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

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

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS ABRIDGED PROSPECTUS. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, PLEASE CONSULT A PROFESSIONAL ADVISER IMMEDIATELY.

All enquiries concerning the Rights Issue with Warrants should be addressed to our Share Registrar, ShareWorks Sdn Bhd at 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur (Tel. No. +603-6201 1120).

This Abridged Prospectus has been registered by the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue with Warrants or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Abridged Prospectus. The SC has not, in any way, considered the merits of the Rights Issue with Warrants. A copy of this Abridged Prospectus, together with the NPA and RSF (collectively, the "**Documents**") 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 with Warrants was obtained at our EGM held on 28 September 2020. Approval has been obtained from Bursa Securities via its letter dated 4 September 2020 for the admission of the Warrants to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares and Warrants pursuant to the Rights Issue with Warrants and the new KAG Shares to be issued arising from the exercise of the Warrants on the ACE Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue with Warrants, and shall not be taken as an indication of the merits of the Rights Issue with Warrants. Bursa Securities does not take any responsibility for the correctness of statements made or opinions expressed in this Abridged Prospectus. The admission of the Warrants to the Official List of Bursa Securities and the listing of and quotation for all the said new securities will commence after, amongst others, the receipt of confirmation from Bursa Depository that all the CDS Accounts of our successful Entitled Shareholders and/ or their renouncee(s) and/ or transferee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

The Documents are only despatched to our Entitled Shareholders whose names appear in our Record of Depositors and who have provided our Share Registrar with a registered address in Malaysia not later than 5.00 p.m. on Wednesday, 21 October 2020. The Documents are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue with Warrants complies with the laws of any countries or jurisdiction other than the laws of Malaysia. Entitled Shareholders and/ or their renouncee(s) and/ or transferee(s) (if applicable) who are residents in countries or jurisdiction other than Malaysia should therefore immediately consult their legal advisers and/ or other professional advisers as to whether the acceptance and/ or renunciation (as the case may be) of all or any part of their entitlements to the Rights Shares with Warrants would result in a contravention of any laws of such countries or jurisdictions. Such Entitled Shareholders and/ or their renouncee(s) and/ or transferee(s) (if applicable) should note the additional terms and restrictions as set out in Section 10.10 of this Abridged Prospectus. Neither we, UOBKH nor any other professional advisers shall accept any responsibility or liability in the event that any acceptance and/ or renunciation (as the case may be) of the entitlements to the Rights Shares with Warrants made by the Entitled Shareholders and/ or their renouncee(s) and/ or transferee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions.

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

FOR INFORMATION CONCERNING RISK FACTORS WHICH YOU SHOULD CONSIDER, PLEASE REFER TO SECTION 6 OF THIS ABRIDGED PROSPECTUS.

KEY ALLIANCE GROUP BERHAD
Registration No.: 200301007533 (609953-K)
(Incorporated in Malaysia)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 982,205,686 NEW ORDINARY SHARES IN KEY ALLIANCE GROUP BERHAD ("KAG" OR THE "COMPANY") ("KAG SHARE(S)") ("RIGHTS SHARE(S)") ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 1 EXISTING KAG SHARE HELD, TOGETHER WITH UP TO 982,205,686 FREE DETACHABLE WARRANTS IN KAG ("WARRANT(S)") ON THE BASIS OF 1 WARRANT FOR EVERY 1 RIGHTS SHARE SUBSCRIBED FOR, AS AT 5.00 P.M. ON WEDNESDAY, 21 OCTOBER 2020 AT AN ISSUE PRICE OF RM0.05 PER RIGHTS SHARE ("RIGHTS ISSUE WITH WARRANTS")

Principal Adviser

UOBKayHian

UOB Kay Hian Securities (M) Sdn Bhd
Registration No. 199001003423 (194990-K)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME:-

Entitlement Date	: Wednesday, 21 October 2020 at 5.00 p.m.
Last date and time for sale of provisional allotment of rights	: Wednesday, 28 October 2020 at 5.00 p.m.
Last date and time for transfer of provisional allotment of rights	: Monday, 2 November 2020 at 4.30 p.m.
Last date and time for acceptance and payment	: Friday, 6 November 2020 at 5.00 p.m.
Last date and time for excess application and payment	: Friday, 6 November 2020 at 5.00 p.m.

This Abridged Prospectus is dated 21 October 2020

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

RESPONSIBILITY STATEMENTS

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

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

OTHER STATEMENTS

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 ABRIDGED PROSPECTUS THAT IS FALSE, MISLEADING, OR FROM WHICH THERE IS A MATERIAL OMISSION; OR FOR ANY MISLEADING OR DECEPTIVE ACT IN RELATION TO THIS ABRIDGED PROSPECTUS OR THE CONDUCT OF ANY OTHER PERSON IN RELATION TO OUR COMPANY.

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

THE DISTRIBUTION OF THE DOCUMENTS IS SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE 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 SUCH RESTRICTIONS AND TO OBSERVE THEM.

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

DEFINITIONS

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

"Abridged Prospectus"	:	This abridged prospectus dated 21 October 2020 in relation to the Rights Issue with Warrants
"Act"	:	The Companies Act 2016
"Additional Undertakings"	:	In addition to the Entitlement Undertakings, the Undertaking Shareholders have provided their additional irrevocable undertakings to each subscribe for up to 49,840,000 Excess Rights Shares with Warrants, if necessary, by way of Excess Application at the Issue Price, which entails a subscription amount of up to RM2,492,000 to be committed by each of the Undertaking Shareholders to ensure the Minimum Subscription Level is met
"Board"	:	Our Board of Directors
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
"CDS"	:	Central Depository System
"CDS Account"	:	A securities account established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of deposits of securities and for dealings in such securities by the depositor
"Closing Date"	:	Friday, 6 November 2020 at 5.00 p.m., being the last date and time for the acceptance of and payment for the Provisional Rights Shares with Warrants and the application and payment for the Excess Rights Shares with Warrants
"CMSA"	:	Capital Markets and Services Act 2007 of Malaysia
"Constitution"	:	Constitution of our Company
"Consumer Trading"	:	Trading of consumer appliances and related services – provision of distributing and reselling of kitchen appliances and multifunction printers and related services
"Corporate Exercises"	:	The Rights Issue with Warrants and Diversification, collectively
"COVID-19"	:	Coronavirus disease 2019
"Deed Poll"	:	The deed poll dated 7 October 2020 constituting the Warrants, of which each Warrant provides the right to the holder of the Warrants to subscribe for 1 new KAG Share during the 3 year exercise period of the Warrants at the exercise price of RM0.05 per Warrant
"Director(s)"	:	The director(s) of KAG and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the CMSA

DEFINITIONS (CONT'D)

"Diversification"	:	The diversification of our Group's existing principal activities to include Medical Equipment Trading, which had been approved by our shareholders at our EGM
"Documents"	:	This Abridged Prospectus together with the NPA and RSF, collectively
"EGM"	:	Extraordinary General Meeting of our Company held on 28 September 2020
"Entitled Shareholder(s)"	:	Our shareholders whose names appear in the Record of Depositors of our Company on the Entitlement Date
"Entitlement Date"	:	At 5.00 p.m. on Wednesday, 21 October 2020, being the time and date on which the names of our shareholders must appear in the Record of Depositors in order to be entitled to participate in the Rights Issue with Warrants
"Entitlement Undertakings"	:	The irrevocable undertakings provided by the Undertaking Shareholders to each subscribe for his respective full entitlement of 200,000 Rights Shares with Warrants based on his shareholdings in KAG as at 7 October 2020 (being the date of the supplemental undertaking letters) at the Issue Price, which entails a subscription amount of RM10,000 to be committed by each of the Undertaking Shareholders to fulfil his Entitlement Undertaking
"EPS/ (LPS)"	:	Earnings per share/ (Loss) per share
"Excess Application"	:	Application for Excess Rights Shares with Warrants as set out in Section 10.8 of this Abridged Prospectus
"Excess Rights Shares with Warrants"	:	Rights Shares with Warrants which are not taken up or not validly taken up by the Entitled Shareholders and/ or their renouncee(s) and/ or transferee(s) (if applicable) by the Closing Date
"Foreign Entitled Shareholder(s)"	:	Entitled Shareholder(s) who have not provided an address in Malaysia for the service of documents to be issued for the purposes of the Rights Issue with Warrants
"FPE"	:	Financial period ended/ ending
"FYE"	:	Financial year ended/ ending
"ICT"	:	Information communication technology
"Issue Price"	:	The issue price of the Rights Shares of RM0.05 per Rights Share
"ITDF"	:	ITDF Co Ltd
"IT Related Services"	:	Cloud services, data centre and IT related services – provision of cloud computing services, co-location, disaster recovering and other IT related services
"KAG" or our "Company"	:	Key Alliance Group Berhad (Registration No.: 200301007533 (609953-K))
"KAG Group" or our "Group"	:	KAG and its subsidiaries, collectively

DEFINITIONS (CONT'D)

