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

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

THIS AP IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS AP. IF YOU ARE IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT A PROFESSIONAL ADVISER 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 to our Share Registrar, Mega Corporate Services Sdn Bhd, at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur (Tel. No.: +603-2692 4271).

This AP has been registered by Bursa Securities. The registration of this AP should not be taken to indicate that Bursa Securities recommends the Rights Issue or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this AP. Bursa Securities has not, in any way, considered the merits of the Rights Issue. A copy 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 the Documents.

The approval from our shareholders for the Rights Issue was obtained at our extraordinary general meeting held on 11 October 2023. Bursa Securities had, vide its letter dated 28 August 2023, approved the admission of the Warrants to the Official List of the ACE Market of Bursa Securities and the listing and quotation for the Rights Shares, Warrants and the new Shares to be issued pursuant to the exercise of Warrants on the ACE Market of Bursa Securities. However, this shall not to be taken as an indication of the merits of the Rights Issue. The admission of the Warrants to the Official List and the listing and quotation for the Rights Shares and Warrants will commence after, amongst others, the receipt of confirmation from Bursa Depository that all the CDS Accounts of the successful Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have been duly credited with the relevant Rights Shares with Warrants allotted to them and notices of allotment have been despatched or sent to them.

The Documents are only despatched to our Entitled Shareholders whose names appear in our Record of Depositors as at 5.00 p.m. on 21 December 2023 at their registered addresses in Malaysia or who have provided our Share Registrar with their Malaysian address in writing by 5.00 p.m. on 21 December 2023. 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 or the Documents complies 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 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 our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia to consult their legal and/or other professional adviser as to whether the acceptance and/or sale/renunciation (as the case may be) of their entitlements to the Rights Issue or application for excess Rights Shares with Warrants would result in the contravention of any laws of such countries or jurisdictions. Such Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) should note the additional terms and restrictions as set out in Section 9 of this AP. Neither our Company, TA Securities nor any other professional adviser in relation to the Rights Issue shall accept any responsibility or liability whatsoever to any party in the event that any acceptance and/or sale/renunciation (as the case may be) made by our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any countries or jurisdictions in which our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are residents.

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

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE REFER TO "RISK FACTORS" AS SET OUT IN SECTION 5 OF THIS AP.

MMAG

MMAG HOLDINGS BERHAD
(Registration No.: 200301007003 (609423-V))
(Incorporated in Malaysia)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,453,434,366 NEW ORDINARY SHARES IN MMAG HOLDINGS BERHAD ("SHARES") ("RIGHTS SHARES") ON THE BASIS OF 6 RIGHTS SHARES FOR EVERY 1 SHARE HELD AS AT 5.00 P.M. ON 21 DECEMBER 2023 AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE, TOGETHER WITH UP TO 726,717,183 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF 1 WARRANT FOR EVERY 2 RIGHTS SHARES SUBSCRIBED FOR ("RIGHTS ISSUE")

Adviser and Sole Underwriter

TA SECURITIES
AN UNWAVERING COMMITMENT

TA SECURITIES HOLDINGS BERHAD
(Registration No.: 197301001467 (14948-M))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME		
Entitlement Date	:	Thursday, 21 December 2023 at 5.00 p.m.
Last day, date and time for:		
Sale of provisional allotments of rights	:	Friday, 29 December 2023 at 5.00 p.m.
Transfer of provisional allotments of rights	:	Wednesday, 3 January 2024 at 4.30 p.m.
Acceptance and payment	:	Tuesday, 9 January 2024 at 5.00 p.m.
Excess application and payment	:	Tuesday, 9 January 2024 at 5.00 p.m.

This AP is dated 21 December 2023

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

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

TA SECURITIES, BEING THE ADVISER AND SOLE UNDERWRITER FOR THE RIGHTS ISSUE, 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.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE RIGHTS ISSUE AND YOUR INVESTMENT IN OUR COMPANY. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT A PROFESSIONAL ADVISER IMMEDIATELY.

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

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

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

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

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DEFINITIONS

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

"6M FPE"	:	6-month period ended 30 September
"5D-VWAP"	:	5-day VWAP
"ACE LR"	:	ACE Market Listing Requirements of Bursa Securities
"Act"	:	Companies Act, 2016
"Announcement"	:	Announcement on the Corporate Exercises dated 18 May 2023
"Announcement LPD"	:	16 May 2023, being the latest practicable date prior to the Announcement
"AP"	:	This Abridged Prospectus issued by our Company dated 21 December 2023
"BNM"	:	Bank Negara Malaysia
"Board"	:	Board of Directors of our Company
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"CAGR"	:	Compound annual growth rate
"CDS"	:	Central Depository System
"CDS Account"	:	The securities account established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of deposits and dealing in securities by the depositor
"Circular"	:	The circular to our shareholders dated 15 September 2023 in relation to the Corporate Exercises
"Closing Date"	:	Tuesday, 9 January 2024 at 5.00 p.m., being the last day, date and time for the acceptance of and payment for the Provisional Allotments as well as application and payment for the excess Rights Shares with Warrants
"CMSA"	:	Capital Markets and Services Act, 2007
"Code"	:	Malaysian Code on Take-overs and Mergers 2016
"Corporate Exercises"	:	Share Consolidation and Rights Issue, collectively
"COVID-19"	:	Coronavirus disease, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
"CSH"	:	CSH Alliance Berhad
"Deed Poll"	:	The deed poll dated 7 December 2023 constituting the Warrants and governing the rights of the Warrant holder
"Director"	:	A natural person who holds a directorship in a company, whether in an executive or non-executive capacity, and shall have the meaning given in Section 2(1) of the Act and subsection 2(1) of the CMSA
"EGM"	:	Extraordinary general meeting of our Company held on 11 October 2023 in relation to the Corporate Exercises
"Entitled Shareholder"	:	Our shareholder whose name appears in our Company's Record of Depositors on the Entitlement Date

"Entitlement Date"	:	Thursday, 21 December 2023 at 5.00 p.m., being the day, date and time on which our shareholders must registered on our Company's Record of Depositors in order to be entitled to participate in the Rights Issue
"EPS"	:	Earnings per Share
"EV"	:	Zero-emission commercial vehicles
"Excess Application"	:	Application for the excess Rights Shares with Warrants
"Exercise Price"	:	RM0.15 per Warrant, being the price at which 1 Warrant is exercisable into 1 new Share, subject to adjustments in accordance with the provisions of the Deed Poll
"e-RSF"	:	Electronic RSF
"e-Subscription"	:	Electronic subscription of Rights Shares with Warrants via Investor Portal
"Foreign Entitled Shareholder"	:	Entitled Shareholder who has not provided an address in Malaysia for the service of documents to be issued for the purposes of the Rights Issue
"FPE"	:	Financial period ended/ending, as the case may be
"FYE"	:	Financial year ended/ending 31 March, as the case may be
"GDP"	:	Gross domestic products
"Government"	:	Government of Malaysia
"GP"	:	Gross profits
"ICPS"	:	Irredeemable convertible preference shares
"ICT"	:	Information and communication technology
"IMR Report"	:	Independent market research report on the outlook of the transportation, logistics and courier as well as information and communication technologies industries in Malaysia dated 4 December 2023, prepared by PROVIDENCE
"Investor Portal"	:	Share Registrar's website at https://www.megacorp.com.my/investor/ to facilitate our Entitled Shareholders in subscribing for the Provisional Allotments and applying for Excess Application
"Issue Price"	:	RM0.10 per Rights Share
"LAT"	:	Loss after taxation
"LBT"	:	Loss before tax
"LCEL"	:	Line Clear Express & Logistics Sdn Bhd (an indirect 86.09%-owned subsidiary of our Company)
"LCVH"	:	Line Clear Ventures Holdings Sdn Bhd (a wholly-owned subsidiary of our Company)
"LPD"	:	28 November 2023, being the latest practicable date prior to the printing of this AP
"LPS"	:	Loss per Share
"LTD"	:	17 May 2023, being the last trading day prior to the Announcement
"M Jets"	:	M Jets International Sdn Bhd (a 95%-owned subsidiary of our Company)

"Maximum Scenario"	:	Up to 1,453,434,366 Rights Shares together with up to 726,717,183 Warrants, after considering 242,239,061 Shares in issue (no treasury shares) as at the LPD and all Entitled Shareholders subscribe in full for their entitlements under Rights Issue
"Minimum Scenario" or "Minimum Subscription Level"	:	180,000,000 Rights Shares together with 90,000,000 Warrants, after considering 242,239,061 Shares in issue (no treasury shares) as at the LPD and the subscription by the Undertaking Shareholder pursuant to the Undertaking as well as the subscription by the Sole Underwriter pursuant to the Underwriting to ensure a minimum gross proceed of RM18.00 million is raised, and no other Entitled Shareholders subscribe for their entitlements under the Rights Issue
"MMAG" or "Company"	:	MMAG Holdings Berhad
"MMAG Digital"	:	MMAG Digital Sdn Bhd (an indirect wholly-owned subsidiary of our Company)
"MMAG Group" or "Group"	:	Our Company and our subsidiaries, collectively
"MMAG Share" or "Share"	:	Ordinary share in our Company
"NA"	:	Net assets
"NPA"	:	Notice of Provisional Allotments in relation to the Rights Issue
"Official List"	:	A list specifying all securities which have been admitted for listing on the ACE Market of Bursa Securities
"PAT"	:	Profit after tax
"PBT"	:	Profit before tax
"Private Placement I"	:	A private placement of 681,269,200 new Shares (representing up to 40% of our Shares then in issue (excluding treasury shares, if any)) at an issue price of RM0.020 each, which raised total proceeds of approximately RM13.63 million and was completed on 26 October 2022
"Private Placement II"	:	A private placement of 127,752,100 new Shares (representing up to 20% of our Shares then in issue (excluding treasury shares, if any)) at an issue price of RM0.1220 each, which raised total proceeds of approximately RM15.59 million and was completed on 30 August 2021
"Private Placement III"	:	A private placement of 106,460,000 new Shares (representing not more than 10% of our Shares then in issue (excluding treasury shares, if any)), which raised total proceeds of approximately RM37.38 million and was completed on 12 July 2021
"PROVIDENCE"	:	Providence Strategic Partners Sdn Bhd
"Provisional Allotments"	:	Rights Shares with Warrants provisionally allotted to our Entitled Shareholders pursuant to the Rights Issue
"Record of Depositors"	:	A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
"Rights Issue"	:	Renounceable rights issue of up to 1,453,434,366 Rights Shares on the basis of 6 Rights Shares for every 1 Share held on the Entitlement Date at the Issue Price, together with up to 726,717,183 Warrants on the basis of 1 Warrant for every 2 Rights Shares subscribed for
"Rights Shares"	:	Up to 1,453,434,366 new Shares to be issued pursuant to the Rights Issue

"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"RSF"	:	Rights Subscription Form in relation to the Rights Issue
"Rules"	:	Rules on Take-overs, Mergers and Compulsory Acquisitions
"Rules of Bursa Depository"	:	The rules of Bursa Depository as issued pursuant to the SICDA
"Share Consolidation"	:	Consolidation of every 10 Shares into 1 Share, which was completed on 31 October 2023
"Share Registrar"	:	Mega Corporate Services Sdn Bhd
"SICDA"	:	Securities Industry (Central Depositories) Act, 1991
"SLA"	:	Service level agreement
"sqft"	:	Square feet
"TA Securities" or "Adviser" or "Sole Underwriter"	:	TA Securities Holdings Berhad
"TEAP"	:	Theoretical ex-all price
"Undertaking"	:	The unconditional and irrevocable undertaking from CSY dated 17 May 2023 in order to meet the Minimum Subscription Level
"Undertaking Shareholder" or "CSY"	:	Chan Swee Ying (a Director and substantial shareholder of our Company)
"Underwriting"	:	The underwriting of 80,000,000 Rights Shares together with 40,000,000 Warrants (refer to **Section 2.4** of this AP for further details)
"Underwriting Agreement"	:	Underwriting agreement dated 7 December 2023 entered into between our Company and TA Securities for the Underwriting
"USD"	:	United States Dollars
"VWAP"	:	Volume weighted average market price
"Warrants"	:	Up to 726,717,183 free detachable warrants in our Company to be issued pursuant to the Rights Issue

All references to "we", "us" "our" and "ourselves" are to our Company, or where the context requires, our Group.

All references to "you" or "your" in this AP are to our Entitled Shareholders and/or, where the context requires otherwise, their renouncee(s)/transferee(s) (if applicable).

Words incorporating the singular shall, where applicable, include the plural and vice versa and 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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APPENDICES

ADVISERS' DIRECTORY

ADVISER AND SOLE UNDERWRITER	:	TA Securities Holdings Berhad 32nd Floor, Menara TA One 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel. no.: +603-2072 1277 Fax. no.: +603-2026 0127
COMPANY SECRETARY	:	Lim Seck Wah (MAICSA 0799845) (SSM PC NO. 202008000054) Mega Corporate Services Sdn Bhd Level 15-2, Bangunan Faber Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur Tel. no.: +603-2692 4271 Fax. no.: +603-2732 5388
DUE DILIGENCE SOLICITORS	:	Peter Ling & van Geyzel B-19-4, Tower B, Northpoint Office Suites Mid Valley City, No. 1 Medan Syed Putra Utara 59200 Kuala Lumpur Tel. no.: +603-2282 3080 Fax. no.: +603-2201 9880
SHARE REGISTRAR	:	Mega Corporate Services Sdn Bhd Level 15-2, Bangunan Faber Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur Tel. no.: +603-2692 4271 Fax. no.: +603-2732 5388
INDEPENDENT MARKET RESEARCHER	:	Providence Strategic Partners Sdn Bhd 67-1, Block D, Jaya One No. 72A, Jalan Prof Diraja Ungku Aziz 46200 Petaling Jaya Selangor Darul Ehsan Tel. no.: +603-7625 1769 Person-in-charge : Elizabeth Dhoss Qualification : Bachelor of Business Administration (from the University of Malaya)
STOCK EXCHANGE LISTING	:	ACE Market of Bursa Securities

SUMMARY OF THE RIGHTS ISSUE

THIS SUMMARY OF THE RIGHTS ISSUE ONLY HIGHLIGHTS THE KEY INFORMATION FROM OTHER PARTS OF THIS AP. IT DOES NOT CONTAIN ALL INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THIS WHOLE AP.

<table>
<tr><th>Key information</th><th>Description</th></tr>
<tr><td>Issue size and basis of allotment</td><td>A renounceable rights issue of up to 1,453,434,366 Rights Shares on the basis of 6 Rights Shares for every 1 Share held on the Entitlement Date, together with up to 726,717,183 Warrants on the basis of 1 Warrant for every 2 Rights Shares subscribed for. Please refer to Section 2.1 of this AP for further details.</td></tr>
<tr><td>Issue Price</td><td>RM0.10 per Rights Share, payable in full upon acceptance and/or application, represents:
• a discount of RM0.0063 or approximately 5.93% to the TEAP of our Share of RM0.1063 each (computed based on the 5D-VWAP of our Share up to and including the LTD and adjusted for the Share Consolidation of RM0.1440 each); and
• a premium of RM0.0144 or approximately 16.82% to the TEAP of our Share of RM0.0856 each (computed based on 5D-VWAP of our Share up to and including the LPD of RM0.0856 each, which had been adjusted for the Share Consolidation).

Please refer to Section 2.2(i) of this AP for further details.</td></tr>
<tr><td>Exercise Price</td><td>RM0.15 per Warrant, which represents:
• a premium of RM0.0437 or approximately 41.11% to the TEAP of our Share of RM0.1063 each (computed based on the 5D-VWAP of our Share up to and including the LTD and adjusted for the Share Consolidation of RM0.1440 each); and
• a premium of RM0.0644 or approximately 75.23% to the TEAP of our Share of RM0.0856 each (computed based on 5D-VWAP of our Share up to and including the LPD of RM0.0856 each, which had been adjusted for the Share Consolidation).

Each Warrant entitles the registered holder to subscribe for 1 new Share at any time during the exercise period and at the Exercise Price (subject to adjustments in accordance with the provisions of the Deed Poll).

The Warrants will be issued at no cost to our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who successfully subscribed for the Rights Shares.

Please refer to Section 2.2(ii) of this AP for further details.</td></tr>
<tr><td>Minimum Subscription Level, Undertaking and Underwriting Agreement</td><td>The Rights Issue will be implemented on the Minimum Subscription Level to raise minimum gross proceeds of RM18.00 million, via the Undertaking and Underwriting, as illustrated below:
<table>
<tr><th></th><th colspan="2">As at the LPD</th><th colspan="2">After Rights Issue</th></tr>
<tr><th></th><th>No. of Shares</th><th>%</th><th>No. of Shares</th><th>%</th></tr>
<tr><td>CSY</td><td>32,362,480</td><td>13.36</td><td>132,362,480</td><td>31.35</td></tr>
<tr><td>Sole Underwriter</td><td>-</td><td>-</td><td>80,000,000</td><td>18.95</td></tr>
<tr><td>Total</td><td>32,362,480</td><td>13.36</td><td>212,362,480</td><td>50.30</td></tr>
</table>

Please refer to Section 2.4 of this AP for further details.</td></tr>
</table>

SUMMARY OF THE RIGHTS ISSUE *(CONT'D)*

<table>
<tr><th>Key information</th><th>Description</th></tr>
<tr><td>Utilisation of proceeds</td><td>The proceeds to be raised from the Rights Issue will be utilised in the following manners:
<table>
<tr><th>Utilisation purposes</th><th>Minimum Scenario (RM'000)</th><th>Maximum Scenario (RM'000)</th><th>Expected timeframe for utilisation of proceeds^</th></tr>
<tr><td>Capital expenditure for new warehouses/hubs/depots and related purchases of system, equipment and new fleet of vehicles</td><td>5,000</td><td>70,000</td><td>Within 36 months</td></tr>
<tr><td>Purchase of products for mobile and fulfilment segment</td><td>6,000</td><td>45,000</td><td>Within 36 months</td></tr>
<tr><td>Operating expenses for courier and logistics segment</td><td>5,000</td><td>25,000</td><td>Within 24 months</td></tr>
<tr><td>Administrative and general expenses of our Group</td><td>1,090</td><td>4,433</td><td>Within 24 months</td></tr>
<tr><td>Estimated expenses for the Corporate Exercises</td><td>910</td><td>910</td><td>Within 1 month</td></tr>
<tr><td>Total</td><td>18,000</td><td>145,343</td><td></td></tr>
</table>
Note:
^ From the date of completion of the Rights Issue.

Please refer to Section 3 of this AP for further details.</td></tr>
<tr><td>Rationale</td><td>• Raises up to RM145.34 million without incurring interest costs that will result in cash outflow arising from interest servicing costs.
• Provides an opportunity for our Entitled Shareholders to participate in the equity offering of our Company on a pro-rata basis, assuming all Entitled Shareholders fully subscribe their entitlements under the Rights Issue.
• Strengthens our capital base and enhances financial position of our Group when the benefits from the utilisation of proceeds are realised.
• Raises additional funds for our Group's working capital purposes; repayment of our Group's credit facilities or borrowings; and/or capital expenditures for our Group's warehouses/hubs/depots as and when the Warrants are exercised.

Please refer to Section 4 of this AP for further details.</td></tr>
<tr><td>Risk factors</td><td>You should consider the following material risk factors before investing in the Rights Issue:
• our Group's logistics and courier segment as well as air freight segment are subject to risks on unexpected fleet breakdown and accidents as well as maintenance; non-renewal or revocation of licenses, permits or certificates; competition; and increase in operating expenses;
• our Group's mobile and fulfilment segment is subject to risk on operational and competition;
• our Group is subject to risks on changes in economic, political and regulatory considerations as well as dependence on key personnel; and
• the Rights Issue is subject to fluctuations in the market prices of our Shares and Warrants; and failure in or delay in completion of the Rights Issue.

Please refer to Section 5 of this AP for further details.</td></tr>
<tr><td>Procedures for applications</td><td>Acceptance, application and payment for the Provisional Allotments and Excess Applications must be made by way of the RSF enclosed with this AP and must be completed in accordance with the terms and conditions contained therein or by way of e-Subscription via Investor Portal and must conform with the terms and conditions of the Investor Portal contained therein.

The last day, date and time for acceptance, application and payment for the Provisional Allotments and the Excess Applications is on Tuesday, 9 January 2024 at 5.00 p.m..

Please refer to Section 9 of this AP for further details.</td></tr>
</table>

MMAG HOLDINGS BERHAD
(Registration No.: 200301007003 (609423-V))
(Incorporated in Malaysia)

Registered Office:

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

21 December 2023

Board of Directors

Tan Sri Dato' Seri Mohd Khairul Adib Bin Abd Rahman *(Chairman/Independent and Non-Executive Director)*
Chong Koon Meng *(Executive Director)*
Kenny Khow Chuan Wah *(Executive Director)*
Yeap Say Woi *(Independent Non-Executive Director)*
Hwang Siew Chien *(Independent Non-Executive Director)*
Dato' Sok One A/L Esen *(Independent Non-Executive Director)*
Haji Noorzainy bin Haji Mohd Noor *(Independent Non-Executive Director)*
Chan Swee Ying *(Non-Independent Non-Executive Director)*

To: Our Entitled Shareholders

Dear Sir/Madam,

RIGHTS ISSUE

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1. INTRODUCTION

On 18 May 2023, TA Securities had announced on behalf of our Board that we proposed to undertake the Corporate Exercises.

Bursa Securities had, vide its letter dated 28 August 2023, approved the following:

(i) the Share Consolidation;

(ii) listing and quotation of up to 242,239,157 Consolidated Shares;

(iii) admission of the Warrants to the Official List of ACE Market of Bursa Securities; and

(iv) the listing and quotation of the following on the ACE Market of Bursa Securities:

(a) up to 1,453,434,942 Rights Shares;
(b) up to 726,717,471 Warrants; and
(c) up to 726,717,471 new Shares to be issued pursuant to the exercise of the Warrants.

The approval of Bursa Securities for the Corporate Exercises is subject to the following conditions:

No.	Conditions	Status of compliance
(i)	Our Company and TA Securities must fully comply with the relevant provisions under the ACE LR pertaining to the implementation of the Share Consolidation and Rights Issue;	Complied with for the Share Consolidation. To be complied with for the Rights Issue.
(ii)	Our Company and TA Securities to inform Bursa Securities upon the completion of the Share Consolidation and Rights Issue;	Complied with for the Share Consolidation. To be complied with for the Rights Issue.
(iii)	Our Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Share Consolidation and Rights Issue are completed;	Complied with for the Share Consolidation. To be complied with for the Rights Issue.
(iv)	Our Company to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detailed computation of listing fees payable;	To be complied with.
(v)	Our Company to provide quarterly updates via Bursa Link (simultaneously with the submission of Quarterly Report and in the form of General Announcement for PLC) on the following: (a) the status of each of the event, project or purpose for which the total proceeds raised from the Rights Issue are utilised for, including but not limited to, the percentages of completion of the projects/initiatives; and (b) where relevant, details on where the balance of proceeds raised is being placed (pending utilisation). If it is parked with asset management company/fund manager, to disclose the name of the asset management company/fund manager.	To be complied with.

On 11 October 2023, our shareholders approved the Corporate Exercises.

