and logistics services, and our Group's corresponding plans to grow this business (i.e., network expansion, purchase of additional vehicles, additional staff recruitment and implementation of billing, inventory, warehousing and tracking systems (as set out in Section 6 of this AP) is expected to contribute positively and improve our Group's future financial performance and position.

## **8.6 Prospects of our Group's ICT distribution business**

Our Board intends to continue with our Group's existing ICT distribution business via the distribution of both IT related products and telecommunications related products. Our management is of the view that as personal computers ("PCs") and mobile phones become more of a necessity in modern life, their increased usage will drive the demand for more devices thus there are continual opportunities to maintain while expanding our ICT distribution business.

With PCs making their way into every home in the 21<sup>st</sup> century and with multiple government initiatives to promote the usage of PCs especially in rural areas, our management believes that growing the distribution network of key ICT products (which include desktops, laptops, and other computer peripherals such as monitors, speakers, keyboards and mice) in the manner set out in Section 6 of this AP as well as having distributorship of well-known PC brands (such as Acer, Asus and Lenovo) will boost the financial performance of our Group in the long run.

Over the past few years, telecommunication infrastructure has played a key role in shaping personal computing device penetration and internet access. As such, smartphones and mobile internet are more transformative as the internet is now accessible to low-income users who lack access to well-developed landline network infrastructures. Our management believes that having been awarded the Letter of Award from Webe and securing the sole distribution rights of ZTE mobile phones in the Malaysian market will aid our Group's financial position. Furthermore, ZTE mobile phones are affordable devices for all segments of the market.

Premised on the above, our management believes that the positive outlook of the ICT industry and increased demand for both PCs and mobile phones will provide opportunities to enhance our ICT business.

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**9. EFFECTS OF THE RIGHTS ISSUE OF SHARES WITH WARRANTS AND RIGHTS ISSUE OF ICPS**

**9.1 Issued share capital and the number of issued Shares**

The pro forma effects of the Rights Issue of Shares with Warrants and Rights Issue of ICPS on our Company's issued share capital and number of issued Shares are as follows:

Issued share capital of MMAG	Minimum Scenario			Maximum Scenario				
	No. of MMAG Shares	RM	No. of ICPS	RM	No. of MMAG Shares	RM	No. of ICPS	RM
As at the LPD	303,668,309	81,285,182*#	-	-	303,668,309	81,285,182*#	-	-
To be issued pursuant to the Rights Issue of Shares with Warrants	22,570,395	(303,703) <sup>(1)/(2)</sup>	-	-	151,834,154	3,957,386 <sup>(1)/(2)</sup>	-	-
To be issued pursuant to the Rights Issue of ICPS	326,238,704	80,981,479	90,281,580	4,514,079	455,502,463	85,242,568	607,336,618	30,366,831
Assuming full exercise of Warrants	326,238,704	80,981,479	90,281,580	4,514,079	455,502,463	85,242,568	607,336,618	30,366,831
Assuming full conversion of ICPS	33,855,592	11,717,420 <sup>(3)</sup>	-	-	227,751,231	78,551,399 <sup>(2)</sup>	-	-
Enlarged issued share capital	360,094,296	92,698,899	90,281,580	4,514,079	683,253,694	163,793,967	607,336,618	30,366,831
	22,570,395 <sup>(4)</sup>	4,514,079	(90,281,580)	(4,514,079)	607,336,618 <sup>(2)</sup>	121,467,324	(607,336,618)	(30,366,831)
	<b>382,664,691</b>	<b>97,212,978</b>	-	-	<b>1,290,590,312</b>	<b>285,261,291</b>	-	-

Note:

\* Please note that there are rounding of numbers in the casting.

# Inclusive of the share premium account balance prior to 31 January 2017.

(1) After deducting estimated expenses of RM1,000,000 in relation to the Corporate Exercises.

(2) Arising from the issuance of Warrants pursuant to the Rights Issue of Shares with Warrants. The corresponding entry for Warrants reserve was deducted against the share premium account which now forms part of share capital.

(3) Inclusive of the reversal of Warrants reserve.

(4) Assuming all ICPS are converted into MMAG Shares based on the Conversion Ratio of 4 ICPS to be converted into 1 MMAG Share.



(5) Assuming all ICPS are converted into MMAG Shares based on the Conversion Ratio of 1 ICPS to be converted into 1 MMAG Share with additional cash payment of RM0.15.

## 9.2 NA and gearing

The pro-forma effects of the Rights Issue of Shares with Warrants and Rights Issue of ICPS on our NA and gearing based on our audited consolidated financial statements as at 31 March 2017 are as follows:

### Minimum Scenario

	(Audited) As at 31 March 2017 (RM)	After subsequent events <sup>^</sup> (RM)	(I) After subsequent events and the Rights Issue of Shares with Warrants (RM)	(II) After (I) and the Rights Issue of ICPS (RM)	(III) and After (II) and assuming full exercise of Warrants (RM)	(IV) After (III) and assuming full conversion of ICPS <sup>(3)</sup> (RM)
Share capital	115,204,132	81,285,182	80,981,479 <sup>(1)(2)</sup>	80,981,479	92,698,899	97,212,978
Revaluation reserve	7,353,158	7,353,158	7,353,158	7,353,158	7,353,158	7,353,158
Merger deficit	(7,900,000)	(7,900,000)	(7,900,000)	(7,900,000)	(7,900,000)	(7,900,000)
ICPS	-	-	-	4,514,079	4,514,079	-
Warrants reserve	-	-	4,946,302 <sup>(2)</sup>	4,946,302	-	-
(Accumulated losses) / Retained earnings	(68,038,515)	(20,348,573)	(20,348,573)	(20,348,573)	(20,348,573)	(20,348,573)
NA attributable to owners of our Company	46,618,775	60,389,767	65,032,366	69,546,445	76,317,563	76,317,563
Non-controlling interests	(317,863)	(317,863)	(317,863)	(317,863)	(317,863)	(317,863)
<b>Shareholders' funds / NA</b>	<b>46,300,912</b>	<b>60,071,904</b>	<b>64,714,503</b>	<b>69,228,582</b>	<b>75,999,700</b>	<b>75,999,700</b>
No. of MMAG Shares in issue	953,798,836	303,668,309	326,238,704	326,238,704	360,094,296	382,664,691
NA per MMAG Share (RM)	0.05	0.20	0.20	0.21	0.21	0.20
Total borrowings (RM)	16,974,175	16,974,175	16,974,175	16,974,175	16,974,175	16,974,175
Gearing (times) <sup>(4)</sup>	0.37	0.28	0.26	0.25	0.22	0.22

Notes:

<sup>^</sup> Taking into consideration the completion of the Share Capital Reduction, Share Consolidation, Debt Settlement and Special Bumiputera Issue.

(1) After deducting estimated expenses of RM1,000,000 in relation to the Corporate Exercises.

(2) Arising from the issuance of Warrants pursuant to the Rights Issue of Shares with Warrants. The corresponding entry for Warrants reserve was deducted against the share premium account which now forms part of share capital. For illustrative purposes, the Warrants are assumed to have a fair value of RM0.1461 each based on the Black-Scholes Options Pricing Model.

- (3) Assuming all ICPS are converted into MMAG Shares based on the Conversion Ratio of 4 ICPS into 1 MMAG Share.
- (4) Calculated based on total borrowings divided by shareholders' funds / NA.

**Maximum Scenario**

	(Audited) As at 31 March 2017 (RM)	After subsequent events <sup>^</sup> (RM)	(I) After subsequent events and the Rights Issue of Shares with Warrants (RM)	(II) After (I) and the Rights Issue of ICPS (RM)	(III) After (II) and assuming full exercise of Warrants (RM)	(IV) After (III) and assuming full conversion of ICPS <sup>(3)</sup> (RM)
Share capital	115,204,132	81,285,182	85,242,568 <sup>(1/2)</sup>	85,242,568	163,793,967	285,261,291
Revaluation reserve	7,353,158	7,353,158	7,353,158	7,353,158	7,353,158	7,353,158
Merger deficit	(7,900,000)	(7,900,000)	(7,900,000)	(7,900,000)	(7,900,000)	(7,900,000)
ICPS	-	-	-	30,366,831	30,366,831	-
Warrants reserve	-	-	33,001,153 <sup>(2)</sup>	33,001,153	-	-
(Accumulated losses) / Retained earnings	(68,038,515)	(20,348,573)	(20,348,573)	(20,348,573)	(20,348,573)	(20,348,573)
NA attributable to owners of our Company	46,618,775	60,389,767	97,348,306	127,715,137	173,265,383	264,365,876
Non-controlling interests	(317,863)	(317,863)	(317,863)	(317,863)	(317,863)	(317,863)
<b>Shareholders' funds / NA</b>	<b>46,300,912</b>	<b>60,071,904</b>	<b>97,030,443</b>	<b>127,397,274</b>	<b>172,947,520</b>	<b>264,048,013</b>
No. of MMAG Shares in issue	953,798,836	303,668,309	455,502,463	455,502,463	683,253,694	1,290,590,312
NA per MMAG Share (RM)	0.05	0.20	0.21	0.28	0.25	0.20
Total borrowings (RM)	16,974,175	16,974,175	16,974,175	16,974,175	16,974,175	16,974,175
Gearing (times) <sup>(4)</sup>	0.37	0.28	0.17	0.13	0.10	0.06

Notes:

<sup>^</sup> Taking into consideration the completion of the Share Capital Reduction, Share Consolidation, Debt Settlement and Special Bumiputera Issue .

(1) After deducting estimated expenses of RM1,000,000 in relation to the Corporate Exercises.

(2) Arising from the issuance of Warrants pursuant to the Rights Issue of Shares with Warrants. The corresponding entry for Warrants reserve was deducted against the share premium account which now forms part of share capital. For illustrative purposes, the Warrants are assumed to have a fair value of RM0.1449 each based on the Black-Scholes Options Pricing Model.

(3) Assuming all ICPS are converted into MMAG Shares based on the Conversion Ratio of 1 ICPS to be converted into 1 MMAG Share with additional cash payment of RM0.15.

(4) Calculated based on total borrowings divided by shareholders' funds / NA.

### 9.3 Earnings and EPS

The Rights Issue of Shares with Warrants and the Rights Issue of ICPS are not expected to have an immediate material effect on the consolidated earnings and EPS of our Group for the FYE 31 March 2018 as it is only expected to be completed in the 4<sup>th</sup> quarter of 2017 while the proceeds to be raised are only expected to be utilised within 36 months from the date of listing of the Bumiputera Shares, Rights Shares and ICPS. Nevertheless, the Special Bumiputera Issue, Rights Issue of Shares with Warrants and the Rights Issue of ICPS are expected to contribute positively to the future earnings and EPS of our Group when the benefits of the utilisation of proceeds are realised.

The EPS of our Company shall be correspondingly diluted as a result of the increase in the number of MMAG Shares in issue pursuant to the issuance of the Rights Shares and the new MMAG Shares arising from the exercise of the Warrants and conversion of the ICPS in the future.

The effect of any exercise of Warrants and conversion of ICPS on our Group's consolidated EPS would be dependent on the Conversion Ratio chosen for ICPS and the returns generated by our Group from the utilisation of proceeds arising from the exercise of Warrants and conversion of the ICPS with cash option.

For illustration purposes, assuming the Rights Issue of Shares with Warrants and the Rights Issue of ICPS are completed on 1 April 2016, being the commencement for the FYE 31 March 2017, the EPS of our Group shall be as follows:

#### Minimum Scenario

	(Audited) As at 31 March 2017	(I) After subsequent events*	(II) After (I) and the Rights Issue of Shares with Warrants	(III) After (II) and the Rights Issue of ICPS	(IV) After (III) and assuming full exercise of Warrants	(V) After (IV) and assuming full Conversion of ICPS
Loss attributable to our equity holders (RM)	(21,430,177)	(21,430,177)	(21,430,177)	(21,430,177)	(21,430,177)	(21,430,177)
No. of MMAG Shares in issue	953,798,836	303,668,309	326,238,699	326,238,699	360,094,284	382,664,674
No. of Warrants in issue	-	-	33,855,592	33,855,592	-	-
No. of ICPS in issue	-	-	-	90,281,580	90,281,580	-
Basic LPS (sen)	(2.25)	(7.06)	(6.57)	(6.57)	(5.95)	(5.60)
Diluted LPS (sen)	N/A^	N/A^	N/A^	N/A^	N/A^	N/A^

Notes:

\* Taking into consideration the completion of the Share Capital Reduction, Share Consolidation, Debt Settlement and Special Bumiputera Issue.

^ The diluted LPS is not disclosed as the effects on the assumed exercise of the Warrants and assumed conversion of ICPS are anti-dilutive.

### Maximum Scenario

	(Audited) As at 31 March 2017	(I) After subsequent events <sup>*</sup>	(II) After (I) and the Rights Issue of Shares with Warrants	(III) After (II) and the Rights Issue of ICPS	(IV) After (III) and assuming full exercise of Warrants	(V) After (IV) and assuming full Conversion of ICPS
Loss attributable to our equity holders (RM)	(21,430,177)	(21,430,177)	(21,430,177)	(21,430,177)	(21,430,177)	(21,430,177)
No. of MMAG Shares in issue	953,798,836	303,668,309	455,502,463	455,502,463	683,253,694	1,290,590,312
No. of Warrants in issue	-	-	227,751,231	227,751,231	-	-
No. of ICPS in issue	-	-	-	607,336,618	607,336,618	-
Basic LPS (sen)	(1.96)	(6.17)	(4.70)	(4.70)	(3.14)	(1.66)
Diluted LPS (sen)	N/A <sup>^</sup>	N/A <sup>^</sup>	N/A <sup>^</sup>	N/A <sup>^</sup>	N/A <sup>^</sup>	N/A <sup>^</sup>

Notes:

\* Taking into consideration the completion of the Share Capital Reduction, Share Consolidation, Debt Settlement and Special Bumiputera Issue.

^ The diluted LPS is not disclosed as the effects on the assumed exercise of the Warrants and assumed conversion of ICPS are anti-dilutive.