"KAG Share(s)" or the "Share(s)"	:	Ordinary share(s) in KAG
"KASB"	:	Key Alliance Sdn Bhd (Registration No.: 200401003848 (642351-T)), our wholly-owned subsidiary
"Listing Requirements"	:	ACE Market Listing Requirements of Bursa Securities
"LPD"	:	23 September 2020 being the latest practicable date prior to the registration of this Abridged Prospectus by the SC
"Market Day(s)"	:	Any day from Mondays to Fridays (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for the trading of securities
"Maximum Scenario"	:	Assuming the Rights Issue with Warrants is fully subscribed by the Entitled Shareholders and/ or their renouncee(s) and/ or transferee(s) (if applicable)
"MDA"	:	Medical Device Authority of Malaysia
"Medical Equipment Trading"	:	The marketing, distribution and trading of medical equipment, devices, and related products and accessories
"Minimum Scenario"	:	Assuming the Rights Issue with Warrants is undertaken on the Minimum Subscription Level
"Minimum Subscription Level"	:	The minimum subscription level of Rights Shares together with Warrants by the Undertaking Shareholders to raise the Undertaking Amount of RM5,004,000, which is based on the minimum level of funds that our Company intends to raise from the Rights Issue with Warrants
"Mr Ho"	:	Roy Ho Yew Kee
"Mr Ong"	:	Ong Gim Hai
"NA"	:	Net assets attributable to the owners of our Company
"NPA"	:	Notice of provisional allotment of Rights Shares with Warrants pursuant to the Rights Issue with Warrants
"Official List"	:	A list specifying all securities listed on the ACE Market of Bursa Securities
"PAT/ (LAT)"	:	Profit after taxation/ (Loss) after taxation
"PBT/ (LBT)"	:	Profit before taxation/ (Loss) before taxation
"Price-Fixing Date"	:	7 October 2020, being the date on which our Board fixed the Issue Price and the exercise price of the Warrants
"Property Construction"	:	Construction, property development and interior design services
"Provisional Rights Shares with Warrants"	:	Rights Shares with Warrants provisionally allotted to the Entitled Shareholders
"Record of Depositors"	:	A record of security holders provided by Bursa Depository to our Company under Chapter 24.0 of the Rules of Bursa Depository

DEFINITIONS (CONT'D)

"Rights Issue with Warrants"	:	Renounceable rights issue of up to 982,205,686 Rights Shares on the basis of 1 Rights Share for every 1 existing KAG Share held on the Entitlement Date, together with up to 982,205,686 Warrants on the basis of 1 Warrant for every 1 Rights Share subscribed for at the Issue Price
"Rights Share(s)"	:	Up to 982,205,686 new KAG Shares to be issued at the Issue Price pursuant to the Rights Issue with Warrants
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"RSF"	:	Rights Subscription Form in relation to the Rights Issue with Warrants
"RT-PCR"	:	Reverse Transcription-Polymerase Chain Reaction
"Rules"	:	Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the SC
"Rules of Bursa Depository"	:	The Rules of Bursa Depository as issued pursuant to the SICDA
"SC"	:	Securities Commission Malaysia
"Share Registrar"	:	ShareWorks Sdn Bhd (Registration No. 199101019611 (229948-U))
"SICDA"	:	Securities Industry (Central Depository) Act 1991
"SIS"	:	Share issuance scheme
"TERP"	:	Theoretical ex-rights price of KAG Shares
"Undertaking Amount"	:	RM5,004,000, being the aggregate subscription monies for the Rights Shares committed and to be provided by the Undertaking Shareholders pursuant to their Undertakings, in order for our Company to meet the Minimum Subscription Level
"Undertaking Shareholders"	:	Our directors cum shareholders, namely Mr Ho and Mr Ong, collectively
"Undertakings"	:	The Entitlement Undertakings and Additional Undertakings, collectively
"UOBKH" or the "Principal Adviser"	:	UOB Kay Hian Securities (M) Sdn Bhd (Registration No. 199001003423 (194990-K))
"VWAP"	:	Volume weighted average market price
"Warrant(s)"	:	Up to 982,205,686 free detachable warrants in KAG with a tenure of 3 years to be issued pursuant to the Rights Issue with Warrants

All references to "we", "us", "our" and "ourselves" are made to our Company, or where the context requires, shall include our subsidiaries.

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

DEFINITIONS (CONT'D)

Unless specifically referred to, words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include corporations, unless otherwise specified.

Any reference to a time of day and date in this Abridged Prospectus shall be a reference to Malaysian time and date, respectively, unless otherwise specified. Any discrepancy in the figures included in this Abridged Prospectus between the amounts stated, actual figures and the totals thereof are due to rounding adjustments.

Any reference in this Abridged Prospectus to any legislation, statute, guidelines, rules or regulations is a reference to that legislation, statute, guidelines, rules or regulations as for the time being amended or re-enacted.

Certain statements in this Abridged Prospectus may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Abridged Prospectus should not be regarded as a representation or warranty that our Group's plans and objectives will be achieved. Our shareholders should not place undue reliance on such forward-looking statement, and we do not undertake any obligation to update publicly or revise any forward-looking statements.

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ADVISERS' DIRECTORY

COMPANY SECRETARIES	:	Ng Mei Wan (SSM Practicing Certificate No.: 201908000801) (MIA 28862) R. Malathi A/P Rajagopal (SSM Practicing Certificate No.: 201908000851) (MAICSA 7054884) No. 3-2, 3rd Mile Square No. 151, Jalan Kelang Lama Batu 3½, 58100 Kuala Lumpur Tel. No.: 03-7987 5300 Fax. No.: 03-7987 5200
PRINCIPAL ADVISER	:	UOB Kay Hian Securities (M) Sdn Bhd Suite 19-03, 19th Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel. No.: 03-2147 1900 Fax. No.: 03-2147 1950
DUE DILIGENCE SOLICITORS	:	Messrs Gary Teh & Ngiam Advocates & Solicitors Unit 1608, 16th Floor Block A, Damansara Intan No. 1, Jalan SS20/27 47400 Petaling Jaya, Selangor Tel. No.: 03-7732 9323 Fax. No.: 03-7733 5326
SHARE REGISTRAR	:	ShareWorks Sdn Bhd 2-1, Jalan Sri Hartamas 8 Sri Hartamas, 50480 Kuala Lumpur Tel. No.: 03-6201 1120 Fax. No.: 03-6201 3121
STOCK EXCHANGE LISTING	:	ACE Market of Bursa Securities

SUMMARY OF THE RIGHTS ISSUE WITH WARRANTS

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

Key information		**Summary**
Basis of allotment and number of Rights Shares with Warrants to be issued pursuant to the Rights Issue with Warrants	:	The Rights Issue with Warrants entails an issuance of up to 982,205,686 Rights Shares on the basis of 1 Rights Share for every 1 existing KAG Share held, together with up to 982,205,686 Warrants on the basis of 1 Warrant for every 1 Rights Share subscribed for, by the Entitled Shareholders. In addition, assuming all the 982,205,686 Warrants are exercised, a total of 982,205,686 new KAG Shares will be issued arising therefrom. The actual number of Rights Shares and Warrants to be issued pursuant to the Rights Issue with Warrants will depend on the total issued Shares of our Company as at the Entitlement Date and the eventual subscription rate of the Rights Issue with Warrants. Further details are set out in Section 2.1 of this Abridged Prospectus.
Issue price of the Rights Shares	:	RM0.05 per Rights Share
Exercise price of the Warrants	:	RM0.05 per Warrant
Tenure of the Warrants	:	Within a period of 3 years commencing from and including the date of issuance of the Warrants
Shareholder's undertaking and underwriting arrangement	:	In order to meet the Minimum Subscription Level, the Undertaking Shareholders, namely Mr Ho and Mr Ong (being our Directors cum shareholders) had provided their irrevocable undertakings to subscribe for their respective full entitlements to the Rights Shares with Warrants and Excess Rights Shares with Warrants, if necessary, by way of Excess Application to the extent such that the aggregate subscription proceeds arising from the subscription of Rights Shares amount to RM5,004,000. As the Rights Issue with Warrants will be undertaken on the Minimum Subscription Level, we will not procure any underwriting arrangement for the remaining Rights Shares not subscribed for by the other Entitled Shareholders and/ or their renouncee(s). Further details are set out in Section 3 of this Abridged Prospectus.
Utilisation of proceeds	:	The gross proceeds to be raised from the Rights Issue with Warrants will be utilised in the following manner:-

		Amount of proceeds	
Details of utilisation	**Timeframe for utilisation from completion of the Rights Issue with Warrants**	**Minimum Scenario RM'000**	**Maximum Scenario RM'000**
Business expansion pursuant to the Diversification	Within 12 months	4,304	35,000
Repayment of bank borrowings	Within 6 months	-	9,600
Working capital	Within 12 months	-	3,810
Estimated expenses in relation to the Proposals	Upon completion	700	700
Total		**5,004**	**49,110**

Further details are set out in Section 4 of this Abridged Prospectus.