On 31 October 2023, our Company completed the Share Consolidation with the listing of and quotation for 242,239,061 Shares on the ACE Market of Bursa Securities.

On 7 December 2023, TA Securities announced on behalf of our Board that:

(i) the Entitlement Date has been fixed on 21 December 2023 at 5.00 p.m. together with the other important dates pertaining to the Rights Issue;

(ii) our Company had executed the Deed Poll; and

(iii) our Company had entered into the Underwriting Agreement with the Sole Underwriter.

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

YOU ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS AP WHICH SETS OUT THE DETAILS OF THE RIGHTS ISSUE AND RISK FACTORS ASSOCIATED WITH THE RIGHTS ISSUE. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT A PROFESSIONAL ADVISER IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE

Our Company proposes to issue up to 1,453,434,366 Rights Shares on the basis of 6 Rights Shares for every 1 Share held on the Entitlement Date, together with up to 726,717,183 Warrants on the basis of 1 Warrant for every 2 Rights Shares subscribed by our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable).

For information purpose, up to 1,453,434,366 Rights Shares together with 726,717,183 Warrants under the Rights Issue was computed based on our issued share capital after completion of the Share Consolidation and the abovementioned basis of Rights Issue. This issue size of the Rights Issue differs from the quantum of Rights Shares and Warrants as approved by Bursa Securities due to fractional entitlements for the Share Consolidation which were disregarded by our Board.

2.1 Basis and number of Rights Shares with Warrants to be issued

The basis of 6 Rights Shares for every 1 Share held on the Entitlement Date was arrived at after taking into consideration, amongst others, the following:

(i) amount of proceeds to be raised as detailed in **Section 3** of this AP; and

(ii) rationale for the Rights Issue as set out in **Section 4** of this AP.

The basis of 1 Warrant for every 2 Rights Shares subscribed for was arrived at after taking into consideration, amongst others, the following:

(i) rationale for the Rights Issue as set out in **Section 4** of this AP; and

(ii) compliance with Rule 6.51 of the ACE LR which stipulates that the number of new shares which will arise from the exercise or conversion of all outstanding convertible equity securities does not exceed 50% of the total number of issued shares of the listed corporation (excluding treasury shares and before the exercise of the convertible equity securities) at all times.

The actual number of Rights Shares and Warrants to be issued would depend on the subscription level of the Rights Issue.

The Warrants will be immediately detached from the Rights Shares upon issuance. The Warrants will be separately listed and traded from the Rights Shares on the ACE Market of Bursa Securities if we meet the condition under the ACE LR of at least 100 Warrant holders each holding not less than 1 board lot of Warrants (which shall comprise 100 Warrants). The Warrants will not be listed if such condition is not met upon the issuance of Warrants. The Warrants will be issued in registered form and constituted by the Deed Poll.

The entitlements for the Rights Shares with Warrants are renounceable in full or in part. However, the Rights Shares and the Warrants cannot be renounced separately. If our Entitled Shareholders renounce all of their Rights Shares entitlements, they will not be entitled to any Warrants. If our Entitled Shareholders accept only part of their Rights Shares entitlements, they will be entitled to the Warrants in proportion to their acceptances of their Rights Shares entitlements.

In determining our Entitled Shareholders’ entitlements to the Rights Shares with Warrants, any fractional entitlements (if any) will be disregarded and dealt with by our Board in such manner at its absolute discretion as it may deem fit, expedient and in the best interest of our Company. Any Rights Shares with Warrants which are not taken up or validly taken up shall be made available for Excess Applications by our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable). Our Board intends to reduce the incidence of odd lots and to allocate any excess Rights Shares with Warrants in a fair and equitable basis as specified under **Section 9** of this AP.

As an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Allotments which you are entitled to subscribe for in full or in part under the terms of the Rights Issue.

You will find enclosed with this AP, the NPA notifying you of the crediting of such Provisional Allotments into your CDS Account and the RSF to enable you to subscribe for the Provisional Allotments as well as to apply for excess Rights Shares with Warrants if you choose to do so. However, only Entitled Shareholder who has an address in Malaysia as stated in our Record of Depositors will receive this AP, together with the NPA and RSF.

Any dealing in our securities will be subject to, amongst others, the provisions of the SICDA, Rules of Bursa Depository and any other relevant legislation. Accordingly, the Rights Shares, Warrants and new Shares to be issued pursuant to the exercise of Warrants will be credited directly into the respective CDS Accounts of the successful applicants and exercising Warrants holders (as the case may be). No physical share certificate and warrant certificate will be issued to the successful applicants. A notice of allotment will be issued and despatched to the successful applicants within 8 market days from the Closing Date or such period as may be prescribed by Bursa Securities. The Rights Shares and 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 ACE LR.

Pursuant to Rule 6.52 of the ACE LR, the listing and quotation of Warrants on the ACE Market of Bursa Securities is subject to a minimum of 100 Warrant holders each holding not less than 1 board lot of Warrants.

2.2 Basis of determining and justification for the Issue Price and the Exercise Price

(i) Issue Price

Our Board has determined and fixed the issue price of the Rights Share at RM0.10 each, after taking into consideration, amongst others, the following:

(a) the Issue Price is at a discount of RM0.0063 or approximately 5.93% to the TEAP of our Share of RM0.1063 each, calculated based on the 5D-VWAP of our Share up to and including LTD and after adjusted for the Share Consolidation of RM0.1440 each *(Source: Bloomberg Finance L.P.)*.

Our Board is of the opinion that the aforementioned discount is deemed sufficiently attractive to entice subscription of the Rights Shares by our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable);

(b) the funding requirements of our Group under the Minimum Subscription Level for the purposes as set out in **Section 3** of this AP; and

(c) the rationale for the Rights Issue as set out in **Section 4** of this AP.

For your information, the Issue Price represents a discount/premium to the following respective TEAP of our Share (calculated based on respective VWAP of our Share up to and including the LPD, which had been adjusted for the Share Consolidation):

VWAP of our Share up to and including the LPD	VWAP	TEAP	(Premium)/Discount of Issue Price to the respective TEAP	
	RM	RM	RM	%
5-day	0.0856	0.0856	(0.0144)	(16.82)
1-month	0.0941	0.0941	(0.0059)	(6.27)
3-month	0.1101	0.1014	0.0014	1.38
6-month	0.1084	0.1012	0.0012	1.19
12-month	0.1851	0.1235	0.0235	19.03

(Source: Bloomberg Finance L.P.)

The Issue Price is not conditional upon any other corporate proposals undertaken or to be undertaken by our Company. For your information, save for the Rights Issue, our Board confirms that there are no other corporate proposals undertaken or to be undertaken by our Company.

(ii) Exercise Price

The Warrants will be issued at no cost to our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who successfully subscribed for the Rights Shares.

Our Board has determined and fixed the exercise price of the Warrants at RM0.15 each, after considering the following:

(a) the historical share prices of our Company (after adjusted for the Share Consolidation);

(b) the future prospects of our Group as set out in **Sections 6.2 to 6.4** of this AP; and

(c) the Exercise Price is at a premium of RM0.0437 or approximately 41.11% to the TEAP of our Share of RM0.1063 each, calculated based on the 5D-VWAP of our Share up to and including the LTD and after adjusted for the Share Consolidation of RM0.1440 each *(Source: Bloomberg Finance L.P.)*.

The Warrants are issued at no cost and exercisable into new Shares over a tenure of 5 years from the date of issuance of Warrants. Our Board is of the view that the Exercise Price, which is at a premium to the TEAP of our Share, is reasonable after considering the long-term prospects of our Group which will encourage the Warrant holders to have a longer investment horizon in our Company rather than focus on short-term market fluctuations. Further, it also allows our Company to raise greater amount of proceeds upon exercise of Warrants in the future for purposes as set out in **Section 3** of this AP.

For your information, the Exercise Price is at a premium of RM0.0644 or approximately 75.23 % to the TEAP of our Share of RM0.0856 each, calculated based on the 5D-VWAP of our Share up to and including the LPD which had been adjusted for the Share Consolidation, of RM0.0856 each *(Source: Bloomberg Finance L.P.)*.

The Exercise Price is not conditional upon any other corporate proposals undertaken or to be undertaken by our Company. For your information, save for the Rights Issue, our Board confirms that there are no other corporate proposals undertaken or to be undertaken by our Company.

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

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

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

2.4 Minimum Subscription Level, Undertaking and Underwriting Agreement

Our Company intends to raise minimum gross proceeds of RM18.00 million from the Rights Issue under the Minimum Subscription Level after taking into consideration, amongst others, the funding requirements of our Group as set out in **Section 3** of this AP.

In order to meet the Minimum Subscription Level:

(i) our Company has obtained the Undertaking from CSY that:

(a) she will not sell, transfer, dispose of or reduce her existing shareholdings in our Company in any manner, save for the effect of the Share Consolidation, from the date of the Undertaking up to the Entitlement Date;

(b) she will apply and partially subscribe for her entitlements of 100,000,000 Rights Shares based on the Issue Price together with 50,000,000 Warrants under the Rights Issue, for a total subscription proceeds of RM10.00 million;

(c) she will observe and comply with the provisions of the Code and the Rules at all times; and

(d) she has sufficient financial means and resources to fulfil her obligations under the Undertaking; and

(ii) our Company had entered into the Underwriting Agreement with the Sole Underwriter to underwrite 80,000,000 Rights Shares with 40,000,000 Warrants.

Based on CSY's shareholding as at the LPD, she is entitled to up to 194,174,880 Rights Shares (representing up to 13.36% of total number of Rights Shares under the Maximum Scenario) together with up to 97,087,440 Warrants. Our Company has secured the Undertaking from CSY for partial subscription of her entitlements under the Rights Issue of 100,000,000 Rights Shares (representing approximately 51.50% of CSY's total entitlements under the Rights Issue) together with 50,000,000 Warrants.

The Undertaking demonstrates the Undertaking Shareholder's commitment and support towards our Company and the Rights Issue.

TA Securities, being the Adviser and Sole Underwriter for the Rights Issue, has verified that the Undertaking Shareholder has sufficient financial resources to fulfil her obligations under the Undertaking.

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The details of the Undertaking and the Underwriting are as follows:

	Direct shareholding		(I) No. of Rights Shares to be subscribed pursuant to the Undertaking / Underwriting Agreement			Direct shareholding			
	As at the LPD		Total subscription			(II) After (I) and Rights Issue (Minimum Scenario)		(III) After (II) and assuming full exercise of Warrants	
	No. of Shares	%(1)	No. of Rights Shares	%(2)	Amount (RM'000)(3)	No. of Shares	%(2)	No. of Shares	%(4)
CSY	32,362,480	13.36*	100,000,000	23.68	10,000	132,362,480	31.35	182,362,480	35.60
Sole Underwriter	-	-	80,000,000	18.95	8,000	80,000,000	18.95	120,000,000	23.43
Total	**32,362,480**	**13.36**	**180,000,000**	**42.63**	**18,000**	**212,362,480**	**50.30**	**302,362,480**	**59.03**

Notes:

* *CSY does not have any indirect interest in our Company as at the LPD.*

(1) Based on 242,239,061 issued Shares as at the LPD.

(2) Based on up to 422,239,061 issued Shares after completion of the Rights Issue (Minimum Scenario and at the Issue Price).

(3) Based on the Issue Price.

(4) Based on up to 512,239,061 issued Shares after completion of the Rights Issue (Minimum Scenario and at the Issue Price) as well as exercise of Warrants by CSY and Sole Underwriter.

In the event the Minimum Subscription Level has been achieved via subscription by other Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) of respective entitlements and any excess Rights Shares:

- the Undertaking Shareholder will still be obliged to subscribe for 100,000,000 Rights Shares pursuant to the Undertaking; and
- the Sole Underwriter is not obliged to apply for any Rights Shares with Warrants.

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The underwriting commission payable by our Company to the Sole Underwriter is 2.0% of the value of the Rights Shares underwritten, subject to the terms and conditions of the Underwriting Agreement. The underwriting commission and all relevant costs in relation to the underwriting arrangement will be fully borne by our Company.

The Sole Underwriter may, by notice in writing to our Company given at any time on or before the Closing Date, terminate, cancel and withdraw the underwriting commitment if:

(i) there is any non-fulfilment of conditions precedent or breach by our Company of any of the representations, warranties or undertakings contained in the Underwriting Agreement or which is contained in any certificate, statement or notice under or in connection with the Underwriting Agreement, which is not capable of remedy or if capable of remedy, is not remedied within such number of days as stipulated within the notice given to our Company by the Sole Underwriter, or by the Closing Date whichever is earlier, which breach is, in the opinion of the Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Company or our Group, the success of the Rights Issue, or the distribution or sale of the Rights Shares; or

(ii) there is failure on the part of our Company to perform any of our obligations contained in the Underwriting Agreement; or

(iii) there is failure on the part of our Company to disclose any material information (being information that, if withheld, could reasonably be expected to have a significant impact on the decision-making process of the Sole Underwriter in underwriting the Rights Issue) which is required to be disclosed pursuant to the Underwriting Agreement and in the reasonable opinion of the Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Company or our Group, the success of the Rights Issue, or the distribution or sale of the Rights Shares; or

(iv) there shall have occurred, happened or come into effect in the opinion of the Sole Underwriter any material adverse effect to the business or financial condition of our Company or our Group; or

(v) Force Majeure

There shall have occurred, happened or come into effect any of the circumstances:

(a) in the reasonable opinion of the Sole Underwriter, any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of the foregoing which (in the reasonable opinion of the Sole Underwriter) would prejudice the Rights Issue; or

(b) any event or series of events beyond the reasonable control of our Company and/or the Sole Underwriter (including without limitations, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war, accidents, declaration of state of emergency or occurrence of pandemic diseases), which (in the reasonable opinion of the Sole Underwriter), would have a material adverse effect on and/or materially prejudice the business or the operations of our Company or our Group, the success of the Rights Issue, or the distribution or sale of the Rights Shares, or which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or

(c) there shall be any development, occurrence or any change or prospective change, or any introduction or prospective introduction, of any legislation, regulation, policy, directive, guideline, ruling, in any jurisdiction, or any request or interpretation by any relevant authorities including without limitation, the SC, Bursa Securities, or any other regulatory authority, whether or not having the force of law, or occurrence of any other nature, which in the reasonable opinion of the Sole Underwriter will materially and adversely affect the business operations and/or prospects of our Company or our Group, the success of the Rights Issue, or the distribution or sale of the Rights Shares, or which is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or

(d) if the FTSE Bursa Malaysia Kuala Lumpur Composite Index declines by more than 5% from the index price on the date of execution of the Underwriting Agreement for any 3 consecutive market days at any time between the date of the Underwriting Agreement and up to and including the Closing Date and 3 market days after receipt of underwriting notice by the Sole Underwriter; or

(e) any stop order, injunction, direction, investigation or action having similar effect, being used or announced by Bursa Securities or any other judicial, governmental or regulatory authority in relation to the Rights Issue; or

(f) any commencement of legal proceedings or action against our Company and/or our Group; or

(vi) the imposition of any moratorium, suspension, or material restrictions on trading in all securities of our Company generally on Bursa Securities for a period exceeding 3 market days; or

(vii) any matter which arose immediately before the date of this AP would have constituted a material and adverse omission in the context of the Rights Issue; or

(viii) any event, act or omission which in the reasonable opinion of the Sole Underwriter give or is likely to give rise to any liability which will have a material and adverse effect on our Company or our Group pursuant to the indemnities contained under the Underwriting Agreement.

The Minimum Subscription Level of RM18.00 million will be achieved via the Undertaking and underwriting arrangement. If the Minimum Subscription Level is not achieved by reason of the failure to fulfil the obligations under the Undertaking; termination, cancellation and withdrawal of underwriting commitment; or for any other reason, our Company will not proceed with the implementation of the Rights Issue. All subscription monies received pursuant to the Rights Issue will be returned without interest as soon as practicable to our Entitled Shareholders and/or their renouncee(s)/ transferee(s) (if applicable) who have subscribed for the Rights Issue.

2.5 Take-over implications and public shareholding spread

The subscription of the Rights Shares by the Undertaking Shareholder pursuant to the Undertaking will not give rise to any mandatory take-over offer obligation under the Code and the Rules. The Undertaking Shareholder has undertaken to observe and comply at all times with the provisions of the Code and Rules.

The subscription of Rights Shares with Warrants by the Sole Underwriter will not give rise to any mandatory take-over offer obligation under the Code and the Rules.

The Undertaking and the Underwriting Agreement are not expected to result in non-compliance of the public shareholding spread requirement by our Company pursuant to Rule 8.02(1) of the ACE LR. The pro forma public shareholding spread of our Company before and after the implementation of the Rights Issue (Minimum Scenario and at the Issue Price) is illustrated below:

	(I) As at the LPD		**(II) After (I) and Rights Issue (Minimum Scenario and at Issue Price)**	
	No. of Shares ('000)	**%**	**No. of Shares ('000)**	**%**
Share capital	242,239	100.00	422,239	100.00
Less: Shareholdings of Directors of our Group, substantial shareholders of our Company and their associates	(32,472)	(13.41)	(212,472)	(50.32)
Public shareholding spread	**209,767**	**86.59**	**209,767**	**49.68**

Under the Maximum Scenario, our Company will comply with the public shareholding spread in view of the assumption that all of our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) subscribe in full for their entitlements under the Rights Issue.

2.6 Salient terms of the Warrants

The salient terms of the Warrants are as follows:

Terms		Details
Issue size	:	Up to 726,717,183 Warrants.
Form and denomination	:	The Warrants are issued in registered form and constituted by the Deed Poll.
Tenure	:	5 years commencing from and inclusive of the date of issuance of the Warrants.
Exercise period	:	The Warrants may be exercised at any time during the tenure of the Warrants of 5 years commencing from and inclusive of the date of issuance of the Warrants until 5:00 p.m. on the expiry date. Any Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.
Exercise Price	:	RM0.15 per Warrant payable in respect of each new Share or such other exercise price that may be adjusted in accordance with the provisions of the Deed Poll.
Expiry date	:	The day being 5 years commencing from and inclusive of the date of issuance of the Warrants and if such day is not a market day, then the expiry date will be on the market day immediately preceding such day.
Exercise rights	:	Each Warrant entitles the registered holder to subscribe for 1 new Share at any time during the exercise period and at the Exercise Price (subject to adjustments in accordance with the provisions of the Deed Poll).
Mode of exercise	:	The registered holder of Warrants is required to lodge an exercise form, as set out in the Deed Poll, with our Company's Share Registrar, duly completed and signed together with payment of the Exercise Price for the new Shares subscribed for via online payment into bank account of our Company maintained with a bank in Malaysia or by banker's draft or cashier's order or money order or postal order in RM drawn on a bank or post office operating in Malaysia, in accordance with the provisions of the Deed Poll.
Board lot	:	For the purpose of trading on Bursa Securities, 1 board lot of Warrant shall comprise 100 Warrants carrying the rights to subscribe for 100 new Shares at any time during the exercise period, or such other denomination as determined by Bursa Securities from time to time. The Warrants would be immediately detached from the Rights Shares upon issuance and shall be listed and traded on the ACE Market of Bursa Securities when the Warrants meet the conditions of the ACE LR of at least 100 Warrants holders holding not less than 1 board each and submitting relevant application for the Warrants to be listed on the ACE Market of Bursa Securities. The Warrants will not be listed in the event this condition is not met upon the issuance of the Warrants.
Adjustments to the Exercise Price and/or number of outstanding Warrants	:	Subject to the provisions of the Deed Poll, the Exercise Price or the number of outstanding Warrants held by each registered holder or both may, from time to time, be adjusted, calculated or determined by our Board in consultation with an approved adviser and certified by the auditors of our Company under certain circumstances in accordance with the provisions of the Deed Poll.
Transferability	:	The Warrants are transferable in the manner and in accordance with the provisions of the Deed Poll subject always to the provisions of the SICDA and the Rules of Bursa Depository. Subject to the provisions of the SICDA and Rules of Bursa Depository, the Warrants shall be transferable in a board lot of 100 Warrants carrying the rights to subscribe for 100 new Shares, or in multiples thereof or in such other denomination as may be determined by

Terms		Details
		Bursa Securities, at any time during the exercise period. No person shall be recognised by our Company as having title to the Warrants entitling the registered holder thereof to subscribe for a fractional part of a new Share or otherwise than as the sole holder of the entirety of such new Share. For the avoidance of doubt, save as provided under the Deed Poll, the Warrants shall not be transferred prior to the listing of and quotation for the Warrants on the ACE Market of Bursa Securities.
Rights of the Warrants holders	:	The Warrants shall, amongst the Warrants holders, rank equally without discrimination or preference. The Warrants holders will not be entitled to any voting rights or participation in any forms of distribution and/or offer of further securities in our Company until and unless they exercise their Warrants into new Shares and the new Shares have been allotted and issued to such Warrants holders.
Ranking of the new Shares arising from the exercise of Warrants	:	The new Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank equally in all respects with the our then existing Shares in issue, save and except that they shall not be entitled to any dividends, rights, allotments and/or other forms of distributions, which may be declared, made or paid to our shareholders, the entitlement date of which is prior to the relevant dates of allotment and issuance of the new Shares arising from the exercise of the Warrants.
Modification of rights of Warrants holders	:	Save as otherwise provided in the Deed Poll, any modification, amendment, deletion or addition to the Deed Poll (including the rights of Warrant holders, form and content of the warrant certificates to be issued in respect of the Warrants) may be effected only with a sanction of a special resolution by a deed to be executed by our Company and expressed to be supplemental to the Deed Poll and if the requirements of the Deed Poll have been complied with, unless such modification, amendment, deletion or addition is required to correct any typographical or manifest errors, related to purely administrative matters, is required to comply with prevailing laws or regulations of Malaysia or in the opinion of our Company, will not be materially prejudicial to the interests of Warrant holders.
Rights in the event of winding-up, liquidation, compromise and/or arrangement	:	If a resolution has been passed for a members' voluntary winding-up or liquidation of our Company or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of our Company with one or more companies, then: (i) for the purposes of such winding-up, liquidation, compromise or arrangement (other than a consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the Warrants holders (or some person designated by them for such purposes by a special resolution) shall be a party, the terms of such winding-up, liquidation, compromise or arrangement will be binding on all the Warrants holders; and
		(ii) in any other case, every Warrants holder shall be entitled, upon and subject to the conditions of the Deed Poll 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, liquidation, compromise or arrangement (as the case may be), to exercise his Warrants by irrevocably submitting the duly completed exercise form authorising the debiting of his Warrants, together with payment of the relevant payments and fees for the Exercise Price, to elect to be treated as if he had immediately prior to the commencement of such winding-up, liquidation, compromise or arrangement, exercised his Warrants to the extent specified in the exercise form(s) and become entitled to receive out of the assets of our

Terms		Details
		Company which would be available in liquidation as if he had on such date been the holder of the new Shares to which he would have become entitled pursuant to such exercise and the liquidator of our Company shall give effect to such election accordingly.
Listing status	:	The Warrants will be listed and quoted on the ACE Market of Bursa Securities.
Governing law	:	The laws of Malaysia.

2.7 Details of other corporate exercise

Save for the Rights Issue, our Board confirms that there are no other corporate exercises which have been announced by our Company but pending completion as at the LPD.