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

### 10.1 Working capital

Our Board is of the opinion that after taking into consideration the proceeds from the Rights Issue of Shares with Warrants, Rights Issue of ICPS, cash in hand, funds generated from our operations and banking facilities available, our Group will have adequate working capital for the next 12 months from the date of this AP.

### 10.2 Borrowings

As at the LPD, our Group has total outstanding borrowings of approximately RM6.31 million, are interest-bearing and from local financial institutions, details of which are as follows:

	<b>Interest-bearing borrowings</b>
	<b>RM'000</b>
<b>Long term borrowings:</b>	
Term loan - secured	4,156
<b>Short term borrowings:</b>	
Term loan - secured	318
Bankers' acceptance	1,840
<b>TOTAL</b>	<b>6,314</b>

All outstanding borrowings are denominated in RM. There is no non-interest bearing and/or foreign currency denominated borrowings as at the LPD.

There was no default on payment of either interest or principal sums in respect of any borrowing, throughout the FYE 31 March 2017, and the subsequent financial period up to the LPD.

### 10.3 Contingent liabilities

Save as disclosed below, as at the LPD, there is no contingent liability incurred or known to be incurred by our Company or our Group, which may have material impact on the financial position of our Group.

	<b>Group level</b>	
	<b>As at the LPD</b>	<b>As at 31 March 2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Financial guarantee contracts:</b>		
To certain financial institutions for credit facilities	28,000	33,000
To certain financial institutions and suppliers for hire purchase	4,682	4,369
To certain suppliers for supply of goods and services	103,728	106,872
<b>TOTAL</b>	<b>136,410</b>	<b>144,241</b>

### 10.4 Material commitments

Save as disclosed below, as at the LPD, there is no material commitment incurred or known to be incurred by our Company or our Group, which upon being enforced, may materially affect the financial position of our Group.

	<b>Group level</b>	
	<b>As at the LPD</b>	<b>As at 31 March 2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Authorised and contracted for:</b>		
Construction of the New Office and Warehouse	16,800	16,800
Lease payments for the Land	2,160	2,160
<b>TOTAL</b>	<b>18,960</b>	<b>18,960</b>

**11. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER, EXCESS APPLICATION FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS AND RIGHTS ISSUE OF ICPS**

**11.1 General**

As you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisional Rights Shares with Warrants and ICPS which you are entitled to subscribe for in full or in part, under the terms of the Rights Issue of Shares with Warrants and Rights Issue with ICPS. You will find enclosed with this AP, the NPA notifying you of the crediting of such provisional Rights Shares with Warrants and ICPS into your CDS Account and the RSF to enable you to subscribe for the provisional Rights Shares with Warrants and/or provisional ICPS, as well as to apply for excess Rights Shares with Warrants and/or excess ICPS if you choose to do so.

**11.2 NPA**

The provisionally allotted Rights Shares with Warrants and provisionally allotted ICPS are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in the provisional Rights Shares with Warrants and provisional ICPS will be by book entries through the CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. You and/or your renounees/transferees (if applicable) are required to have valid and subsisting CDS Accounts when making your applications.

**11.3 Last date and time for acceptance and payment**

The last date and time for acceptance and payment for the provisional Rights Shares with Warrants and/or provisional ICPS is at **5.00 p.m. on 20 November 2017**.

**11.4 Procedure for full acceptance and payment by Entitled Shareholders and renounees/transferees**

If you wish to accept your entitlement to the provisional Rights Shares with Warrants and/or provisional ICPS, the acceptance of and payment for the provisional Rights Shares with Warrants and/or provisional ICPS must be made on the respective RSF enclosed with this AP and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not conform to the terms of this AP, the NPA or the RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

Renounees/transferees who wish to accept the provisional Rights Shares with Warrants and/or provisional ICPS must obtain a copy of the RSF from their stockbrokers or our Share Registrar or from Bursa Securities' website at <http://www.bursamalaysia.com> and complete the RSF and submit the same together with the remittance to our Share Registrar in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders also applies to renounees/transferees who wish to accept the provisional Rights Shares with Warrants and/or provisional ICPS.

**FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES WITH WARRANTS, ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ICPS, EXCESS APPLICATION FOR THE RIGHTS SHARES WITH WARRANTS, EXCESS APPLICATION FOR THE ICPS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL/TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS AP AND THE ACCOMPANYING RSF.**

**YOU AND/OR YOUR RENOUNCEES/TRANSFEREES (IF APPLICABLE) ARE ADVISED TO READ THIS AP, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.**

If you wish to accept your entitlement/acceptance, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions provided in the RSF. Thereafter, please send each completed and signed RSF together with the relevant payment by using the envelope provided (at your own risk) to our Share Registrar by **ORDINARY POST** or **DELIVERED BY HAND AND/OR COURIER** at the following address:

**Mega Corporate Services Sdn Bhd**  
Level 15-2  
Bangunan Faber Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur

Tel. no.: 03-2692 4271  
Fax no.: 03-2732 5388

so as to arrive **not later than 5.00 p.m. on 20 November 2017**, being the last time and date for acceptance of and payment.

1 RSF can only be used for acceptance of provisional Rights Shares with Warrants and/or provisional ICPS standing to the credit of 1 CDS Account. Separate RSF(s) must be used for separate CDS Account(s). If successful, the Rights Shares with Warrants and/or ICPS subscribed for will be credited into your CDS Account(s) as stated in the completed RSF(s).

A reply envelope is enclosed in this AP. In order to facilitate the processing of the RSF by our Share Registrar for the Rights Shares with Warrants and/or ICPS, you are advised to use 1 reply envelope for each completed RSF.

You and/or your renouncee/transferee (if applicable) should take note that a trading board lot for the Rights Shares, Warrants and ICPS comprises 100 Rights Shares, 100 Warrants, 100 ICPS, respectively. Successful applicants of the Rights Shares will be given the Warrants on the basis of 3 Warrants for every 2 Rights Shares successfully subscribed for. The minimum number of security that can be subscribed for or accepted is 1 Rights Share for every 2 existing MMAG Shares held and/or 2 ICPS for every 1 existing MMAG Share held. The minimum number of Warrants that can be issued and allotted with the accepted Rights Shares is 1 Warrant.

If acceptance of and payment for the provisional Rights Shares with Warrants and/or the provisional ICPS is not received by our Share Registrar by **5.00 p.m. on 20 November 2017**, being the last time and date for acceptance of and payment for the provisional Rights Shares with Warrants and/or the provisional ICPS, you will be deemed to have declined the provisional entitlement made to you and it will be cancelled. In the event that the Rights Shares with Warrants and/or ICPS are not fully taken up by such applicants, our Board will then have the right to allot such Rights Shares with Warrants and/or ICPS to the applicants who have applied for the excess Rights Shares with Warrants and/or excess ICPS in the manner as set out in Section 11.7 of this AP. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar. Our Board reserves the right not to accept any application or to accept any application in part only without providing any reason.

If you lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies from your stockbrokers, Bursa Securities' website at <http://www.bursamalaysia.com> or our Share Registrar at the address stated above.

**EACH COMPLETED RSF MUST BE ACCOMPANIED BY REMITTANCE IN RM FOR THE FULL AMOUNT IN THE FORM OF BANKER'S DRAFT(S)/ CASHIER'S ORDER(S)/ MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "MMAG RIGHTS SHARES ACCOUNT" FOR THE RIGHTS SHARES WITH WARRANTS AND/OR "MMAG RIGHTS ICPS ACCOUNT" FOR THE ICPS AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, CONTACT NUMBER AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR.**

**APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.**

**NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE OF SHARES WITH WARRANTS AND/OR THE RIGHTS ISSUE OF ICPS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES WITH WARRANTS AND/OR ICPS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO THEM OR THEIR RENOUNCEES/TRANSFEREES (IF APPLICABLE) AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN 8 MARKET DAYS FROM THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS AND/OR THE RIGHTS ISSUE OF ICPS.**

**APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.**

**WHERE AN APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS AND/OR THE RIGHTS ISSUE OF ICPS BY ORDINARY POST TO THE ADDRESS SHOWN ON BURSA DEPOSITORY'S RECORD OF DEPOSITORS AT THE APPLICANTS' OWN RISK.**

**APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.**

**11.5 Procedure for part acceptance by Entitled Shareholders and renounees/transferees**

You must complete both Part I(A) of the RSF by specifying the number of the Rights Shares with Warrants and/or ICPS which you are accepting and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the manner set out in Section 11.4 of this AP.

The portion of the provisional Rights Shares with Warrants and/or provisional ICPS that have not been accepted shall be allotted to any other persons allowed under the law, regulations or rules to accept the transfer of the provisional Rights Shares with Warrants and/or provisional ICPS.



**11.6 Procedure for sale/transfer of provisional Rights Shares with Warrants and/or ICPS**

As the provisional Rights Shares with Warrants and ICPS are prescribed securities, you may dispose of or transfer all or part of your entitlement to the Rights Shares with Warrants and/or ICPS to 1 or more person(s) through your stockbrokers without first having to request for a split of the provisional Rights Shares with Warrants and/or ICPS standing to the credit of your CDS Accounts. To dispose or transfer all or part of your entitlement to the provisional Rights Shares with Warrants and/or ICPS, you may sell such entitlement in the open market or transfer such entitlement to such persons as may be allowed pursuant to the Rules of Bursa Depository. If you have sold or transferred only part of the provisional Rights Shares with Warrants and/or ICPS, you may still accept the balance of the provisional Rights Shares with Warrants by completing Parts I(A) and II of the RSF. Please refer to Section 11.4 of this AP for the procedure of acceptance and payment.

In disposing/transferring all or part of your provisional Rights Shares with Warrants and/or ICPS, you need not deliver any document including the RSF, to any stockbroker. However, you must ensure that there is sufficient provisional Rights Shares with Warrants and/or provisional ICPS standing to the credit of your CDS Accounts that are available for settlement of the sale or transfer.

**11.7 Procedure for application of excess Rights Shares with Warrants and/or excess ICPS**

You and/or your renounees/transferees (if applicable) who accepted the provisional Rights Shares with Warrants and/or provisional ICPS may apply for excess Rights Shares with Warrants and/or excess ICPS by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forward it (together with a separate remittance for the full amount payable in respect of the excess Rights Shares with Warrants and/or excess ICPS applied for) to our Share Registrar **not later than 5.00 p.m. on 20 November 2017**, being the last time and date for acceptance and payment.

**PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS AND/OR EXCESS ICPS APPLIED FOR SHOULD BE MADE IN THE SAME MANNER AS DESCRIBED IN SECTION 11.4 OF THIS AP, WHERE THE BANKER'S DRAFT(S)/CASHIER'S ORDER(S)/ MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "MMAG EXCESS RIGHTS SHARES ACCOUNT" FOR THE EXCESS RIGHTS SHARES WITH WARRANTS AND/OR "MMAG EXCESS RIGHTS ICPS ACCOUNT" FOR THE EXCESS ICPS AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, CONTACT NUMBER AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR.**

It is the intention of our Board to allot the excess Rights Shares with Warrants and/or excess ICPS, if any, on a fair and equitable basis and 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 our Entitled Shareholders who have applied for the excess Rights Shares with Warrants and/or excess ICPS, based on their respective shareholdings in our Company as at the Entitlement Date;
- (iii) thirdly, on a pro-rata basis and in board lots, to our Entitled Shareholders who have applied for excess Rights Shares with Warrants and/or excess ICPS, based on the quantum of their respective excess application; and
- (iv) lastly, on a pro-rata basis and in board lots, to our transferees and/or renounees who have applied for excess Rights Shares with Warrants and/or excess ICPS, based on the quantum of their respective excess application.

If there is any remaining excess Rights Shares with Warrants or excess ICPS after steps (i) to (iv) have been carried out, steps (ii) to (iv) will be repeated until all remaining excess Rights Shares with Warrants or excess ICPS have been allocated.

Nevertheless, our Board reserves the right to allot any excess Rights Shares with Warrants and/or excess ICPS applied for under Part I(B) of the RSF in such manner as it deems fit and expedient and in the best interest of our Company subject always to such allocation being made on a fair and equitable basis and that the intention of our Board as set out in Section 11.7 (i) to (iv) above are achieved. Our Board also reserves the right to accept any excess Rights Shares with Warrants and/or excess ICPS application, in full or in part, without assigning any reason.

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

#### **11.8 Notice of allotment**

Upon allotment of the Rights Shares with Warrants and/or ICPS in respect of your acceptance and/or your renounee's/transferee's acceptance (if applicable) and excess Rights Shares with Warrants and/or excess ICPS application (if any), the Rights Shares with Warrants and/or ICPS shall be credited directly into the respective CDS Account. No physical share certificates, warrant certificates or ICPS certificates will be issued in respect of the Rights Shares with Warrants and/or ICPS. However, a notice of allotment will be despatched to you and/or your renounees/transferees (if applicable), by ordinary post within 8 Market Days from the last date of acceptance and payment for the Rights Shares with Warrants and/or ICPS and excess Rights Shares with Warrants and/or excess ICPS application, or such other period as may be prescribed or allowed by Bursa Securities, at the address shown on the Record of Depositors at your own risk.

Where any application for the Rights Shares with Warrants and/or ICPS is not accepted due to non-compliance with the terms of the Rights Issue of Shares with Warrants and/or ICPS 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 within 15 Market Days from the last date and time for acceptance and payment of the Rights Shares with Warrants and/or ICPS by ordinary post to the address shown on the Record of Depositors at your own risk.

Please note that a completed RSF and the payment thereof once lodged with our Share Registrar for the Rights Issue of Shares with Warrants and/or ICPS shall be irrevocable and cannot be withdrawn subsequently.

#### **11.9 Form of issuance**

Bursa Securities has prescribed that our Shares listed on the ACE Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares with Warrants and/or ICPS and the new Shares to be issued arising from the exercise of Warrants and/or conversion of ICPS are prescribed securities and as such the SICDA and the Rules of Bursa Depository shall apply in respect of the dealings in the Rights Shares with Warrants and/or ICPS.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected. Your subscription for the Rights Shares with Warrants and/or ICPS shall mean your consent to receiving such Rights Shares with Warrants and/or ICPS as deposited securities which will be credited directly into your CDS Account. No physical share certificate, warrant certificate or ICPS certificate will be issued to you under the Rights Issue of Shares with Warrants and/or the Rights Issue of ICPS. Instead, the Rights Shares with Warrants and/or ICPS will be credited directly into your CDS Accounts, and notices of allotment will be sent to you in the manner as stated in Section 11.8.