SUMMARY OF THE RIGHTS ISSUE WITH WARRANTS (CONT'D)

Key information		**Summary**
Rationale		i. To strengthen our financial position and capital base, by reducing our gearing level and increasing our NA thereby providing greater financial flexibility. ii. To provide the Entitled Shareholders with an opportunity to participate in an equity offering in our Company on a pro rata basis and ultimately, participate in the prospects and future growth of our Group. iii. To meet our Group's fund raising objectives, which is mainly earmarked for the business expansion pursuant to the Diversification, repayment of bank borrowings and working capital purposes. iv. The Warrants will potentially allow the Entitled Shareholders who subscribe for the Rights Shares to increase their equity participation in our Company at predetermined price over the tenure of the Warrants. In addition, we may raise additional proceeds as and when the Warrants are exercised. Further details are set out in Section 5 of this Abridged Prospectus.
Risk factors	:	You should consider, amongst others, the following risk factors before subscribing for or investing in the Rights Issue with Warrants:- i. Our Group's business and performance is dependent on our Group's key management and qualified personnel, our ability to collect payment from our customers and the prevailing political, economic and regulatory circumstances in Malaysia and/ or other countries in which our Group has business dealings; ii. The success of our Group's diversification into Medical Equipment Trading is subject to risks inherent in the medical device industry, our Group's ability to obtain and renew the necessary licenses/ approvals and competition from both existing players and new entrants in the medical device industry; iii. Our Group's ICT business is subject to risks inherent in the competitive ICT industry, competition from existing competitors and new entrants both locally and internationally and our Group's ability to innovate and upgrade our products to remain relevant in the rapidly changing ICT landscape; iv. Our Group's construction business is subject to our Group's ability to secure new projects on commercial terms favourable to our Group, our Group's timely completion of our construction projects and the performance of the contractors and subcontractors appointed by our Group; v. Our Group's consumer appliances trading business is subject to risks inherent in the consumer appliances industry and competition from foreign and domestic brands; and vi. The market price of our Shares is influenced by the prevailing market sentiments, the outlook of the industries we operate in and our financial performance. As the Warrants are a new type of securities, there can be no assurance that an active market will develop for the Warrants. Further details are set out in Section 6 of this Abridged Prospectus.
Procedures for acceptance and payment	:	Acceptance of and payment for the Provisional Rights Shares with Warrants and application for the Excess Rights Shares with Warrants must be made by way of the RSF enclosed together with this Abridged Prospectus and must be completed in accordance with the notes and instructions in the RSF. The last day, date and time for acceptance of and payment for the Provisional Rights Shares with Warrants and the application and payment for the Excess Rights Shares with Warrants is on Friday, 6 November 2020 at 5.00 p.m. Further details are set out in Section 10 of this Abridged Prospectus.

KEY ALLIANCE GROUP BERHAD
Registration No.: 200301007533 (609953-K)
(Incorporated in Malaysia)

Registered Office

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

21 October 2020

Board of Directors

Dato' Zaidi Bin Mat Isa @ Hashim *(Independent Non-Executive Chairman)*
Roy Ho Yew Kee *(Managing Director)*
Ong Gim Hai *(Executive Director)*
YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad *(Non-Independent Non-Executive Director)*
Lee Kien Fatt *(Independent Non-Executive Director)*
Yee Yit Yang *(Independent Non-Executive Director)*

To: Our Entitled Shareholders

Dear Sir/ Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 982,205,686 RIGHTS SHARES ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 1 EXISTING KAG SHARE HELD, TOGETHER WITH UP TO 982,205,686 WARRANTS ON THE BASIS OF 1 WARRANT FOR EVERY 1 RIGHTS SHARE SUBSCRIBED FOR, AS AT 5.00 P.M. ON WEDNESDAY, 21 OCTOBER 2020 AT AN ISSUE PRICE OF RM0.05 PER RIGHTS SHARE

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1. INTRODUCTION

On 6 August 2020, UOBKH had, on behalf of our Board, announced that we proposed to undertake the Rights Issue with Warrants and the Diversification.

On 4 September 2020, UOBKH had, on behalf of our Board, announced that Bursa Securities had vide its letter dated 4 September 2020, resolved to approve the the following:-

i. admission of the Warrants to the official list of Bursa Securities;

ii. listing of and quotation for up to 982,205,686 Rights Shares and up to 982,205,686 Warrants pursuant to the Rights Issue with Warrants on the ACE Market of Bursa Securities; and

iii. listing of and quotation for up to 982,205,686 new KAG Shares to be issued arising from the exercise of the Warrants on the ACE Market of Bursa Securities, subject to the conditions set out below:-

	Conditions	Status of compliance
i.	KAG and UOBKH must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue with Warrants;	To be complied
ii.	KAG and UOBKH to inform Bursa Securities upon the completion of the Rights Issue with Warrants;	To be complied
iii.	KAG to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue with Warrants is completed; and	To be complied
iv.	KAG 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

On 28 September 2020, our shareholders had approved the Rights Issue with Warrants and the Diversification at our EGM.

On 7 October 2020, UOBKH had, on behalf of our Board, announced the Entitlement Date and other relevant dates pertaining to the Rights Issue with Warrants.

The admission of the Rights Shares with Warrants to the Official List and the listing and quotation for the Rights Shares to be issued pursuant to the Rights Issue with Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to them.

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

IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT A PROFESSIONAL ADVISER IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE WITH WARRANTS

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

The Rights Issue with Warrants entails an issuance of up to 982,205,686 Rights Shares on the basis of 1 Rights Share for every 1 existing KAG Share held, together with up to 982,205,686 Warrants on the basis of 1 Warrant for every 1 Rights Share subscribed for, by the Entitled Shareholders.

As at the LPD, we have an issued share capital of RM128,092,861 comprising 982,205,686 KAG Shares. In addition, we had established a SIS, which shall be in force for a period of 5 years from the effective date of the SIS, i.e. 7 May 2015, and may be extended or renewed, at the discretion of our Board upon the recommendation by the SIS committee, subject always that the duration of the SIS does not in aggregate exceed a duration of 10 years or such other period as may be prescribed by Bursa Securities or any other relevant authorities from the effective date of the SIS. On 6 May 2020, our Board had announced that we had resolved to extend the SIS for another 3 years until 6 May 2023.

The maximum number of new KAG Shares to be issued pursuant to the SIS shall not in aggregate exceed 30% of our total issued shares (excluding treasury shares, if any) during the duration of the SIS. Each SIS option granted entitles its holder to subscribe for 1 new KAG Share at an exercise price to be determined by our Board, based on a discount of not more than 10% to the 5-day VWAP of KAG Shares immediately preceding the date of offer of the SIS option. As at the LPD, there are no outstanding SIS options which are granted but unexercised.

Our Board has undertaken not to offer any further SIS options until the completion of the Rights Issue with Warrants.

The Rights Issue with Warrants will be undertaken on a minimum subscription level basis, after taking into consideration the minimum level of funds our Company intends to raise from the Rights Issue with Warrants amounting to RM5,004,000, which will be channelled towards the proposed utilisation as set out in Section 4 of this Abridged Prospectus. In order to meet the Minimum Subscription Level, our Directors cum shareholders, namely Mr Ho and Mr Ong, had provided their irrevocable undertakings to subscribe for their respective full entitlements to the Rights Shares and additional Rights Shares, if necessary, by way of excess Rights Shares application to the extent such that the aggregate subscription proceeds arising from the subscription of Rights Shares amount to RM5,004,000, details of which are further set out in Section 3 of this Abridged Prospectus.

Despite the Rights Issue with Warrants being structured on the Minimum Subscription Level, based on our total issued shares as at the LPD of 982,205,686 Shares and assuming all the Entitled Shareholders subscribe in full for their respective entitlements of the Rights Shares, a maximum of 982,205,686 Rights Shares together with a maximum of 982,205,686 Warrants may be issued. In addition, assuming all the 982,205,686 Warrants are exercised, a total of 982,205,686 new KAG Shares will be issued arising therefrom.

As set out in Section 4 of this Abridged Prospectus, the Rights Issue with Warrants under the Maximum Scenario will raise gross proceeds of up to RM49.11 million, of which up to RM35.00 million will be allocated to the diversification of our Group's existing principal activities to include Medical Equipment Trading as part of our Group's efforts to seek opportunities to expand and diversify into new sectors to generate business growth. In addition, in line with our Group's intention to reduce our financing costs, up to RM9.60 million will be utilised to repay an existing term loan of RM9.60 million, which may result in interest savings of up to approximately RM0.76 million per annum and up to RM3.81 million will be allocated to the working capital requirements of our Group, which include, amongst others, marketing and sales expenses, office utilities and rentals and other general administrative expenses.

The actual number of Rights Shares and the Warrants to be issued pursuant to the Rights Issue with Warrants will depend on our total issued shares as at the Entitlement Date and the eventual subscription rate of the Rights Issue with Warrants.

The Warrants will be immediately detached from the Rights Shares upon issuance and will be traded separately. The Warrants will be issued in registered form and constituted by the Deed Poll.

The Rights Issue with Warrants is renounceable in full or in part. Accordingly, the Entitled Shareholders who renounce all or any part of their entitlements to the Rights Shares provisionally allotted to them under the Rights Issue with Warrants will simultaneously relinquish any accompanying entitlement to the Warrants. For avoidance of doubt, the Rights Shares and the Warrants are not separately renounceable.

In determining the entitlement of the Entitled Shareholders under the Rights Issue with Warrants, fractional entitlements, if any, will be disregarded and dealt with in such manner and on such terms and conditions as our Board in its sole and absolute discretion deem fit or expedient and in our best interests.

The Rights Shares with Warrants which are not taken up or validly taken up shall be made available for Excess Rights Shares with Warrants application by the other Entitled Shareholders and/ or their renouncee(s). Our Board intends to allocate the Excess Rights Shares with Warrants in a fair and equitable manner on a basis to be determined by our Board.