2.8 Details of previous fund-raising exercises

Our Company' fund-raising exercises for the past 5 years preceding the date of this AP are as follows:

(i) on 26 October 2022, our Company completed the Private Placement I. As at the LPD, we have fully utilised the proceeds in the following manners:

Purposes	**RM'000**
Purchase of ICT products for mobile and fulfillment segment(1)	3,600
Operating expenditures of courier and logistics segment(2)	4,000
Administrative and general expenses(3)	5,845
Expenses for the Private Placement I	180
Total	**13,625**

Notes:

(1) MMAG Digital had utilised the proceeds to purchase various types of ICT products for its mobile and fulfilment segment.

(2) LCEL had utilised the proceeds for the fleet and transportation expenses (RM3.01 million) and the rental payments for its hubs, depots and stations (RM0.99 million).

(3) Our Group had utilised the proceeds to pay our staff costs, office-related expenses and general administrative expenses.

(ii) on 30 August 2021, our Company completed Private Placement II. As at the LPD, we have fully utilised the proceeds in the following manners:

Purposes	**RM'000**
Setting-up and expansion of air cargo logistics business(1)	7,593
Working capital for air cargo logistics business(2)	7,885
Expenses for Private Placement II	108
Total	**15,586**

Notes:

(1) The proceeds were used to set-up and expand the air cargo logistics business of M Jets which commenced in June 2021, comprising deposit, lease and other related payments (e.g., insurance, induction expenses and engineering costs) for the leasing of aircraft (RM6.57 million); purchase of cargo management system to support the operations of the aircraft (RM0.22 million) and cost of relocation of M Jets' corporate office from Petaling Jaya to Kuala Lumpur International Airport (RM0.62 million). Refer to our circular to shareholders dated 30 May 2022 for further details on such utilisation of proceeds.

(2) The proceeds were used for working capital of M Jets' air cargo logistics business such as funding for aviation fuel (RM3.80 million), staff costs (RM1.00 million) and operating and administrative expenses (RM3.09 million).

(iii) on 12 July 2021, our Company completed the Private Placement III as detailed below:

Listing date	Issue price (RM)	No. of Share issued	Proceeds raised (RM)
22 December 2020	0.4750	52,944,700	25,148,733
19 February 2021	0.4000	18,750,000	7,500,000
12 July 2021	0.1360	34,765,300	4,728,081
	Total	**106,460,000**	**37,376,814**

As at the LPD, we have fully utilised the proceeds in the following manners:

Purposes	RM'000
Expenses for courier and logistics business[(1)]	18,676
Purchase of land in Johor[(2)]	8,450
Working capital	10,121
Expenses for Private Placement III	130
Total	**37,377**

Notes:

(1) The proceeds were used for our Group's courier and logistics business through LCEL, which include purchase of new motor vehicles (15 units of van, 55 units of truck (with tonnage of 7.5 per truck) and 5 units of prime mover) and expansion of network via set-up of 10 new depots in Malaysia as set out below:

State	*Location*	*No. of depots*
Kedah	*Jitra, Alor Setar*	*2*
Perak	*Chemor*	*1*
Perlis	*Kangar*	*1*
Pulau Pinang	*Sungai Tiram*	*1*
Selangor	*Subang Jaya TP6, Klang and Kuala Selangor*	*3*
Wilayah Persekutuan Kuala Lumpur	*Taman Shamelin, Kepong*	*2*
Total		***10***

(2) Being the acquisition of 8 pieces of land in Jelutong, Johor Bahru by Mgudang Sdn Bhd (previously a 74.50%-owned subsidiary of our Company), which was completed on 9 December 2020 by using an advance from Kenny Khow Chuan Wah (being an Executive Director of our Company) to settle the balance purchase consideration of RM8.45 million. Upon receipt of proceeds from the Private Placement III, our Company re-allocated and used RM8.45 million to settle such advance from our Director. For information purpose, the proceeds of RM8.45 million was initially earmarked to settle the balance purchase consideration for lands in Johor, which was subsequently varied and used to settle the abovementioned advance from Director. Such variation of utilisation of proceeds is not deemed a material change pursuant to Rule 8.24(2)(a) of the ACE LR and thus, was not subject to approval from our shareholders or regulatory authority.

For information purpose, our Company completed the disposal of Mgudang Sdn Bhd on 4 April 2022, after taking into consideration that Mgudang Sdn Bhd had made insignificant revenue contribution to our Group and the disposal allowed our Company to unlock the investment value in such subsidiary. Our Group recorded a gain on disposal of Mgudang Sdn Bhd of RM115,134.

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3. UTILISATION OF PROCEEDS

Based on the Issue Price, the Rights Issue is expected to raise a total gross proceed of RM18.00 million and up to RM145.34 million under the Minimum Scenario and Maximum Scenario, respectively, which is intended to be utilised by our Group in the following manner:

Purposes	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)	Expected timeframe for use of proceeds*
Capital expenditure for new warehouses/hubs/depots and related purchases of system, equipment and new fleet of vehicles(1)	5,000	70,000	Within 36 months
Purchase of products for mobile and fulfilment segment(2)	6,000	45,000	Within 36 months
Operating expenses for courier and logistics segment(3)	5,000	25,000	Within 24 months
Administrative and general expenses of our Group(4)	1,090	4,433	Within 24 months
Estimated expenses for the Corporate Exercises(5)	910	910	Within 1 month
Total	**18,000**	**145,343**	

The actual proceeds to be raised from the Rights Issue is dependent on the eventual subscription level of the Rights Issue. Any additional proceeds raised in excess of RM18.00 million under the Minimum Scenario will be allocated in the following order of priority up to the amount under the Maximum Scenario:

(i) estimated expenses for the Corporate Exercises;
(ii) operating expenses for courier and logistics segment;
(iii) administrative and general expenses of our Group;
(iv) purchase of products for mobile and fulfilment segment; and
(v) capital expenditure for new warehouses/hubs/depots and related purchases of system, equipment and new fleet of vehicles.

Pending utilisation, the proceeds will be placed in interest-bearing deposits with licensed financial institutions or short-term money market instruments as our Board may deem fit. The interest earned or any gain arising therefrom will be used to finance our Group's working capital purposes for our various business segments which comprise, amongst others, payment to trade creditors, fleet expenses, transportation expenses, manpower costs, office-related expenses and general administrative expenses; repayment of hire purchase facilities (which were used for the purchase of trucks) and/or repayment of lease liabilities (for the leasing of aircrafts, warehouse, hubs, depots and stations for our Group's air freight services as well as courier and logistics business). For information, as at 30 November 2023, our Group's hire purchase stood at RM13.51 million with interest at rates ranging from 2.03% to 4.30% per annum and tenure of 4 years to 12 years, whereas the lease liabilities stood at RM367.31 million with interest at rates ranging from 4.35% to 4.85% per annum and lease periods of 1 year to 21 years. The exact breakdown for the utilisation, repayment priority amongst hire purchase and lease liabilities of our Group cannot be determined at this juncture as it shall depend on, amongst others, our Group's funding requirements at the relevant time.

Notes:

* *From the date of completion of the Rights Issue.*

(1) *LCEL is the courier and logistics arm of our Group. Currently, LCEL has a network of 1 warehouse, 22 hubs, 32 depots and 75 stations throughout Malaysia for its courier and logistics segment. The key feature of a station, depot, hub and warehouse are as set out below:*

Station	*A drop-off point by sender, which generally located at shoplot in towns.*
Depot	• *A pick-up and delivery point, which generally located in city or major town but has smaller floor area as compared to a hub.* • *Parcels from station will be sent to depot for consolidation and thereafter transit to a hub.*
Hub	*Generally located in city or major town with spacious floor area to perform sorting, whereby pick-ups from the station/depot will be sorted at the hub and then transit out to another hub.*
Warehouse	*A larger premise wherein activities like picking, packing, sorting, labelling and storage of goods are undertaken at the premise.*

The management of our Group adopts a two prong approach to increase connectivity with strategic ports and entry points and expand coverage areas, as follows:

(a) *The first approach involves the acquisition or leasing of strategically located vacant lands in Selangor, Kuala Lumpur and/or east coast and northern areas of Peninsular Malaysia and the construction of new warehouses/hubs/depots thereon which offer one-stop integrated logistics solutions that include warehousing, picking and packing, labelling, sorting, bundling and re-packaging, freight forwarding and delivery in the future.*

Our management has set the size requirement of the warehouses/hubs/depots ranging from 5,000 sqft to 500,000 sqft.

Further, under this approach, LCEL also intends to acquire new fleet of vehicles and equipment to be used in the new warehouses/hubs/depots and install relevant inventory, warehousing and tracking systems at the new warehouses/hubs/depots. Such acquisitions of new equipment, systems and vehicles may involve the following items:

- *conveyor system;*
- *scanners;*
- *storage equipment (e.g., heavy duty storage racks);*
- *lift equipment (e.g., forklifts, pallet jacks, hand trucks, folding trolley carts, service carts and dollies);*
- *dock equipment for loading and unloading activities (e.g., dock plates and boards, and yard ramps);*
- *bins and containers to organise materials/cargo in the premises;*
- *packaging equipment to band and bundle materials/cargo (e.g., strapping and banding equipment, stretch wrap machines and packing tables); and*
- *vans (electric and/or diesel); 1-tonnage and 3-tonnage trucks and forklifts.*

At this juncture, the management of LCEL has not commenced any discussion with external vendors for the type and quantity of systems, new fleet of vehicles and equipment to be purchased. In this regard, the breakdown of allocation of proceeds for the respective purchase and installation costs of systems, new fleet of vehicles and equipment as well as the quantity to be purchased cannot be determined by the management of LCEL at this juncture as it shall depend upon, amongst others, the scale of operation of the new warehouses/hubs/depots and the prevailing product specification and prices.

For information purpose, the costs to be incurred under this approach for each new warehouse/hub/depot shall depend on, amongst others, the location, building size and specification, construction material costs and specification for the new systems, equipment and vehicle fleet. Further, the construction of new warehouse/hubs/depots will commence upon obtaining the relevant approvals from local authorities on the building plan and may take 6 to 15 months for completion.

(b) *The second approach involves leasing or renting of vacant buildings, renovate such buildings to cater for courier and logistics business and purchases of forklifts, machineries, furniture and fittings, and office and computer equipment. At this juncture, the management of our Group has not determined the type of vacant buildings to be leased or rented and the corresponding lease or rental expenses shall depend on the availability, location and size of vacant buildings. For this approach, it is estimated that the cost of renovation of a new warehouse/hub/depot to be approximately ranging from RM500,000 and RM5.0 million, respectively, which includes the purchases of abovesaid equipment. The actual renovation cost shall depend on, amongst others, the building size, material cost and the specification for machineries and computer equipment to be acquired.*

For information purpose, such renovation will commence upon finalisation of the leasing or renting arrangement and may take up to 6 months for completion.

Under the two prong approach, our Group intends to expand our logistics networks via setting up new hubs and depots in the following states:

States	***No. of hub/depot***
Selangor	*2 hubs and 3 depots*
Kuala Lumpur	*3 depots*
Perlis	*1 depot*
Pulau Pinang	*1 hub*
Kelantan	*1 depot*

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At this juncture, the management of LCEL has identified the following under the first approach:

Description	***Built-up area (sqft)***	***Lease arrangement***	***Construction and renovation cost***	***Commencement date***	***Expected completion date***	***Percentage of completion as at LPD***
Construct 1 new hub at Kota Damansara (Selangor)	*86,200*	• *On a piece of land leased by our Group (for a monthly lease expense of RM8,000 for a lease period of 3 years commencing from 1 September 2022 to 31 August 2025)*	*RM4.65 million*	*January 2023*	*2nd quarter of calendar year 2024*	*60%*
Construct 1 new depot at Pandamaran (Selangor)	*41,601*	• *On a piece of land leased by our Group (for a yearly expense of RM28,500 commencing on 7 August 2023 up to 31 December 2026)*	*RM3.20 million*	*October 2023*	*2nd quarter of calendar year 2024*	*80%*
Construct 1 new depot at Jalan Peel (Kuala Lumpur)	*17,000*	• *On 2 adjacent pieces of land leased by our Group (for a monthly lease expense of RM5,000 (for a lease period of 3 years commencing from 1 February 2023 to 31 January 2026, subject to a further term of 3 years upon mutual agreement by both parties) and RM7,000 (for a lease period of 3 years commencing from 1 April 2023 to 31 March 2026), respectively)*	*RM1.29 million*	*June 2023*	*4th quarter of calendar year 2023*	*95%*
Construct 1 new hub at Seberang Perai (Pulau Pinang)	*24,600*	• *On a piece of land leased by our Group (for a monthly lease expense of RM10,000 for a lease period 5 years commencing from 1 October 2022 to 30 September 2027 with a compulsory renewal for a further term of 5 years with the same monthly lease amount)*	*RM4.20 million (with an estimated RM1.00 million for the acquisition of new equipment)*	*December 2023*	*3rd quarter of calendar year 2024*	*Nil*
Construct 1 new depot in Machang (Kelantan)	*14,500*	• *On a piece of land leased by our Group (for a lease period of 6 years commencing from 1 October 2021 to 30 September 2027, for a monthly lease expense of RM4,000 from 1 January 2022 to 30 September 2024 and RM4,500 for the remaining lease period)*	*RM2.15 million (with an estimated RM0.60 million for the acquisition of new equipment)*	*April 2023*	*4th quarter of calendar year 2023*	*95%*

The abovementioned leasing expenses shall be funded via our Group's internally generated fund and/or proceeds from Rights Issue earmarked for operating expenses for our Group's courier and logistics segment (refer to note (3) below).

Save as disclosed above and at this juncture, the management of LCEL has not finalised the details of other hub/depot to be constructed under the first approach or to be leased and renovated by LCEL under the second approach.

Where applicable and required under the ACE LR, our Company will make the relevant announcement and seek shareholders' approval (if required) for any future acquisition or leasing of land by our Group for the construction of abovementioned new hubs/depots. For information purpose, the management of our Group may vary the type, number and features of buildings to be constructed, leased or rented for our Group's courier and logistics segment as this shall depend upon, amongst others, availability of suitable locations, size of location and construction costs.

Currently, our Group's facilities can cater up to 30,000 deliveries per day (being an internal estimation by the management of LCEL). Our Group may increase our warehousing facilities and hub/depots coverage progressively to cater up to 50,000 deliveries per day via the above two prong approach expansion plan within 12 months upon completion of the expansion plan. The increase in facilities, coverage and frequency of deliveries shall enable our Group to secure additional delivery orders when the opportunities arise in view of the positive outlook of the industries in which our Group operates in as set out in ***Sections 6.2 and 6.3*** *of this AP as well as the steps taken by our Group to expand the courier and logistics business. This abovesaid improvement is only an internal estimation by the management of our Group and subject to revision upon finalisation of the location for and details of the new warehouses/hubs/depots.*

The management of our Group is unable to determine the breakdown of proceeds to be used for each of the abovementioned approach as it shall depend on, amongst others, availability of suitable location for the new warehouses/hubs/depots; availability of Rights Issue proceeds; and the scale of operations of our Group's courier and logistics segment at the relevant time. Notwithstanding this, if only the Minimum Scenario is achieved, priority will be given for the use of proceeds for construction costs of our Group's new hubs/depots to be located in Pandamaran (Selangor), Jalan Peel (Kuala Lumpur), Seberang Perai (Pulau Pinang) and Machang (Kelantan), wherein the allocation of funds for each location cannot be determined at this juncture as it shall depend on respective construction progress and the funding requirements of our Group at the relevant time.

If only the Minimum Scenario is achieved or there is a shortfall in rights issue proceeds to fund the above capital expenditures, the management of our Group will use a combination of internal funds, borrowings and/or proceeds from other fund-raising options (if required) for this purpose. The breakdown of the sources of funds will be determined by the management of our Group at a later stage after considering our Group's internal funding requirements and capital structure at the relevant point in time. Any surplus amount will be re-allocated for the operating expenses for courier and logistics segment of our Group.

If there is a delay in the implementation of the Rights Issue to partially fund the abovementioned capital expenditures, our Group may use other sources of funds (such as credit facilities and/or borrowings) to fund such capital expenditures. In such circumstances, the Rights Issue proceeds shall be utilised to repay the credit facilities and/or borrowings obtained to fund such capital expenditures.

(2) MMAG Digital acts as fulfilment provider for various telecommunication companies, wherein it is responsible for sourcing and procurement, inventory and warehousing as well as logistics, freight management and delivery of ICT products (such as smartphones, SIM cards, tablets, modems and accessories) to the retail outlets of the telecommunication companies. The management of MMAG Digital is unable to determine the exact cost of these ICT products as it varies due to total quantities and type of ICT products to be procured and the credit terms negotiated with the suppliers. Generally, the telecommunication companies establish SLA targets to monitor the performance of MMAG Digital as a fulfilment provider. As at the LPD, MMAG Digital is engaged as fulfilment provider for 2 telecommunication companies in Malaysia.

MMAG Digital is expected to meet the requirements for ICT products of various telecommunication companies (in terms of estimated quantity, model and delivery destination) and will proceed with purchases upon receipt of order confirmation from the telecommunication companies. MMAG Digital will then store the ICT products at the hubs/depots/stations of our Group and arrange delivery of ICT products upon receipt of delivery notification from the telecommunication companies. In this regard, the quantity and type of ICT products to be sourced by MMAG Digital cannot be determined at this juncture as this is dependent on inventory forecasting and requirements of the telecommunication companies.

In view of the positive outlook for the demand of ICT products (as set out in ***Section 6.3*** *of this AP), our management intends to use part of the rights issue proceeds to purchase ICT products pursuant to the SLA targets in order to maintain a sufficient level of inventory of ICT products to meet the demand of and timely delivery to the retail outlets of the telecommunication companies. In doing so, MMAG Digital believes it is able to provide better customer experience and satisfaction by meeting the SLA targets and enhances its reputation as an integrated fulfilment provider for ICT products for the telecommunication industry. Based on past experiences, MMAG Digital generally have inventory reserve for 4 to 6 months, depending on the inventory forecasting of the telecommunication companies.*

Currently, MMAG Digital uses a combination of internal funds and borrowings to fund the purchases of ICT products for its mobile and fulfilment segments. If there is delay in the implementation of the Rights Issue or the proceeds to be raised from the Rights Issue is insufficient to meet the procurement requirements, our Group may use other sources of funds (such as credit facilities or borrowings) to fund this purpose. In such circumstances, the Rights Issue proceeds shall be utilised to repay the credit facilities or borrowings obtained for such purpose.

Any surplus amount will be re-allocated for the operating expenses for courier and logistics segment of our Group. Any shortfall will be funded via a combination of internally generated funds, borrowings and/or proceeds from other fund-raising options (if required). The exact breakdown of sources of funds will be determined by the management of our Group at a later stage after considering our Group's internal funding requirements and capital structure at the relevant point in time.

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(3) We intend to use part of the Rights Issue proceeds to fund the operating expenses for LCEL's daily operations as follows:

	Indicative (%)	***Minimum Scenario (RM'000)***	***Maximum Scenario (RM'000)***
Fleet and transportation expenses(i)(ii)	*50%*	*2,500*	*12,500*
Manpower cost(iii)	*45%*	*2,250*	*11,250*
Rental payments for hubs, depots and stations(iv)	*5%*	*250*	*1,250*
Total	***100%***	***5,000***	***25,000***

Notes:

(i) <u>Fleet expenses</u>

As at the LPD, LCEL has 246 vans, 307 trucks, 2 prime movers and 41 forklifts, and is negotiating to purchase additional motor vehicles. The exact quantity, type of vehicle, timing of purchase and breakdown of sources of fund to purchase additional fleet cannot be determined at this juncture as it shall depend on the future growth of LCEL's courier and logistics business and our Group's internal funding requirements at the relevant point in time.

On average, LCEL incurs approximately RM1.40 million per month for fleet expenses such as maintenance and repair of vehicle fleet, fuel costs, road tax, motor vehicle insurance, vehicle inspection costs and upgrade of global positioning system trackers. Fleet maintenance is vital in ensuring the vehicle fleet is in good condition, improving reliability of delivery vehicle and avoids unwanted delays in deliveries which in turn, will enhance our Group's business reputation as a trusted courier and logistics service provider.

Further, as part of our environment, social and governance initiatives, LCEL will also upgrade its fleet with EV, in phases. Hence, our Group's fleet expenses include purchases of EV to deliver parcels in metropolitan areas.

(ii) <u>Transportation expenses</u>

In a logistics process, a package is transported from its pick-up point to a receiving hub/depot (first mile delivery), then being sorted at hub/depot for onward delivery to multiple intermediary hubs/depots before being delivered to an arrival hub/depot (mid-mile delivery) and thereafter being delivered to the recipients (last-mile delivery). While LCEL is involved in the overall logistics process, it also outsources certain mid-mile delivery services to external third parties who have more established transportation network connectivity for frequent delivery services within Malaysia (such as interstate transportation routes which are normally long haul) and between ports/airports. Further, LCEL also engages third parties to, amongst others, handle custom-related matters. Hence, the management of our Group plans to use part of the Rights Issue proceeds as funding for transportation expenses such as courier agents costs; freight, customs and handling charges; and delivery charges.

On average, LCEL incurs approximately RM2.85 million per month for transportation expenses.

(iii) *<u>Manpower cost</u>*

In view of the business expansion for courier and logistics segment as set out in note (1) above, our Group will recruit additional staff (e.g. drivers and workers at warehouses/hubs/depots). The exact additional workforce cannot be determined at this juncture as it shall depend upon various factors, such as availability of experienced and competent candidates, as well as the number and size of new warehouses/hubs/depots.

On average, LCEL incurs approximately RM4.0 million per month for manpower costs (including outsourced foreign workers).

(iv) *<u>Rental payments for LCEL's hubs, depots and stations</u>*

As at the LPD, our Group has a network of 1 warehouse, 22 hubs, 32 depots and 75 stations throughout Malaysia for our courier and logistics segment, of which 1 warehouse, 21 hubs, 32 depots and 5 stations are on rental basis. On average, LCEL incurs approximately RM0.5 million per month as rental payments for its hubs, depots and stations. The management of LCEL expects the monthly rental payments for its hubs, depots and stations to increase in tandem with its expansion plan as set out in note (1) above.

The above allocation of proceeds for each category of operating expenses of LCEL is indicative at this juncture and may be re-allocated amongst themselves, depending on the funding requirements of our Group at any relevant point in time. Any surplus will be re-allocated for capital expenditure for new warehouses/hubs/depots and related purchases of system, equipment and new fleet of vehicles; purchase of products for mobile and fulfilment segment and/or administrative and general expenses of our Group, wherein the breakdown of re-allocation will be determined by the management of our Group at a later stage. Any shortfall will be funded via a combination of internally generated funds, proceeds from other fund-raising options (if required) and/or borrowings. The exact breakdown of sources of fund will be determined by the management of our Group at a later stage after considering our Group's internal funding requirements and capital structure at the relevant point in time.

If there is a delay in implementing the Rights Issue, LCEL may use other sources of funds (such as credit facilities or borrowings) for the abovementioned purposes. In such circumstances, the Rights Issue proceeds earmarked for the abovementioned purposes shall be used to repay the credit facilities or borrowings obtained for such purposes.