Any person who has purchased the provisional Rights Shares with Warrants and/or provisional ICPS or to whom provisional Rights Shares with Warrants and/or provisional ICPS has been transferred and intends to subscribe for the Rights Shares with Warrants and/or ICPS must state his/her CDS Account number in the space provided in the RSF. The Rights Shares with Warrants and/or ICPS will be credited directly as prescribed or deposited securities into his/her CDS Account upon allotment and issue.

The excess Rights Shares with Warrants and/or excess ICPS, if allotted to the successful applicant who applies for excess Rights Shares with Warrants and/or excess ICPS, will be credited directly as prescribed securities into the CDS Account of the successful applicant. The allocation of the excess Rights Shares with Warrants and excess ICPS will be made on a fair and equitable basis as disclosed in Section 11.7 of this AP.

#### **11.10 Laws of foreign jurisdictions**

This AP and the accompanying NPA and RSF have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign jurisdiction. The Rights Issue of Shares with Warrants and/or the Rights Issue of ICPS will not be made or offered for subscription in any foreign jurisdiction.

Accordingly, this AP together with the accompanying documents will not be sent to the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) who do not have a registered address in Malaysia. However, such foreign Entitled Shareholders and/or their renounees/transferees (if applicable) may collect this AP including the accompanying documents from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the documents relating to the Rights Issue of Shares with Warrants and/or Rights Issue of ICPS.

Foreign Entitled Shareholders and/or their renounees/transferees (if applicable) may only accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue of Shares with Warrants and/or the Rights Issue of ICPS only to the extent that it would be lawful to do so.

TA Securities, our Company and our Directors and officers would not, in connection with the Rights Issue of Shares with Warrants and/or the Rights Issue of ICPS, be in breach of, responsible or liable under the laws of any jurisdiction to which that foreign Entitled Shareholders and/or their renounees/transferees (if applicable) are or may be subject to. He shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. TA Securities, our Company and our Directors and officers and other professional advisers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders and/or their renounees/transferees (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

The foreign Entitled Shareholders and/or their renounees/transferees (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such jurisdiction and our Company shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders and/or their renounees/transferees (if applicable) for any issue, transfer or other taxes or duties as such person may be required to pay. They will have no claims whatsoever against our Company and/or TA Securities in respect of their rights and entitlements under the Rights Issue of Shares with Warrants and/or the Rights Issue of ICPS. Such foreign Entitled Shareholders and/or their renounees/transferees (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue of Shares with Warrants and/or the Rights Issue of ICPS.

By accepting the provisionally allotted Rights Shares with Warrants and/or provisionally allotted ICPS and signing the RSF, the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) TA Securities, our Company and our Directors and officers that:

- (i) our Company would not, by acting on the acceptance or renunciation in connection with the Rights Issue of Shares with Warrants and/or the Rights Issue of ICPS, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders or renounees/transferees (if applicable) is or may be subject to;
- (ii) the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation of the provisional Rights Shares with Warrants and/or provisional ICPS;
- (iii) the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation of the provisional Rights Shares with Warrants and/or provisional ICPS, be in breach of the laws of any jurisdiction to which that person is or may be subject to;
- (iv) the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) are aware that the Rights Shares with Warrants and/or ICPS can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) have received a copy of this AP and have been provided the opportunity to post such questions to the representatives and receive answers thereto as the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) deem necessary in connection with the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) decision to subscribe for or purchase the Rights Shares with Warrants and/or ICPS. However, any information relevant to an investment shall be contained in this AP; and
- (vi) the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) 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 with Warrants and/or ICPS, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares with Warrants and/or ICPS.

Persons receiving this AP, the NPA and the RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this AP, the NPA and the RSF are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant jurisdiction in connection herewith.

Any person who does forward this AP, the NPA and the RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares with Warrants and/or ICPS from any such application by foreign Entitled Shareholders and/or their renounees/transferees (if applicable) in any jurisdiction other than Malaysia.

Our Company reserves the right, in our absolute discretion, to treat any acceptance of the Rights Shares with Warrants and/or ICPS as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

**12. TERMS AND CONDITIONS**

The issuance of the Rights Shares with Warrants is governed by the terms and conditions as set out in this AP, the Deed Poll, the NPA and the RSF enclosed herewith while the issuance of the ICPS is governed by the terms and conditions as set out in this AP, the NPA and the RSF enclosed herewith.

**13. FURTHER INFORMATION**

You are requested to refer to the attached appendices for further information.

Yours faithfully  
For and behalf of the Board of  
**MMAG HOLDINGS BERHAD**



**DATO' JOHARI BIN YAHYA**  
Chairman / Independent Non-Executive Director

**CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS IN RELATION TO THE RIGHTS ISSUE OF SHARES WITH WARRANTS AND RIGHTS ISSUE OF ICPS PASSED AT OUR EGM HELD ON 23 FEBRUARY 2017**

**MMAG HOLDINGS BERHAD**

(Company No. 609423 V)

Incorporated in Malaysia

**EXTRACT MINUTES** of the Extraordinary General Meeting of MMAG Holdings Berhad (“the Company” or “MMAG”) duly convened and held on **23<sup>rd</sup> day of February, 2017.**

**A) SPECIAL RESOLUTION 1**

**PROPOSED REDUCTION OF THE ISSUED SHARE CAPITAL OF MMAG PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016 (“ACT”) (“PROPOSED SHARE CAPITAL REDUCTION”)**

RESOLVED:-

THAT subject to and conditional upon the sanction of the High Court of Malaya pursuant to Section 116 of the Act and approvals being obtained from the relevant authorities and parties (where required), approval be and is hereby given to the Company to reduce its issued share capital via the cancellation of the issued share capital of RM47,689,942 and the credit arising therefrom shall be applied towards reducing or eliminating the accumulated losses of the Company as at the effective date of the Proposed Share Capital Reduction and the balance arising thereafter will be credited to the accumulated losses / retained earnings account of the Company which may be utilised in such manner as the Board of Directors of the Company (“**Board**”) deems fit and as permitted by relevant and applicable laws in Malaysia;

AND THAT the Board be and is hereby authorised with full powers to take all steps and do all such acts and things that it may consider necessary or expedient in the best interest of the Company to give full effect to the Proposed Share Capital Reduction with full powers to assent to any terms, conditions, modifications, variations and/or amendments as may be imposed or required by the relevant authorities and/or the High Court of Malaya.

**B) ORDINARY RESOLUTION 1**

**PROPOSED SHARE CONSOLIDATION OF EVERY 4 ORDINARY SHARES IN MMAG INTO 1 NEW ORDINARY SHARE IN MMAG (“MMAG SHARE”) (“CONSOLIDATED SHARE”) AFTER THE PROPOSED SHARE CAPITAL REDUCTION (“PROPOSED SHARE CONSOLIDATION”)**

RESOLVED:-

THAT subject to the completion of the Proposed Share Capital Reduction and also the approvals being obtained from the relevant authorities and parties (where required), approval be and is hereby given to the Company to consolidate every 4 existing MMAG Shares into 1 MMAG Share;

THAT the Consolidated Shares shall, upon allotment and issuance, rank *pari passu* in all respects with one another;

THAT fractional entitlements arising from the Proposed Share Consolidation shall be disregarded and/or dealt with by the Board in such manner at its absolute discretion as it deems fit or expedient and in the best interest of the Company.

AND THAT the Board be and is hereby authorised with full powers to take all steps and do all such acts and things as it may consider necessary or expedient and/or appropriate in the best interest of the Company to give full effect to the Proposed Share Consolidation with full powers to assent to any conditions, modifications, variations and/or amendments whether required by the relevant authorities or otherwise deemed to be in the best interest of the Company.

...2/-

**CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS IN RELATION TO THE RIGHTS ISSUE OF SHARES WITH WARRANTS AND RIGHTS ISSUE OF ICPS PASSED AT OUR EGM HELD ON 23 FEBRUARY 2017 (CONT'D)**

-2-

MMAG HOLDINGS BERHAD (609423 V)

- EXTRACT MINUTES of the Extraordinary General Meeting of MMAG Holdings Berhad ("the Company" or "MMAG") duly convened and held on 23<sup>rd</sup> day of February, 2017.

...contd.

**C) ORDINARY RESOLUTION 2**

**PROPOSED SETTLEMENT OF THE AMOUNT OWING TO LANDASAN SIMFONI SDN BHD ("LSSB") VIA THE ISSUANCE OF 36,363,600 NEW MMAG SHARES AT AN ISSUE PRICE OF RM0.22 PER SHARE ("SETTLEMENT SHARES") AFTER THE PROPOSED SHARE CONSOLIDATION ("PROPOSED DEBT SETTLEMENT")**

RESOLVED:-

THAT subject to the completion of the Proposed Share Capital Reduction and Proposed Share Consolidation and the approvals being obtained from the relevant authorities and parties (where required), the Proposed Debt Settlement, which will be implemented through following, be and are hereby approved:

- (i) The settlement agreement dated 17 October 2016 between MMAG and LSSB, a creditor of MMAG to settle the entire amount owing by MMAG to LSSB ("**Settlement Agreement**") as at 17 October 2016 of RM8,000,000.00 ("**Debt**");
- (ii) Pursuant to the Settlement Agreement, the Debt will be fully settled whereby RM8,000,000.00 shall be paid by MMAG to LSSB via the issuance of 36,363,600 Settlement Shares to LSSB upon completion of the Proposed Debt Settlement;
- (iii) The issue price of RM0.22 per Settlement Share was arrived at after taking into consideration the theoretical 5-day volume weighted average price ("**5D-VWAP**") of MMAG Shares up to and including 14 October 2016, being the latest practicable date prior to entering into the Settlement Agreement of RM0.2216 (being the 5D-VWAP of MMAG Shares after the Proposed Share Consolidation, based on the 5D-VWAP of MMAG Shares up to the latest practicable date then of RM0.0554). As the theoretical 5D-VWAP was RM0.2216, the issue price was rounded down to RM0.22 (being the nearest 1 sen) thus resulting in a slight discount of RM0.0016 or 0.72% to the 5D-VWAP. The basis of determining the issue price of the Settlement Shares was in accordance with market-based principles and the 5D-VWAP represents the current average trading price of MMAG Shares up to the latest practicable date then; and
- (iv) The Settlement Shares, upon allotment and issuance, will rank *pari passu* in all respects with the existing MMAG Shares except that they shall not be entitled to any dividends, rights, allotments and/or any other distributions unless the allotment and issuance of Settlement Shares are made prior to the entitlement date of such dividends, rights, allotments and/or any other distributions.

AND THAT the Board of the Company be and is hereby authorised to give full effect to the Proposed Debt Settlement with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required in the best interest of the Company and to take all steps or do all acts as they may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Debt Settlement.

...3/-

**CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS IN RELATION TO THE RIGHTS ISSUE OF SHARES WITH WARRANTS AND RIGHTS ISSUE OF ICPS PASSED AT OUR EGM HELD ON 23 FEBRUARY 2017 (CONT'D)**

-3-

*MMAG HOLDINGS BERHAD (609423 V)*

- *EXTRACT MINUTES of the Extraordinary General Meeting of MMAG Holdings Berhad ("the Company" or "MMAG") duly convened and held on 23<sup>rd</sup> day of February, 2017.*

...contd.

**D) ORDINARY RESOLUTION 3**

**PROPOSED SPECIAL ISSUE OF UP TO 28,855,000 NEW MMAG SHARES ("BUMIPUTERA SHARES") REPRESENTING APPROXIMATELY 10.50% OF THE TOTAL NUMBER OF ISSUED SHARES OF MMAG AFTER THE PROPOSED DEBT SETTLEMENT, TO BUMIPUTERA INVESTORS TO BE RECOGNISED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY ("MITI") ("PROPOSED SPECIAL BUMIPUTERA ISSUE")**

RESOLVED:-

THAT subject to the completion of the Proposed Share Capital Reduction and Proposed Share Consolidation and the approvals being obtained from the relevant authorities and parties (where required), authority be and is hereby given to the Board for the following:

- (i) allotment and issuance up to 28,855,000 Bumiputera Shares at an issue price to be determined based on the 5-day volume weighted average market price of MMAG Shares immediately preceding the date on which the price of the Bumiputera Shares will be fixed with a discount of not more than 10% or at RM0.20 per MMAG Share, whichever is higher, to such persons and at such time as the Board deem fit, for such purpose and utilisation of proceeds as disclosed in the Circular; and
- (i) utilise the proceeds to be derived from the Proposed Special Bumiputera Issue in the manner as set out in Section 3 of the Circular and vary the manner and/or purpose of utilisation of such proceeds as they may deem fit and in the best interest of the Company.

THAT the Bumiputera Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing MMAG Shares except that they shall not be entitled to any rights, allotments, dividends and/or any other distribution, the entitlement date of which is prior to the date of allotment and issuance of the Bumiputera Shares;

AND THAT the Board be and is hereby authorised to take all such necessary steps to give full effect to the Proposed Special Bumiputera Issue with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities or deemed necessary by the Board, and to take all steps and to do all such acts and matters as they may consider necessary or expedient to implement, finalise and give full effect to the Proposed Special Bumiputera Issue.

**(E) ORDINARY RESOLUTION 4**

**PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 151,834,154 NEW MMAG SHARES ("RIGHTS SHARES") ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 2 EXISTING MMAG SHARES HELD AFTER THE PROPOSED SPECIAL BUMIPUTERA ISSUE AT AN ISSUE PRICE OF RM0.25 PER RIGHTS SHARE, TOGETHER WITH UP TO 227,751,231 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF 3 WARRANTS FOR EVERY 2 RIGHTS SHARES ("PROPOSED RIGHTS ISSUE OF SHARES WITH WARRANTS")**

...4/-



**CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS IN RELATION TO THE RIGHTS ISSUE OF SHARES WITH WARRANTS AND RIGHTS ISSUE OF ICPS PASSED AT OUR EGM HELD ON 23 FEBRUARY 2017 (CONT'D)**

-4-

*MMAG HOLDINGS BERHAD (609423 V)*

- *EXTRACT MINUTES of the Extraordinary General Meeting of MMAG Holdings Berhad ("the Company" or "MMAG") duly convened and held on 23<sup>rd</sup> day of February, 2017.*

...contd.