2.2 Basis of determining and justification for the Issue Price of the Rights Shares

The Issue Price was determined by our Board after taking into consideration the following:-

i. The TERP of RM0.054 per KAG Share, calculated based on the 5-day VWAP of KAG Shares up to and including 6 October 2020, being the last Market Day immediately preceding the Price-Fixing Date;

ii. Our Board's intention to fix the issue price of the Rights Shares subject to a maximum discount of not more than 50% to the TERP, calculated based on the 5-day VWAP of KAG Shares up to and including the last Market Day immediately preceding the Price-Fixing Date;

iii. The prevailing market conditions and historical trading prices of KAG Shares for the past 12 months. The Issue Price represents a discount ranging from approximately 7.41% to 25.37% to the TERP computed based on the 5-day, 1-month, 3-month, 6-month and 12-month VWAP of KAG Shares up to and including the last Market Day immediately preceding the Price-Fixing Date, as set out below:-

Up to and including the last Market Day immediately preceding the Price-Fixing Date	VWAP RM	TERP RM	Discount RM	%
5-day VWAP of KAG Shares	0.063	0.054	0.004	7.41
1-month VWAP of KAG Shares	0.083	0.061	0.011	18.03
3-month VWAP of KAG Shares	0.100	0.067	0.017	25.37
6-month VWAP of KAG Shares	0.093	0.064	0.014	21.88
12-month VWAP of KAG Shares	0.092	0.064	0.014	21.88

iv. Notwithstanding that the Rights Issue with Warrants is undertaken on the Minimum Subscription Level, it is the intention to raise the maximum proceeds possible for the proposed utilisation as set out in Section 4 of this Abridged Prospectus. As such, given that there is no underwriting arrangement procured for the balance portion of the Rights Shares that remain unsubscribed, our Board is of the opinion that the discount to the prevailing market price of KAG as stated above, is reasonable to entice the Entitled Shareholders and/ or their renouncee(s) to subscribe for their Rights Shares under their full entitlement to raise the maximum gross proceeds of RM49.11 million.

2.3 Basis of determining and justification for the exercise price of the Warrants

The Warrants attached to the Rights Shares will be issued at no cost to the Entitled Shareholders and/ or their renouncee(s) who subscribe for the Rights Shares.

The exercise price of RM0.05 per Warrant was determined by our Board after taking into consideration the following:-

i. The Warrants will be issued at no cost to the Entitled Shareholders and/ or their renouncee(s) who successfully subscribe for the Rights Shares;

ii. The historical trading prices of KAG Shares for the past 12 months; and

iii. Our Board's intention to fix the exercise price of the Warrants subject to a maximum discount of not more than 25% to the TERP, calculated based on the 5-day VWAP of KAG Shares up to and including 6 October 2020, being the last Market Day immediately preceding the Price-Fixing Date, which will allow our Board necessary flexibility to accommodate potential fluctuations in market conditions when fixing the exercise price of the Warrants.

The exercise price of RM0.05 per Warrant represents a discount of approximately 7.41% to the TERP of RM0.054, computed based on the 5-day VWAP of KAG Shares up to and including the last Market Day immediately preceding the Price-Fixing Date.

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

The Rights Shares shall, upon allotment and issuance, rank equally in all respects with the existing KAG Shares, save and except that the Rights Shares shall not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the Rights Shares.

The new KAG Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank equally in all respects with the existing KAG Shares, save and except that the new KAG Shares to be issued arising from the exercise of the Warrants shall not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of such new KAG Shares.

2.5 Salient terms of the Warrants

Issue size	:	Up to 982,205,686 Warrants
Form	:	The Warrants will be issued in registered form and constituted by the Deed Poll
Exercise period	:	The Warrants may be exercised at any time within a period of 3 years commencing from and including the date of issuance of the Warrants ("**Issue Date**") and expiring at the close of business at 5.00 p.m. in Kuala Lumpur on the date immediately preceding the 3rd anniversary of the Issue Date, and if such a day is not a market day, on the immediately preceding market day. Any Warrants not exercised at the expiry of the exercise period will thereafter lapse and become null and void
Mode of exercise	:	The registered holder of the Warrant is required to lodge an exercise notice, as set out in the Deed Poll, with our Share Registrar, duly completed, signed and stamped together with payment of the exercise price by bankers' draft or cashier's order drawn on a bank operating in Malaysia or a money order or postal order issued by a post office in Malaysia in accordance with the provisions of the Deed Poll
Exercise price	:	RM0.05 only which is only payable in respect of each new Share to which a Warrant holder will be entitled to subscribe upon exercise of the exercise rights and will be subject to adjustments in accordance with the provisions of the Deed Poll

Exercise rights	:	Each Warrant carries the entitlement, at any time during the exercise period, to subscribe for 1 new KAG Share at the exercise price, subject to adjustments in accordance with the provisions of the Deed Poll
Board lot	:	For the purpose of trading on Bursa Securities, 1 board lot of Warrants shall comprise 100 units of Warrants carrying the right to subscribe for 100 new KAG Shares at any time during the exercise period, or such other denomination as determined by Bursa Securities
Rights of the holder of the Warrants	:	The Warrants do not entitle the Warrant holders to any voting rights or any right to participate in any form of distribution in our Company unless and until the Warrant holders exercise their exercise rights represented by the Warrants and the new Shares have been allotted and issued to such holders
Transferability	:	The Warrants shall be transferable in the manner provided under the SICDA and the rules of Bursa Depository
Adjustments in the exercise price and/ or number of Warrants	:	The exercise price and/ or number of unexercised Warrants in issue shall be adjusted from time to time by our Board in consultation with an approved principal adviser and/ or certified by our auditors under certain circumstances, amongst others, bonus issue, consolidation of shares, alteration to our share capital by reason of consolidation, subdivision or conversion, capital distribution, rights issue or issue of securities convertible into shares in accordance with the provisions of the Deed Poll
Rights in the event of winding-up, liquidation, compromise and/ or arrangement	:	Where a resolution has been passed for a members' voluntary winding-up 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 1 or more companies, then:-

i. for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the holders of the Warrants (or some person designated by them for such purpose by Special Resolution) shall be a party, the terms of such winding-up, compromise and arrangement shall be binding on all the holders of the Warrants; and

ii. in any other case, every holder of the Warrants shall be entitled to exercise the exercise rights at any time within 6 weeks after the passing of such resolution for a members' voluntary winding up of our Company or within 6 weeks from the granting of the court order approving the winding up, compromise or arrangement, as the case may be, by the irrevocable surrender of his Warrants to our Company by submitting the duly completed exercise notice(s) authorising the debit 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, compromise or arrangement, exercised the exercise rights to the extent specified in the exercise notice(s) and be entitled to receive out of the assets of our 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 must give effect to such election accordingly. All exercise rights which have not been exercised within the above 6 weeks of either the passing of such resolution for the members' voluntary winding up or the granting of the court order for the approval of such winding up, compromise or arrangement, as the case may be, will lapse and all the unexercised Warrants will cease to be valid for any purpose.

		If our Company is wound up (other than by way of a members' voluntary winding up), all the exercise rights which have not been exercised prior to the date of the commencement of the winding up shall lapse and cease to be valid for any purpose
Ranking of the new KAG Shares to be issued pursuant to the exercise of Warrants	:	The new KAG Shares to be issued arising from the exercise of the Warrants shall upon allotment and issuance, rank equally in all aspects with the existing KAG Shares, save and except that the new ordinary shares will not be entitled to any dividend, right, allotment and/or any other forms of distribution that may be declared, made or paid to shareholders of our Company, where the entitlement date of such dividend, right, allotment and/or other forms of distribution precedes the relevant date of allotment and issuance of the new ordinary shares
Listing status	:	The Warrants shall be listed and quoted on the ACE Market of Bursa Securities
Modifications	:	Save as otherwise provided in the Deed Poll, a special resolution of the Warrants holders is required to sanction any modifications, amendments, deletions or additions in respect of the rights of holders of the Warrants
Governing law	:	The Deed Poll and the Warrants shall be governed by the laws and regulations of Malaysia

3. IRREVOCABLE AND UNCONDITIONAL UNDERTAKINGS AND UNDERWRITING ARRANGEMENT

Our Board has determined to undertake the Rights Issue with Warrants on the Minimum Subscription Level after taking into consideration the minimum level of funds of RM5,004,000 that we intend to raise from the Rights Issue with Warrants, which will be channeled towards the proposed utilisation as set out in Section 4 of this Abridged Prospectus.

In order to meet the Minimum Subscription Level, both Mr Ho and Mr Ong, being our Directors cum shareholders (or collectively referred to as the Undertaking Shareholders), had vide their respective letters dated 6 August 2020, which were further supplemented via their respective supplemental undertaking letters dated 7 October 2020, provided their irrevocable undertakings to each subscribe for the following:-

i. his full entitlements of the Rights Shares with Warrants based on his shareholdings in KAG as at 7 October 2020 (being the date of the supplemental undertaking letter) at the Issue Price. In this respect, each of the Undertaking Shareholders will commit a subscription amount of RM10,000 to subscribe in full for his entitlement of 200,000 Rights Shares under the Rights Issue with Warrants; and

ii. up to 49,840,000 Excess Rights Shares with Warrants, if necessary, by way of Excess Application at the Issue Price to ensure the Minimum Subscription Level is met. In this respect, each of the Undertaking Shareholders will commit a subscription amount of up to RM2,492,000 to subscribe for such Excess Rights Shares with Warrants under the Rights Issue with Warrants,

to the extent such that his subscription amount for the Undertakings amounts up to RM2,502,000.

Accordingly, when aggregating both the Undertaking Shareholders' Undertakings under the Minimum Scenario, the subscription amount for the Undertakings by both the Undertaking Shareholders shall collectively amount to RM5,004,000 (also referred to as the Undertaking Amount), which represents the minimum level of funds to be raised by our Company under the Minimum Subscription Level. For avoidance of doubt, the Undertaking Shareholders do not hold any SIS options as at the LPD.