(4) *We intend to use part of the proceeds to pay the administrative and general expenses of our Group, as follows:*

	Indicative (%)	***Minimum Scenario (RM'000)***	***Maximum Scenario (RM'000)***
Staff costs[(i)]	*50%*	*545*	*2,216*
Other administrative and general expense[(ii)]	*50%*	*545*	*2,217*
Total	***100%***	***1,090***	***4,433***

Notes:

(i) Comprise payment of salaries, statutory contributions, wages and welfare expenses for administrative staff of our Group. On average, our Group incurs approximately RM0.50 million per month for staff costs for administrative staff.

(ii) Comprise payments for, amongst others, office-related expenses (such as office maintenance and insurance), statutory outgoings, utilities and professional fees for audit, taxation and secretarial services.

The above allocation of proceeds for each category of administrative and general expenses of our Group is indicative at this juncture and may be re-allocated amongst themselves, depending on the funding requirements of our Group at any relevant point in time.

(5) The breakdown for the estimated expenses for the Corporate Exercises is as follows:

Details	***RM'000***
Professional fees (payable to adviser, solicitors, independent market researcher, company secretary, share registrar and Sole Underwriter)	*680*
Authorities fees	*88*
Printing, despatch, EGM-related expenses and miscellaneous (e.g. Malaysian sales and service tax and estimated out-of-pocket expenses)	*142*
Total	***910***

Any variation to the actual amount of expenses for the Corporate Exercises will be adjusted accordingly to/from the proceeds allocated for the administrative and general expenses of our Group.

The exact quantum of proceeds that may be raised from the exercise of the Warrants would depend on the eventual subscription level of the Rights Issue and the actual number of Warrants exercised during the tenure of Warrants. Based on the Exercise Price, the maximum gross proceeds that may be raised from the exercise of the Warrants is approximately RM109.00 million. Such proceeds shall be used to support any future business expansions and/or prospective business, projects and/or acquisition to be undertaken by our Group (if any) as well as to finance our Group's working capital purposes for our various business segments which comprise, amongst others, purchases of ICT products, fleet expenses and transportation expenses for courier and logistics segment, manpower costs, office-related expenses and general administrative expenses of our Group; repayment of credit facilities or borrowings of our Group; and/or capital expenditures for our Group's warehouses/hubs/depots, within 36 months from the time the proceeds are received by our Company. The exact breakdown for the utilisation cannot be determined by us at this juncture as it shall depend on, amongst others, our Group's funding requirements at the relevant time and the timing of exercise of the Warrants. Pending utilisation, the proceeds from the exercise of Warrants will be placed in interest-bearing deposits with licensed financial institutions or short-term money market instruments as our Board may deem fit to earn interest income. Any interest income earned from such deposits or gain arising from such market instruments will be used as working capital of our Group (e.g., purchases of ICT products, fleet expenses and transportation expenses for courier and logistics segment, manpower costs, office-related expenses and general administrative expenses of our Group; and/or repayment of credit facilities or borrowings of our Group) within 12 months from being earned.

4. RATIONALE FOR THE RIGHTS ISSUE

As at 30 September 2023 (being the latest announced financial results of our Group as at the LPD), our Group has cash and bank balances of RM16.48 million and fixed deposits with licensed banks of RM6.23 million. Considering that the fixed deposits are pledged as security for bank borrowings secured by our Group, our management intends to preserve the cash and bank balances and to use it for the working capital requirements of our Group's various business segments to meet any short-term obligations (e.g., payment to trade and other payables; purchases of materials and ICT products; fleet and transportation expenses; staff related costs; interest expenses; and rental and lease expenses) in a timely manner.

After due consideration of various means of fund-raising, our Board is of the view that the Rights Issue is an appropriate avenue to raise funds for our Company at this juncture for purposes as set out in **Section 3** of this AP based on the following key considerations:

(i) it allows our Company to raise sizable funds (i.e., up to RM145.34 million based on the Issue Price) without incurring interest costs associated with bank borrowings or issuance of debt instruments that will result in cash outflow arising from interest servicing costs. Moreover, our Group will also be able to preserve our cash and bank balances, which otherwise would be used to pay the interest costs, for our Group's day-to-day operations;

(ii) it provides an opportunity for our Entitled Shareholders to participate in the equity offering of our Company on a pro-rata basis, assuming all Entitled Shareholders fully subscribe for their respective entitlements under the Rights Issue and exercise Warrants into new Shares;

(iii) it strengthens our capital base and enhances the overall financial position of our Group when the economic and financial benefits from the utilisation of proceeds to be raised from the Rights Issue (as set out in **Section 3** of this AP) are realised; and

(iv) it allows our Company to raise additional funds for our Group's working capital requirements; repayment of credit facilities or borrowings of our Group; and/or capital expenditures for our Group's warehouses/hubs/depots as and when the Warrants are exercised.

The Warrants, which are attached to the Rights Shares and to be issued at no cost, are intended to provide an added incentive to our Entitled Shareholders to subscribe for the Rights Shares. In addition, the Warrants will provide our Entitled Shareholders with an opportunity to increase their equity participation in our Company at a pre-determined Exercise Price over the tenure of the Warrants and will allow our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) to further participate in the future growth of our Group as and when the Warrants are exercised.

For the past 2 years, we had undertaken a few private placements which were either via general mandates approved by our shareholders or a specific approval from our shareholders (refer to **Section 2.8** of this AP for further details of these private placements). The funds required by our Group as set out in **Section 3** of this AP (save for the capital expenditure for new warehouses/hubs/depots and related purchases of system, equipment and new fleet of vehicles) was raised via these past private placements. Notwithstanding this, it is noted that the market price of our Share had been declining since the date of announcement of the Private Placement I on 10 March 2022 (from a closing price of RM0.06 each on 10 March 2022 to a closing price of RM0.015 each on the Announcement LPD *(Source: Bloomberg Finance L.P.)*), resulting with lesser amount of proceeds raised for purposes set out in **Section 2.8(i)** of this AP. Considering that courier and logistics segment is capital intensive and the current funding requirement of our Group as set out in **Section 3** of this AP, our Board had resolved to undertake the Rights Issue, which will be the first rights issue by our Company in the past 5 years prior to the date of the Announcement.

5. RISK FACTORS

You and/or your renouncee(s)/transferee(s) (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 Shares with Warrants.

5.1 Risks relating to our Group's courier and logistics segment as well as air freight segment

(i) Unexpected fleet breakdown and accidents as well as maintenance

The breakdown of our fleet and the occurrence of accidents may result in down-time and substantial cost being incurred. Although our Group has insured our fleet for damage and repair works caused by accidents and certain unforeseeable events, our Group's earnings may still be affected should there be prolonged delays in repair works.

In addition, as an air freight service provider, the aircraft and associated equipment operated by our Group are subject to normal wear and tear and require periodic downtime for repairs and maintenance. If the frequency of or time required for such repairs and maintenance including the availability of the required aircraft equipment/spare parts exceeds the scheduled period, our Group's operations and financial performance may be adversely affected. Our Group is also dependent on the external infrastructure and systems of third-party service providers. Hence, the inability to use any of our aircrafts, equipment or other assets may materially and adversely affect our Group's business, operational results and financial performance.

(ii) Risk of non-renewal or revocation of licenses, permits or certificates

Currently, LCEL was granted the Non-Universal Service License for Courier Services (Class A) under the Postal Service Act 2012 (Act 741) in July 2015 which was issued by the Malaysian Communications and Multimedia Commission. LCEL 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.

Further, our Group's air freight segment also has been granted various licences, permits and certificates from the relevant authorities, e.g., air service license issued by the Malaysian Aviation Commission and air operator certificates issued by the Civil Aviation Authority of Malaysia and other applicable licenses for our ground handling service business.

Hence, our Group's businesses rely on various licenses, permits, certificates and other approvals issued by the relevant authorities to conduct our Group's day-to-day operations, some of which are subject to periodic renewals. We have not encountered any difficulties in maintaining and renewing these licenses in the past. However, there is no assurance that the renewal of any licences or permits will not be subject to variation, modifications or imposition of additional conditions by the regulatory authorities.

(iii) Competition risk

The logistics and courier segment as well as the air freight segment are highly competitive. Our Group competes with other well established market players for more business and market share. Our Group believes that our ability to compete depends upon many factors, both within and outside our control, including products and service differentiation, product distribution channels, customer service sales, pricing and marketing efforts. However, there can be no assurance that by adopting the above measures, our Group will be able to response to changing market conditions or to maintain our competitiveness against current and future competition.

Further, other existing players in the industries 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 resources. No assurance is given that our Group will be able to maintain or increase our existing market presence in the future. If we are unable to respond to such competition, our financial performance could be adversely affected.

(iv) Increase in operating expenses

At present, fuel and staff costs make up a significant portion of our Group's operating expenses. As such, our Group's operating results are significantly affected by changes in the fuel prices. Historically, fuel costs have been subject to wide price fluctuations based on geopolitical issues and supply and demand. Due to the variety of factors that affect the price of fuel, the cost of fuel cannot be predicted with any degree of certainty.

With the expansion of our courier and logistics services segment, 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 and staff costs 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 and staff costs on to our customers could also have an adverse impact on the demand for our Group's services.

5.2 Risks relating to our Group's mobile and fulfilment segment

(i) Operational / Business risks

Our Group's ability to turnaround our operations and financial position is highly dependent on being able to complete the contracts at hand as well as to secure additional contracts. This is due to the nature of the business and the prevailing industry practice, where orders from customers are usually secured on a project-by-project basis. The nature of products and services provided by our Group varies according to the orders received from which is usually based on the customers' requirements and specifications. The frequency and value of orders would also vary from year to year. Hence, our Group's revenue may fluctuate from year to year and such fluctuations may have a material adverse impact on our business operations and financial performance.

(ii) Competition risk

The ICT industry is competitive in nature and characterised by rapid technological changes and our Group faces direct competition from both new entrants and existing players within the ICT industry. Thus, our Group is dependent on our ability to continuously promote and sell our products and solutions to our existing and new customers while competing with other providers in the ICT industry. As such, our Group will experience stiff competitions during the project tendering stage.

Future success and ability to remain staying relevant in IT industry will depend significantly upon our Group's ability to respond to the change in the market demands and conditions such as changes in customers' preferences as well as development of new products and design. Further, competition may be in the form of pricing, quality of service, as well as new innovative solutions. There is no assurance that our Group can remain competitive against its competitors moving forward. The emergence of new competitors who can offer more innovative solutions at a competitive cost may result in our Group losing our market share to such competitors. In turn, this would adversely affect the business and financial performance of our Group. Hence, there can be no assurance that our Group will be able to continuously compete effectively with our peers.

5.3 Risks relating to our Group

(i) Economic, political and regulatory considerations

Our Group's businesses, results of operations, financial condition and prospects may be affected by risks on the occurrence of force majeure events or circumstances which are beyond the control of our Group, for instances, natural disasters, closure of international borders, economic risks (such as an economic downturn, changes in interest rates, slower global and domestic growth and inflation), ongoing trade and geopolitical tensions, commodity-related crisis, adverse developments in political and government policies in Malaysia such as changes of fiscal and monetary policies as well as regulations relating to taxation, licensing or business permits relating to our Group's business; and foreign markets, acts of war or terrorism, riots, expropriations and changes in political leadership, all of which may affect investors' confidence in the financial and stock markets. While we strive to take precautionary measures such as prudent business, financial and risk management policies. Most of the above changes are beyond our control and there can be no assurance that any adverse developments will not materially affect the business operations and performance of our Group.

(ii) Dependence on key personnel

Our Group's business sustainability depends largely on the abilities, skills and experience as well as the continued efforts of our existing Executive Directors and key management personnel. The loss of any Executive Directors and/or key management personnel without suitable and timely replacement, or the inability of our Group to attract and retain other qualified personnel, may adversely affect our Group's revenue and profitability. There is no assurance that our Group will be able to identify, attract and retain skilled personnel from time to time in the future or that any loss of key management personnel can be easily and quickly replaced without major disruption to our Group's operations.

(iii) Risk from the COVID-19 outbreak or occurrence of similar pandemics

In the past, the COVID-19 pandemic and its resultant impact on the global economy had temporarily impacted our Group's operations and financial performance. During the various lock-down or movement restriction measures by our Government to curb COVID-19 pandemic, financial performances of user industries for our Group's products and services were adversely affected which in turn, had affected the demand for our Group's products and services.

Although Malaysia has entered into the endemic phase of COVID-19 and there is no longer any lockdown or movement restriction measures imposed by our Government since then, there can be no assurance that any occurrence of similar pandemics in the future may similarly cause restriction in movement of goods and people, disruptions of supply chain and/or any other external factors which are beyond the control of our Group, which would have a material adverse effect on the business operations and financial performance of our Group.

(iv) Our Group may not be successful in implementing our business plans

The expansion of our logistics, courier and air freight segments will require substantial capital expenditure and the daily operations of our Group also requires additional financial resources and commitments. There is no assurance that our Group's business operations will achieve the expected results or outcome such as an increase in revenue that will be commensurate with our Group's investment costs, or the ability to generate any operational efficiencies and/or productivity improvements to our Group's operations.

If our Group fails to achieve a sufficient level of revenue and/or our Group fails to manage our costs efficiently, our Group will not be able to recover our investment and our future financial performance, business operations and/or financial condition would be adversely affected. Further, 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.

(v) 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. Further, our air freight segment sources supply from oversea suppliers which denominated in USD and this exposes our Group to foreign exchange risk. As such, any fluctuation in foreign exchange rates will increase the costs of the above-mentioned procurements and would have an impact on our Group's profitability. Our Group is also exposed to currency translation risk arising from our investment in a foreign subsidiary, which is located in Singapore.

(vi) Credit risk

The uncertain global and modest domestic economies potentially post a challenge to our Group's credit risk in relation to longer collection periods and potentially lead to loss arising from irrecoverable trade receivables. Our Group seeks to limit this credit risk through prudent management policies, continuous review and evaluation of the credit status of trade receivables and working closely with our Group's business partners. There can be no assurance that our credit control measures would be adequate for the collection of all receivables, where there are instances of default payments by our partners, it will have adverse impact on our Group's financial condition or results of operations.

5.4 Risks relating to the Rights Issue

(i) Investment risk

The market prices of our Shares and Warrants as traded on Bursa Securities are influenced by, amongst others, the prevailing market sentiments, volatility of the equity markets and outlook of the industries in which our Group operates in as well as our financial performance. In view of this, there can be no assurance that the Rights Shares (together with the new Shares to be issued pursuant to the exercise of Warrants) and Warrants will trade at or above the Issue Price or the Exercise Price or the TEAP, upon or subsequent to the listing and quotation of these securities on the ACE Market of Bursa Securities.

The Warrants are new instruments issued by the Company. Therefore, there can be no assurance that an active market for the Warrants will develop upon listing on Bursa Securities, or if developed, will be sustainable. In addition, there is no assurance that the Warrants will be 'in-the-money' during the exercise period for the Warrants. Accordingly, there is no assurance that the market price of the Warrant will be at a level that meets the specific investment objectives or targets of any subscriber of the Warrants.

(ii) Failure or delay in the completion of the Rights Issue

The Rights Issue is exposed to the risk that it may be delayed or aborted due to the occurrence of force majeure events or circumstances, which are beyond the control of our Company and the Adviser and Sole Underwriter, arising prior to the completion of the Rights Issue. Such events or circumstances include, epidemics or pandemics; natural disaster; adverse developments in political, economic and government policies in Malaysia (including changes in political leadership, inflation and interest rates); global economic downturn; and acts of war, terrorism, riots and expropriations. No assurance can be made that the abovementioned events or circumstances will not cause a failure or delay in the completion of the Rights Issue.

If you have acquired the Provisional Allotments via the open market, you may not be able to recover your investment cost in the event the Rights Issue is terminated.

Where prior to the issuance and allotment of the Rights Shares with Warrants to the successful Entitled Shareholders and/or their renouncees(s)/transferee(s) (if applicable):

(a) in the event of failure in the completion of the Rights Issue where the SC issues a stop order pursuant to subsection 245(1) of the CMSA, all applications shall be deemed to have been withdrawn and cancelled and our Company shall forthwith repay, without interest, all monies received from the applicants within 14 days from the date of the stop order, failing which we shall be liable to repay such monies with interest at the rate of 10% per annum or at such other rate as may be specified by the SC from the expiration of that period pursuant to subsection 245(7)(a) of the CMSA; or

(b) in the event of failure in the completion of the Rights Issue (other than pursuant to subsection 245(1) of the CMSA), all application monies received pursuant to the Rights Issue will be refunded to our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who have subscribed for the Rights Shares with Warrants, without interest.

If the Rights Shares with Warrants have been issued and allotted to the successful Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) and:

(a) the SC issues a stop order pursuant to subsection 245(1) of the CMSA, any issue of the Rights Shares with Warrants shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days from the date of service of the stop order, our Company shall be liable to repay such monies with interest at the rate of 10% per annum or at such other rate as may be specified by the SC from the expiration of that period and to take necessary steps to effect the stop order pursuant to subsection 245(7)(b) of the CMSA; or

(b) the Rights Issue is subsequently cancelled or terminated for reasons other than pursuant to a stop order by the SC under subsection 245(1) of the CMSA, a return of monies received from the applicants can only be achieved by way of cancellation of our Company's share capital as provided under the Act and its related rules.

Such cancellation requires the sanction of our shareholders by 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 or a solvency statement from our Directors. There can be no assurance that such monies can be returned within a short period of time or at all in such circumstances.

Notwithstanding the above, we will exercise our best endeavour to ensure the successful implementation of the Rights Issue. However, there can be no assurance that the abovementioned events will not cause a failure or delay in the completion of the Rights Issue.

(iii) Potential dilution of existing shareholders' shareholdings

In view of the basis of the Rights Issue and the Rights Issue which is on a renounceable basis, our Entitled Shareholders who do not subscribe for their entitlements under the Rights Issue will experience dilution in their shareholdings in our Company as a result of the issuance of the Rights Shares (arising from subscription of Rights Shares by other Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable)) and the issuance of new Shares arising from the exercise of Warrants.

Entitled Shareholders who do not or are unable to subscribe fully for their entitlements pursuant to the Rights Issue will experience dilution in their proportionate percentage of shareholdings and voting interest in our Company and the percentage of the enlarged issued share capital represented by their shareholdings in our Company accordingly. Consequently, their proportionate entitlement to any future distribution, rights and/or allotment that our Company may make after completion of the Rights Issue will correspondingly be diluted.

(iv) Forward-looking statements

Certain statements in this AP are based on historical data, 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 estimates 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 anticipated 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.

6. INDUSTRY OUTLOOK AND PROSPECT OF OUR GROUP

6.1 Overview and outlook of Malaysian economy

The Malaysian economy expanded by 3.3% in the third quarter of 2023 (2Q 2023: 2.9%). Growth was anchored by resilient domestic demand. Household spending remained supported by continued growth in employment and wages. Meanwhile, investment activity was underpinned by the progress of multi-year projects and capacity expansion by firms. Exports remained soft amid prolonged weakness in external demand. This, however, was partially offset by the recovery in inbound tourism. On the supply side, the services, construction and agriculture sectors remained supportive of growth. This was partly offset by the decline in production in the manufacturing sector given the weakness in demand for electrical and electronic ("**E&E**") products and lower production of refined petroleum products. On a quarter-on-quarter seasonally adjusted basis, the economy grew by 2.6% (2Q 2023: 1.5%). Overall, the Malaysian economy expanded by 3.9% in the first three quarters of 2023.

Headline inflation continued to moderate to 2% (2Q 2023: 2.8%) during the quarter. The moderation was recorded in both non-core inflation and core inflation. For non-core inflation, fresh food and fuel contributed to the decline. Core inflation declined further to 2.5% (2Q 2023: 3.4%) but remained above its long-term average (2011-2019 average: 2%). The moderation in core inflation was largely contributed by selected services, including food away from home, expenditure in restaurants and cafés, and personal transport repair and maintenance. Inflation pervasiveness declined as the share of Consumer Price Index items recording monthly price increases moderated to 40.8% during the quarter (2Q 2023: 42.7%), below the third quarter long-term (2011-2019) average of 44.5%.

BNM Governor Datuk Abdul Rasheed Ghaffour says, "Despite the challenging global environment, the Malaysian economy is projected to expand by around 4% in 2023 and 4% – 5% in 2024. Growth will continue to be driven by the expansion in domestic demand amid steady employment and income prospects, particularly in domestic-oriented sectors. This growth performance along with other favourable economic developments would provide support to the ringgit."

Improvements in tourist arrivals and spending are expected to continue. Investment will be supported by further progress of multi-year infrastructure projects and the implementation of catalytic initiatives. Measures under Budget 2024 will also provide additional impetus to economic activity. The growth outlook remains subject to downside risks stemming primarily from weaker- than-expected external demand as well as larger and more protracted declines in commodity production. However, there are upside risk factors such as stronger-than-expected tourism activity, a stronger recovery from the E&E downcycle, and faster implementation of existing and new investment projects.

As expected, both headline and core inflation have been declining throughout the year, mainly due to milder cost conditions. This would likely continue for the remainder of 2023. Overall, headline inflation is expected to average between 2.5% and 3% in 2023. Going forward, risks to the inflation outlook remain highly subject to changes to domestic policy on subsidies and price controls, as well as global commodity prices and financial market developments.

(Source: Economic and Financial Developments in Malaysia in the Third Quarter of 2023, BNM)

Despite the softened global growth, Malaysia's economy recorded a strong growth of 8.7% in 2022, exceeding the initial projection of 6.5%-7%, whereby real output value reached above the pre-pandemic level. Malaysia's economic growth is projected to moderate amid the signs of weakness in the global growth momentum. The growth will be mainly supported by steady domestic demand primarily private expenditure as well as initiatives under the Budget 2023 and development expenditure under the Twelfth Malaysia Plan, 2021-2025. On the supply side, all economic sectors are expected to remain in the positive growth trajectory in 2023, driven by services and manufacturing sectors. However, downside risks such as prolonged geopolitical conflict, climate-related disasters and persistently high inflation are expected to further hampering the global economy growth, hence, affecting Malaysia's performance. Overall, the nation's gross domestic products is forecast to grow approximately 4.5% in 2023 (Source: Updates on Economic & Fiscal Outlook and Revenue Estimates 2023, Ministry of Finance). According to the International Monetary Fund, Malaysia's real gross domestic product is projected to grow by 4.5% in 2023 and 2024. *(Source: IMF World Economic Outlook: A Rocky Recovery, April 2023, International Monetary Fund)*

6.2 Overview and outlook of the transportation, logistics and courier industry in Malaysia

The transportation and logistics industry in Malaysia, measured by the GDP for transportation and storage activities, grew from RM42.1 billion in 2015 to RM62.2 billion in 2022 at a CAGR of 5.9%. In 2020, the GDP for transportation and storage activities dipped to RM45.6 billion arising from the COVID-19 pandemic which caused disruptions in supply chains and logistics activities owing to the various levels of lockdowns instituted by the Government to contain the spread of the virus. As Malaysia's economy began showing signs of recovery in 2021 amidst the increasing COVID-19 vaccination rates, the GDP for transportation and storage activities rose to RM46.7 billion in 2021 and subsequently RM62.2 billion in 2022. Between 2015 and 2022, transportation and storage activities represented 3.6% of Malaysia's total GDP, signifying its importance to overall economic development.