RESOLVED:-

THAT, subject to the completion of the Proposed Share Capital Reduction and Proposed Share Consolidation and the approvals being obtained from the relevant authorities and parties (where required), authority be and is hereby given to the Board for the following:

- (i) provisionally allot and issue by way of a renounceable rights issue of up to 151,834,154 Rights Shares on the basis of 1 Rights Share for every 2 MMAG Shares after the Proposed Special Bumiputera Issue at an issue price of RM0.25 per Rights Share, together with up to 227,751,231 Warrants on the basis of 3 Warrants for every 2 Rights Shares, held by the shareholders of MMAG whose names appear in the Record of Depositors of the Company as at the close of business on the entitlement date;
- (ii) enter into and execute the deed poll in relation to the Proposed Rights Issue of Shares with Warrants ("Deed Poll") and to do all acts, deeds and things as they may deem fit or expedient in order to implement, finalise and give full effect to the aforesaid Deed Poll; and
- (iii) utilise the proceeds to be derived from the Proposed Rights Issue of Shares with Warrants in the manner as set out in Section 3 of the Circular and vary the manner and/or purpose of utilisation of such proceeds as they may deem fit and in the best interest of the Company.

THAT the shareholders' fractional entitlements, if any, shall be disregarded and/or dealt with by our Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of the Company;

THAT the Rights Shares with Warrants which are not taken up or validly taken up shall be made available for excess applications by the entitled shareholders and/or their renounce(s) (if applicable). It is the intention of the Board to allocate the excess Rights Shares with Warrants in a fair and equitable manner on a basis to be determined by the Board and announced later by the Company;

THAT the Rights Shares and the new MMAG Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing MMAG Shares, save and except that the Rights Shares and the new MMAG Shares shall not be entitled to any dividends, rights, allotments and/or other forms of distribution, the entitlement date of which is prior to the date of allotment of the Rights Shares and the new MMAG Shares arising from the exercise of the Warrants;

AND THAT the Board be and is hereby authorised to take all such necessary steps to give full effect to the Proposed Rights Issue of Shares with Warrants with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities or deemed necessary by the Board, and to take all steps and to do all such acts and matters as they may consider necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue of Shares with Warrants.

...5/-

**CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS IN RELATION TO THE RIGHTS ISSUE OF SHARES WITH WARRANTS AND RIGHTS ISSUE OF ICPS PASSED AT OUR EGM HELD ON 23 FEBRUARY 2017 (CONT'D)**

-5-

*MMAG HOLDINGS BERHAD (609423 V)*

- *EXTRACT MINUTES of the Extraordinary General Meeting of MMAG Holdings Berhad ("the Company" or "MMAG") duly convened and held on 23<sup>rd</sup> day of February, 2017.*

...contd.

**F. ORDINARY RESOLUTION 5**

**PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 607,336,618 NEW ICPS ON THE BASIS OF 2 ICPS FOR EVERY 1 MMAG SHARE HELD AFTER THE PROPOSED SPECIAL BUMIPUTERA ISSUE AT AN ISSUE PRICE OF RM0.05 PER ICPS ("PROPOSED RIGHTS ISSUE OF ICPS")**

RESOLVED:-

THAT subject to the completion of the Proposed Share Capital Reduction and Proposed Share Consolidation and the approvals being obtained from the relevant authorities and parties (where required), authority be and is hereby given to the Board for the following:

- (i) to provisionally issue and allot by way of a renounceable rights issue of up to 607,336,618 ICPS on the basis of 2 ICPS for every 1 existing MMAG Share held after the Proposed Special Bumiputera Issue at an issue price of RM0.05 per ICPS by the entitled shareholders as at the close of business on the entitlement date (being the same entitlement date as the Proposed Rights Issue of Shares with Warrants); and
- (ii) to utilise the proceeds to be derived from the Proposed Rights Issue of ICPS in the manner as set out in Section 3 of the Circular and to vary the manner and/or purpose of utilisation of such proceeds as they may deem fit and in the best interest of the Company.

THAT the ICPS which are not taken up or validly taken up shall be made available for excess applications by the entitled shareholders and/or their renounee(s) (if applicable). It is the intention of the Board to allocate the excess ICPS in a fair and equitable manner on a basis to be determined by the Board and announced later by the Company;

THAT the new MMAG Shares to be issued arising from the conversion of the ICPS shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing MMAG Shares, save and except that the new MMAG Shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment and issuance of the new MMAG Shares arising from the conversion of the ICPS;

AND THAT the Board be and is hereby authorised to take all such necessary steps to give full effect to the Proposed Rights Issue of ICPS with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required or permitted by any relevant authorities or deemed necessary by the Board, and to take all steps and to do all such acts and matters as they may consider necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue of ICPS.

**G. ORDINARY RESOLUTION 6**

**PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL OF MMAG FROM RM200,000,000 COMPRISING 2,000,000,000 ORDINARY SHARES OF RM0.10 EACH IN MMAG TO RM350,000,000 COMPRISING 1,500,000,000 ORDINARY SHARES OF RM0.20 EACH IN MMAG AND 1,000,000,000 ICPS OF RM0.05 EACH IN MMAG ("PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL")**

This resolution was not tabled as the resolution is no longer relevant pursuant to the Companies Act 2016.

...6/-

**CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS IN RELATION TO THE RIGHTS ISSUE OF SHARES WITH WARRANTS AND RIGHTS ISSUE OF ICPS PASSED AT OUR EGM HELD ON 23 FEBRUARY 2017 (CONT'D)**

-6-

*MMAG HOLDINGS BERHAD (609423 V)*

*- EXTRACT MINUTES of the Extraordinary General Meeting of MMAG Holdings Berhad ("the Company" or "MMAG") duly convened and held on 23<sup>rd</sup> day of February, 2017.*

...contd.

**H. SPECIAL RESOLUTION 2**

**PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF MMAG ("PROPOSED AMENDMENTS")**

RESOLVED:-

THAT subject to the completion of the Proposed Share Capital Reduction and Proposed Share Consolidation and the approvals being obtained from the relevant authorities and parties (where required), the proposed amendments to the Memorandum and Articles of Association of the Company as set out in Appendix II of the Circular be and are hereby approved;

AND THAT the Board be and is hereby authorised to do all acts, deeds and things and execute all necessary documents with full power to make any modifications, variations and/or amendments in any manner as may be in the best interest of the Company or as may be required by the relevant authorities and to take all steps as they may deem necessary and expedient in order to implement, finalise and give full effect to the Proposed Amendments.

**I. ORDINARY RESOLUTION 7**

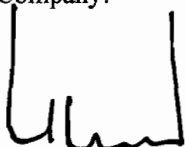
**PROPOSED DIVERSIFICATION OF THE BUSINESS OF MMAG TO INCLUDE LOGISTICS (INCLUDING COURIER AND WAREHOUSING) AND/OR FULFILMENT ("PROPOSED DIVERSIFICATION")**

RESOLVED:-

THAT approval be and is hereby granted to MMAG to diversify its principal activities to include the logistics (including courier and warehousing) and/or fulfilment business;

AND THAT the Board be and is hereby authorised to do all acts, deeds and things as are necessary to give full effects to the Proposed Diversification with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required or imposed by the relevant authorities, and to take all steps and actions as the Board may deem fit or expedient in order to carry out, finalise and give full effect to the Proposed Diversification.

We hereby certify the above to be a true extract of Minutes of the Extraordinary General Meeting of the Company.



DIRECTOR  
DATU JOHARI BIN YAHYA



SECRETARY  
LIM SECK WAH  
(MAICSA 0799845)

Date: 23<sup>rd</sup> February 2017.

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**INFORMATION ON OUR COMPANY**


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**1. HISTORY AND BUSINESS**

Our Company was incorporated in Malaysia on 19 March 2003 under the Act as a private limited company under the name of Ingenuity Solutions Sdn Bhd. On 10 May 2003, our Company converted into a public limited company and assumed the name of Ingenuity Solutions Berhad. On 27 February 2004, our Company was listed on the then MESDAQ Market of Bursa Securities (now known as ACE Market of Bursa Securities). On 26 September 2012, our Company changed its name from Ingenuity Solutions Berhad to Ingenuity Consolidated Berhad. On 29 January 2016, our Company changed its name from Ingenuity Consolidated Berhad to MMAG Holdings Berhad.

Our Company is principally engaged in investment holding while our subsidiaries are mainly involved in the provision of ICT and IT related products and services. There are also subsidiaries that are dormant, involved in investment holding, as well as provision of courier services and delivery services.

Further details of the principal activities of our subsidiary companies are set out in Section 6 of this appendix.

**2. SHARE CAPITAL**

Our issued share capital as at the LPD are as follows:

Type	No. of Shares	Total RM
Issued share capital	303,668,309	81,285,181.80*

The changes in our issued share capital for the past 3 years up to the LPD are as follows:

Date of allotment/change	No. of Shares allotted	Description	Cumulative issued share capital RM
2 March 2015	20,000,000	Exercise of employee share option scheme options	95,379,883.60
1 June 2017	-	Share capital reduction of RM47,689,941.80	47,689,941.80
12 July 2017	(715,349,127)	Consolidation of every 4 Shares into 1 Share	47,689,941.80
18 July 2017	36,363,600	Settlement of debt due to LSSB	55,689,933.80
29 September 2017	28,855,000	Cash (from Special Bumiputera Issue)	81,285,181.80*

*Note:*

\* Inclusive of the share premium account balance prior to 31 January 2017.

**3. BOARD OF DIRECTORS**

Please refer to the Corporate Directory on page 1 of this AP for details of the age, professions, nationalities, designations and addresses of our Board.

## INFORMATION ON OUR COMPANY (CONT'D)

## 4. DIRECTORS' SHAREHOLDINGS

The proforma effects of the Rights Issue of Shares with Warrants and Rights Issue of ICPS on the shareholdings of our Directors based on our Record of Depositors as at the LPD are as follows.

Notwithstanding the above, the issuance of the ICPS will not have any effect on shareholdings of our Directors until and unless the ICPS holders convert their ICPS into new MMAG Shares.

Minimum Scenario

Name	As at the LPD				(I) After the Rights Issue of Shares with Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of MMAG Shares	%	No. of MMAG Shares	%	No. of MMAG Shares	%	No. of MMAG Shares	%
Dato' Johari Bin Yahya	-	-	-	-	-	-	-	-
WES	-	-	45,140,790 <sup>(1)</sup>	14.87	-	-	67,711,185 <sup>(1)</sup>	20.76
CKM	150,000	0.05	45,140,790 <sup>(1)</sup>	14.87	150,000	0.05	67,711,185 <sup>(1)</sup>	20.76
Leong Kam Soon	-	-	-	-	-	-	-	-
Tham Kah Yong	-	-	-	-	-	-	-	-

Name	(II) Assuming full exercise of Warrants				(III) Assuming full conversion of ICPS <sup>(2)</sup>			
	Direct		Indirect		Direct		Indirect	
	No. of MMAG Shares	%	No. of MMAG Shares	%	No. of MMAG Shares	%	No. of MMAG Shares	%
Dato' Johari Bin Yahya	-	-	-	-	-	-	-	-
WES	-	-	101,566,777 <sup>(1)</sup>	28.21	-	-	124,137,172 <sup>(1)</sup>	32.44
CKM	150,000	0.04	101,566,777 <sup>(1)</sup>	28.21	150,000	0.04	124,137,172 <sup>(1)</sup>	32.44
Leong Kam Soon	-	-	-	-	-	-	-	-
Tham Kah Yong	-	-	-	-	-	-	-	-



**INFORMATION ON OUR COMPANY (CONT'D)**

Notes:

- (1) Deemed interest by virtue of his interest through Marina Teguh pursuant to Section 8(4) of the Act.
- (2) The issuance of the ICPS will not have an effect on the shareholdings of the Directors. Assuming all ICPS are converted into MMAG Shares based on the Conversion Ratio of 1 ICPS to be converted into 1 MMAG Share with an additional cash payment of RM0.15.

**5. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS**

The pro forma effects of the Rights Issue of Shares with Warrants and Rights Issue of ICPS on the shareholdings of our substantial shareholders based on our Record of Depositors as at the LPD are as follows:

Notwithstanding the above, the issuance of the ICPS will not have any effect on the shareholdings of our substantial shareholders until and unless the ICPS holders convert their ICPS into new MMAG Shares.

**Minimum Scenario**

Name	As at the LPD		(1)		After the Rights Issue of Shares with Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of MMAG Shares	%	No. of MMAG Shares	%	No. of MMAG Shares	%	No. of MMAG Shares	%
Marina Teguh	45,140,790	14.87	-	-	67,711,185	20.76	-	-
WES	-	-	45,140,790 <sup>(1)</sup>	14.87	-	-	67,711,185 <sup>(1)</sup>	20.76
KKCW	-	-	45,140,790 <sup>(1)</sup>	14.87	-	-	67,711,185 <sup>(1)</sup>	20.76
CKM	150,000	0.05	45,140,790 <sup>(1)</sup>	14.87	150,000	0.05	67,711,185 <sup>(1)</sup>	20.76
Innofarm Sdn Bhd	39,612,000	13.04	-	-	39,612,000	12.14	-	-
Yap Hoong Chai	-	-	39,612,000 <sup>(2)</sup>	13.04	-	-	39,612,000 <sup>(2)</sup>	12.14

## INFORMATION ON OUR COMPANY (CONT'D)

Name	(II) Assuming full exercise of Warrants				(III) Assuming full conversion of ICPS <sup>(2)</sup>			
	Direct		Indirect		Direct		Indirect	
	No. of MMAG Shares	%	No. of MMAG Shares	%	No. of MMAG Shares	%	No. of MMAG Shares	%
Marina Teguh	101,566,777	28.21	-	-	124,137,172	32.44	-	-
WES	-	-	101,566,777 <sup>(1)</sup>	28.21	-	-	124,137,172 <sup>(1)</sup>	32.44
KKCW	-	-	101,566,777 <sup>(1)</sup>	28.21	-	-	124,137,172 <sup>(1)</sup>	32.44
CKM	150,000	0.04	101,566,777 <sup>(1)</sup>	28.21	-	-	124,137,172 <sup>(1)</sup>	32.44
Innofarm Sdn Bhd	39,612,000	11.00	-	-	39,612,000	10.35	-	-
Yap Hoong Chai	-	-	39,612,000 <sup>(2)</sup>	11.00	-	-	39,612,000 <sup>(2)</sup>	10.35

## Notes:

- (1) Deemed interest by virtue of his interest through Marina Teguh pursuant to Section 8(4) of the Act.
- (2) Deemed interest by virtue of his interest through Innofarm Sdn Bhd pursuant to Section 8(4) of the Act.
- (3) The issuance of the ICPS will not have an effect on the shareholdings of the Directors. Assuming all ICPS are converted into MMAG Shares based on the Conversion Ratio of 4 ICPS into 1 MMAG Share.