Pursuant to the Undertakings, the Undertaking Shareholders have also irrevocably and unconditionally undertaken not to acquire or dispose any KAG Shares from 7 October 2020 (being the date of their supplemental undertaking letters) until the Entitlement Date.

For illustrative purpose, based on the Issue Price and the Undertaking Amount, the details of the Undertakings under the Minimum Scenario are set out below:-

Undertaking Shareholders	**Direct shareholdings as at the LPD**		**Entitlement Undertakings (A)**	**Additional Undertakings (B)**	**Undertakings (A) + (B)**			**Direct shareholdings after the Rights Issue with Warrants**		
	No. of Shares	**%*1**	**No. of Rights Shares**	**No. of Rights Shares*2**	**No. of Rights Shares**	**%*3**	**No. of Warrants entitled**	**No. of Shares**	**%*4**	**Funding required RM**
Mr Ho	200,000	0.02	200,000	49,840,000	50,040,000	50.00	50,040,000	50,240,000	4.64	2,502,000
Mr Ong	200,000	0.02	200,000	49,840,000	50,040,000	50.00	50,040,000	50,240,000	4.64	2,502,000
Total	**400,000**	**0.04**	**400,000**	**99,680,000**	**100,080,000**	**100.0**	**100,080,000**	**100,480,000**	**9.28**	**5,004,000*5**

Notes:-

*1 Based on the total issued shares of KAG as at the LPD of 982,205,686 Shares

*2 Assuming no other Entitled Shareholders subscribe for Rights Shares, the Undertaking Shareholders will subscribe for an additional 99,680,000 Rights Shares in a 50:50 proportion by way of Excess Application to meet the Undertaking Amount pursuant to their Additional Undertakings

*3 Based on 100,080,000 Rights Shares available to be issued pursuant to the Undertakings under the Minimum Scenario. For avoidance of doubt, assuming the Maximum Scenario, the Undertaking Shareholders will each subscribe for 200,000 Rights Shares pursuant to the Undertakings, each representing approximately 0.02% of the total 982,205,686 Rights Shares to be issued pursuant to the Rights Issue with Warrants

*4 Computed based on the enlarged issued shares of KAG of 1,082,285,686 Shares after the Rights Issue with Warrants under the Minimum Subscription Level

*5 Represents the Undertaking Amount by the Undertaking Shareholders in aggregate

As the Rights Issue with Warrants will be undertaken on the Minimum Subscription Level, we will not procure any underwriting arrangement for the remaining Rights Shares not subscribed for by the other Entitled Shareholders and/ or their renouncee(s). The Undertaking Shareholders had respectively confirmed, vide their respective letters dated 6 August 2020, that they have sufficient financial resources to take up their respective entitlements as specified in the Undertakings and such confirmations have been verified by UOBKH, being the Principal Adviser for the Rights Issue with Warrants.

As illustrated in the table above, the collective shareholdings of the Undertaking Shareholders in KAG will increase from 0.04% to 9.28% pursuant to the completion of the Rights Issue with Warrants under the Minimum Scenario. Further thereto, assuming the full exercise of Warrants, the collective shareholdings of the Undertaking Shareholders in KAG may further increase from 9.28% to 16.96%. As such, the subscription of the Rights Shares by the Undertaking Shareholders under the Minimum Scenario (including assuming the full exercise of Warrants by the Undertaking Shareholders) will not give rise to any obligation to undertake a mandatory take-over offer for all the remaining KAG Shares not already owned by them and the persons acting in concert with them in accordance with the Rules.

Pursuant to Rule 8.02(1) of the Listing Requirements, we must ensure that at least 25% of the total listed KAG Shares (excluding treasury shares, if any) are in the hands of public shareholders. For illustrative purpose, our pro forma public shareholding spread assuming the full subscription of Rights Shares by the Undertaking Shareholders under the Minimum Scenario and the full exercise of Warrants held by the Undertaking Shareholders is set out below:-

	As at the LPD		**I** **Assuming full subscription of Rights Shares by the Undertaking Shareholders under the Minimum Scenario**		**II** **After I and assuming full exercise of Warrants held by the Undertaking Shareholders**	
	No. of Shares	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Directors/ substantial shareholders/ persons connected	400,000	0.04	100,480,000	9.28	200,560,000	16.96
Public	981,805,686	99.96	981,805,686	90.72	981,805,686	83.04
Total	**982,205,686**	**100.00**	**1,082,285,686**	**100.00**	**1,182,365,686**	**100.00**

Based on the above, our public shareholding spread is not expected to fall below 25% of our enlarged issued shares pursuant to the completion of the Rights Issue with Warrants under the Minimum Scenario (including assuming the full exercise of Warrants held by the Undertaking Shareholders).

For information purpose, the effects under the Maximum Scenario are not illustrated hereinabove as the Rights Issue with Warrants under this scenario will not have any effect on the percentage of our shareholders' shareholdings pursuant to the Rights Issue with Warrants, as the Rights Shares are assumed to be fully subscribed by all the Entitled Shareholders on a pro-rata basis.

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4. UTILISATION OF PROCEEDS

Based on the Issue Price, the gross proceeds to be raised from the Rights Issue with Warrants will be utilised in the following manner:-

Details of utilisation	Timeframe for utilisation from completion of the Rights Issue with Warrants	<--------------Amount of proceeds-------------> Minimum Scenario RM'000	%	Maximum Scenario RM'000	%
Business expansion pursuant to the Diversification*1	Within 12 months	4,304	86.01	35,000	71.27
Repayment of bank borrowings*2	Within 6 months	-	-	9,600	19.55
Working capital*3	Within 12 months	-	-	3,810	7.76
Estimated expenses in relation to the Corporate Exercises*4	Upon completion	700	13.99	700	1.42
Total		**5,004**	**100.00**	**49,110**	**100.00**

Notes:-

*1 As at the LPD, our Group is principally involved in the following operating segments:-

i. IT Related Services – provision of cloud computing services, co-location, disaster recovering and other IT related services;

ii. Consumer Trading – provision of distributing and reselling of kitchen appliances and multifunction printers and related services; and

iii. Property Construction – construction, property development and interior design services.

A segmental breakdown of our Group's revenue and gross profit based on our latest audited consolidated results for the FYE 31 March 2020 and our latest unaudited quarterly results for the 3-month FPE 30 June 2020:-

	Audited FYE 31 March 2020	Unaudited 3-month FPE 30 June 2020
Revenue (RM'000)		
IT-Related Services	11,461	4,267
Consumer Trading	18,034	3,233
Property Construction	10,610	9
Others	-	-
Group	**40,105**	**7,509**
Gross Profit (RM'000)		
IT-Related Services	4,729	1,412
Consumer Trading	1,839	427
Property Construction	1,133	22
Others	-	-
Group	**7,701**	**1,861**

Our Group intends to expand our existing Consumer Trading business to include Medical Equipment Trading, which will allow our Group to leverage our existing experience, distribution network and business relationships with retailers/ distributors to enhance our Medical Equipment Trading operations and supply chain management. Such expansion of our trading business may also allow us to reap growth opportunities in light of the positive outlook for the healthcare and medical device industry as set out in Sections 7.5 and 7.6 of this Abridged Prospectus.

Premised on the above, our Group anticipates that the Diversification may improve our future financial performance. Our shareholders' approval for the Diversification had been obtained at our EGM.

In line with the Diversification, our Group intends to market, distribute and trade medical equipment/ devices, which may include, amongst others, in vitro diagnostic devices (e.g. analyser equipment, reagents, swabs such as COVID-19 RT-PCR Test Kit and medical test kits), home health testing kit or monitoring device (e.g. blood pressure monitoring device), orthopaedic devices (e.g. crutches, foot wraps and pin and plates), wound care management products (e.g. medical grade gauzes), aesthetic equipment (e.g. Pico laser machines), personal protective equipment including medical face masks and gloves, and other medical instruments, apparatus and appliances. At this juncture, our Group intends to market and distribute medical equipment, devices, and related products and accessories solely in Malaysia.