According to Bank Negara Malaysia, Malaysia's economy is projected to grow between 4.0% and 5.0% in 2023, supported by firm domestic demand. Transportation and storage activities expanded by 15.2% in the first half of 2023, attributed to the increase in passenger traffic, particularly in land and air transport segments as well as supporting activities related to airports and highway operations. The land and air transport segments' growth were mainly driven by robust tourism-related activities following higher traffic volume in toll highways and airports. In the second half of 2023, transportation and logistics activities are expected to increase by 13.7% supported by the land transport segment, particularly road and rail transports on the back of state elections, festivities and school holidays. The performance of air cargo is anticipated to moderate due to softer performance in global trade, which is offset by the notable performance of air passenger traffic, in tandem with the additional number of flights to several main and new routes such as Istanbul, Okinawa and Tashkent. Overall, transportation and logistics activities are projected to rise by 14.5% in 2023 and 7.4% in 2024.

The volume of air cargo handled dipped slightly from 959.0 thousand metric tonnes ("**MT**") in 2015 to 942.6 thousand MT in 2019 at a CAGR of 0.4%. In 2020, the volume of air cargo handled dipped further to 789.1 thousand MT on account of the COVID-19 pandemic which dampened international trade activities. In 2021, spurred by the reopening of Malaysia's economy and the growth of e-commerce activities, the volume of air cargo rose to 1.0 million MT and was sustained at 1.0 million MT in 2022.

The courier industry in Malaysia, measured in terms of domestic and international couriered express documents, packages and parcels, increased from 94.6 million in 2017 to 695.4 million in 2022 at a CAGR of 49.0%. Growth was primarily evident in the domestic packages and parcel segment that rose from 34.3 million in 2017 to 617.8 million in 2022 at a CAGR of 78.3% spurred by the volume of packages and parcels traffic arising from e-commerce transactions during the COVID-19 pandemic.

Key growth drivers

(i) The benefits of engaging transportation, logistics and courier services support industry growth

By engaging transportation, logistics and courier service providers, businesses and companies stand to benefit from the following:

- Time and cost savings - businesses and companies do not have to invest in building warehouses, hiring additional labour, facilitating transportation and installing technologies by leveraging third-party logistics companies, as the latter can leverage on their networks to help businesses and companies gain volume discounts, lower overhead costs and quicker service.

- Market expansion - businesses and companies can take advantage of a logistics service provider's distribution centers and warehouses located in various regions where they do not have an established presence. This allows businesses and companies to ship efficiently to their customers anywhere in the world.

- Scalability and flexibility - logistics service providers typically have a large network over in-house supply chains that businesses and companies can leverage upon to expand in a cost-effective way.

(ii) Growth in external trade supports the demand for logistics and transportation services

Malaysia's external trade, comprising total imports and total exports, increased from RM1.46 trillion in 2015 to RM2.85 trillion in 2022 at a CAGR of 10.0%.

Under Budget 2024, the Government announced measures to support the transportation and logistics industry in line with initiatives to attract more investors and boost trade activities including:

- RM50.0 million allocation as a matching grant with the Port Klang Authority to maintain Jalan Pelabuhan Klang while enforcing the overload limit on heavy vehicles;
- RM20.0 million allocation as a matching grant with the port authorities to upgrade the Malaysia Maritime Single Window (MMSW) system to unite trading communities at the port through an integrated digital portal with various government agencies; and
- the proposed development of a port in Carey Island will be realised through a request for proposal to further strengthen the role of Port Klang.

The logistics and transportation industry facilitates Malaysia's external trade as industry players play a key role in moving materials and goods domestically and across borders. Thus, further growth in Malaysia's external trade will bode well for industry players in the logistics and transportation industry.

(iii) Growing demand from the manufacturing sector will drive the demand for logistics services, and particularly air cargo services for time-sensitive and valuable products

Logistics services are crucial to the manufacturing sector for the delivery and storage of various products. Air cargo services drive trade by enabling countries to join global value chains and move up to higher value-added activities. It is used extensively to transport high-value-to-weight ratio goods, such as parts and components in the electrical and electronics and pharmaceutical sectors. It is also important for process-critical items where controlled environments and rapid movement from producer to consumer are necessary to ensure high-quality final products such as medical equipment. In the apparel sector, "fast fashion" retailers make extensive use of air cargo in their supply chains when time-to-market is critical for finished goods.

From the supply chain perspective, air cargo services help firms maintain low inventory levels which consequently reduce warehouse costs by moving goods quickly and reliably. Moreover, it supports the global value chain's just-in-time approach to combine and assemble inputs via express shipment.

(iv) Growing e-commerce market supports the demand for logistics and courier services, particularly air cargo for cross-border transactions

The e-commerce income of establishments in Malaysia rose from RM398.2 billion in 2015 to RM1.2 trillion in 2022. In particular, the annual growth rates for e-commerce income exceeded 20% in 2019, 2020 and 2021 respectively. The rise of e-commerce creates corresponding demand for transportation, logistics and courier services, and especially air cargo services. Malaysia's domestic and international express documents, packages and parcels, increased from 94.6 million in 2017 to 695.4 million in 2022 at a CAGR of 49.0%. Growth was primarily evident in the domestic packages and parcel segment that rose from 34.3 million in 2017 to 617.8 million in 2022 at a CAGR of 78.3% spurred by the volume of packages and parcels traffic arising from e-commerce transactions during the COVID-19 pandemic.

Post COVID-19, logistics service providers are looking at enhancing their capabilities and efficiencies to cater to the diverse needs of the online shopping market. Various initiatives such as the Digital Free Trade Zone was introduced by the Government in order to further develop the technology and logistics infrastructure which forms the backbone of Malaysia's e-commerce ecosystem.

(Source: IMR Report)

6.3 Overview and outlook of the ICT industry in Malaysia

According to the Department of Statistics Malaysia, the ICT sector is one of the fastest growing industries in Malaysia. The GDP for the ICT grew from RM183.0 billion in 2018 to RM359.3 billion in 2021 at a CAGR of 25.2%. In 2020, the ICT sector contributed to 14.2% of Malaysia's GDP. In 2021, the GDP of the ICT sector increased to RM359.3 billion and comprised 23.2% of Malaysia's GDP. Subsequently in 2022, the GDP of the ICT sector increased to RM412.3 billion at a year-on-year growth rate of 14.8% and comprised 23.0% of Malaysia's GDP. The growth areas in the ICT sector are the sale of ICT products, provision of cloud services, networking services, security management solutions, data analytics and storage, amongst others. PROVIDENCE projects the GDP of the ICT sector to witness a growth rate of 15.5% in 2023 and subsequently 6.5% in 2024.

The ICT products and services industry refers to the industry within the ICT sector where industry players offer ICT products which are the equipment used for communicating, networking, transmitting and receiving of information, as well as ICT services which are services associated to enabling the usage of ICT products. ICT products include computers and peripheral equipment (e.g. desktops, laptops, monitors, printers, storage devices, networking equipment and servers, keyboards, mouses and visual projection equipment), consumer electronic equipment (e.g. earphones and audio devices, televisions and radios), communication equipment (e.g. mobile phones and tablets) and miscellaneous ICT parts and components (e.g. integrated circuits and printed circuit boards). ICT services include products set-up, software installation, networking services, security management solutions, telecommunication services and other services.

The size of the ICT products and services industry is represented by the sales of ICT products and the gross value added of ICT services (computer programming, consultancy, information and related activities). The sales of ICT products grew from RM52.0 billion in 2018 to RM54.2 billion in 2019, decreased to RM51.0 billion in 2020, and increased to RM54.6 billion in 2021. In 2022, the sales of ICT products further rose to RM59.6 billion. The overall CAGR for the sales of ICT products from 2018 to 2022 was 3.5%. PROVIDENCE projects the sales of ICT products to witness a growth rate of 4.2% in 2023.

ICT has become an essential part of everyday lives where it is used for communication, social and networking, e-commerce, e-sports and entertainment as well as work and learning. The percentage of individuals using the internet in Malaysia grew from 81.2% in 2018 to 97.4% in 2022. This growth is backed by increased online activities such as communication by text (grew from 96.5% in 2018 to 98.1% in 2020), social and networking (grew from 85.6% in 2018 to 93.3% in 2020), e-commerce (grew from 53.3% in 2018 to 64.2% in 2020), and e-sports (grew from 35.2% in 2018 to 42.8% in 2020).[1] The increase in online activities consequently drove the demand for ICT products and services, as evidenced in the increased percentage of individuals using laptops/ desktops which grew from 70.5% in 2018 to 80.2% in 2022, and percentage of individuals using mobile phones/ smartphones which grew from 97.9% in 2018 to 99.1% in 2022.

Further, ICT products may be replaced periodically to upgrade the IT infrastructure as part of the businesses' continuous effort to enhance the efficiency of business operations, improve productivity and reduce maintenance costs of old devices. This is in line with the fourth industrial revolution (Industry 4.0) which drives businesses to invest in new technologies (e.g. ICT products, systems and machineries) to streamline operational processes, boost productivity, increase people collaboration, increase workforce and machinery interconnectivity through the internet of things (IoT), and leverage on data analytics to make data-driven decisions.

The outbreak of the COVID-19 pandemic in 2020 and 2021 had led to the imposition of movement restrictions by the Government to curb the spread of the virus. This had boosted the demand for ICT products and services due to work-from-home arrangements and online classes for students. The COVID-19 pandemic has also served as a catalyst for the rapid adoption and execution of digitalisation initiatives in businesses to adjust to the new normal for business sustainability. Therefore, with the increased reliance on ICT, the demand for ICT products and services is expected to remain strong moving forward.

[1] Source: Malaysian Communications and Multimedia Commission. Latest available as at 4 December 2023

Further, due to underlying component wear and tear, ICT products are often replaced after their useful lives. New generations of software and operating systems are often designed to increase the efficiency of the products by including new features and file types which may be incompatible with older versions. In addition, older operating systems and web-browsers increase cyber-security risks on the devices as they are incompatible to protect against newer viruses. With this, consumers purchase new ICT products as replacements and at the same time satisfy their need to own ICT products with the latest technologies.

The growth of ICT product sales, especially during the COVID-19 pandemic, has supported the transportation, logistics and courier industry in Malaysia. ICT product sales through retail and e-commerce are expected to continue growing as ICT products become more ingrained in commercial activities and consumer lifestyles as well as brand owners continue launching new products to meet market demands. Thus, further growth of ICT product sales will bode well for the transportation, logistics and courier industry in Malaysia.

(Source: IMR Report)

6.4 Prospect of our Group

Our Group is involved in mobile and fulfilment business and courier and logistics business (including air freight services).

The continuous government initiatives (e.g., implementation of National Policy on Industry 4.0, National eCommerce Strategic Roadmap 2.0, MyDIGITAL (an initiative to transform Malaysia into a digitally-driven economy) and Jalinan Digital Negara (an infrastructure plan aimed at addressing the need and demand for better quality for fixed and mobile broadband coverage ("**JENDELA**")) and growth of the e-commerce industry will spur digital usage and drive the country towards a digital economy. According to the MCMC, by the end of 2025, JENDELA aspires to expand access for fixed line broadband to nine million premises, for 100 per cent of populated areas to have internet coverage and to achieve an average mobile broadband speed of 100Mbps *(Source: https://www.nst.com.my/news/nation/2023/02/883507/budget-2023-mcmc-committed-empowering-connectivity-digital-ecosystem, accessed on the LPD).* Our Board is of the view that the continuous government initiative to spur digital usage and the rollout of 5G which aims to increase the network coverage and quality will require upgraded ICT products for 5G network compatibility and hence, increase the demand for ICT products which in turn, improve the demand for mobile and fulfilment services as well as logistics services of our Group and contribute positively to our Group's earnings and financial performance in the future.

For courier and logistics segment, our Group will further expand our network of hubs, depots and stations by connecting the primary and secondary towns via the proceeds to be raised from the Rights Issue; develop more comprehensive networks anticipating an influx of e-commerce shipment into Malaysia and South East Asia region and also bridging the connectivity between West Malaysia and East Malaysia. In anticipation of the positive outlook of the transportation, logistics and courier industries in Malaysia (as set out in **Section 6.2** of this AP) coupled with our on-going expansion plans and upgrading fleet and facilities for our Group's courier and logistics segment, our Board believes that the demand for courier and logistics services from our Group would improve which in turn, is expected to improve the business operations and financial performances of our Group's courier and logistics segment.

(Source: Our management)

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7. EFFECTS OF THE RIGHTS ISSUE

7.1 Issued share capital

The pro forma effects of the Rights Issue on our Company's issued share capital are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of Shares	**RM**	**No. of Shares**	**RM**
As at the LPD	242,239,061	340,920,568	242,239,061	340,920,568
Issuance of the Rights Shares	180,000,000	10,296,000[(1)]	1,453,434,366	83,209,117[(1)]
	422,239,061	351,216,568	1,695,673,427	424,129,685
Assuming full exercise of the Warrants	90,000,000	21,204,000[(2)]	726,717,183	171,141,897[(2)]
Enlarged share capital	**512,239,061**	**372,420,568**	**2,422,390,610**	**595,271,582**

Notes:

(1) Calculated based on the Issue Price and taking into account the theoretical fair value of the Warrants of RM0.0856 under Minimum Scenario and RM0.0855 under Maximum Scenario, based on the Black-Scholes Options Pricing Model (Source: Bloomberg Finance L.P.).

(2) Calculated based on the Exercise Price and include the transfer of warrants reserve to the share capital account upon the exercise of Warrants.

7.2 Earnings and EPS

The Rights Issue is not expected to have material effect on the consolidated earnings/losses and EPS/LPS of our Group for FYE 2024 as it is expected to be completed in 1st quarter of calendar year 2024 and the proceeds to be raised from the Rights Issue is expected to be utilised within 36 months from the date of completion of Rights Issue. Nevertheless, the Rights Issue is expected to contribute positively to the future earnings of our Group as and when the economic and financial benefits of the utilisation of proceeds are realised. The EPS/LPS of our Group will be diluted as a result of the increase in the number of issued Shares following the issuance of the Rights Shares and any new Shares arising from the exercise of the Warrants. The extent of dilution to EPS/LPS of our Group will depend on, amongst others, the future earnings of our Group and the returns to be generated from the utilisation of proceeds from the Rights Issue and the exercise of the Warrants.

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7.3 NA and gearing

The pro forma effect of the Rights Issue on the NA and gearing of our Group, based on the unaudited consolidated financial statements of our Group as at 30 September 2023, is set out below:

Minimum Scenario

	(Unaudited)	(I)	(II)	(III)
	As at 30 September 2023	After subsequent events**	After (I) and Rights Issue	After (II) and assuming full exercise of the Warrants
	(RM)	(RM)	(RM)	(RM)
Share capital	340,920,568	340,920,568	351,216,568(1)(2)	372,420,568(4)
Fair value reserve	-	-	-	-
Warrant reserve	-	-	7,704,000(2)	-
Exchange translation reserve	(278,072)	(278,072)	(278,072)	(278,072)
Accumulated losses	(169,990,305)	(182,301,470)	(183,211,470)(3)	(183,211,470)
Shareholders' funds / NA	**170,652,191**	**158,341,026**	**175,431,026**	**188,931,026**
No. of Shares in issue	2,422,391,577	242,239,061	422,239,061	512,239,061
NA per Share	0.07	0.65	0.42	0.37
Total borrowings*	320,209,290	320,209,290	320,209,290	320,209,290
Gearing (times)	1.88	2.02	1.83	1.69

Maximum Scenario

	(Unaudited)	(I)	(II)	(III)
	As at 30 September 2023	After subsequent events**	After (I) and Rights Issue	After (II) and assuming full exercise of the Warrants
	(RM)	(RM)	(RM)	(RM)
Share capital	340,920,568	340,920,568	424,129,685(1)(2)	595,271,582(4)
Fair value reserve	-	-	-	-
Warrant reserve	-	-	62,134,319(2)	-
Exchange translation reserve	(278,072)	(278,072)	(278,072)	(278,072)
Accumulated losses	(169,990,305)	(182,301,470)	(183,211,470)(3)	(183,211,470)
Shareholders' funds / NA	**170,652,191**	**158,341,026**	**302,774,463**	**411,782,040**
No. of Shares in issue	2,422,391,577	242,239,061	1,695,673,427	2,422,390,610
NA per Share	0.07	0.65	0.18	0.17
Total borrowings*	320,209,290	320,209,290	320,209,290	320,209,290
Gearing (times)	1.88	2.02	1.06	0.78

Notes:

* *Being lease liabilities and short term loans of our Group.*

** *After accounting for the following events:*
- *completion of acquisition of 5.34% equity interest in LCEL by LCVH from CSH for a total cash consideration of RM8,250,000, which was completed on 5 October 2023; and*
- *completion of Share Consolidation on 31 October 2023.*

(1) *Based on the Issue Price.*

(2) *Computed based on the issuance of 90,000,000 Warrants with a theoretical fair value of RM0.0856 each (under the Minimum Scenario) or up to 726,717,183 Warrants with a theoretical fair value of RM0.0855 each (under Maximum Scenario), all based on the Black-Scholes Options Pricing Model (Source: Bloomberg Finance L.P.).*

(3) *After taking into account the estimated expenses of RM910,000 for the Corporate Exercises.*

(4) *Based on the Exercise Price and include the transfer of warrants reserve to the share capital account upon exercise of Warrants.*

7.4 Substantial shareholders' shareholdings

The pro forma effects of the Rights Issue on the substantial shareholders' shareholdings in our Company as at the LPD are as illustrated in the tables below:

<u>Minimum Scenario</u>

Name	As at the LPD				(I) After the Rights Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
CSY	32,362,480	13.36	-	-	132,362,480	31.35	-	-
Sole Underwriter	-	-	-	-	80,000,000	18.95	-	-

Name	(II) After (I) and assuming full exercise of the Warrants			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
CSY	182,362,480	35.60	-	-
Sole Underwriter	120,000,000	23.43	-	-

<u>Maximum Scenario</u>

Name	As at the LPD				(I) After the Rights Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
CSY	32,362,480	13.36	-	-	226,537,360	13.36	-	-

Name	(II) After (I) and assuming full exercise of the Warrants			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
CSY	323,624,800	13.36	-	-

7.5 Convertible securities

As at the LPD, our Company does not have any outstanding convertible securities.

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8. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES, MATERIAL COMMITMENTS AND MATERIAL TRANSACTIONS

8.1 Working capital

Our Group's working capital is funded through our Group's existing deposits, cash and bank balances; cash generated from operating activities; proceeds from the issuance of equity securities; credit terms granted by our suppliers; credit facilities from licensed financial institutions; and advances from our Directors or substantial shareholders.

As at the LPD, our Group's deposits, cash and bank balances stood at RM5.37 million and we have credit facilities (i.e., short term loans) of RM34.20 million for working capital purpose, of which RM14.00 million remains un-utilised.

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

Our Board confirmed that, after taking into consideration our Group's existing deposits, cash and bank balances, the credit facilities available to our Group, proceeds to be raised from the Rights Issue as well as our Group's historical performance and future prospects, our Group will have sufficient working capital for our existing operations for a period of 12 months from the date of this AP.

8.2 Borrowings

As at 30 November 2023 (being a date no earlier than 60 days prior to the date of this AP), our Group's total outstanding borrowings, all of which are denominated in RM and interest bearing, is as follows:

	Total (RM'000)
Short term borrowing (secured):	
Hire purchase	6,248
Lease liabilities[(1)]	82,224
Short term loan	20,485
Short term borrowing (unsecured)	
Hire purchase	218
Lease liabilities[(1)]	8,507
Long-term borrowing (secured):	
Hire purchase	6,409
Lease liabilities[(1)]	221,039
Long-term borrowing (unsecured):	
Hire purchase	638
Lease liabilities[(1)]	55,535
Total borrowings (with lease liabilities)	**401,303**
Total borrowings (without lease liabilities)	**33,998**

Note:

(1) Being lease liabilities arising from the leasing of aircrafts, warehouse, hubs, depots and stations for our Group's air freight services as well as courier and logistics business.

Throughout FYE 2023 and the subsequent period up to the LPD, our Group did not default on payments of either interest and/or principal sum on any borrowings.

8.3 Contingent liabilities

Save as disclosed below, as at the LPD, there is no contingent liabilities incurred or known to be incurred by our Company or our Group, which upon becoming enforceable, may have a material impact on the financial position of our Company and/or our Group:

	At our Group level (RM'000)	At our Company level (RM'000)
Corporate guarantees given to certain suppliers and financial institutions of certain subsidiaries	-	182,099
Total	**-**	**182,099**

8.4 Material commitments

Save as disclosed below, as at the LPD, there is no material commitment for capital expenditure incurred or known to be incurred by our Company or our Group, which upon becoming enforceable, may have material impact on the financial position of our Group:

	Amount (RM'000)
Lease of freehold land[(1)]	7,440
Construction of buildings[(2)]	5,643
Acquisition of property, plant and equipment[(3)]	5,552
Total	**18,635**

Notes:

(1) Our Company leased a land for our Group's existing warehouse-cum-office located at Taman Perindustrian UEP, Subang Jaya, Selangor and the lease period is for 3 years with an option to renew after every 3 years for a further 3 years up to a total lease period of 15 years (included original 3 years plus optional 12 years). Our Company had recently renewed the lease period for a further 3 years, commenced from 1 January 2023 and expiring on 31 December 2025. We shall use internally generated fund of our Group to settle this lease expense.

*(2) Being the construction cost for hubs/depots located in Seberang Perai, Kota Damansara, Pandamaran and Machang (Kelantan) to perform sorting and transit of parcels, to be funded via the Rights Issue proceeds as set out in **Section 3, note (1)** of this AP.*

*(3) Being cost for the purchase of belt sorting system for our Group's courier and logistic business as well as renovation and purchase of equipment for our Group's air courier business, to be funded via the Rights Issue proceeds as set out in **Section 3, note (1)** of this AP.*

8.5 Material transactions

Save for the Rights Issue and the following transactions, our Board confirms that there is no other transaction which may have a material effect on our Group's operations, financial position and results since the last announced interim financial report of our Group for 6M FPE 2023:

(i) acquisition of 5,400,000 ordinary shares in LCEL, representing 5.34% of the equity interest in LCEL, by LCVH from CSH, for a total cash consideration of RM8,250,000. This transaction was completed on 5 October 2023 and thereafter, LCEL is a 86.09%-owned indirect subsidiary of our Company; and

(ii) Share Consolidation, which was completed on 31 October 2023.

9. INSTRUCTION FOR ACCEPTANCE, SALE OR TRANSFER, EXCESS APPLICATION AND PAYMENT

Full instructions for the acceptance of and payment for the Provisional Allotments as well as the Excess Applications and the procedures to be followed should you and/or your renouncee(s)/transferee(s) (if applicable) wish to sell/transfer all or any part of your entitlements under the Rights Issue are set out in this AP, the accompanying RSF and the notes and instructions printed therein. In accordance with subsection 232(2) of the CMSA, the RSF must not be circulated unless accompanied by this AP.