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## INFORMATION ON OUR COMPANY (CONT'D)

Maximum Scenario

Name	As at the LPD				(I) After the Rights Issue of Shares with Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of MMAG Shares	%	No. of MMAG Shares	%	No. of MMAG Shares	%	No. of MMAG Shares	%
Marina Teguh Sdn Bhd	45,140,781	14.87	-	-	67,711,171	14.87	-	-
WES	-	-	45,140,790 <sup>(1)</sup>	14.87	-	-	67,711,185 <sup>(1)</sup>	14.87
KKCW	-	-	45,140,790 <sup>(1)</sup>	14.87	-	-	67,711,185 <sup>(1)</sup>	14.87
CKM	150,000	0.05	45,140,790 <sup>(1)</sup>	14.87	225,000	0.05	67,711,185 <sup>(1)</sup>	14.87
Innofarm Sdn Bhd	39,612,000	13.04	-	-	59,418,000	13.04	-	-
Yap Hoong Chai	-	-	39,612,000 <sup>(2)</sup>	13.04	-	-	59,418,000 <sup>(2)</sup>	13.04

Name	(II) Assuming full exercise of Warrants				(III) Assuming full conversion of ICPS <sup>(3)</sup>			
	Direct		Indirect		Direct		Indirect	
	No. of MMAG Shares	%	No. of MMAG Shares	%	No. of MMAG Shares	%	No. of MMAG Shares	%
Marina Teguh Sdn Bhd	101,566,756	14.87	-	-	191,848,318	14.87	-	-
WES	-	-	101,566,777 <sup>(1)</sup>	14.87	-	-	191,848,357 <sup>(1)</sup>	14.87
KKCW	-	-	101,566,777 <sup>(1)</sup>	14.87	-	-	191,848,357 <sup>(1)</sup>	14.87
CKM	337,500	0.05	101,566,777 <sup>(1)</sup>	14.87	637,500	0.05	191,848,357 <sup>(1)</sup>	14.87
Innofarm Sdn Bhd	89,127,000	13.04	-	-	168,351,000	13.04	-	-
Yap Hoong Chai	-	-	89,127,000 <sup>(2)</sup>	13.04	-	-	168,351,000 <sup>(2)</sup>	13.04

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INFORMATION ON OUR COMPANY (CONT'D)

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Notes:

- (1) *Deemed interest by virtue of his interest through Marina Teguh pursuant to Section 8(4) of the Act.*
- (2) *Deemed interest by virtue of his interest through Innofarm Sdn Bhd pursuant to Section 8(4) of the Act.*
- (3) *The issuance of the ICPS will not have an effect on the shareholdings of the Directors. Assuming all ICPS are converted into MMAG Shares based on the Conversion Ratio of 1 ICPS into 1 MMAG Share and additional cash payment of RM0.15.*

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**INFORMATION ON OUR COMPANY (CONT'D)****6. SUBSIDIARY AND ASSOCIATED COMPANIES**

The details of our subsidiary companies as at the LPD are as follows:

<b>Company</b>	<b>Date and place of incorporation</b>	<b>Principal activities</b>	<b>Issued share capital (RM)</b>	<b>Effective equity interest (%)</b>
Ingenuity Microsystems Sdn Bhd	29 March 2000, Malaysia	Consultant, adviser, manager, researcher, trainer and total solution provider in all aspect of IT, including the business of marketing and distribution of multimedia products and accessories	1,100,000	100
Ingenuity Care Sdn Bhd	6 May 2011, Malaysia	Provision of warranty management services	10	100
United ICT Consortium Sdn Bhd	30 March 2011, Malaysia	Investment holding	10,000	100
Vsurf Sdn Bhd	2 June 2008, Malaysia	Distribution and marketing of ICT products and services	100	100
Inventure Conglomerate Sdn Bhd	12 September 2009, Malaysia	Distribution and marketing of ICT products and services	1,000,000	100
Line Clear Express & Logistics Sdn Bhd	21 January 2013, Malaysia	Investment holding and provisions of courier services, delivery services and payment gateway service	5,000,000	100

Our Company does not have any associated companies as at the LPD.

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**INFORMATION ON OUR COMPANY (CONT'D)**

The details of United ICT Consortium Sdn Bhd's subsidiary companies as at the LPD are as follows:

<b>Company</b>	<b>Date and place of incorporation</b>	<b>Principal activities</b>	<b>Issued share capital (RM)</b>	<b>Effective equity interest (%)</b>
MMAG Digital Sdn Bhd	13 November 2009, Malaysia	Distributor of IT products and investment holding	5,000,000	100
Inconnexion Communication Sdn Bhd	23 March 2011, Malaysia	Distributor of telecommunication products, services, accessories, and devices and other multimedia hardware and software	1,000,000	100
Fox Consortium Distribution Sdn Bhd	16 August 2012, Malaysia	Distributor of telecommunication products, services, accessories, and devices and other multimedia hardware and software	100,000	51 <sup>(1)</sup>
MMAG Online Sdn Bhd	26 November 2012, Malaysia	Trading, reselling, retailing, marketing and promoting of all types of IT and telecommunication and multimedia products, software, accessories and services	100,000	100

*Note:*

- (1) *The remaining 49% equity interest in Fox Consortium Distribution Sdn Bhd are owned by a third party whom is not a Director nor a substantial shareholder of our Company as at the LPD.*

The details of MMAG Digital Sdn Bhd's subsidiary company as at the LPD is as follows:

<b>Company</b>	<b>Date and place of incorporation</b>	<b>Principal activities</b>	<b>Issued share capital (RM)</b>	<b>Effective equity interest (%)</b>
Ingens Direct Sdn Bhd	13 June 2012, Malaysia	Manufacturing, assembling, refurbishment and installation of modem and other ICT devices including logistics and distribution of ICT products and services	2	100

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**INFORMATION ON OUR COMPANY (CONT'D)**
**7. PROFIT AND DIVIDEND RECORDS**

The profit and dividend records based on our Group's audited consolidated financial statements for the FYE 31 March 2015, FYE 31 March 2016, FYE 31 March 2017, as well as the financial results for the 3-month FPE 30 June 2016 and 3-month FPE 30 June 2017 are as follows:

	←----- Audited ----->			←----- Unaudited ----->	
	FYE 31 March 2015 RM'000	FYE 31 March 2016 RM'000	FYE 31 March 2017 RM'000	3-month FPE 30 June 2016 RM'000	3-month FPE 30 June 2017 RM'000
Revenue	407,026	233,839	245,510	63,038	47,732
Gross profit	1,186	6,012	2,020	1,708	1,584
Other income	1,989	3,908	5,540	777	1,818
Selling and promotion expenses	(6,788)	(8,843)	(6,255)	(2,110)	(1,811)
Administrative expenses	(12,361)	(13,561)	(15,566)	(2,744)	(2,532)
Share issuance scheme expenses	(3,300)	-	-	-	-
Other operating expenses	(4,175)	(4,764)	(6,210)	(29)	(283)
Finance costs	(1,672)	(1,715)	(1,090)	(330)	(134)
<b>LBT</b>	<b>(25,122)</b>	<b>(18,963)</b>	<b>(21,561)</b>	<b>(2,728)</b>	<b>(1,358)</b>
Tax income / (expense)	406	(20)	12	-	(21)
<b>LAT</b>	<b>(24,716)</b>	<b>(18,983)</b>	<b>(21,549)</b>	<b>(2,728)</b>	<b>(1,379)</b>
Loss attributable to:					
Owners of our Company	(24,707)	(18,723)	(21,430)	(2,727)	(1,658)
Non-controlling interests	(9)	(260)	(119)	(1)	279
<b>Net loss for the financial year</b>	<b>(24,716)</b>	<b>(18,983)</b>	<b>(21,549)</b>	<b>(2,728)</b>	<b>(1,379)</b>
LBITDA	(20,899)	(14,708)	(15,539)	(1,327)	(484)
GP margin (%)	0.29	2.57	0.82	2.71	3.32
LBT margin (%)	(6.17)	(8.11)	(8.78)	(4.33)	(2.85)
LAT margin (%)	(6.07)	(8.12)	(8.78)	(4.33)	(2.89)
Weighted average number of Shares in issue ('000)	905,991	953,799	953,799	953,799	953,799
Basic LPS <sup>(1)</sup> (sen)	(2.73)	(1.96)	(2.25)	(0.29)	(0.17)
Diluted LPS (sen)	N/A	N/A	N/A	N/A	N/A
Dividend (sen)	-	-	-	-	-

Source: Annual reports for the respective financial years and quarterly announcements for the respective financial periods.

Notes:

N/A Not applicable. The diluted LPS was not applicable for the FYE 31 March 2015, FYE 31 March 2016 and 3-month FPE 30 June 2016 as the unexercised warrants (that expired on 18 July 2016) were anti-dilutive in nature. This was due to the average market share price of the Company was below the exercise price of the said warrants.

(1) Being the LAT attributable to owners of our Company divided by weighted average number of Shares in issue for the respective financial years/periods under review.

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**INFORMATION ON OUR COMPANY (CONT'D)**

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**(i) FYE 31 March 2016 vs FYE 31 March 2015**

Revenue for our Group decreased by approximately RM173.19 million or 42.55% to RM233.84 million in the FYE 31 March 2016 (FYE 31 March 2015: RM407.03 million), mainly due to decrease in revenue contribution from ICT distribution segment and enterprise systems segment. The decreased revenue was due to continuing weak demand for our Group's products and solutions as a result of the competitive business environment. Nevertheless, there was a new business segment (i.e., logistic services) in the FYE 31 March 2016 which contributed revenue of RM0.76 million.

Our Group's GP margin improved to 2.57% in the FYE 31 March 2016 from 0.29% in the FYE 31 March 2015 mainly due to better margin on the products sold in the FYE 31 March 2016 as compared to FYE 31 March 2015, where there were losses incurred on the disposal of certain inventories from the ICT distribution segment that were slow moving. The amortisation of intangible assets in the FYE 31 March 2015 also contributed to lower GP and GP margin while there was no amortisation charges in the FYE 31 March 2016.

Other income increased by approximately RM1.92 million from RM1.99 million in the FYE 31 March 2015 to RM3.91 million in the FYE 31 March 2016 mainly due to commission income received from a telecommunications company whereby our Company assisted the company to send invoices to the company's dealers and resellers.

Our Group's net loss attributable to owners of our Company decreased by RM5.98 million to RM18.72 million for the FYE 31 March 2016 (FYE 31 March 2015: RM24.71 million) mainly attributed to improved GP margin, increase in other income as mentioned above and there were no share issuance scheme expenses in FYE 31 March 2016 (FYE 31 March 2015: RM3.30 million). The decreased net loss attributable to owners of our Company was partially off-set by higher selling and promotion expenses of RM8.84 million and administrative expenses of RM13.56 million in FYE 31 March 2016 (FYE 31 March 2015: RM6.79 million and RM12.36 million, respectively). Our Group attributes the said higher expenses to the expansion of the mobile business as our Group incurred higher sales commission and delivery charges. Nevertheless, the said expansion contributed to the improved gross profit for the FYE 31 March 2016.

**(ii) FYE 31 March 2017 vs FYE 31 March 2016**

Revenue for our Group increased by RM11.67 million or 4.99% to RM245.51 million in the FYE 31 March 2017 (FYE 31 March 2016: RM233.843 million), mainly due to increased in revenue contribution from ICT distribution segment and logistic distribution services segment. The increased revenue from the ICT distribution segment was mainly from the provision of ICT products and services by MMAG Digital to Webe under the Letter of Award, mobile leasing programme with 1 of the major telecommunications operators in Malaysia and distribution of ZTE mobile phones. The increased revenue from the logistics segment was mainly from the increase in demand for our Group's courier services whereby our number of active customers increased to 192 customers in the FYE 31 March 2017 (FYE 31 March 2016: 40 active customers).

Our Group's GP margin decrease to 0.82% in the FYE 31 March 2017 from 2.57% in the FYE 31 March 2016 mainly due to losses incurred on the disposal of certain inventories from the ICT distribution segment that were slow moving.

**INFORMATION ON OUR COMPANY (CONT'D)**

Other income increased by approximately RM1.63 million from RM3.91 million in the FYE 31 March 2016 to RM5.54 million in the FYE 31 March 2017 mainly due to income received from Webe for fulfilment services rendered whereby our Group assisted in the strategic sourcing and procurement (i.e. sourcing for mobile phones), inventory and warehousing (i.e. storing the mobile phones) as well as logistics, freight management and delivery of mobile phones and SIM cards for Webe's customers.

Our Group's net loss attributable to owners of our Company increased by RM2.71 million to RM21.43 million for the FYE 31 March 2017 (FYE 31 March 2016: RM18.72 million) mainly attributed to lower GP margin as mentioned above, higher administrative expenses of RM15.57 million (FYE 31 March 2016: RM13.56 million) and higher other operating expenses of RM6.21 million (FYE 31 March 2016: RM4.76 million). The said higher expenses were mainly attributable to allowance for impairment loss on receivables of RM4.68 million (FYE 31 March 2016: RM0.17 million), allowance for slow moving inventories of RM1.04 million (FYE 31 March 2016: RM0.44 million) and unrealised loss on foreign exchange of RM0.43 million (FYE 31 March 2016: gain of RM0.90 million).