The Medical Equipment Trading is anticipated to be undertaken by our Group in stages, whereby new types of medical equipment/ devices will be gradually introduced into our product offerings, depending on anticipated market demand for each type of medical equipment/ device as well as our cash flow requirements/ condition under this business. Based on the above and as an entry point into Medical Equipment Trading, our Group plans to market, distribute and trade COVID-19 RT-PCR Test Kits in Malaysia to meet the growing demand for such rapid test kits as a result of the ongoing COVID-19 pandemic. Further thereto, our Group targets to market, distribute and trade other in vitro diagnostic devices (e.g. dengue test kits, analysers and reagents) in the later phase of 2021. A summary of our initial business plan for the Diversification is set out below:-

Product & mode of distribution	Implementation timeframe	Necessary license/ approval	Authority/ Regulatory body	Status of license/ approval as at LPD
COVID-19 RT-PCR Test Kits				
Distribution shall be via third-party distributors (as at the LPD, Seremban Premier Pharmacy Sdn Bhd and Custom Medz® have been appointed as our distributors)	Within 6 months from completion of the Rights Issue with Warrants	1. Good Distribution Practice for Medical Devices Certificate of Conformity (for in vitro diagnostic devices)	CARE Certification International (M) Sdn Bhd, a Conformity Assessment Body approved by the MDA	Obtained by KASB on 19 June 2020, valid up to 16 June 2021
		2. Establishment license	MDA	Obtained by KASB on 10 July 2020, valid up to 1 July 2023
		3. Letter for Special Access	MDA	Application submitted on 30 July 2020. Approval expected by end-October 2020
Other in vitro diagnostic devices				
Distribution shall be via third-party distributors	Within 12 months from completion of the Rights Issue with Warrants	1. Good Distribution Practice for Medical Devices Certificate of Conformity (for in vitro diagnostic devices)	CARE Certification International (M) Sdn Bhd, a Conformity Assessment Body approved by the MDA	Obtained by KASB on 19 June 2020, valid up to 16 June 2021
		2. Establishment license	MDA	Obtained by KASB on 10 July 2020, valid up to 1 July 2023
		3. Registration of product with MDA (if required)/ Letter for Special Access (if registration is exempted)	MDA	Application yet to be submitted

In this respect, our Group has earmarked proceeds of up to RM35.00 million for our Group's abovementioned business expansion pursuant to the Diversification, a preliminary breakdown of which is as follows:-

Details of utilisation for business expansion	Note	Minimum Scenario RM'000	Maximum Scenario RM'000
Purchase of COVID-19 RT-PCR Test Kit	(a)	4,304	21,500
Purchase of other in vitro diagnostic devices and/ or medical equipment/ devices	(b)	-	7,500
Staff-related costs	(c)	-	1,000
Marketing & advertising costs	(d)	-	5,000
Total		**4,304**	**35,000**

(a) Purchase of COVID-19 RT-PCR Test Kit

As an entry point into the new business venture of Medical Equipment Trading, our Group plans to commence the marketing and sales of COVID-19 RT-PCR Test Kit in Malaysia within 6 months from the completion of the Rights Issue with Warrants to meet the growing demand for such rapid COVID-19 test kits in Malaysia as a result of the ongoing COVID-19 pandemic.

The COVID-19 RT-PCR Test Kit is a rapid test kit designed for detection of COVID-19 with short turnaround time of approximately 2 hours, and screens via swab test, as compared to other test kits which focus on antibody and antigen testing.

On 19 May 2020, our Group, through our wholly-owned subsidiary namely KASB, had been appointed as a representative of ITDF to effect the registration and carry out the marketing, sale and distribution of the COVID-19 RT-PCR Test Kit in Malaysia. KASB's appointment as a representative of ITDF is currently effective from 15 May 2020 up to 23 August 2021 subject to automatic extension of 1 year from the date each purchase order is issued.

For shareholders' clarification, ITDF is a company based in South Korea, which had been appointed and authorised by Wells Bio Inc to act as the global sales representative of Wells Bio Inc's products and as such, the COVID-19 RT-PCR Test Kits shall be imported from South Korea. The COVID-19 RT-PCR Test Kit is produced by Wells Bio Inc, which is a multinational corporation based in South Korea that is involved in the development and manufacturing of in vitro diagnostic tests based on immunochemical, biochemical and molecular diagnostic technology, specially focused on early detection of diseases.

KASB, our wholly-owned subsidiary, had on 19 June 2020 obtained the Good Distribution Practice for Medical Devices Certificate of Conformity from CARE Certification International (M) Sdn Bhd, a Conformity Assessment Body approved by the MDA, in terms of acting as a local authorised representative, import, store and handling, warehousing and documentation of medical devices, specifically for in vitro diagnostic devices, in Malaysia.

Subsequently, on 10 July 2020, KASB had received its establishment license from MDA to act as an authorised representative, distributor and importer of registered medical device in Malaysia. Our Group is currently pending the final stage of approval (i.e. letter for Special Access) from the MDA, which is required for the importation and placement of COVID-19 PCR Test Kits in Malaysia. Our Group had submitted the application for Special Access on 30 July 2020 and expects to receive the letter for Special Access from MDA by end-October 2020. We tentatively expect to commence marketing and selling of the COVID-19 RT-PCR Test Kit upon obtaining the letter for Special Access from MDA.

The intended target market for the COVID-19 RT-PCR Test Kit consists of private sector corporations/ businesses with large workforce, private clinics, private laboratories and private hospitals. To facilitate a more efficient and wider reach-out to our targeted customers, our Group had on 10 July 2020 appointed Seremban Premier Pharmacy Sdn Bhd ("**SPPSB**") and Custom Medz® ("**CM**") as our Group's distributors for the COVID-19 RT-PCR Test Kit in Malaysia.

The proceeds earmarked for the purchase of COVID-19 RT-PCR Test Kit will be utilised for the purchase of approximately 50,000 and 250,000 COVID-19 RT-PCR Test Kits from ITDF under the Minimum Scenario and Maximum Scenario, respectively, which also takes into account expected costs associated with the trade purchase including, amongst others, logistic cost, handling and storage cost. The aforesaid quantities are estimated based on on-going negotiations held with our Group's appointed distributors and other potential customers with regards to prevailing market demand. At this juncture, our Group has yet to finalise our storage arrangement for the COVID-19 RT PCR Test Kits. Our Group may consider the rental of a suitable premise for the purpose of storing the COVID-19 RT PCR Test Kits or engaging a third-party storage service provider.

(b) Purchase of other in vitro diagnostic devices and/ or medical equipment/ devices

In addition to the purchase of COVID-19 RT-PCR Test Kit (details as elaborated above), our Group intends to trade in other in vitro diagnostic devices (e.g. dengue test kits, analysers and reagents) within 12 months from the completion of the Rights Issue with Warrants, in view that KASB has already obtained the Good Distribution Practice for Medical Devices Certificate of Conformity (for in vitro diagnostic devices) and the establishment license from MDA. The aforementioned licenses allow our Group to act as an authorised representative, distributor and importer of registered in vitro diagnostic devices in Malaysia. In addition, a more diversified mix in our Group's medical trade inventory enables it to offer a wider range of product offerings, and attain better prospect of marketability of such offerings to our target customers.

As mentioned above, our Group plans to distribute other in vitro diagnostic devices via third-party distributors, which may include our third-party distributors for COVID-19 RT-PCR Test Kit (i.e. CM and SPPSB).

As at the LPD, our Group is still in midst of identifying other suitable in vitro diagnostic devices to be marketed and sold in Malaysia and as such, our Group's application for the final stage of approval from the MDA (i.e. registration of the in vitro diagnostic device with MDA or the letter for Special Access from MDA, whichever applicable) has yet to be submitted. Nevertheless, our Group has earmarked up to RM7.50 million in proceeds to be raised from the Rights Issue with Warrants to purchase other in vitro diagnostic devices.

In the event our Group's purchase of other in vitro diagnostic devices within the timeframe stipulated is less than the earmarked amount, the excess will be utilised for the purchase of other suitable medical equipment/ devices, subject to the prevailing market supply and demand conditions at the time. A non-exhaustive list of other in vitro diagnostic devices and medical equipment/ devices (ranked from top to bottom in order of descending commercial priority for our Group) that our Group may purchase for our Medical Equipment Trading are set out below:-

Highest to lowest priority

Types of medical device/ equipment	**Examples**	**Primary target market**
In vitro diagnostic devices (i.e. devices used in vitro for examination of specimens such as blood or tissue samples, derived from human body)	• Analysers (test machine equipment such as for clinical chemical analyser, blood glucose test, urine test etc.) • Reagents (i.e. chemical, biological or immunological components, solutions or preparations intended for in-vitro devices) • Swabs • Medical test kits (dengue test kits, HIV test kits, SARS test kits and antibody rapid test kits)	Corporations/ businesses with large workforce, clinics, laboratories, hospitals, medical centres, pharmacies and/ or end-users
Home health testing kit or monitoring device	• Blood pressure monitoring device	Clinics, hospital, pharmacies, medical centres and/ or end-users

Highest to lowest priority

Types of medical device/ equipment	Examples	Primary target market
Personal protective equipment ("**PPE**")	• Medical grade face masks • PPE outfits • Medical grade gloves • Protective shield	Corporations/ businesses with large workforce, clinics, laboratories, hospitals, medical centres, pharmacies and/ or end-users
Orthopaedic devices	• Crutches • Foot wraps • Pin and plates	Clinics, hospitals, pharmacies, medical centres and/ or end-users
Other medical instruments, apparatus and appliances	• Medical laboratory equipment (i.e. test tubes, beakers and pipettes) • Other over-the-counter products such as pregnancy test kits, specialised wound wraps, ice packs	Clinics, laboratories, hospitals, medical centres, pharmacies and/ or end-users
Wound care management products	• Over-the-counter medical band aids (i.e. plasters, bandages) • Medical grade gauzes • Protective wraps	Clinics, hospitals, medical centres, pharmacies and/ or end-users
Respiratory assistance devices	• Ventilators and mechanical/ machine ventilators • Breathing tubes and masks	Clinics, hospitals and/ or medical centres
Aesthetic equipment	• Pico laser machines (i.e. laser machine for acne treatment, pigmentation and tattoo removal) • Centrifuges (i.e. used to extract protein-rich plasma from blood samples)	Aesthetic clinics and/ or hospitals

Upon identifying any other suitable medical equipment/ devices to market and sell in Malaysia, our Group shall apply for any necessary license(s) and/ or approval(s) required by the relevant authorities. Examples of such license(s) and/ or approval(s) may include but not limited to the establishment license from the MDA to import, export or place in the market any registered medical equipment/ devices, the registration of the medical equipment/ devices with the MDA or the letter for Special Access from the MDA for the importation and placement of certain medical equipment/ devices exempted from registration in Malaysia.