You and/or your renouncee(s)/transferee(s) (if applicable) are advised to read this AP, the accompanying RSF and the notes and instructions printed therein carefully. Acceptance of and/or payment for the Provisional Allotments which do not conform strictly to the terms of this AP, the RSF or the notes and instructions printed therein or which are illegible may be rejected at the absolute discretion of our Board.

9.1 General

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

We shall make an announcement to Bursa Securities on the outcome of the Rights Shares with Warrants after the Closing Date.

9.2 NPA

The Provisional Allotments are prescribed securities pursuant to section 14(5) of the SICDA and therefore, all dealings in the Provisional Allotments 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 renouncee(s)/transferee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making your applications.

9.3 Last date and time for acceptance and payment

The last day, date and time for acceptance of and payment for the Provisional Allotments as all as application of and payment for the Excess Applications is **Tuesday, 9 January 2024 at 5.00 p.m.**.

9.4 Methods of acceptance and application

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

Method	**Category of Entitled Shareholders**
RSF	All Entitled Shareholders
e-Subscription	All Entitled Shareholders

9.5 Procedures for full acceptance and payment

9.5.1 By way of RSF

If you wish to accept your entitlements to the Provisional Allotments, the acceptance of and payment for the Provisional Allotments must be made on the RSF enclosed with this AP and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances of and/or payments for the Provisional Allotments which do not conform to the terms of this AP, the NPA, 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.

Renouncee(s)/transferee(s) (if applicable) who wishes to accept the Provisional Allotments must obtain a copy of the RSF from their stockbrokers or our Share Registrar or at our registered office 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 procedures for acceptance and payment applicable to our Entitled Shareholders also apply to renouncee(s)/transferee(s) (if applicable) who wishes to accept the Provisional Allotments.

If you and/or your renouncee(s)/transferee(s) (if applicable) wish to accept either in full or in part of your entitlement to the Provisional Allotments, please complete Part I(A) and Part II of the RSF in accordance with the notes and instructions printed therein. 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, DELIVERY BY HAND** or **COURIER** to the following address:

Mega Corporate Services Sdn Bhd
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel. no.: +603-2692 4271 / 2694 8984
Fax no.: +603-2732 5388

so as to arrive **not later than 5.00 p.m. on Tuesday, 9 January 2024**, being the last time, day and date for acceptance of and payment for the Provisional Allotments, or such extended time and date as may be determined and announced by our Board.

If you and/or your renouncee(s)/transferee(s) (if applicable) lose, misplace or for any other reasons require another copy of the RSF, you and/or your renouncee(s)/transferee(s) (if applicable) may obtain additional copies from your stockbroker, our Share Registrar at the address stated above or the website of Bursa Securities at https://www.bursamalaysia.com.

1 RSF can only be used for acceptance of Provisional Allotments standing to the credit of 1 CDS Account. Separate RSF(s) must be used for the acceptance of Provisional Allotments standing to the credit of more than 1 CDS Account. If successful, the Rights Shares with Warrants subscribed for will be credited into your CDS Account(s) where the Provisional Allotments are standing to the credit.

A reply envelope is enclosed with this AP. In order to facilitate the processing of the RSF by our Share Registrar, you are advised to use 1 reply envelope for each completed RSF.

You and/or your renouncee(s)/transferee(s) (if applicable) should take note that a trading board lot for the Rights Shares and Warrants comprises 100 Rights Shares and 100 Warrants, respectively. The minimum number of securities that can be subscribed for or accepted is 6 Rights Shares for every 1 Share held on the Entitlement Date. Successful applicants of the Rights Shares will be given the Warrants on the basis of 1 Warrant for every 2 Rights Shares successfully subscribed for. Fractional entitlements (if any) arising from the Rights Issue will be disregarded and dealt with by our Board in such manner at its absolute discretion as it may deem fit, expedient and in the best interest of our Company.

If acceptance of and payment for the Provisional Allotments is not received by our Share Registrar by **5.00 p.m. on Tuesday, 9 January 2024**, being the last time, day and date for acceptance and payment, or such extended time and date as may be determined and announced by our Board, you and/or your renouncee(s)/transferee(s) (if applicable) will be deemed to have declined the Provisional Allotments made to you and/or your renouncee(s)/transferee(s) (if applicable) and it will be cancelled.

If the Rights Shares with Warrants are not fully taken up by such applicants, our Board will then have the right to allot such Rights Shares with Warrants to the applicants who have applied for the Excess Applications in the manner as set out in **Section 9.8** 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.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY THE APPROPRIATE REMITTANCE MADE IN RM FOR THE FULL AMOUNT PAYABLE FOR THE RIGHTS SHARES WITH WARRANTS ACCEPTED 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", MADE PAYABLE TO "MMAG RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME IN BLOCK LETTERS, CONTACT NUMBER AND CDS ACCOUNT NUMBER SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR NOT LATER THAN THE LAST DAY, DATE AND TIME FOR ACCEPTANCE AND PAYMENT AS SET OUT IN THE COVER PAGE OF THIS AP.

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. 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 MADE BY OUR COMPANY OR OUR SHARE REGISTRAR. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST OR ELECTRONIC NOTICES OF ALLOTMENT WILL BE SENT VIA EMAIL TO THE POSTAL ADDRESS OR EMAIL ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 8 MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

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

YOU 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. THE REFUND WILL BE CREDITED INTO YOUR BANK ACCOUNT REGISTERED WITH BURSA DEPOSITORY FOR THE PURPOSE OF CASH DIVIDEND/DISTRIBUTION. IF YOU HAVE NOT REGISTERED SUCH BANK ACCOUNT WITH BURSA DEPOSITORY, THE REFUND WILL BE MADE BY ISSUANCE OF CHEQUE AND SHALL BE DESPATCHED TO YOU BY ORDINARY POST TO THE POSTAL ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.

ALL WARRANTS TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WILL BE ALLOTTED BY WAY OF CREDITING SUCH WARRANTS INTO THE CDS ACCOUNTS OF OUR ENTITLED SHAREHOLDERS AND/OR THEIR RENOUNCEE(S)/TRANSFEREE(S) (IF APPLICABLE). NO PHYSICAL SHARE OR WARRANT CERTIFICATES WILL BE ISSUED.

9.5.2 By way of e-Subscription

You and/or your renouncee(s)/transferee(s) (if applicable) can have the option to accept your or their entitlements to the Provisional Allotments and payment for the Provisional Allotments through e-Subscription available on Investor Portal at https://www.megacorp.com.my/investor/. The e-Subscription is available to all Entitled Shareholders including individuals, corporation or institutional shareholders.

The e-RSF is available to you upon your login to Investor Portal at https://www.megacorp.com.my/investor/. You are advised to read the instructions as well as the terms and conditions of the e-Subscription.

Registered Entitled Shareholders who wish to subscribe for the Provisional Allotments and apply for excess Rights Shares with Warrants by way of e-Subscription shall take note of the following:

(a) any e-Subscription received by our Share Registrar after the Closing Date for acceptance, Excess Application and payment shall be regarded as null and void and of no legal effect unless our Board in its absolute discretion determines otherwise. Any e-Subscription, once received by our Share Registrar, is irrevocable and shall be binding on you;

(b) the e-Subscription made must be in accordance with the procedures of e-Subscription using Investor Portal at https://www.megacorp.com.my/investor/, the terms and conditions of Investor Portal at https://www.megacorp.com.my/investor/, this AP and the e-RSF. Any e-Subscription submitted that does not conform to the terms and conditions of Investor Portal at https://www.megacorp.com.my/investor/, this AP and the e-RSF may not be accepted at the sole discretion of our Company. Our Company reserves the right at our absolute discretion to reject any e-Subscriptions which are incomplete or incorrectly completed or with excess or insufficient remittances;

(c) the number of Provisional Allotments you are entitled to under the Rights Issue is set out in the NPA. You are required to indicate the number of Provisional Allotments you wish to accept and number of excess Rights Shares with Warrants you wish to apply in the e-RSF;

(d) the e-Subscription must be accompanied by remittance in RM which is to be made through online transfer or telegraphic transfer;

(e) a handling fee is payable should you make e-Subscription. You will also need to pay a stamp duty of RM10.00 for each e-RSF; and

(f) the Rights Shares and Warrants arising from the Provisional Allotments accepted and excess Rights Shares with Warrants applied (if successful pursuant to procedures for the Excess Application as stated in this AP) will be issued and credited into your CDS Account as stated in our Record of Depositors as at the last date for transfer of Provisional Allotments.

All Entitled Shareholders who wish to opt for e-Subscription, either in full or in part of your Provisional Allotments, please read and follow the procedures set below:

(i) Sign up as a user of Investor Portal

(a) Access Investor Portal at https://www.megacorp.com.my/investor/.

(b) Click “Register Account” and select “Individual” which is applicable for individual shareholders. For corporation or institutional shareholders, its authorised or nominated representative, select “Nominees/Corporate”. You may refer to the tutorial guide posted on the homepage for assistance.

(c) Proceed to verify your account with the verification code sent to you via your registered email.

(d) Account will be activated within 1 to 2 market days and you will be notified by email.

Note:

An email address is allowed to be used only once to register as a new user account, and the same email address cannot be used to register for another user account. If you are already a user of Investor Portal at https://www.megacorp.com.my/investor/, you are not required to sign up again. If you are signing up to represent corporate holder account(s), please contact our Share Registrar for further details and requirements.

(ii) Procedures for e-Subscription

Individual Registered Entitled Shareholder

(a) Login to Investor Portal at https://www.megacorp.com.my/investor/.

(b) Select the corporate exercise name: **MMAG Rights Issue**.

(c) Preview your CDS Account details and your Provisional Allotments.

(d) Select the relevant CDS Account and insert the number of Rights Shares with Warrants to subscribe for and the number of excess Rights Shares with Warrants to apply (if applicable) in the e-RSF.

(e) Review and confirm the number of Rights Shares with Warrants which you are subscribing and the number of excess Rights Shares with Warrants you are applying (if applicable) and the total amount payable for the Rights Shares with Warrants and excess Rights Shares with Warrants (if applicable).

(f) Review the payment of stamp duty at RM10.00 for each e-RSF and handling fee of RM5.00 for each e-RSF which is included in the total amount payable.

(g) Arrange to pay for the subscription of Rights Shares with Warrants and excess Rights Shares with Warrants (if applicable) via online transfer or telegraphic transfer into our designated bank account as follows:

Account Name	**MMAG RIGHTS ISSUE ACCOUNT**	**MMAG EXCESS RIGHTS ISSUE ACCOUNT**
Bank	**Malayan Banking Berhad**	**Malayan Banking Berhad**
Bank Account No.	**5140 1248 0527**	**5140 1248 0534**

(h) Arrange to pay stamp duty at RM10.00 for each e-RSF and handling fee of RM5.00 for each e-RSF into our Shares Registrar's bank account as follows:

Account Name	**MEGA CORPORATE SERVICES SDN BHD**
Bank	**Malayan Banking Berhad**
Bank Account No.	**5143 4720 1971**

(i) Print the online transfer receipt and upload as payment proof to your e-RSF.

(j) Read and agree to the terms and conditions and confirm the declaration.

(k) Select "Submit" to complete your submission.

(l) Download a copy of your submission for your record.

Corporation or Institutional Registered Entitled Shareholder

(a) Login to Investor Portal website at https://www.megacorp.com.my/investor/.

(b) Select the corporate exercise name: **MMAG Rights Issue**.

(c) Preview the CDS Account details and the Provisional Allotments.

(d) Prepare the submission of the e-RSF file on the acceptance of the Provisional Allotments and the excess Rights Shares with Warrants by completing with the required information.

(e) Arrange to pay for the subscription of Rights Shares with Warrants and excess Rights Shares with Warrants (if applicable) via online transfer or telegraphic transfer into our designated bank account as follows:

Account Name	MMAG RIGHTS ISSUE ACCOUNT	MMAG EXCESS RIGHTS ISSUE ACCOUNT
Bank	Malayan Banking Berhad	Malayan Banking Berhad
Bank Account No.	5140 1248 0527	5140 1248 0534

(f) Arrange to pay stamp duty at RM10.00 for each e-RSF and handling fee of RM5.00 for each e-RSF into our Share Registrar's bank account as follows:

Account Name	MEGA CORPORATE SERVICES SDN BHD
Bank	Malayan Banking Berhad
Bank Account No.	5143 4720 1971

(g) Once payments are completed, login to Investor Portal, select corporate exercise name: "MMAG Rights Issue" and proceed to upload the duly completed "e-RSF file on the Provisional Allotments" and upload the duly completed proof of payment.

(h) Read and agree to the terms and conditions and confirm the declaration.

(i) Select "Submit" to complete your submission.

(j) Download a copy of your submission for your record.

(iii) Terms and conditions for e-Subscription

The e-Subscription of Rights Shares with Warrants and excess Rights Shares with Warrants (if successful), shall be made on and subject to the terms and conditions appearing herein:

(a) after login to Investor Portal at https://www.megacorp.com.my/investor/, you are required to confirm and declare the information given are true and correct:

(i) you have attained 18 years of age as at the last day for subscription and payment;

(ii) you have, prior to making the e-Subscription, received a printed copy of this AP and/or have had access to this AP from Bursa Securities' website at www.bursamalaysia.com, the contents of which you have read and understood; and

(iii) you agree to all the terms and conditions for the e-Subscription and have carefully considered the risk factors as set out in this AP, in addition to all other information contained in this AP, before making the e-Subscription application;

(b) you agree and undertake to subscribe for and to accept the number of Rights Shares with Warrants and excess Rights Shares with Warrants applied for (if applicable) for as stated in the e-RSF. Your confirmation of your subscription will signify, and will be treated as, your subscription of the number of Rights Shares with Warrants that may be allotted to you;

(c) by making and completing your e-Subscription, you, if successful, request and authorise our Share Registrar or our Company to credit the Rights Shares with Warrants and excess Rights Shares with Warrants (if applicable) allotted to you into your CDS Account;

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

(i) our Company or our Share Registrar does not receive your e-Subscription; or

(ii) data relating to your e-Subscription application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Share Registrar, you will be deemed not to have made an e- Subscription and you may not make any claim whatsoever against our Company or our Share Registrar for the Rights Shares with Warrants accepted and/or excess Rights Shares with Warrants applied for or for any compensation, loss or damage relating to the e-Subscription;

(e) you will ensure that your personal particulars recorded with Investor Portal at https://www.megacorp.com.my/investor/ and Bursa Depository are correct. Otherwise, your e-Subscription may be rejected; you must inform Bursa Depository promptly of any change in address failing which the notification on the outcome of your e-Subscription will be sent to your address last maintained with Bursa Depository;

(f) by making and completing an e-Subscription, you agree that:

(i) in consideration of our Company agreeing to allow and accept your e-Subscription for the Rights Shares with Warrants and excess Rights Shares with Warrants applied (if applicable), your e-Subscription is irrevocable and cannot be subsequently withdrawn; and

(ii) our Share Registrar will not be liable for any delays, failures or inaccuracies in the processing of data relating to your e-Subscription due to a breakdown or failure of transmission or communicationfacilities or to any cause beyond our control;

(g) our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions or the terms and conditions of Investor Portal, this AP and the e-RSF;

(h) notification on the outcome of your e-Subscription for the Rights Shares with Warrants and excess Rights Shares with Warrants will be despatched to you by ordinary post to the postal address or by electronic mail to the email address as shown in the Record of Depositors of our Company at your own risk within the timelines as follows:

(i) successful application - a notice of allotment or electronic notice of allotment will be despatched or sent within 8 market days from the Closing Date; or

(ii) unsuccessful/partially successful application - the full amount or the surplus application monies, as the case may be, will be refunded without interest within 15 market days from the Closing Date.

The refund will be credited directly into your bank account if you have registered such bank account information with Bursa Depository for the purposes of cash dividend/distribution. If you have not registered such bank account information with Bursa Depository, the refund will be by issuance of cheque and shall be despatched to you within 15 market days from the Closing Date by ordinary mail to your last postal address maintained with Bursa Depository at your own risk.

If acceptance of and payment for the Provisional Allotments allotted to you (whether in full or in part, as the case may be) are not received by our Share Registrar by **5.00 p.m. on Tuesday**, **9 January 2024**, the provisional entitlement to you or remainder thereof (as the case may be) will be deemed to have been declined and will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar.

Our Board will then have the right to allot any Rights Shares with not validly taken up to applicants applying for the excess Rights Shares with Warrants in the manner as set out in **Section 9.8** of this AP.

9.6 Procedures for part acceptance

You are entitled to accept part of your entitlements to the Provisional Allotments provided always that the minimum number of Rights Shares that can be subscribed for or accepted is 1 Rights Share. However, the Warrants will be issued in the proportion of 1 Warrant for every 2 Rights Shares subscribed. Fractions of Rights Shares will be disregarded and dealt with in a fair and equitable manner as our Board deems fit, expedient and in the best interest of our Company.

You must complete both Part I(A) of the RSF by specifying the number of the Provisional Allotments 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 manners as set out in **Section 9.5** of this AP.

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF, e-RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THEREIN.

The portion of the Provisional Allotments that have not been accepted will be made available to the applicants of the Excess Applications.

9.7 Procedures for sale/transfer of Provisional Allotments

As the Provisional Allotments are prescribed securities, you may sell or transfer all or part of your entitlement to the Provisional Allotments to 1 or more person(s) through your stockbrokers during the period up to the last day, date and time for sale or transfer of the Provisional Allotments (in accordance with the Rules of Bursa Depository) without first having to request for a split of the Provisional Allotments standing to the credit of your CDS Account.

To sell or transfer all or part of your entitlement to the Provisional Allotments, you may sell such entitlement on the open market of Bursa Securities during the period up to the last day, date and time for sale or transfer of the Provisional Allotments (in accordance with the Rules of Bursa Depository) or transfer such entitlement to such person(s) as may be allowed pursuant to the Rules of Bursa Depository during the period up to the last day, date and time for sale or transfer of the Provisional Allotments (in accordance with the Rules of Bursa Depository).

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF, e-RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN. IN SELLING OR TRANSFERRING ALL OR PART OF YOUR ENTITLEMENT TO THE PROVISIONAL ALLOTMENTS, YOU NEED NOT DELIVER ANY DOCUMENT INCLUDING THE RSF, TO YOUR STOCKBROKER. HOWEVER, YOU MUST ENSURE THAT THERE IS SUFFICIENT PROVISIONAL ALLOTMENTS STANDING TO THE CREDIT OF YOUR CDS ACCOUNT THAT ARE AVAILABLE FOR SETTLEMENT OF THE SALE OR TRANSFER.

If you have sold or transferred only part of your entitlement to the Provisional Allotments, you may still accept the balance of the Provisional Allotments by completing Part I(A) and Part II of the RSF and deliver the RSF or submitting the e-RSF together with the full amount payable on the balance of the Rights Shares with Warrants applied for to our Share Registrar. Please refer to **Section 9.5** of this AP for the procedures for acceptance and payment.

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

9.8 Procedures for Excess Applications

9.8.1 By way of RSF

You and/or your renouncee(s)/transferee(s) (if applicable) may apply for the excess Rights Shares with Warrants in excess of your entitlement by completing Part I(B) of the RSF (in addition to Parts I(A) and II of the RSF) and forward it (together with a separate remittance made in RM for the full amount payable in respect of the excess Rights Shares with Warrants applied for) to our Share Registrar not later than **5.00 p.m. on Tuesday, 9 January 2024**, being the last time, day and date for application and payment for the Excess Applications.

PAYMENT FOR THE EXCESS APPLICATIONS FOR SHOULD BE MADE IN THE SAME MANNERS AS DESCRIBED IN SECTION 9.5 OF THIS AP, EXCEPT THAT 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" MUST BE MADE PAYABLE TO "MMAG EXCESS RIGHTS ISSUE ACCOUNT" FOR THE EXCESS APPLICATIONS AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME IN BLOCK LETTERS, CONTACT NUMBER AND CDS ACCOUNT NUMBER SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR NOT LATER THAN THE CLOSING DATE.

It is the intention of our Board to allot the excess Rights Shares with Warrants, if any, on a fair and equitable basis and in the following priority:

(i) firstly, to minimise the incidence of odd lots;

(ii) secondly, for allocation to our Entitled Shareholders who have applied for excess Rights Shares with Warrants, on a pro-rata basis and in board lots, calculated based on their respective shareholdings in our Company as at the Entitlement Date;

(iii) thirdly, for allocation to our Entitled Shareholders who have applied for excess Rights Shares with Warrants, on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess Applications; and

(iv) lastly, for allocation to renouncee(s)/transferee(s) (if applicable) who has/have applied for excess Rights Shares with Warrants, on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess Applications.

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

Nevertheless, our Board reserves the right to allot any excess Rights Shares with Warrants applied for via the e-RSF or under Part I(B) of the RSF in such manner as it deems fit, 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 (i), (ii), (iii) and (iv) above are achieved. Our Board also reserves the right to accept any excess Rights Shares with Warrants application, in full or in part, without assigning any reason.

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

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE EXCESS APPLICATION OR APPLICATION MONIES IN RESPECT THEREOF. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST OR ELECTRONIC NOTICE OF ALLOTMENT WILL BE SENT VIA EMAIL WITHIN 8 MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

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

WHERE AN EXCESS 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. THE REFUND WILL BE CREDITED INTO YOUR BANK ACCOUNT REGISTERED WITH BURSA DEPOSITORY FOR THE PURPOSE OF CASH DIVIDEND/DISTRIBUTION. IF YOU HAVE NOT REGISTERED SUCH BANK ACCOUNT WITH BURSA DEPOSITORY, THE REFUND WILL BE MADE BY ISSUANCE OF CHEQUE AND SHALL BE DESPATCHED TO YOU BY ORDINARY POST TO THE POSTAL ADDRESS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR APPLICATION OF AND PAYMENT FOR THE EXCESS APPLICATIONS.

9.8.2 By way of e-Subscription

If you are an Entitled Shareholder and/or a renouncee(s)/transferee(s) (if applicable), you may apply for the excess Rights Shares with Warrants via e-Subscription in addition to your Provisional Allotments. If you wish to do so, you may apply for the excess Rights Shares with Warrants by following the same steps as set out in **Section 9.5.2** of this AP. The e-Subscription for excess Rights Shares with Warrants will be made on, and subject to, the same terms and conditions appearing in **Section 9.5.2** of this AP.

Any Provisional Allotments which are not taken up or not validly taken up by our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) shall be made available for Excess Applications. It is the intention of our Board to allot the excess Rights Shares with Warrants, if any, on a fair and equitable basis and in the priority and basis as detailed in **Section 9.8.1** of this AP.

WHERE AN EXCESS APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST. THE REFUND WILL BE CREDITED INTO YOUR BANK ACCOUNT REGISTERED WITH BURSA DEPOSITORY FOR THE PURPOSE OF CASH DIVIDEND/DISTRIBUTION. IF YOU HAVE NOT REGISTERED SUCH BANK ACCOUNT WITH BURSA DEPOSITORY, THE REFUND WILL BE MADE BY ISSUANCE OF CHEQUE AND SHALL BE DESPATCHED TO YOU BY ORDINARY POST TO THE POSTAL ADDRESS AS SHOWN IN THE OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.