**(iii) 3-month FPE 30 June 2017 vs 3-month FPE 30 June 2016**

Revenue for our Group decreased by RM15.31 million or 24.29% to RM47.73 million in the 3-month FPE 30 June 2017 (3-month FPE 30 June 2016: RM63.04 million), mainly due to decrease in revenue contribution from ICT distribution segment. The decreased revenue from the ICT distribution segment was mainly due to weak demand for our Group's products and solutions as a result of the competitive business environment. The decrease in revenue was partially offset by the increase in revenue contribution from the logistics segment by RM0.56 million to RM1.21 million in the 3-month FPE 30 June 2017 (3-month FPE 30 June 2016: RM0.65 million).

Our Group's GP margin increased to 3.32% in the 3-month FPE 30 June 2017 from 2.71% in the 3-month FPE 30 June 2016 mainly due to better margin on the ZTE mobile phones sold in the 3-month FPE 30 June 2017 as compared to 3-month FPE 30 June 2016.

Other income increased by approximately RM1.44 million to RM1.82 million in the 3-month FPE 30 June 2017 (3-month FPE 30 June 2016: RM0.78 million) mainly due to income received from Webe for fulfilment services rendered whereby our Group assisted in the strategic sourcing and procurement (i.e. sourcing for mobile phones), inventory and warehousing (i.e. storing the mobile phones) as well as logistics, freight management and delivery of mobile phones and SIM cards for Webe's customers as well as incentives received from a telecommunications company for registration and collection of prepaid and postpaid bill payments.

Our Group's net loss attributable to owners of our Company decreased by RM0.87 million to RM1.86 million for the 3-month FPE 30 June 2017 (3-month FPE 30 June 2016: RM2.73 million) mainly attributed to higher other income of RM1.82 million (3-month FPE 30 June 2016: RM0.78 million), lower finance costs of RM0.13 million (3-month FPE 30 June 2016: RM0.33 million), lower selling and promotion expenses of RM1.81 million (3-month FPE 30 June 2016: RM2.11 million) and lower administrative expenses of RM2.53 million (3-month FPE 30 June 2016: RM2.74 million). The said lower expenses were mainly attributable to weak demand for our Group's products and solutions as a result of the competitive business environment as mentioned above resulting in lower sales commission and delivery charges.

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**INFORMATION ON OUR COMPANY (CONT'D)****8. HISTORICAL PRICES OF MMAG SHARES**

The monthly high and low transacted prices of MMAG Shares for the past 12 months are as follows:

	<b>High RM</b>	<b>Low RM</b>
<b>2016</b>		
October	0.060	0.055
November	0.060	0.045
December	0.050	0.040
<b>2017</b>		
January	0.050	0.045
February	0.065	0.050
March	0.065	0.045
April	0.065	0.050
May	0.060	0.050
June	0.060	0.050
July	0.235	0.005
August	0.200	0.180
September	0.265	0.180

The last transacted market price on 14 October 2016 (being the last trading date prior to the announcement dated 17 October 2016 as mentioned in Section 1 of this AP) was RM0.055 per MMAG Share.

The last transacted market price on 16 October 2017 (being the LPD prior to printing of this AP) was 0.29 per MMAG Share.

The last transacted market price on 31 October 2017 (being the last day on which MMAG Shares were traded prior to the ex-date of the Rights Issue of Shares with Warrants and Rights Issue of ICPS) was RM0.27 each.

*(Source: Bloomberg Finance L.P.)*

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**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON**



**REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017**  
(Prepared for inclusion in the abridged prospectus ("AP"))

**SJ Grant Thornton (AF:0737)**  
Level 11, Sheraton Imperial Cour  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Malaysia  
  
T +603 2692 4022  
F +603 2691 5229

Date: 17 October 2017

The Board of Directors  
MMAG Holdings Berhad  
Lot 6, Jalan Pemaju U1/15  
Seksyen U1  
Hicom Glenmarie Industrial Park  
40150 Shah Alam  
Selangor Darul Ehsan

Dear Sirs,

**MMAG HOLDINGS BERHAD AND ITS SUBSIDIARIES  
REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017**

We have completed our assurance engagement to report on the compilation of the Pro Forma Consolidated Statements of Financial Position of MMAG Holdings Berhad ("MMAG" or "the Company") and its subsidiaries ("MMAG Group" or "the Group") as at 31 March 2017, together with the notes and assumptions thereto. The Pro Forma Consolidated Statements of Financial Position as set out in the accompanying statements (which we have stamped for the purpose of identification), have been compiled and prepared by the Directors of the Company for inclusion in the AP to be issued in connection to the Corporate Exercises (as defined herein).

The applicable criteria on the basis of which the Directors have compiled the Pro Forma Consolidated Statements of Financial Position are described in Note 1 of the Pro Forma Consolidated Statements of Financial Position ("Applicable Criteria").

The Pro Forma Consolidated Statements of Financial Position as at 31 March 2017 have been compiled by the Directors of the Company, for illustrative purposes only, to show the effects of the Corporate Exercises on the Consolidated Statements of Financial Position presented had the Corporate Exercises been effected at the date stated. As part of this process, information about the Group's consolidated financial position has been extracted by the Directors from the Group's audited consolidated statements of financial position as at 31 March 2017, on which was reported by us to the members of MMAG on 24 July 2017 without any modification.

**The Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position**

The Directors of the Company are responsible for compiling the Pro Forma Consolidated Statements of Financial Position based on the Applicable Criteria.

Audit | Tax | Advisory

Chartered Accountants

SJ Grant Thornton

GST ID No. 000831225856. Registered in Malaysia. Company number AF:0737

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



### Our Independence and Quality Control

We are independent in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board of Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our firm applies *International Standard on Quality Control (“ISQC”) 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion about whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Directors of the Company on the basis as described in Note 1 of the Pro Forma Consolidated Statements of Financial Position.

We conducted our engagement in accordance with *International Standard on Assurance Engagements (ISAE 3420), Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in a Prospectus*, issued by the International Auditing and Assurance Standard Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors of the Company have compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis of the Applicable Criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position.

The purpose of Pro Forma Consolidated Statements of Financial Position included in the AP of MMAG is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Directors of the Company in the compilation of the Pro Forma Consolidated Statements of Financial Position of the Group provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Consolidated Statements of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**



**Reporting Accountants' Responsibilities (cont'd)**

The procedures selected depend on our judgement, having regard to our understanding of the nature of MMAG Group, the event or transaction in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances...

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

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

**Opinion**

In our opinion:-

- (i) The Pro Forma Consolidated Statements of Financial Position of the Group have been properly compiled on the basis as set out in the accompanying notes to the Pro Forma Consolidated Statements of Financial Position based on the audited consolidated financial statements of the Group for the financial year ended 31 March 2017 (which have been prepared by the Directors of MMAG), and in a manner consistent with both the format of the financial statements and the accounting policies adopted by the Group in the preparation of its audited consolidated financial statements for the financial year ended 31 March 2017 and the adoption of new accounting policy as described in Note 1; and
- (ii) Each material adjustment made to the information used in the preparation of the Pro Forma Consolidated Statements of Financial Position is appropriate for the purposes of preparing the Pro Forma Consolidated Statements of Financial Position.

**Other Matter**

This report has been prepared solely for the purpose of inclusion in the AP in connection with the Corporate Exercises. As such, this letter should not be used or relied upon for any other purpose without the prior written consent from us. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully,

**SJ GRANT THORNTON**  
NO. AF: 0737  
CHARTERED ACCOUNTANTS

**KHO KIM ENG**  
(NO: 3137/10/18(J))  
CHARTERED ACCOUNTANT

Audit | Tax | Advisory

## APPENDIX III

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

**MMAG HOLDINGS BERHAD AND ITS SUBSIDIARIES  
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017**

The Pro Forma Consolidated Statements of Financial Position of MMAG Holdings Berhad ("MMAG" or "the Company") and its subsidiaries ("MMAG Group" or "the Group") as at 31 March 2017 as set out below for which the Directors of MMAG are solely responsible, are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Consolidated Statements of Financial Position on the assumption that these transactions were completed on 31 March 2017, and should be read in conjunction with the notes accompanying to the Pro Forma Consolidated Statements of Financial Position.

Stamped for the purpose of identification on:  
**17 OCT 2017**  
SJ Grant Thornton

Minimum scenario	Audited		Adjusted		Pro forma I		Pro forma II		Pro forma III		Pro forma IV	
	Consolidated Statements of Financial Position as at 31 March 2017		Consolidated Statements of Financial Position as at 31 March 2017		RM		RM		RM		RM	
<b>ASSETS</b>												
<b>Non-current assets</b>												
Property, plant and equipment	26,813,230	26,813,230	26,813,230	26,813,230	26,813,230	26,813,230	26,813,230	26,813,230	26,813,230	26,813,230	26,813,230	26,813,230
Investment properties	6,410,877	6,410,877	6,410,877	6,410,877	6,410,877	6,410,877	6,410,877	6,410,877	6,410,877	6,410,877	6,410,877	6,410,877
Intangible assets	8,663,018	8,663,018	8,663,018	8,663,018	8,663,018	8,663,018	8,663,018	8,663,018	8,663,018	8,663,018	8,663,018	8,663,018
Goodwill on consolidation	9,412,918	9,412,918	9,412,918	9,412,918	9,412,918	9,412,918	9,412,918	9,412,918	9,412,918	9,412,918	9,412,918	9,412,918
Fixed deposit with a licensed bank	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
<b>Total non-current assets</b>	<b>52,300,043</b>	<b>52,300,043</b>	<b>52,300,043</b>	<b>52,300,043</b>	<b>52,300,043</b>	<b>52,300,043</b>	<b>52,300,043</b>	<b>52,300,043</b>	<b>52,300,043</b>	<b>52,300,043</b>	<b>52,300,043</b>	<b>52,300,043</b>
<b>Current assets</b>												
Inventories	21,133,055	21,133,055	21,133,055	21,133,055	21,133,055	21,133,055	21,133,055	21,133,055	21,133,055	21,133,055	21,133,055	21,133,055
Trade receivables	16,193,816	16,193,816	16,193,816	16,193,816	16,193,816	16,193,816	16,193,816	16,193,816	16,193,816	16,193,816	16,193,816	16,193,816
Other receivables	10,938,914	10,938,914	10,938,914	10,938,914	10,938,914	10,938,914	10,938,914	10,938,914	10,938,914	10,938,914	10,938,914	10,938,914
Tax recoverable	919,713	919,713	919,713	919,713	919,713	919,713	919,713	919,713	919,713	919,713	919,713	919,713
Fixed deposits with licensed banks	10,208,405	10,208,405	10,208,405	10,208,405	10,208,405	10,208,405	10,208,405	10,208,405	10,208,405	10,208,405	10,208,405	10,208,405
Cash and bank balances	4,426,805	10,197,805	14,840,404	19,354,483	14,840,404	19,354,483	14,840,404	19,354,483	26,125,601	14,840,404	26,125,601	26,125,601
<b>Total current assets</b>	<b>63,820,708</b>	<b>69,591,708</b>	<b>74,234,307</b>	<b>78,748,386</b>	<b>74,234,307</b>	<b>78,748,386</b>	<b>85,519,504</b>	<b>85,519,504</b>	<b>85,519,504</b>	<b>85,519,504</b>	<b>85,519,504</b>	<b>85,519,504</b>
<b>Total assets</b>	<b>116,120,751</b>	<b>121,891,751</b>	<b>126,534,350</b>	<b>131,048,429</b>	<b>126,534,350</b>	<b>131,048,429</b>	<b>137,819,547</b>	<b>137,819,547</b>	<b>137,819,547</b>	<b>137,819,547</b>	<b>137,819,547</b>	<b>137,819,547</b>

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

**MMAG HOLDINGS BERHAD AND ITS SUBSIDIARIES  
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017**

The Pro Forma Consolidated Statements of Financial Position of MMAG Holdings Berhad ("MMAG" or "the Company") and its subsidiaries ("MMAG Group" or "the Group") as at 31 March 2017 as set out below for which the Directors of MMAG are solely responsible, are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Consolidated Statements of Financial Position on the assumption that these transactions were completed on 31 March 2017, and should be read in conjunction with the notes accompanying to the Pro Forma Consolidated Statements of Financial Position.

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Minimum scenario	Audited	Adjusted	Pro forma I	Pro forma II	Pro forma III	Pro forma IV
	Consolidated Statements of Financial Position as at 31 March 2017	Consolidated Statements of Financial Position as at 31 March 2017	RM	RM	RM	RM
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	26,813,230	26,813,230	26,813,230	26,813,230	26,813,230	26,813,230
Investment properties	6,410,877	6,410,877	6,410,877	6,410,877	6,410,877	6,410,877
Intangible assets	8,663,018	8,663,018	8,663,018	8,663,018	8,663,018	8,663,018
Goodwill on consolidation	9,412,918	9,412,918	9,412,918	9,412,918	9,412,918	9,412,918
Fixed deposit with a licensed bank	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
<b>Total non-current assets</b>	<b>52,300,043</b>	<b>52,300,043</b>	<b>52,300,043</b>	<b>52,300,043</b>	<b>52,300,043</b>	<b>52,300,043</b>
<b>Current assets</b>						
Inventories	21,133,055	21,133,055	21,133,055	21,133,055	21,133,055	21,133,055
Trade receivables	16,193,816	16,193,816	16,193,816	16,193,816	16,193,816	16,193,816
Other receivables	10,938,914	10,938,914	10,938,914	10,938,914	10,938,914	10,938,914
Tax recoverable	919,713	919,713	919,713	919,713	919,713	919,713
Fixed deposits with licensed banks	10,208,405	10,208,405	10,208,405	10,208,405	10,208,405	10,208,405
Cash and bank balances	4,426,805	10,197,805	14,840,404	19,354,483	26,125,601	26,125,601
<b>Total current assets</b>	<b>63,820,708</b>	<b>69,591,708</b>	<b>74,234,307</b>	<b>78,748,386</b>	<b>85,519,504</b>	<b>85,519,504</b>
<b>Total assets</b>	<b>116,120,751</b>	<b>121,891,751</b>	<b>126,534,350</b>	<b>131,048,429</b>	<b>137,819,547</b>	<b>137,819,547</b>

## APPENDIX III

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

**MMAG HOLDINGS BERHAD AND ITS SUBSIDIARIES  
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017**

The Pro Forma Consolidated Statements of Financial Position of MMAG Group as at 31 March 2017 as set out below for which the Directors of MMAG are solely responsible, are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Consolidated Statements of Financial Position on the assumption that these transactions were completed on 31 March 2017, and should be read in conjunction with the notes accompanying to the Pro Forma Consolidated Statements of Financial Position (cont'd).