The proceeds earmarked for the purchase of other medical equipment/ devices (other than COVID-19 RT-PCR Test Kit) may be reallocated towards the purchase of COVID-19 RT-PCR Test Kit or vice versa, depending on the prevailing market supply and demand for COVID-19 RT-PCR Test Kit and other medical equipment/ devices as well as variation in purchasing cost. In other words, in the event of a reduction in demand for COVID-19 RT-PCR Test Kit, our Group will purchase fewer COVID-19 RT-PCR Test Kit accordingly and allocate more proceeds towards the purchase of other medical equipment/ devices and vice versa. Such variation in purchasing cost is subject to the market price quoted by vendors/ suppliers per batch order, and/ or prevailing foreign exchange rate.

In the event our Group is unable to obtain the necessary license(s) and/ or approval(s) to market and sell identified suitable medical equipment/ devices, our Group may explore other business or collaborative arrangements with authorised third-party distributors or suppliers of medical equipment/ devices to carry out our Medical Equipment Trading activities which may include, amongst others, marketing and sales, logistic, storage and handling, and/ or facilitating the trading or sales of such medical equipment/ devices through e-commerce platform.

(c) **Staff-related costs**

Staff-related costs will mainly comprise of staff salaries, benefits and other emoluments, sales commissions, training costs and staff hiring costs in respect of the Medical Equipment Trading business. At this juncture, our Group intends to hire 4 new full-time staff responsible for Medical Equipment Trading, comprising 3 marketing and sales staff and 1 procurement, distribution and logistics staff. Our Group expects to hire the 4 new full-time staff by the first quarter of 2021.

(d) **Marketing & advertising costs**

Marketing & advertising costs will mainly comprise of third-party advertiser fees, third-party sales and marketing agency or distribution agency fees, and digital media advertising fees. In respect of the trading of COVID-19 RT-PCR Test Kit as mentioned above, our Group had to-date appointed 2 distributors to carry out the sales and distribution of such test kits to potential customers such as clinics, hospitals and laboratories in Malaysia. In order to increase our customer base and generate product awareness, our Group may conduct further marketing activities via advertisement, which may include but not limited to print media, broadcast media and digital media. In addition, our Group may engage other third-party sales and marketing agency or distribution agency to target a wider reach-out to suitable customers for the COVID-19 RT-PCR Test Kit and/ or other medical equipment and devices.

For shareholders' information, any shortfall in the proceeds raised relating to our Group's abovementioned business expansion pursuant to the Diversification will be financed via internally generated funds and/ or bank borrowings, the breakdown of which is yet to be determined at this juncture.

*2 As at the LPD, our Group's total bank borrowings is approximately RM11.88 million. In an effort to reduce the financing costs of our Group, our Group has earmarked an amount of up to RM9.60 million to pare down our Group's existing term loan of RM9.60 million.

For shareholders' information, the aforementioned term loan was fully drawn down in November 2019 and is repayable in monthly instalments with the final payment scheduled in December 2024. The term loan was utilised to finance data centre equipment including, amongst others, rack system, air-conditioning system, switch boards and equipment and genset, in line with the expansion of our data centre at Menara Lien Hoe.

In line with our Group's effort to reduce both our gearing level and financing costs so as to reposition our Group towards a better financial footing moving forward, our Group intends to fully repay the term loan of RM9.60 million. Such allocation of proceeds to pare down the term loan may potentially result in interest savings of up to approximately RM0.76 million per annum.

Further details of the abovementioned term loan and the potential interest savings from the repayment are set out as follows:-

Type of facility	Amount outstanding as at the LPD	Annual interest rate as at the LPD	Proposed utilisation of proceeds		Estimated yearly interest cost savings arising from the repayment	
			Minimum Scenario	Maximum Scenario	Minimum Scenario	Maximum Scenario
	RM'000	%	RM'000	RM'000	RM'000	RM'000
Term loan	9,600	7.95	-	9,600	-	763

*3 The proceeds earmarked for working capital are intended to partially defray the day-to-day operational expenses of our Group's existing operating segments in the following manner:-

Utilisation	Percentage allocation %	Minimum Scenario RM'000	Maximum Scenario RM'000
Marketing and sales expenses*1	30.0	-	1,143
Other general administrative expenses*2	70.0	-	2,667
Total	**100.0**	**-**	**3,810**

Notes:-

*1 These include, amongst others, third-party advertiser fees, social media advertising costs, marketing events and exhibitions, sales commissions and third-party distribution fees for the IT Related Services segment.

*2 These include, amongst others, office utilities, office rentals, upkeep of office and transportation costs.

The actual breakdown of the above expenses are subject to our Group's operating requirements at the time of utilisation and as such can only be determined at a later stage.

*4 The proceeds earmarked for estimated expenses in relation to the Corporate Exercises will be utilised as set out below:-

	RM'000
Professional fees (i.e. Principal Adviser, due diligence solicitors, company secretaries and Share Registrar)	500
Regulatory fees (i.e. fees payable to Bursa Securities, SC and Companies Commission of Malaysia)	80
Other incidental expenses (i.e. printing, despatch and advertising costs and miscellaneous expenses)	120
Total	**700**

Any variation in the actual amount of the expenses will be adjusted in the portion of the proceeds to be utilised for business expansion pursuant to the Diversification.

The actual gross proceeds to be raised from the Rights Issue with Warrants is dependent on the actual number of Rights Shares to be issued. Any variance in the actual gross proceeds raised and the intended gross proceeds to be raised will be adjusted against the amount allocated for our Group's working capital requirements.

In the event we do not achieve full subscription of the Rights Issue with Warrants, we will not be able to raise the amount of RM49.11 million under the Maximum Scenario and in such event, the amount of proceeds raised will be utilised in the following priority:-

i. Business expansion pursuant to the Diversification;

ii. Repayment of bank borrowings; and

iii. Working capital.

Pending the utilisation of proceeds from the Rights Issue with Warrants for the above purposes, the proceeds would be placed as deposits with licensed financial institutions or short-term money market instruments. Any interest income earned from such deposits or instruments will be used as working capital of our Group.

Pursuant to Rule 9.19(33) of the Listing Requirements, we will make an immediate announcement to Bursa Securities should there be any deviation by 5% or more from the original utilisation of proceeds as set out in Section 4 of this Abridged Prospectus. Further, pursuant to Rule 8.24 of the Listing Requirements, in the event that the deviation from the original utilisation of proceeds is deemed as a material variation, we will seek our shareholders' approval for the variation at an extraordinary general meeting of our Company to be convened.

The gross proceeds to be raised from the exercise of Warrants is dependent on the total number of Warrants exercised during the tenure of the Warrants. As such, the exact amount to be raised and the timeframe for utilisation of proceeds from the exercise of Warrants is not determinable at this juncture. For illustrative purpose only, the gross proceeds to be raised assuming the full exercise of Warrants under the Minimum Scenario and Maximum Scenario are set out below:-

	Minimum Scenario	**Maximum Scenario**
No. of Warrants	100,080,000	982,205,686
Total gross proceeds raised assuming the full exercise of Warrants (RM)	5,004,000	49,110,284

Such gross proceeds to be raised from the exercise of Warrants will be utilised as additional working capital to finance our Group's day to day operations. The proceeds may be utilised to finance, amongst others, employee salaries, payment to trade creditors as well as general expenses such as utilities and office expenses, the breakdown of which has not been determined at this juncture.

5. RATIONALE AND JUSTIFICATION FOR THE RIGHTS ISSUE WITH WARRANTS

Our Board is of the view that the Rights Issue with Warrants is the most appropriate avenue to raise the necessary funding for our Group as set out in Section 4 of this Abridged Prospectus after taking into consideration the following:-

i. the Rights Issue with Warrants will strengthen our financial position and capital base, by reducing our gearing level (under the Maximum Scenario only) and increasing our NA thereby providing greater financial flexibility, as illustrated in Section 8.2 of this Abridged Prospectus;

ii. the Rights Issue with Warrants will enable the issuance of new KAG Shares without diluting our shareholders' equity interest, based on the assumption that all Entitled Shareholders subscribe in full for their respective entitlements under the Rights Issue with Warrants;

iii. the Rights Issue with Warrants will provide the Entitled Shareholders with an opportunity to participate in an equity offering in our Company on a pro rata basis and ultimately, participate in the prospects and future growth of our Group by subscribing to the Rights Shares; and

iv. as set out in Section 4 of this Abridged Prospectus, up to RM35.00 million is intended to be utilised for our Group's business expansion in relation to the Diversification, which is anticipated to grow our Group's revenue based on the positive outlook for the healthcare and medical device industry as set out in Sections 7.5 and 7.6 of this Abridged Prospectus and the potential for our Group to leverage our existing IT Related Services business, specifically our cloud computing and big data technologies, to enhance and digitalise our Medical Equipment Trading as mentioned in Section 7.7 of this Abridged Prospectus. Further, up to RM9.60 million of the proceeds to be raised is intended to be utilised for the repayment of bank borrowings, which is expected to reduce our Group's financing costs and improve our gearing level. In addition, up to approximately RM3.81 million of the proceeds to be raised will be used to fund our Group's immediate working capital requirements.

The Warrants have been attached to the Rights Shares to provide the Entitled Shareholders with additional incentive to subscribe for the Rights Shares. The Warrants will potentially allow the Entitled Shareholders who subscribe for the Rights Shares to benefit from the possible capital appreciation of the Warrants and increase their equity participation in our Company at a predetermined price over the tenure of the Warrants. We would also be able to raise additional proceeds as and when the Warrants are exercised.