9.9 Procedures to be followed by renouncee(s)/transferee(s)

As a renouncee/transferee, the procedures for acceptance, selling or transferring of Provisional Allotments, applying for the excess Rights Shares with Warrants and/or payment is the same as that which is applicable to our Entitled Shareholders as set out in **Sections 9.3 to 9.8** of this AP. Please refer to the relevant sections of this AP for the procedures to be followed.

If you wish to obtain a copy of this AP and/or accompanying RSF, you can request the same from our registered office, our Share Registrar's office or Bursa Securities' website at http://www.bursamalaysia.com.

RENOUNCEE(S)/TRANSFEREE(S) ARE ADVISED TO READ AND ADHERE TO THE RSF, e-RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

9.10 Notice of allotment or an electronic notice of allotment

Within 5 market days after the Closing Date, our Company will make the relevant announcement in relation to the subscription rate of the Rights Issue.

Upon issuance and allotment of the Rights Shares with Warrants in respect of your acceptance and/or your renouncee's/transferee's acceptance (if applicable) and application for excess Rights Shares with Warrants (if any), the Rights Shares with Warrants shall be credited directly into the respective CDS Accounts where the Provisional Allotments were credited. No physical share certificate and warrant certificate will be issued in respect of the Rights Issue. However, a notice of allotment or an electronic notice of allotment will be issued and despatched to you and/or your renouncee(s)/transferee(s) (if applicable) by ordinary post or by email to the postal address or email address shown in the Record of Depositors of our Company as provided by Bursa Depository at your own risk within 8 market days from the Closing Date or such other period as may be prescribed by Bursa Securities, at the address shown in the Record of Depositors at your own risk.

Where any application for the Rights Shares with Warrants is not accepted due to non-compliance with the terms of the Rights Issue or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded without interest to you. The refund will be credited into your bank account registered with Bursa Depository for the purpose of cash dividend/distribution or by issuance of cheque and will be despatched to you within 15 market days from the Closing Date by ordinary post to the address shown on the Record of Depositors of our Company as provided by Bursa Depository at your own risk.

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

9.11 CDS Account

Bursa Securities has prescribed the securities of our Company to be listed on the ACE Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares, Warrants and the new Shares to be issued arising from the exercise of Warrants are prescribed securities and as such, the provisions of the SICDA and the Rules of Bursa Depository shall apply in respect of the dealings in these securities. You must have a valid and subsisting CDS Account in order to subscribe for the Rights Shares with Warrants. Failure to comply with these specific instructions or inaccuracy of CDS Account number may result in your application being rejected.

Your subscription for the Rights Shares with Warrants shall signify your consent to receive such Rights Shares with Warrants as deposited securities that will be credited directly into your CDS Account. No physical share certificate and warrant certificate will be issued in respect of the Rights Issue.

Any person who has purchased the Provisional Allotments or to whom the Provisional Allotments have been transferred and intends to subscribe for the Rights Shares with Warrants will have his/her Rights Shares with Warrants credited directly as prescribed securities into his/her CDS Account.

All excess Rights Shares with Warrants, if allotted to the successful applicant who applies for excess Rights Shares with Warrants, will be credited directly into the CDS Account of the successful applicant.

9.12 Laws of foreign jurisdiction

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 other than Malaysia 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) for subscription of any foreign jurisdiction other than Malaysia. The Rights Issue will not be made or offered for subscription in any foreign jurisdiction other than Malaysia.

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

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

Accordingly, this AP and the accompanying NPA and RSF will not be sent to the Foreign Entitled Shareholders who do not have a registered address in Malaysia. However, such Foreign Entitled Shareholders may collect this AP, the NPA and the RSF 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 this AP, the NPA and the RSF.

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

The Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) may accept or renounce (as the case may be) all or any part of their Provisional Allotments and exercise any other rights in respect of the Rights Issue only to the extent that it would be lawful to do so. Our Company, our Directors and officers, TA Securities and/or other professional advisers name herein (collectively, "**Parties**") would not, in connection with the Rights Issue, be in breach of the laws of any jurisdiction to which the Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are or may be subject to. Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. The Parties shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any Foreign Entitled Shareholders and/or renouncee(s)/transferee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

The Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) will be responsible for payment of any issue, transfer or other taxes or other requisite payments due in such jurisdiction and we shall be entitled to be fully indemnified and held harmless by such Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) for any such issue, transfer or other taxes or other requisite payments.

The Foreign Entitled Shareholders will have no claims whatsoever against the Parties in respect of their rights and entitlements under the Rights Issue. Such Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (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.

By signing the RSF, the Foreign Entitled Shareholders and/or their renouncee(s)/ transferee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) the Parties that:

(i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue, be in breach of the laws of any jurisdiction to which the Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are or may be subject to;

(ii) the Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (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 Allotments;

(iii) the Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are not nominees or agents of a person in respect of whom the Parties would, by acting on the acceptance or renunciation of the Provisional Allotments, be in breach of the laws of any jurisdiction to which that person is or may be subject to;

(iv) the Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are aware that the Rights Shares with Warrants 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 renouncee(s)/transferee(s) (if applicable) have received a copy of this AP and have read and understood the contents of this AP; had access to such financial and other information; and have been provided the opportunity to ask such questions to the representatives of the Parties and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares with Warrants; and

(vi) the Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (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 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.

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

Any person who does forward this AP and the accompanying NPA and RSF to any foreign country or 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 from any such application by Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (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 as invalid if we believe that such acceptance may violate any applicable legal or regulatory requirements. The Rights Shares with Warrants relating to any acceptance which is treated as invalid will be included in the pool of excess Rights Shares with Warrants available for Excess Application by other Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable). You and/or your renouncee(s)/transferee(s) (if applicable) will have no claims whatsoever against the Parties in respect of your and/or your renouncee(s)'s/transferee(s)'s entitlement under the Rights Issue or to any net proceeds thereof.

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

10. TERMS AND CONDITIONS

The issuance of the Rights Shares with Warrants pursuant to the Rights Issue is governed by the terms and conditions as set out in this AP and the accompanying NPA and RSF as well as the Deed Poll.

11. 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

KENNY KHOW CHUAN WAH
Executive Director

INFORMATION ON OUR GROUP

1. BOARD OF DIRECTORS

The details of our Board as at the LPD are as follows:

Name / *(Designation)*	**Address**	**Age**	**Nationality**
Tan Sri Dato' Seri Mohd Khairul Adib Bin Abd Rahman *(Independent and Non-Executive Chairman)*	No. 6, Jalan P10 A1/2 Presint 10 62250 Putrajaya Wilayah Persekutuan Putrajaya	61	Malaysian
Chong Koon Meng *(Executive Director)*	No. 61, Jalan Desa Residen Levenue Desa Park City 52200 Kuala Lumpur	57	Malaysian
Kenny Khow Chuan Wah *(Executive Director)*	8, Jalan Anggerik Vanilla 31/98J Kota Kemuning 40460 Shah Alam, Selangor	48	Malaysian
Yeap Say Woi *(Independent Non-Executive Director)*	No. 8, Jalan USJ11/2C 47620 Subang Jaya, Selangor	69	Malaysian
Hwang Siew Chien *(Independent Non-Executive Director)*	A-3A-5 Papillon Desahill Condo 21, Jalan Morib, Taman Desa 58100 Kuala Lumpur	63	Malaysian
Dato' Sok One A/L Esen *(Independent Non-Executive Director)*	No. 65, Jalan EJ 1 Taman Emas Jaya 43800 Dengkil, Selangor	65	Malaysian
Haji Noorzainy Bin Haji Mohd Noor *(Independent Non-Executive Director)*	No. 19, Jalan Kemuning Telok Gadong, Taman Gembira 41100 Klang, Selangor	60	Malaysian
Chan Swee Ying *(Non-Independent Non-Executive Director)*	No. 5, Jalan SL8/11 Bandar Sungai Long, Cheras 43000 Kajang, Selangor	51	Malaysian

2. SHARE CAPITAL

As at the LPD, the issued share capital of our Company is RM340,920,568 comprising 242,239,061 Shares in issue and our Company does not have any outstanding convertible securities and treasury shares.

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3. DIRECTORS' SHAREHOLDINGS

Save as disclosed below, none of our Directors have any direct and/or indirect shareholding in our Company as at the LPD. The pro forma effects of the Rights Issue on the shareholdings of our Directors based on the Record of Depositors as at LPD are as follows:

Minimum Scenario

	As at the LPD				(I) After the Rights Issue			
	Direct		Indirect		Direct		Indirect	
Name	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
CSY	32,362,480	13.36	-	-	132,362,480	31.35	-	-
Chong Koon Meng	110,000	0.05	-	-	110,000	0.03	-	-

	(II) After (I) and assuming full exercise of the Warrants			
	Direct		Indirect	
Name	No. of Shares	%	No. of Shares	%
CSY	182,362,480	35.60	-	-
Chong Koon Meng	110,000	0.02	-	-

Maximum Scenario

	As at the LPD				(I) After the Rights Issue			
	Direct		Indirect		Direct		Indirect	
Name	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
CSY	32,362,480	13.36	-	-	226,537,360	13.36	-	-
Chong Koon Meng	110,000	0.05	-	-	770,000	0.05	-	-

	(II) After (I) and assuming full exercise of the Warrants			
	Direct		Indirect	
Name	No. of Shares	%	No. of Shares	%
CSY	323,624,800	13.36	-	-
Chong Koon Meng	1,100,000	0.05	-	-

4. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Please refer to **Section 7.4** of this AP for the pro forma effects of the Rights Issue on the substantial shareholders' shareholdings in our Company.

5. HISTORICAL FINANCIAL INFORMATION

The following tables set out our Group's key financial information based on our consolidated financial statements for the financial year and periods under review:

(i) Historical financial information

	Audited			**Unaudited**	
	FYE 2021 (RM'000)	**FYE 2022 (RM'000)**	**FYE 2023 (RM'000)**	**6M FPE 2022 (RM'000)**	**6M FPE 2023 (RM'000)**
Revenue	222,795	385,878	422,096	191,836	232,688
(Gross loss) / GP	(178)	(11,981)	(5,589)	10,516	19,478
Other income / Other operating income	15,728	34,312	12,776	9,365	12,094
Finance income	105	44	208	62	51
Administrative expenses	(28,056)	(41,992)	(55,248)	(23,538)	(29,663)
Distribution costs	(3,951)	(2,415)	(1,959)	(162)	(339)
(Net losses)/Reversal on impairment of financial instruments	(3,707)	(1,062)	(7,775)	-	4,000
(Net losses)/Reversal on impairment loss on non-financial assets	(602)	(534)	(5,687)	-	5,109
Other expenses	(221)	(3,065)	(9,230)	(540)	(2,846)
Finance costs	(2,503)	(6,961)	(17,359)	(6,118)	(7,390)
Share of gain in an associate	481	-	-	-	-
(LBT)/PBT	**(22,904)**	**(33,654)**	**(89,864)***	**(10,415)**	**493**
Taxation	(144)	1,395	472	(27)	(20)
(LAT)/PAT	**(23,048)**	**(32,258)***	**(89,392)**	**(10,442)**	**473**
(LAT)/PAT attributable to:					
- Owners of our Company	(23,096)	(22,654)	(73,826)	(9,869)	2,174
- Non-controlling interests	48	(9,604)	(15,567)	(573)	(1,701)
(LAT)/PAT	**(23,048)**	**(32,258)**	**(89,392)**	**(10,442)**	**473**
Weighted average number of Shares in issue ('000)	999,223	1,243,480	1,923,361	1,528,403	2,422,392
No. of Shares in issue ('000)	1,132,595	1,312,470	2,422,392	1,703,173	2,422,392
Basic (LPS)/EPS[(1)] (sen)	(2.31)	(1.82)	(3.84)	(0.65)	0.09
Diluted (LPS)/EPS (sen)	(2.31)	(1.82)	(3.84)	(1.04)	0.09
(Gross loss)/GP margin (%)	(0.08)	(3.10)	(1.32)	5.48	8.37
(LBT)/PBT margin (%)	(10.28)	(8.72)	(21.29)	(5.43)	0.21
(LAT)/PAT margin (%)	(10.34)	(8.36)	(21.18)	(5.44)	0.20

(Source: Our Company's annual reports and quarterly results for the financial years and periods under review)

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(ii) Historical financial position

	Audited			Unaudited	
	As at 31 March 2021 (RM'000)	**As at 31 March 2022 (RM'000)**	**As at 31 March 2023 (RM'000)**	**As at 30 September 2022 (RM'000)**	**As at 30 September 2023 (RM'000)**
Total non-current assets	215,528	660,819	493,164	638,111	423,699
Total current assets	90,512	142,423	105,329	120,428	154,994
Total assets	**306,040**	**803,242**	**598,493**	**758,539**	**578,693**
Share capital	246,330	270,547	340,921	294,561	340,920
ICPS	1,453	754	-	689	-
Reserves	(28,707)	104,950	(170,296)	83,131	(170,268)
Shareholders' funds / NA	**219,076**	**376,252**	**170,624**	**378,381**	**170,652**
Non-controlling interests	6,324	1,551	(22,328)	(5,210)	(24,029)
Total equity	**225,401***	**377,803**	**148,297***	**373,171**	**146,623**
Total non-current liabilities	35,534	255,846	288,004	255,655	287,837
Total current liabilities	45,105	169,594	162,192	129,713	144,233
Total liabilities	**80,640***	**425,440**	**450,196**	**385,368**	**432,070**
Total equity and liabilities	**306,040***	**803,242***	**598,493**	**758,539**	**578,693**
NA per Share (RM)(2)	0.19	0.29	0.07	0.22	0.07

(Source: Our Company's annual reports and quarterly results for the financial years and periods under review)

(iii) Historical cash flow

	Audited			Unaudited	
	FYE 2021 (RM'000)	**FYE 2022 (RM'000)**	**FYE 2023 (RM'000)**	**6M FPE 2022 (RM'000)**	**6M FPE 2023 (RM'000)**
Net cash (used in)/generated from operating activities	(43,685)	11,579	6,904	13,757	23,383
Net cash (used in)/generated from investing activities	(6,266)	(46,024)	31,732	6,521	49,799
Net cash generated from/(used in) financing activities	65,742	34,970	(47,822)	(27,399)	(69,409)
Net increase/(decrease) in cash and cash equivalents	**15,792***	**525**	**(9,186)**	**(7,121)**	**3,773**
Cash and cash equivalents at beginning of financial year/period	6,085	21,908	22,389	22,389	13,031
Effect of exchange translation differences on cash and cash equivalents	31	(43)	(173)	(79)	(119)
Cash and cash equivalents at the end of financial year/period	**21,908**	**22,389***	**13,031***	**15,189**	**16,685**

(Source: Our Company's annual reports and quarterly results for the financial years and periods under review)

Notes:

* *Subject to rounding adjustments.*

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

(2) Being the NA of our Group divided by the number of Shares in issue for the financial years and periods under review.

Overview of the financial performance

(i) 6M FPE 2023 vs 6M FPE 2022

Our Group recorded a higher revenue of RM232.69 million in 6M FPE 2023 (6M FPE 2022: RM191.84 million), representing an increase of RM40.85 million or 21.29%. The increase in revenue was mainly contributed by our Group's ICT segment which increase from RM63.66 million to RM92.05 million, representing an increase of RM28.39 million or 44.60% due to higher demand from telecommunication companies arising from new ICT products launched during the financial period under review.

Our Group recorded a PAT attributable to owners of our Company of RM2.18 million in 6M FPE 2023 (6M FPE 2022: LAT attributable to owners of our Company of RM9.87 million), representing an improvement of RM12.05 million or 122.09%, mainly due to reversal of impairment on trade debtors of RM4.0 million (6M FPE 2022: nil) due to subsequent collection during 6M FPE 2023 and reversal of impairment on property, plant and equipment of RM5.11 million (6M FPE 2022: nil) due to improvement to business of LCEL.

Our Group's cash and cash equivalent for 6M FPE 2023 stood at RM16.87 million, higher than cash and cash equivalents for 6M FPE 2022 of RM15.89 million, mainly due to the proceeds received from disposal of other investments of RM75.06 million in 6M FPE 2023 (6M FPE 2022: nil), which was net-off by higher repayment of borrowings and lease liabilities of RM73.25 million in 6M FPE 2023 (6M FPE 2022: RM38.15 million).

(ii) FYE 2023 vs FYE 2022

Our Group recorded a higher revenue of RM422.10 million in FYE 2023 (FYE 2022: RM385.88 million), representing an increase of RM36.22 million or 9.39%. In FYE 2023, revenue derived from air freight segment and courier and logistics segment had increased by RM95.91 million or 180.47% and RM13.69 million or 21.57%, respectively due to higher demand for air freight, courier and logistics services from our Group, while revenue from mobile and fulfilments segment reduced by RM73.36 million or 27.27% due to lower orders from customers. The increase in revenue from air freight, courier and logistics segments was due to the following:

- the increase in e-commerce transactions arising from online shopping;

- air cargo logistics business of M Jets complements the courier and logistics business undertaken by LCEL which enables our Group to provide integrated courier and logistics services with wider coverage of end-to-end services and shorter timeframe of delivery services, allowing our Group to further strengthen and expand our network and connectivity; and

- full year's operation of the air cargo logistics business of M Jets in FYE 2023 since its commencement in June 2021.

Despite the increase in revenue, our Group recorded a higher LBT of RM89.86 million in FYE 2023 (FYE 2022: LBT of RM33.65 million), representing an increase by RM56.21 million or 167.04%, mainly due to:

(a) lower other income of RM12.78 million in FYE 2023 (FYE 2022: RM34.31 million) as our Group recognised a fair value loss on other investment of RM4.00 million in FYE 2023 whereas it was a fair value gain on other investment of RM23.35 million in FYE 2022. The other investments refer to investment in equity instruments of listed and non-listed companies;

(b) higher depreciation and amortisation expenses of RM61.64 million in FYE 2023 (FYE 2022: RM32.33 million) due to depreciation on right-of-use assets of office and warehouses as well as aircrafts;

(c) higher impairment loss on receivables of RM7.78 million in FYE 2023 (FYE 2022: RM1.06 million) due to higher provision for impairment on long outstanding trade and other receivables;

(d) recognition of impairment loss on property, plant and equipment of RM5.33 million in FYE 2023 (FYE 2022: nil) arising from impairment assessment performed on assets of courier and logistics segment;

(e) higher finance cost of RM17.36 million in FYE 2023 (FYE 2022: RM6.96 million) due to interest on leasing of additional aircrafts for the air freight segment; and

(f) higher other expenses of RM9.23 million in FYE 2023 (FYE 2022: RM3.06 million) due to the increase in operating costs for the air freight segment, which is in line with the increased in revenue for such segment.

In line with higher LBT, our Group recorded a higher LAT attributable to owners of our Company of RM73.83 million (FYE 2022: LAT of RM22.65 million), representing an increase of RM51.18 million or 225.96%.

Our Group's cash and cash equivalent decreased by RM9.36 million or 41.80% to RM13.03 million in FYE 2023 (FYE 2022: RM22.39 million), mainly due to higher net cash used in financing activities arising from higher repayment of borrowings and lease liabilities of RM87.31 million in FYE 2023 (FYE 2022: RM55.01 million), representing an increase of RM32.30 million or 58.72%.

(iii) FYE 2022 vs FYE 2021

Our Group's revenue increased by RM163.08 million or 73.20% to RM385.88 million for FYE 2022 (FYE 2021: RM 222.80 million). This was mainly due to improvement in revenue mobile and fulfilment segment (from RM180.37 million in FYE 2021 to RM269.05 million in FYE 2022) arising from high demand for ICT products due to the COVID-19 outbreak which has sped up the shift towards digitalisation. In addition, the revenue from courier and logistic segment also increased (from RM42.38 million in FYE 2021 to RM63.45 million in FYE 2022) due to increase in e-commerce transactions which has led to higher demand for our Group's courier and logistics services. Moreover, M Jets commenced its air cargo logistic business in June 2021 and had contributed a revenue of RM53.14 million for FYE 2022 (FYE 2021: nil).

Despite the increase in revenue, our Group recorded a higher LBT of RM33.65 million in FYE 2022 or an increase in LBT by RM10.75 million or 46.94% (FYE 2021: LBT of RM22.90 million). This was mainly due to:

(a) gross loss of RM11.98 million in FYE 2022 (FYE 2021: gross loss of RM0.18 million). This substantial increase in gross loss position was mainly due to higher operating expenses incurred for the courier and logistics business as a result of the expansion of network, purchases of new motor vehicles and recruitment of additional workforces during FYE 2022 which is in line with our Group's expansion plan throughout Peninsular Malaysia, and the start-up costs incurred by the air cargo logistic business such as relocation costs of M Jet's corporate office, purchase of cargo management system and fuel costs;

(b) higher finance cost of RM6.96 million in FYE 2022 (FYE 2021: RM2.50 million) due to further drawdown of banking facilities; and

(c) higher administration expenses of RM41.99 million in FYE 2022 (FYE 2021: 28.06 million), due to recruitment of additional staff and higher office-related expenses for M Jets' operations.

Despite a higher LBT, our Group recorded a lower LAT attributable to owners of our Company of RM22.65 million in FYE 2022 (FYE 2021: LAT of RM23.10 million, representing an improvement of RM0.45 million or 1.95%), mainly due to disposal of equity interest in a loss-making subsidiary during FYE 2022 which led to recognition of lower accumulated losses by our Group for FYE 2022.

Our Group's cash and cash equivalent increased by RM0.48 million or 2.20% to RM22.39 million in FYE 2022 (FYE 2021: RM21.91 million) mainly due to:

(a) increase of receivables of RM7.27 million in FYE 2022 (FYE 2021: RM33.66 million) mainly due to the reclassification of down-payments paid for the acquisition of 80% of M Jets from other receivables to cost of investments following the completion of the acquisition during FYE 2022;

(b) increase of payables due to inclusion of M Jets' payables of RM25.01 million following completion of the acquisition of M Jets, during FYE 2022; and

(c) drawdown of loan facilities during FYE 2022 of RM20.80 million for working capital purposes.

However, it is partially offset by the acquisitions of M Jets as well as new investment in quoted equity securities, and purchase of property, plant and equipment in relation to the expansion of our Group's courier and logistics business in FYE 2022.

6. HISTORICAL SHARE PRICES

The monthly highest and lowest transacted prices of our Shares for the past 12 months are as follows:

	Highest (RM)	**Lowest (RM)**
2022		
December	0.250	0.200
2023		
January	0.250	0.150
February	0.250	0.150
March	0.250	0.150
April	0.250	0.150
May	0.200	0.050
June	0.150	0.100
July	0.150	0.100
August	0.150	0.100
September	0.150	0.100
October	0.200	0.050
November	0.105	0.085
Last transacted market price for our Shares on 17 May 2023 (being the LTD and after adjustment for the Share Consolidation) (RM)	0.150	
Last transacted market price for our Shares as at the LPD (RM)	0.085	
Last transacted market price for our Shares on 19 December 2023 (being the market day prior to the ex-date for the Rights Issue) (RM)	0.090	

(Source: Bloomberg Finance L.P.)

7. OPTION TO SUBSCRIBE FOR SHARES

As at the LPD, save for the Provisional Allotments and excess Rights Shares with Warrants , no option to subscribe for our Shares has been granted or is entitled to be granted to any person.