	Audited Consolidated Statements of Financial Position as at 31 March 2017	Adjusted Consolidated Statements of Financial Position as at 31 March 2017	Minimum scenario (cont'd)			
			Pro forma I	Pro forma II	Pro forma III	Pro forma IV
	RM	RM	RM	RM	RM	RM
<b>Current liabilities</b>						
Trade payables	37,955,925	37,955,925	37,955,925	37,955,925	37,955,925	37,955,925
Other payables	14,495,085	6,495,093	6,495,093	6,495,093	6,495,093	6,495,093
Borrowings	8,757,123	8,757,123	8,757,123	8,757,123	8,757,123	8,757,123
Hire purchase creditors	715,646	715,646	715,646	715,646	715,646	715,646
<b>Total current liabilities</b>	<b>61,923,779</b>	<b>53,923,787</b>	<b>53,923,787</b>	<b>53,923,787</b>	<b>53,923,787</b>	<b>53,923,787</b>
<b>Total liabilities</b>	<b>69,819,839</b>	<b>61,819,847</b>	<b>61,819,847</b>	<b>61,819,847</b>	<b>61,819,847</b>	<b>61,819,847</b>
<b>Total equity and liabilities</b>	<b>116,120,751</b>	<b>121,891,751</b>	<b>126,534,350</b>	<b>131,048,429</b>	<b>137,819,547</b>	<b>137,819,547</b>
Issued ordinary share capital (Unit)	3.2	303,668,309	326,238,704	326,238,704	360,094,296	382,664,691
Issued preference share capital (Unit)	3.3	-	-	90,281,580	90,281,580	-
Net assets per share (RM)	0.05	0.20	0.20	0.21	0.21	0.20
Borrowings (RM)	16,974,175	16,974,175	16,974,175	16,974,175	16,974,175	16,974,175
Gearing (Times)	0.37	0.28	0.26	0.25	0.22	0.22

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**17 OCT 2017**

SJ Grant Thornton

## APPENDIX III

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2017 TOGETHER WITH  
THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

**MMAG HOLDINGS BERHAD AND ITS SUBSIDIARIES  
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017**

The Pro Forma Consolidated Statements of Financial Position of MMAG Group as at 31 March 2017 as set out below for which the Directors of MMAG are solely responsible, are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Consolidated Statements of Financial Position on the assumption that these transactions were completed on 31 March 2017, and should be read in conjunction with the notes accompanying to the Pro Forma Consolidated Statements of Financial Position (cont'd).

Stamped for the purpose of identification on:  
**17 OCT 2017**  
SJ Grant Thornton

Maximum scenario	Audited	Adjusted	Pro forma I	Pro forma II	Pro forma III	Pro forma IV
	Consolidated Statements of Financial Position as at 31 March 2017 RM	Consolidated Statements of Financial Position as at 31 March 2017 RM	RM	RM	RM	RM
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	26,813,230	26,813,230	26,813,230	26,813,230	26,813,230	26,813,230
Investment properties	6,410,877	6,410,877	6,410,877	6,410,877	6,410,877	6,410,877
Intangible assets	8,663,018	8,663,018	8,663,018	8,663,018	8,663,018	8,663,018
Goodwill on consolidation	9,412,918	9,412,918	9,412,918	9,412,918	9,412,918	9,412,918
Fixed deposit with a licensed bank	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
<b>Total non-current assets</b>	<b>52,300,043</b>	<b>52,300,043</b>	<b>52,300,043</b>	<b>52,300,043</b>	<b>52,300,043</b>	<b>52,300,043</b>
<b>Current assets</b>						
Inventories	21,133,055	21,133,055	21,133,055	21,133,055	21,133,055	21,133,055
Trade receivables	16,193,816	16,193,816	16,193,816	16,193,816	16,193,816	16,193,816
Other receivables	10,938,914	10,938,914	10,938,914	10,938,914	10,938,914	10,938,914
Tax recoverable	919,713	919,713	919,713	919,713	919,713	919,713
Fixed deposits with licensed banks	10,208,405	10,208,405	10,208,405	10,208,405	10,208,405	10,208,405
Cash and bank balances	4,426,805	10,197,805	47,156,344	77,523,175	123,073,421	214,173,914
3.1						
<b>Total current assets</b>	<b>63,820,708</b>	<b>69,591,708</b>	<b>106,550,247</b>	<b>136,917,078</b>	<b>182,467,324</b>	<b>273,567,817</b>
<b>Total assets</b>	<b>116,120,751</b>	<b>121,891,751</b>	<b>158,850,290</b>	<b>189,217,121</b>	<b>234,767,367</b>	<b>325,867,860</b>

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

**MMAG HOLDINGS BERHAD AND ITS SUBSIDIARIES  
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017**

The Pro Forma Consolidated Statements of Financial Position of MMAG Group as at 31 March 2017 as set out below for which the Directors of MMAG are solely responsible, are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Consolidated Statements of Financial Position on the assumption that these transactions were completed on 31 March 2017, and should be read in conjunction with the notes accompanying to the Pro Forma Consolidated Statements of Financial Position (cont'd).

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Maximum scenario (cont'd)	Audited		Adjusted		Pro forma I	Pro forma II	Pro forma III	Pro forma IV
	Consolidated Statements of Financial Position as at 31 March 2017	RM	Consolidated Statements of Financial Position as at 31 March 2017	RM				
<b>EQUITY AND LIABILITIES</b>								
<b>Equity attributable to owners of the Company:</b>								
Share capital	3.2	115,204,132	81,285,182	85,242,568	85,242,568	85,242,568	163,793,967	285,261,291
Irredeemable convertible preference shares	3.3	-	-	-	-	30,366,831	30,366,831	-
Revaluation reserve		7,353,158	7,353,158	7,353,158	7,353,158	7,353,158	7,353,158	7,353,158
Warant reserve	3.4	-	-	33,001,153	33,001,153	(7,900,000)	-	-
Merger deficit		(7,900,000)	(7,900,000)	(7,900,000)	(7,900,000)	(7,900,000)	(7,900,000)	(7,900,000)
(Accumulated losses)/retained earnings	3.5	(68,038,515)	(20,348,573)	(20,348,573)	(20,348,573)	(20,348,573)	(20,348,573)	(20,348,573)
<b>Total shareholders' funds</b>		46,618,775	60,389,767	97,348,306	127,715,137	173,265,383	264,365,876	
Non-controlling interests		(317,863)	(317,863)	(317,863)	(317,863)	(317,863)	(317,863)	(317,863)
<b>Total equity</b>		46,300,912	60,071,904	97,030,443	127,397,274	172,947,520	264,048,013	
<b>LIABILITIES</b>								
<b>Non-current liabilities</b>								
Borrowings		4,315,557	4,315,557	4,315,557	4,315,557	4,315,557	4,315,557	4,315,557
Hire purchase creditors		3,185,849	3,185,849	3,185,849	3,185,849	3,185,849	3,185,849	3,185,849
Deferred tax liabilities		394,654	394,654	394,654	394,654	394,654	394,654	394,654
<b>Total non-current liabilities</b>		7,896,060	7,896,060	7,896,060	7,896,060	7,896,060	7,896,060	7,896,060



**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

**MMAG HOLDINGS BERHAD AND ITS SUBSIDIARIES  
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017**

The Pro Forma Consolidated Statements of Financial Position of MMAG Group as at 31 March 2017 as set out below for which the Directors of MMAG are solely responsible, are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Consolidated Statements of Financial Position on the assumption that these transactions were completed on 31 March 2017, and should be read in conjunction with the notes accompanying to the Pro Forma Consolidated Statements of Financial Position (cont'd).

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Maximum scenario (cont'd)	Audited		Adjusted		Pro forma I		Pro forma II		Pro forma III		Pro forma IV	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
		Audited Consolidated Statements of Financial Position as at 31 March 2017		Adjusted Consolidated Statements of Financial Position as at 31 March 2017								
<b>Current liabilities</b>												
Trade payables	37,955,925	37,955,925	37,955,925	37,955,925	37,955,925	37,955,925	37,955,925	37,955,925	37,955,925	37,955,925	37,955,925	37,955,925
Other payables	14,495,085	6,495,093	6,495,093	6,495,093	6,495,093	6,495,093	6,495,093	6,495,093	6,495,093	6,495,093	6,495,093	6,495,093
Borrowings	8,757,123	8,757,123	8,757,123	8,757,123	8,757,123	8,757,123	8,757,123	8,757,123	8,757,123	8,757,123	8,757,123	8,757,123
Hire purchase creditors	715,646	715,646	715,646	715,646	715,646	715,646	715,646	715,646	715,646	715,646	715,646	715,646
<b>Total current liabilities</b>	<b>61,923,779</b>	<b>53,923,787</b>	<b>53,923,787</b>	<b>53,923,787</b>	<b>53,923,787</b>	<b>53,923,787</b>	<b>53,923,787</b>	<b>53,923,787</b>	<b>53,923,787</b>	<b>53,923,787</b>	<b>53,923,787</b>	<b>53,923,787</b>
<b>Total liabilities</b>	<b>69,819,839</b>	<b>61,819,847</b>	<b>61,819,847</b>	<b>61,819,847</b>	<b>61,819,847</b>	<b>61,819,847</b>	<b>61,819,847</b>	<b>61,819,847</b>	<b>61,819,847</b>	<b>61,819,847</b>	<b>61,819,847</b>	<b>61,819,847</b>
<b>Total equity and liabilities</b>	<b>116,120,751</b>	<b>121,891,751</b>	<b>189,217,121</b>	<b>189,217,121</b>	<b>189,217,121</b>	<b>234,767,367</b>	<b>234,767,367</b>	<b>234,767,367</b>	<b>234,767,367</b>	<b>234,767,367</b>	<b>325,867,860</b>	<b>325,867,860</b>
Issued ordinary share capital (Unit)	3.2	303,668,309	455,502,463	455,502,463	455,502,463	455,502,463	455,502,463	455,502,463	455,502,463	455,502,463	455,502,463	1,290,590,312
Issued preference share capital (Unit)	3.3	-	-	-	-	607,336,618	607,336,618	607,336,618	607,336,618	607,336,618	607,336,618	-
Net assets per share (RM)	0.05	0.20	0.21	0.28	0.28	0.25	0.25	0.25	0.25	0.25	0.25	0.20
Borrowings (RM)	16,974,175	16,974,175	16,974,175	16,974,175	16,974,175	16,974,175	16,974,175	16,974,175	16,974,175	16,974,175	16,974,175	16,974,175
Clearing (Times)	0.37	0.28	0.17	0.13	0.13	0.10	0.10	0.10	0.10	0.10	0.10	0.06

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

**MMAG HOLDINGS BERHAD AND ITS SUBSIDIARIES**

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017**

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**1. BASIS OF PREPARATION**

The Pro Forma Consolidated Statements of Financial Position as at 31 March 2017, for which the Directors of MMAG are solely responsible, have been prepared for illustrative purposes only to show the effects on the audited Consolidated Statements of Financial Position of the Group as at 31 March 2017 on the assumption that the Corporate Exercises as mentioned below to be undertaken by MMAG Group had been effected on 31 March 2017, and should be read in conjunction with the notes in this Section.

The Pro Forma Consolidated Statements of Financial Position as at 31 March 2017 together with the Notes thereon of MMAG Group as at 31 March 2017 have been prepared in a manner consistent with both the format of the financial statements and the accounting policies adopted by the Group in the preparation of its audited consolidated financial statements for the financial year ended 31 March 2017, which have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS"), except for the adoption of the following new accounting policy:-

**Irredeemable Convertible Preference Shares**

Irredeemable convertible preference shares are classified as equity and any dividends thereon are recognised as distributions within equity.

The audited financial statements of MMAG for the financial year ended 31 March 2017, which were reported by the auditors to the members of MMAG on 24 July 2017, without any modification.

The Company proposes to undertake the following:

- (i) Renounceable rights issue of up to 151,834,154 new MMAG Shares ("Rights Shares") on the basis of one (1) Rights Share for every two (2) existing MMAG Shares held at an issue price of RM0.25 per Rights Share, together with up to 227,751,231 free detachable warrants ("Warrants") on the basis of three (3) Warrants for every two (2) Rights Shares subscribed for ("Rights Issue of Shares with Warrants"); and
- (ii) Renounceable rights issue of up to 607,336,618 new irredeemable convertible preference shares in MMAG ("ICPS") on the basis of two (2) ICPS for every one (1) MMAG Share held at an issue price of RM0.05 per ICPS ("Rights Issue of ICPS").

(collectively referred to as the "Corporate Exercises").

The Pro Forma Consolidated Statements of Financial Position have been prepared for illustrative purposes only. Such information, because of its nature, does not give a true picture of the effects of the Corporate Exercises on the financial position of the Group, had the transactions or events occurred on 31 March 2017. Further, such information does not purport to predict MMAG Group's future financial position.

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

**MMAG HOLDINGS BERHAD AND ITS SUBSIDIARIES**

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017**

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**1. BASIS OF PREPARATION (CONT'D)**

The Pro Forma Consolidated Statements of Financial Position of MMAG are presented in two (2) scenarios and have been prepared for illustrative purposes and on the assumptions that the Consolidated Statements of Financial Position were affected on that date, as follows:

**Minimum scenario:**

The minimum scenario assumes the following:

- (i) the Rights Issue of Shares with Warrants will be undertaken on a minimum subscription level of 22,570,395 Rights Shares together with 33,855,592 Warrants based on the issue price of RM0.25 per Rights Shares ("Minimum Subscription Level – Rights Shares");
- (ii) the Rights Issue of ICPS will be undertaken on a minimum subscription level of 90,281,580 based on the issue price of RM0.05 per ICPS ("Minimum Subscription Level – Rights ICPS");
- (iii) 33,855,592 Warrants to be issued pursuant to the Rights Issue of Shares with Warrants are fully exercised on an exercise price of RM0.20 each; and
- (iv) 90,281,580 ICPS to be issued are fully converted at a conversion ratio of four (4) ICPS into one (1) MMAG Share.

**Maximum scenario:**

The maximum scenario assumes the following:

- (i) the Rights Issue of Shares with Warrants will be fully subscribed at the subscription level of 151,834,154 Rights Shares together with 227,751,231 Warrants based on the issue price of RM0.25 per Rights Shares ("Maximum Subscription Level – Rights Shares");
- (ii) the Rights Issue of ICPS will be undertaken on a maximum subscription level of 607,336,618 based on the issue price of RM0.05 per ICPS ("Maximum Subscription Level – Rights ICPS");
- (iii) 227,751,231 Warrants to be issued pursuant to the Rights Issue of Shares with Warrants are fully exercised on an exercise price of RM0.20 each; and
- (iv) 607,336,618 ICPS to be issued are fully converted at a conversion ratio and conversion price of one (1) ICPS and RM0.15 in cash for one (1) MMAG Share.

**2. PRO FORMA**

**(i) Adjusted Consolidated Statements of Financial Position as at 31 March 2017**

The audited consolidated statements of financial position as at 31 March 2017 had been adjusted for the following transactions occurred subsequent to 31 March 2017 and up to 16 October 2017 being the latest practicable date prior to the printing of the AP ("LPD"):

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

**MMAG HOLDINGS BERHAD AND ITS SUBSIDIARIES**

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017**

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2. **PRO FORMA (CONT'D)**

(i) **Adjusted Consolidated Statements of Financial Position as at 31 March 2017 (cont'd)**

**Share Capital Reduction**

The Share Capital Reduction entailed the reduction of MMAG's existing issued share capital via the cancellation of RM47,689,942 share capital of MMAG pursuant to Section 116 of the Act.

As a result of the Share Capital Reduction on 1 June 2017, the issued and paid-up share capital of the Company reduced from RM95,379,884 comprising 953,798,836 ordinary shares of RM0.10 each to RM47,689,942 comprising 953,798,836 ordinary shares of RM0.05 each. The difference of RM47,689,942 has been credited to accumulated losses.

**Share Consolidation**

The Share Consolidation entailed consolidation of four (4) MMAG Shares into one (1) new MMAG Share after the Share Capital Reduction.

As a result of the Share Consolidation on 13 July 2017, the issued share capital of the Company was reduced from RM47,689,942 comprising 953,798,836 ordinary shares to RM47,689,942 comprising 238,449,709 ordinary shares.

**Debt Settlement**

The Debt Settlement entailed the issuance of 36,363,600 new MMAG Shares at an issue price of RM0.22 per MMAG Share for settlement of the amount owing to Landasan Simfoni Sdn Bhd ("LSSB"). The Debt Settlement was completed on 20 July 2017.

**Special Bumiputera Issue**

The Special Bumiputera Issue entailed the issuance of 28,855,000 new MMAG Shares at an issue price of RM0.20 per MMAG Share to Bumiputera investors. The Special Bumiputera Issue was completed on 3 October 2017.

(ii) **Pro Forma I: Rights Issue of Shares with Warrants**

**Minimum scenario**

Pro Forma I incorporated the effects of Adjusted Consolidated Statements of Financial Position as at 31 March 2017 and assuming the Rights Issue of Shares with Warrants will be undertaken at the Minimum Subscription Level – Rights Shares.

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

**MMAG HOLDINGS BERHAD AND ITS SUBSIDIARIES**

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017**

2. **PRO FORMA (CONT'D)**

(ii) **Pro Forma I: Rights Issue of Shares with Warrants (cont'd)**

**Maximum scenario**

Pro Forma I incorporated the effects of Adjusted Consolidated Statements of Financial Position as at 31 March 2017 and assuming the Rights Issue of Shares with Warrants will be fully subscribed at the Maximum Subscription Level – Rights Shares.

For the preparation of the Pro Forma Consolidated Statements of Financial Position and for illustrative purposes only, the Directors of MMAG have allocated a value of RM0.1461 and RM0.1449 per Warrant under Minimum Subscription Level – Rights Shares and Maximum Subscription Level – Rights Shares, respectively based on the following assumptions as at the LPD:

Valuation model	:	Black-Scholes Options Pricing Model
Underlying price	:	RM0.2455
Exercise price	:	RM0.20
Tenure	:	5 years
Volatility	:	61.04%
Dividend	:	No dividend
Interest rate	:	3.56%

The total estimated expenses to be incurred in relation to the Corporate Exercises is RM1,000,000 and these expenses will be set off against the share capital.

(iii) **Pro Forma II: Rights Issue of ICPS**

**Minimum scenario**

Pro Forma II incorporated the effects of Pro Forma I and assuming the Rights Issue of ICPS will be undertaken at the Minimum Subscription Level – Rights ICPS.

**Maximum scenario**

Pro Forma II incorporated the effects of Pro Forma I and assuming the Rights Issue of ICPS will be undertaken at the Maximum Subscription Level – Rights ICPS.

(iv) **Pro Forma III: Exercise of Warrants**

**Minimum scenario**

Pro Forma III incorporated the effects of Pro Forma II and assuming that 33,855,592 Warrants to be issued pursuant to the Rights Issue of Shares with Warrants are fully exercised on an exercise price of RM0.20 each.

**Maximum scenario**

Pro Forma III incorporated the effects of Pro Forma II and assuming that 227,751,231 Warrants to be issued pursuant to the Rights Issue of Shares with Warrants are fully exercised on an exercise price of RM0.20 each.

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**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

**MMAG HOLDINGS BERHAD AND ITS SUBSIDIARIES**

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017**

2. **PRO FORMA (CONT'D)**

(iv) **Pro Forma III: Exercise of Warrants (cont'd)**

**Minimum and Maximum scenario**

Upon the full exercise of Warrants, the warrant reserve of RM4,946,302 and RM33,001,153 under minimum and maximum scenario respectively will be transferred to share capital.

(v) **Pro Forma IV: Conversion of ICPS**

**Minimum scenario**

Pro Forma IV incorporated the effects of Pro Forma III and assuming full conversion of 90,281,580 ICPS into 22,570,395 new MMAG Shares by surrendering four (4) ICPS for one (1) new MMAG Share.

**Maximum scenario**

Pro Forma IV incorporated the effects of Pro Forma III and assuming full conversion of 607,336,618 ICPS into 607,336,618 new MMAG Shares by converting the ICPS to MMAG Shares with additional cash consideration of RM0.15 per share by RM91,100,493.

***Utilisation of proceeds***

The proceeds arising from the Special Bumiputera Issue and Corporate Exercises will be utilised in the manner as set out below:

<b>Description</b>	<b>Minimum scenario RM'000</b>	<b>Maximum scenario RM'000</b>
Expansion of Line Clear	8,458	40,390
Working capital for ICT distribution business	6,470	32,706
Estimated expenses in relation to the Corporate Exercises	1,000	1,000
<b>Total estimated proceeds</b>	<b>15,928</b>	<b>74,096</b>

The exact quantum of proceeds that may be raised by the Company pursuant to the conversion of the ICPS and/or exercise of the Warrants will depend upon the actual number of ICPS converted and/or the Warrants exercised during the tenure of the ICPS and/or the Warrants as well as the Conversion Ratio.

The proceeds to be raised from the exercise of the Warrants and the conversion of the ICPS shall be utilised for working capital purpose of which the exact timeframe and the breakdown for the utilisation cannot be determined at this juncture.

The new MMAG Shares to be issued pursuant to the Rights Issue of Shares with Warrants, the exercise of Warrants and the conversion of ICPS shall, upon allotment and issue, rank pari passu in all respects with the then existing MMAG Shares, except that they will not be entitled to any dividends, rights, allotments and/or any other distributions, the entitlement date of which is prior to the date of allotment of the new MMAG Shares.

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**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

**MMAG HOLDINGS BERHAD AND ITS SUBSIDIARIES**

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017**

**3. NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**3.1 CASH AND BANK BALANCES**

The movements of the cash and bank balances are as follows:

<b>Minimum scenario</b>	<u>Amount</u> RM
As at 31 March 2017	4,426,805
Subsequent events after financial year	<u>5,771,000</u>
As per Adjusted Consolidated Statements of Financial Position Pursuant to Rights Issue of Shares with Warrants	10,197,805
Estimated expenses in relation to the Corporate Exercises	<u>5,642,599</u> (1,000,000)
As per Pro forma I Pursuant to Rights Issue of ICPS	14,840,404
	<u>4,514,079</u>
As per Pro forma II Pursuant to exercise of Warrants	19,354,483
	<u>6,771,118</u>
As per Pro forma III/IV	<u>26,125,601</u>
<b>Maximum scenario</b>	<u>Amount</u> RM
As at 31 March 2017	4,426,805
Subsequent events after financial year	<u>5,771,000</u>
As per Adjusted Consolidated Statements of Financial Position Pursuant to Rights Issue of Shares with Warrants	10,197,805
Estimated expenses in relation to the Corporate Exercises	<u>37,958,539</u> (1,000,000)
As per Pro forma I Pursuant to Rights Issue of ICPS	47,156,344
	<u>30,366,831</u>
As per Pro forma II Pursuant to exercise of Warrants	77,523,175
	<u>45,550,246</u>
As per Pro forma III Pursuant to conversion of ICPS	123,073,421
	<u>91,100,493</u>
As per Pro forma IV	<u>214,173,914</u>

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**MMAG HOLDINGS BERHAD AND ITS SUBSIDIARIES**

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017**

**3. NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

**3.2 SHARE CAPITAL**

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The movements of the issued share capital are as follows:

<b>Minimum scenario</b>	<b>No. of Shares</b>	<b>Amount RM</b>
As at 31 March 2017	953,798,836	115,204,132
Subsequent events after financial year	(650,130,527)	(33,918,950)
As per Adjusted Consolidated Statements of Financial Position	303,668,309	81,285,182
Pursuant to Rights Issue of Shares with Warrants	22,570,395	(303,703)
As per Pro Forma I/II	326,238,704	80,981,479
Pursuant to exercise of Warrants	33,855,592	11,717,420
As per Pro Forma III	360,094,296	92,698,899
Pursuant to conversion of ICPS	22,570,395	4,514,079
As per Pro Forma IV	382,664,691	97,212,978
<b>Maximum scenario</b>	<b>No. of Shares</b>	<b>Amount RM</b>
As at 31 March 2017	953,798,836	115,204,132
Subsequent events after financial year	(650,130,527)	(33,918,950)
As per Adjusted Consolidated Statements of Financial Position	303,668,309	81,285,182
Pursuant to Rights Issue of Shares with Warrants	151,834,154	3,957,386
As per Pro Forma I/II	455,502,463	85,242,568
Pursuant to exercise of Warrants	227,751,231	78,551,399
As per Pro Forma III	683,253,694	163,793,967
Pursuant to conversion of ICPS	607,336,618	121,467,324
As per Pro Forma IV	1,290,590,312	285,261,291



**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

**MMAG HOLDINGS BERHAD AND ITS SUBSIDIARIES**

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017**

**3. NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

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**3.3 IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES**

The movements of the irredeemable convertible preference shares are as follows:

<b>Minimum scenario</b>	<b>No. of Shares</b>	<b>Amount RM</b>
As at 31 March 2017/Adjusted Consolidated Statements of Financial Position /Pro forma I Pursuant to Rights Issue of ICPS	- 90,281,580	- 4,514,079
As per Pro forma II/III Pursuant to conversion of ICPS	90,281,580 (90,281,580)	4,514,079 (4,514,079)
As per Pro forma IV	-	-
<b>Maximum scenario</b>	<b>No. of Shares</b>	<b>Amount RM</b>
As at 31 March 2017/Adjusted Consolidated Statements of Financial Position /Pro forma I Pursuant to Rights Issue of ICPS	- 607,336,618	- 30,366,831
As per Pro forma II/III Pursuant to conversion of ICPS	607,336,618 (607,336,618)	30,366,831 (30,366,831)
As per Pro forma IV	-	-

**3.4 WARRANT RESERVE**

The movements of the warrant reserve are as follows:

<b>Minimum scenario</b>	<b>Amount RM</b>
As at 31 March 2017/Adjusted Consolidated Statements of Financial Position Pursuant to Rights Issue of Shares with Warrants	- 4,946,302
As per Pro forma I/II Pursuant to exercise of Warrants	4,946,302 (4,946,302)
As per Pro forma III/IV	-

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

**MMAG HOLDINGS BERHAD AND ITS SUBSIDIARIES**

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017**

**3. NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

**3.4 WARRANT RESERVE (CONT'D)**

The movements of the warrant reserve are as follows (cont'd):

Stamped for the purpose of identification on:  
17 OCT 2017  
SJ Grant Thornton

<b>Maximum scenario</b>	<u>Amount</u> RM
As at 31 March 2017/Adjusted Consolidated Statements of Financial Position Pursuant to Rights Issue of Shares with Warrants	-
	<u>33,001,153</u>
As per Pro forma I/II Pursuant to exercise of Warrants	33,001,153
	<u>(33,001,153)</u>
As per Pro forma III/IV	-
	<u>-</u>

**3.5 (ACCUMULATED LOSSES)/RETAINED EARNINGS**

The movements of the (accumulated losses)/retained earnings are as follows:

<b>Minimum and maximum scenario</b>	<u>Amount</u> RM
As at 31 March 2017	(68,038,515)
Subsequent events after financial year	47,689,942
	<u>47,689,942</u>
Adjusted Consolidated Statements of Financial Position/Pro forma I/II/III/IV	(20,348,573)
	<u>(20,348,573)</u>

**3.6 OTHER PAYABLES**

The movements of the other payables are as follows:

<b>Minimum and Maximum scenario</b>	<u>Amount</u> RM
As at 31 March 2017	14,495,085
Subsequent event after financial year	(7,999,992)
	<u>(7,999,992)</u>
Adjusted Consolidated Statements of Financial Position/Pro forma I/II/III/IV	6,495,093
	<u>6,495,093</u>