8. MATERIAL CONTRACTS

Save as disclosed below, as at the LPD, our Group has not entered into any other material contracts which are or may be material (not being contracts entered into in the ordinary course of business of our Group) during the 2 years immediately preceding the date of this AP:

(i) on 5 July 2022, MMAG Digital (as vendor) entered into a sales and purchase agreement with KGW Logistics (M) Sdn Bhd (as purchaser) for the disposal of a piece of land held under Geran 215194, Lot 61800, Bandar Glenmarie, Daerah Petaling, Negeri Selangor Darul Ehsan measuring approximately 4,777 square meters in area together with a 2-storey warehouse and a 3-storey office building erected thereon bearing postal address at No. 6, Jalan Pemaju U1/15, Hicom Glenmarie Industrial Park, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan, for a total cash consideration of RM20.20 million. The transaction was completed and the title has been endorsed in the purchaser's favour on 22 December 2022;

(ii) on 27 December 2022, LCEL entered into a Subscription Agreement with Hong Seng Gloves Sdn Bhd ("**Subscriber**") wherein LCEL shall issue and allot a total of 5,052,632 new ordinary shares in LCEL (representing 5% of the total enlarged issued share capital of LCEL) to the Subscriber at a total cash subscription price of RM1,000,000.00. The transaction was completed on 28 December 2022;

(iii) on 4 October 2023, LCVH (as the purchaser) entered into a Shares Sale Agreement with CSH (as the vendor) for the acquisition of 5,400,000 ordinary shares in LCEL, representing 5.34% of the equity interest in LCEL, for a total cash consideration of RM8,250,000. The transaction was completed on 5 October 2023;

(iv) on 7 December 2023, our Company has entered into the Underwriting Agreement; and

(v) on 7 December 2023, our Company has executed the Deed Poll.

9. MATERIAL LITIGATION

Save as disclosed below, as at the LPD, neither our Company nor our subsidiaries are engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the business or financial position of our Company and our Group and there are no proceedings pending or threatened, or of any facts likely to give rise to any proceedings, which might materially and adversely affect the business or financial position of our Group:

(i) <u>Litigation between M Jets (as "**Defendant (i)**") and Aero Control Group DWC-LLC (as "**Plaintiff (i)**")</u>

On 16 January 2023, the Defendant (i) was served with a Writ and Statement of Claim, filed by the Plaintiff (i) at the Shah Alam High Court (Suit No.: BA-22NCvC-23-01/2023) in respect of alleged default and/or delay in making the full payment towards the Plaintiff (i) in the amount of USD556,387.44. The Plaintiff (i)'s alleged claim against the Defendant (i) includes the following:

(a) the outstanding amount of USD536,387.44 and/or RM2,312,902.64 at the rate of USD1 to RM4.31 based on the exchange rate published by Malayan Banking Berhad on 16 January 2023;
(b) interest rate of 5% per annum on USD536,387.44 and/or RM2,312,902.64 calculated from the date of judgment until the date of full and final settlement;
(c) costs; and
(d) other reliefs deemed just and fit to be granted by the High Court.

On 19 January 2023, the Defendant (i)'s solicitor filed a Memorandum of Appearance to appear on behalf of the Defendant (i).

During the e-Review on 19 January 2023, the High Court has fixed the date of 16 February 2023 for the first case management.

During the first case management on 16 February 2023, the High Court gave the following directions:

(i) the Defendant (i) shall file their defence on or before 2 March 2023;
(ii) the Plaintiff (i) shall file their reply to defence on or before 24 March 2023; and
(iii) fixed the next case management date on 27 March 2023.

On 1 March 2023, the Defendant (i)'s solicitors has served to the High Court a letter requesting for delay of 2 weeks to 16 March 2023 to file the defence in which the High Court has granted the same. The High Court then directed the next case management is on 27 March 2023.

On 16 March 2023, the Defendant (i) has filed and served to the Plaintiff (i)'s solicitors the defence.

During the case management on 27 March 2023, the High Court gave the following directions:

(i) the Plaintiff (i) shall file their reply to defence on or before 31 March 2023;
(ii) both Plaintiff (i) and Defendant (i) to file interlocutory application on or before 14 April 2023, if any; and
(iii) fixed the next case management date on 17 April 2023.

On 31 March 2023, the Plaintiff (i) has filed and served to the Defendant (i)'s solicitors the reply to defence.

On 14 April 2023, the Plaintiff (i) has filed and served to the Defendant (i)'s solicitors Notice of application and Affidavit in support of Plaintiff (i)'s application for summary judgement.

During the case management on 17 April 2023, the High Court gave the following directions:

(i) the Defendant (i) to file their affidavit in reply on or before 9 May 2023;
(ii) the Plaintiff (i) to file their affidavit in reply on or before 30 May 2023; and
(iii) fixed the next case management date on 31 May 2023.

On 9 May 2023, the Defendant (i) has filed and served to the Plaintiff (i)'s solicitors the affidavit in reply. On 6 June 2023, the Plaintiff (i) has filed and served to the Defendant (i)'s solicitors their affidavit in reply, after an extension of time was granted.

During the case management on 31 May 2023, the High Court gave the following directions:

(i) the Plaintiff (i) and the Defendant (i) shall file and serve their respective written submissions in respect of the Plaintiff (i)'s application for summary judgment on or before 4 July 2023. Both parties have filed their written submission on 4 July 2023;
(ii) the Plaintiff (i) and the Defendant (i) shall file and serve their respective written submissions in replay on or before 31 July 2023; and
(iii) the hearing for the Plaintiff (i)'s application for summary judgment shall be fixed on 25 August 2023.

At the hearing on 25 August 2023, the High Court has allowed the Plaintiff (i)'s summary judgment application against the Defendant (i). Pursuant thereto, the Defendant (i) is required to pay USD536,387.44 (equivalent to RM2,312,902.64 as at 16 January 2023) as pleaded in the Plaintiff (i)'s statement of claim together with the costs of RM7,000 subject to RM280.00 as Court allocator fees, to the Plaintiff (i).

Following the decision, both parties have agreed on an instalment payment plan for the settlement of the said USD536,387.44 and RM7,280.00 (being the costs and Court allocator fees) whereby Defendant (i) will pay the aforesaid amount to Plaintiff (i) in the manner as follows:-

(i) USD161,930.22 to be paid on or before 15 October 2023;
(ii) RM7,280.00 (to be paid in USD equivalent amount) on or before 15 October 2023;
(iii) USD161,930.22 to be paid on or before 1 November 2023;
(iv) USD107,953.48 to be paid on or before 1 December 2023;
(v) USD107,953.48 to be paid on or before 1 January 2024.

As at 3 November 2023, Defendant (i) has paid the amount stated in (i), (ii) and (iii) above to the Plaintiff (i).

On 21 November 2023, the Defendant (i) and Plaintiff (i) have agreed to revise the instalment payment plan for the remaining amount stated in (iv) and (v) above in the manner as follows:-

(i) USD215,906.96 (being the total amount of (iv) and (v)) to be paid by the Defendant (i) to Plaintiff (i) on or before 31 January 2024;
(ii) USD1,446.98 (being the late payment interest on amount (iv) calculated from 1 December 2023 to 31 January 2024 at the rate of 8% per annum) to be paid by the Defendant (i) to Plaintiff (i) on or before 31 January 2024; and
(iii) USD733.49 (being the late payment interest on amount (v) calculated from 1 January 2024 to 31 January 2024 at the rate of 8% per annum) to be paid by the Defendant (i) to Plaintiff (i) on or before 31 January 2024.

(ii) <u>Litigation between M Jets (as "**Plaintiff (ii)**") v Gunasekar A/L Mariappan and Philip Phang Kin Ming (as "**Defendants (ii)**")</u>

On 14 April 2023, the Plaintiff (ii) has filed a suit against the Defendants (ii) at the Kuala Lumpur High Court ("**High Court (ii)**") (Suit No.: WA-22NCC-214-04/2023), in respect of the breach of their fiduciary duties due and owing to Plaintiff (ii). The Plaintiff (ii), amongst other, seek for:

(a) the total sum of RM23,179,948.62 as special damages;
(b) the general damages to be assessed;
(c) the exemplary damages;
(d) the aggravated damages;
(e) interest rate of 5% per annum on judgement sum calculated from the date of judgment until the date of full and final settlement;
(f) costs; and
(g) other reliefs deemed just and fit to be granted by the High Court (ii).

On 14 April 2023, the Plaintiff (ii) has filed a notice of application for an *ex-parte* interlocutory injunction.

During the *ex-parte* hearing on 2 May 2023, the High Court (ii) gave the following directions: -

(i) granted the Plaintiff (ii)'s *ex-parte* interlocutory injunction of restraining the Defendants (ii) from acting and/or holding themselves as directors of M Jets for a period of 21 days; and
(ii) fixed the *inter-partes* hearing on 23 May 2023.

On 8 May 2023, the Plaintiff (ii) has served the writ, statement of claims and *ex-parte* injunction to the Defendants (ii).

On 12 May 2023, the Defendants (ii)' solicitors have filed a Memorandum of Appearance to appear on behalf of the Defendants (ii).

During the *inter-partes* hearing in regards to the main suit ("**Enclosure 1**") on 23 May 2023, the High Court (ii) gave the following directions:

(i) the Defendant (ii) shall file their defence on or before 20 June 2023;
(ii) the Plaintiff (ii) shall file their reply to defence on or before 18 July 2023;
(iii) any interlocutory application(s) shall be filed 2 weeks from 23 May 2023; and
(iv) fixed the next case management date on 20 July 2023.

During the *inter-partes* hearing in regards to Plaintiff (ii)'s notice of application for the interlocutory injunction ("**Enclosure 3**") on 23 May 2023, the High Court (ii) gave the following directions:

(i) the consent order (ad-interim interlocutory injunction) recorded;
(ii) the Defendant (ii) shall file their affidavit in reply on or before 13 June 2023;
(iii) the Plaintiff (ii) shall file their affidavit in reply on or before 27 June 2023;
(iv) the parties to file their submissions on or before 26 July 2023 and reply the submissions on or before 9 August 2023; and
(v) fixed the hearing for Enclosure 3 on 16 August 2023.

The Plaintiff (ii)'s solicitors and the Defendant (ii)'s solicitors have agreed to an extension of time in respect of Enclosure 1 and Enclosure 3 as follows:

(i) the Defendant (ii) to file their affidavit in reply in respect of Enclosure 3 and their defence in respect of Enclosure 1 on or before 3 July 2023, which the Defendant (ii) has filed the same on 10 July 2023 after an extension of time was granted;
(ii) the Plaintiff (ii) to file their affidavit in reply in respect of Enclosure 3 and their reply to defence on or before 31 July 2023; and
(iii) the Defendant (ii) and the Plaintiff (ii) are to file their respective written submissions in respect of Enclosure 3 on or before 9 August 2023.

During the case management on 15 August 2023, the High Court (ii) gave the following directions in relation to Enclosure 1:

(i) the Plaintiff (ii) to file their reply to defence on or before 28 August 2023, which was subsequently extended to 11 September 2023 pursuant to the Plaintiff (ii)'s solicitors' request for an extension of time;

(ii) the Plaintiff (ii) and the Defendants (ii) are to file the following:

(a) bundle of pleadings;
(b) summary of case;
(c) agreed facts;
(d) chronology of events with specific reference to dates and documents;
(e) issues to be tried;
(f) list of witnesses and areas of evidence;
(g) opening statement; and
(h) witness statement (to be filed two weeks before the date of trial); and

(iii) fixed the next case management date on 6 October 2023.

In relation to Enclosure 3 during the case management on 15 August 2023, the High Court (ii) gave the following directions:

(i) the Defendants (ii) are to file their affidavit in reply on or before 11 September 2023;

(ii) the Plaintiff (ii) and the Defendants (ii) shall file and exchange their respective written submissions on or before 29 September 2023; and

(iii) fixed the hearing date for Enclosure 3 on 6 October 2023.

On 26 September 2023, the parties have recorded a consent order for Enclosure 3 and as a result, the hearing date for Enclosure 3 which was initially fixed on 6 October 2023 has been vacated by the High Court (ii).

During the case management on 29 September 2023, the High Court (ii) has given the following directions in relation to Enclosure 1:

(i) that the parties are to attempt out of court settlement or mediation;

(ii) the Plaintiff (ii) and the Defendants (ii) are to file the following:

(a) bundle of pleadings (softcopy of pleadings and pre-trial documents);
(b) common bundle of documents (Part A, B and C);
(c) summary of case;
(d) agreed facts;
(e) chronology of events with specific reference to dates and documents;
(f) issues to be tried;
(g) list of witnesses and areas of evidence;
(h) opening statement;
(i) witness statement (to be filed to High Court (ii) 2 weeks before the date of trial); and
(j) hardcopy of the documents to be delivered to High Court (ii) 1 week before the date of trial;

(iii) High Court (ii) fixed the next case management date on 28 November 2023 for the Plaintiff (ii) and the Defendants (ii) to update on the status of out of court settlement or mediation and to fix the trial dates if no amicable settlement is achieved between the parties.

On 17 November 2023, the Defendants (ii) had filed a stay application and the case management has been fixed on 22 November 2023. During the said case management, the High Court (ii) has given the following directions:

(a) Plaintiff (ii) to file its affidavit in reply on or before 5 December 2023;
(b) Defendants (ii) to file its affidavit in reply on or before 19 December 2023;
(c) Plaintiff (ii) and Defendants (ii) to file their written submissions on or before 9 January 2024;
(d) Plaintiff (ii) and Defendants (ii) to file their submissions in reply on or before 23 January 2024;
(e) The pre-trial case management directions will be given after the disposal of the stay application;
(f) The hearing for the stay application has been fixed on 21 February 2024; and
(g) In view of the stay application, the case management which was initially fixed on 28 November 2023 has been vacated and the next case management is fixed on 21 February 2024 instead.

The Plaintiff (ii)'s solicitors are of the opinion that the Plaintiff (ii) has a reasonable prospect of success in their claims for this case.

(iii) Litigation between Comone International Logistics Co Limited (as "**Plaintiff (iii)**") v M Jets (as "**Defendant (iii)**")

On 6 March 2023, the Defendant (iii) had been served a statement of claim and writ of summons for a suit (Suit No.: BA-B52NCvC-30-02/2023) in the Shah Alam Sessions Court. The aforementioned suit has since been transferred to the Sepang Sessions Court ("**Sessions Court**") and is now listed as Suit No.: BK-B52NCvC-5-03/2023.

Prior to the commencement of this suit, the Plaintiff (iii) had initiated action against the Defendant (iii) under Shah Alam High Court Civil Suit No.: BA-22NCvC-150-04/2022 ("**Suit 150**") on 13 April 2022. Pursuant to a settlement agreement executed between the Plaintiff (iii) and the Defendant (iii) on 24 May 2022 ("**Settlement Agreement**"), the Plaintiff (iii) has filed a notice of discontinuance of Suit 150. Pursuant thereto, the Plaintiff (iii) has initiated this suit for an action of breach of the Settlement Agreement by the Defendant (iii).

The Plaintiff (iii)'s claim against Defendant (iii) is for special damages in the sum of USD169,000.00 (equivalent to RM765,739.30 at the exchange rate of USD1.00 to RM4.5070 per Malayan Banking Berhad's foreign exchange rate on 23 February 2023) and for liquidated damages in the sum of RM10,000.00, subject to interests and costs.

On 30 May 2023, the Plaintiff (iii) filed a notice of application for summary judgment against the Defendant (iii).

On 21 June 2023, the Sessions Court directed as follows:

(i) the Defendant (iii) to file their affidavit in reply for the summary judgment application on or before 27 June 2023, which the Defendant (iii) has filed the same on 27 June 2023; and
(ii) the next case management shall be fixed on 27 June 2023 for the Sessions Court's further directions.

On 27 June 2023, the Sessions Court directed as follows:

(i) the Plaintiff (iii) to file their affidavit in reply for the summary judgment application on or before 11 July 2023, which the Plaintiff has filed the same on 11 July 2023; and
(ii) the next case management shall be fixed on 11 July 2023.

On 11 July 2023, the parties have updated the Sessions Court on their respective status of the case and the Sessions Court has yet to provide any further directions in relation to the filing of written submissions.

On 28 July 2023, the parties had been informed by the Session Court that the subsequent case management will be fixed on 17 August 2023.

On 17 August 2023, the Session Court directed (with respect to Plaintiff (iii)'s summary judgment application) as follows:

(i) parties to file their respective written submissions on or before 11 September 2023;
(ii) parties to file their respective written submissions in reply on or before 25 September 2023; and
(iii) the subsequent case management is fixed on 25 September 2023.

During the case management on 25 September 2023, the Sessions Court has fixed the hearing date on 20 October 2023.

During the hearing on 20 October 2023, the Sessions Court had fixed another hearing date on 23 November 2023 for further submission by both parties in relation to the summary judgement.

After hearing further submission by both parties during the hearing on 23 November 2023, the Sessions Court allowed the Plaintiff (iii)'s summary judgment application with costs of RM2,000 to be paid by Defendant (iii) to Plaintiff (iii).

The sum of damages to be paid by Defendant (iii) to Plaintiff (iii) are as follows:-

(i) a sum of USD120,000.00/RM540,840.00 at the exchange rate from USD1.00 to RM4.5070 based on the foreign exchange rate fixed by Malayan Banking Berhad on 23 February 2023;
(ii) a sum of USD49,900.00/RM224,899.30 at the exchange rate from USD1.00 to RM4.5070 based on the foreign exchange rate fixed by Malayan Banking Berhad on 23 February 2023;
(iii) liquidated damages of RM10,000.00;
(iv) interests on the sum of USD120,000.00/RM540,840.00 at the rate of 5% per annum from 13 December 2022 until the date of judgment which is 23 November 2023;
(v) interests on the sum of USD49,900.00/RM224,899.30 at the rate of 5% per annum from 13 December 2022 until the date of judgment which is 23 November 2023;
(vi) interests at the rate of 5% per annum on the judgment sum from the date of judgment until full and final settlement; and
(vii) costs of RM2,000.00.

On 7 December 2023, Defendant (iii) had filed a notice of appeal to appeal against the decision by the Sessions Court on 23 November 2023 allowing the Plaintiff (iii)'s summary judgment application.

(iv) Litigation between Gunasekar A/L Mariappan and Philip Phang Kin Ming ("**Plaintiffs (iv)**") vs MMAG Holdings Berhad and 8 others

On 12 July 2023, our Company and our Directors, Kenny Khow Chuan Wah and Chong Koon Meng ("**Directors Named**") had been served a writ of summons and statement of claim dated 10 July 2023 for a suit (Suit No. WA-22NCC-474-07/2023) in Kuala Lumpur High Court ("**High Court (iii)**") ("**Claims**"). Other parties named as defendants in the Claims include M Jets, JT Aerotech Solutions Sdn Bhd ("**JTAS**") and 4 individuals (collectively, the "**Defendants (iv)**").

The Plaintiffs (iv)'s claim against our Company and the Directors Named for, inter alia:

(a) a declaration that all Defendants (iv) (inclusive of our Company and the Directors Named), had allegedly breached the Plaintiffs (iv)'s legitimate expectation to manage and operate the business of M Jets;

(b) a declaration that the Defendants (iv) are and/or were required to comply with their obligations, in respect of the Plaintiffs (iv)'s alleged legitimate expectation;

(c) a declaration that the Defendants (iv) (save for M Jets and JTAS) had allegedly conspired to injure the interest of the Plaintiffs (iv);

(d) a declaration that our Company and the Directors Named had allegedly breached several representations made to the Plaintiffs (iv);

(e) special damages in the sum of RM9.60 million to be paid by the Defendants (iv) (save for JTAS) to the Plaintiffs (iv);

(f) damages for alleged loss of profit and/or loss of investment and/or loss of business opportunity in the sum of RM30.45 million or any part thereof;

(g) damages for the Plaintiffs (iv)'s alleged loss of incentive bonus in the sum of RM9.80 million;

(h) general damages, aggravated and/or exemplary and/or punitive damages; and

(i) interests and costs.

The Plaintiffs (iv) had been employed as M Jets' Managing Director and Chief Financial Officer respectively, and had been the Executive Directors of M Jets. The Plaintiffs (iv) had been removed as Directors of M Jets on 17 March 2023 and removed from their executive roles on 12 April 2023, consequent to a breach of their fiduciary duties towards M Jets.

The Claims filed is connected to other legal suits which had been filed as against the Plaintiffs (iv) by M Jets (as set out in litigation (ii) above) and the Plaintiffs (iv)'s earlier minority oppression claim against our Company and M Jets under Kuala Lumpur High Court Civil Suit No. WA-24NCC-678-05/2022 which the Kuala Lumpur High Court had dismissed (as announced by our Company on 19 August 2022).

Our Company has filed and served our memorandum of appearance on 25 July 2023.

On 5 September 2023, the Defendants (iv)'s solicitor has submitted a letter ("**Defendants (iv)'s Letter**") to request for an extension of time for the filing of the defence.

On 6 September 2023, the High Court (iii) in response to the Defendant (iv)'s Letter, directed as follows:

(i) granted the extension allowing the Defendants (iv) to file their defence on or before 2 October 2023;

(ii) the Plaintiffs (iv) to file their reply to defence on or before 2 November 2023;

(iii) the parties to file any interlocutory applications on or before 16 November 2023;
(iv) the case management has been scheduled on 30 October 2023 at 9:00 a.m. by way of e-review.

During the case management on 30 October 2023, Plaintiff (iv)'s solicitors had requested for an extension of time to file their Reply to Defence and in view of the request by Plaintiff (iv)'s solicitors, the High Court (iii) gave the following directions:

(i) the Plaintiff (iv) to file reply to Defence on or before 8 December 2023;
(ii) any interlocutory application to file by the parties on or before 15 December 2023; and
(iii) fixed the next case management date on 8 January 2024.

The Defendants (iv)'s solicitors are of the opinion that it is too preliminary at this stage to ascertain the outcome of this case.

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ADDITIONAL INFORMATION

1. CONSENTS

The Adviser and Sole Underwriter, Company Secretary, Due Diligence Solicitors, Share Registrar and Independent Market Researcher have each given and have not subsequently withdrawn their consents to the inclusion in this AP of their names and all references thereto in the form and context in which they are included in this AP.

Bloomberg Finance L.P. has given and has not subsequently withdrawn its written consent to the inclusion in this AP of its name and citation of the market data made available to its subscribers in the form and context in which such name and market data are included in this AP.

2. RESPONSIBILITY STATEMENT

This AP together with its accompanying documents have been seen and approved by our Board and our Directors collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement herein false or misleading.

TA Securities, being the Adviser and Sole Underwriter for the Rights Issue, 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 this Rights Issue.

3. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur during normal business hours from 9.00 a.m. to 5.00 p.m. from Monday to Friday (excluding public holidays) for a period of 6 months from the date of this AP:

(i) our Constitution;

(ii) the IMR Report referred to in **Sections 6.2 and 6.3** of this AP;

(iii) the letter of Undertaking as referred to in **Section 2.4** of this AP;

(iv) the material contracts as referred to in **Appendix I, Section 8** of this AP;

(v) the cause papers for material litigation as referred to in **Appendix I, Section 9** of this AP; and

(vi) the letters of consent as referred to in **Appendix II, Section 1** of this AP.

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