6. RISK FACTORS

In addition to other information contained elsewhere in this Abridged Prospectus, you should consider carefully the following risk factors which may have an impact on the future performance of our Group before subscribing for or investing in the Rights Issue with Warrants.

6.1 Risks relating to our Group

6.1.1 Dependence on key management and personnel

The performance and success of our Group's business and operations are dependent, among others, on the skills, abilities, experience, competencies and on-going efforts of our Group's key management and qualified personnel including but not limited to software engineers and sales personnel. Should we fail to recruit suitable candidates to replace any such key management or qualified personnel in a timely manner, our Group's business and operations may be adversely affected.

Our Group's success also depends on our ability to hire, train and retain qualified and competent personnel. The process of identifying personnel with the combination of experience, capabilities and characteristics required to carry out our Group's strategies and business direction can be difficult, time consuming and expensive.

There may be a material adverse impact on our Group's business and financial performance in the event we are unable to successfully retain our Group's key management and qualified personnel and/ or recruit suitable candidates to replace any such key management or qualified personnel in the future.

6.1.2 Credit risks

Exposure to losses increases with concentrations of credit risk which may exist when a number of counterparties are involved in similar activities or operate in the same industry sector or geographical area, which may affect the ability to meet contractual obligations as a result of changes in economic, political or other conditions. Generally, the risk of potential bad debts is considered to affect most businesses. We may experience delays in payment from our customers, or in more severe cases, we may not be able to collect payment. In the likelihood or event of payment defaults, we would have to make provisions for doubtful debts or incur bad debts written off, which will have an adverse impact on our profitability.

There can be no assurance that all our debts would be collected. Our financial performance could be adversely affected in the event of write-offs and/ or provisions for doubtful debts are incurred, to a material extent, in the future.

6.1.3 Political, economic and regulatory risks

The nature of our business and the ICT, construction and trading industries, are subject to prevailing political, economic and regulatory circumstances in Malaysia and/ or other countries in which our Group has business dealings with. Adverse changes in political, economic and regulatory conditions include but are not limited to unfavourable changes in inflation rates, Government policies and regulations in relation to the ICT, construction and trading industries, terrorism, civil unrest, riots, trade war and political uncertainties.

Whilst our Group strives to continue to take effective measures such as prudent financial management and efficient operating procedures, there is no assurance that any adverse developments in the political, economic and regulatory conditions in Malaysia and/ or other countries, which are beyond our control, will not adversely affect our Group's business and financial performance.

6.1.4 Impact of COVID-19 on the business and operations of our Group

The World Health Organisation had on 11 March 2020 declared the COVID-19 outbreak as a global pandemic. As a measure to contain the outbreak, the Government of Malaysia announced MCO which is effective from 18 March 2020. Effective 4 May 2020, the MCO has been transitioned into a conditional MCO until 9 June 2020. As announced on 7 June 2020, the conditional MCO has further been transitioned into a recovery MCO ("**RMCO**") which had commenced with effect from 10 June 2020 until 31 August 2020. Subsequently vide an announcement on 28 August 2020, the RMCO was further extended from 31 August 2020 until 31 December 2020. Under the RMCO, more economic sectors and businesses will be allowed to be opened subject to adherence with the necessary strict standard operating procedures ("**SOP**").

The outbreak of COVID-19 is an event of force majeure that is beyond the control of our Group. There is no assurance that the COVID-19 outbreak and/ or the RMCO will not have a material adverse impact on the market conditions and/ or the industry and environment in which our Group operates. Further, no assurance can be given that there the COVID-19 outbreak and/ or the RMCO will not have any material adverse impact to the overall supply and distribution chain of KAG. Potential risks arising therefrom may include but not limited to slowdown in customers' demand, loss of customers, credit risk, disruption in supply chain, and increased operating cost to comply with the SOP, any of which may result in an adverse effect on our Group's business and financial conditions.

6.2 Risks relating to the diversification into the medical device industry

6.2.1 Business and operational risks

Pursuant to the Diversification, our Group has diversified our principal activities to include the marketing, distribution and trading of medical equipment, devices, and related products and accessories. Accordingly, our Group's businesses will be subject to risks inherent in the medical device industry, which our Group was not previously exposed to. These include, but are not limited to, adverse changes in supply and demand conditions, changes in demographic, development in medical technologies, changes in regulation and policies governing the medical device industry, downturns in regional and/ or national economies, changes in law and tax regulations, and changes in business and credit conditions.

Any one, or a combination of the abovementioned factors, could adversely affect our Group's new Medical Equipment Trading business and financial performance. In addition, there can be no assurance that the Diversification will be successful and that the anticipated benefits of the Diversification will be realized.

6.2.2 Licensing risk

Pursuant to the Medical Device Act, 2012, all medical devices imported, exported or placed in the Malaysian market are required to be registered with the MDA, a statutory agency under the Ministry of Health Malaysia, which is responsible in regulating the medical device industry. As such, it is paramount that the necessary licenses or approvals be obtained in order for our Group or our authorised representative(s)/ distributor(s) to carry out our Medical Equipment Trading activities. If our Group or our authorised representative(s)/ distributor(s) fails to retain or renew any of these licenses in a timely manner or at all, or that in the event of any non-compliance of terms and conditions resulting in the revocation of such licenses, the operations and financial result of our Group's Medical Equipment Trading may be adversely affected.

6.2.3 Competition risk

Our Group will face direct competition from both existing players and new entrants in the medical device industry. Our Group may also be at a disadvantage being a new entrant in the medical device industry as we lack the relevant track record, business relationships and experience as compared to existing players. Other existing players in this industry may have longer operating histories, more established relationships with customers, favourable contracts with suppliers and greater marketing capabilities and resources.

There can be no assurance that our Group will be able to establish our market presence in the medical device industry or compete effectively with existing as well as new entrants in the medical device industry in the future.

6.2.4 No prior operating experience in Medical Equipment Trading

Our venture into Medical Equipment Trading via the Diversification marks our first foray into the medical device industry. As we have no prior operating experience in Medical Equipment Trading in the past, we may encounter risks and uncertainties generally experienced by a company with no prior operating history including ability to maintain effective control of operation and operating cost, ability to ensure the quality and efficacy of the medical devices, ability to develop and maintain internal personnel, systems and procedures to run operation and increase productivity, ability to respond to changes in regulatory environment and ability to implement, monitor and enhance our internal control systems. Any failure to address such risks and uncertainties appropriately may adversely affect our operation and financial performance.

There can be no assurance that our venture into Medical Equipment Trading will be successful or commercially viable, and that our Group's operations and financial performance in Medical Equipment Trading may be negatively impacted by any adverse changes in the abovementioned risk factors.

6.3 Risks relating to the ICT business and industry

6.3.1 Business and operational risks

Our Group is subject to certain risks inherent in the ICT industry that include, amongst others, competition from existing players, entry of new players, availability of skilled workforce, rapid developments in technology, increase in staff cost, increase in cost of raw materials, as well as changes in government policies and/ or rules and regulations which may affect the industries we operate in and changes in general economic, business and credit conditions.

Amongst the notable business and operational risks inherent to our Group are the competition risk and rapid developments in technology, in view that our business growth depends mainly on our ability to compete successfully and to continue introducing or developing new or enhanced products and services in a timely manner to the market. If we are unable to introduce or develop our products and services in a timely manner, our ability to maintain a competitive edge could be adversely affected. Further, we may face competition from companies that may develop products, features or services that are superior or more cost effective than our product offerings. As such, the occurrence of any of these circumstances may hinder our business growth which could have an adverse effect on our Group's business in future.

6.3.2 Competition risk

The ICT industry is competitive in nature and characterised by rapid technological changes. We face competition from existing competitors and new entrants both locally and internationally, who vary in size and in scope and breadth of the products and services offered by them. Our competitors may develop designs/ products, features or services that are similar to our offerings or that can achieve greater market acceptance, may undertake more far-reaching and successful product development and/ or marketing efforts or may adopt more aggressive pricing policies.

Our success is therefore dependent on our capability to continuously introduce products and service offerings with new or better features to the market at a competitive price. Nevertheless, there can be no assurance that our Group will be able to sustain our competitiveness against current and future competitors.

6.3.3 Rapid developments in technology

Our Group operates in a dynamic industry, namely the ICT industry, where our products are prone to rapid as well as frequent new technology introductions and improvements. Our Group's future growth and success would significantly depend on continuing market acceptance of our products, and our ability to develop new products to meet the ever-increasingly sophisticated requirements of our customers. In view of the above, our Group's performance is dependent on our capacity to continuously innovate and upgrade our systems, software and infrastructure to ensure that our products remain relevant in the rapidly changing ICT landscape. This would then allow us to compete effectively against other providers moving forward.

While our Group intends to constantly upgrade our product features, there is no assurance that these upgrades will allow us to remain relevant in future technological landscapes given the potential for rapid technological changes. It should be noted that the development of technological products is an unpredictable and complex process. To that end, we may experience research and design, operational as well as marketing difficulties that could delay or prevent the development or successful commercialisation of our new products.

6.3.4 Cyber security risk

Our products are exposed to cyber security risk as they may susceptible to data breaches, malware attack and phishing activities, amongst others. Cyber threats can have a cascading impact across our internal systems as well as those of our partners and customers. The impact on security breach compromises the confidentiality, integrity or availability of confidential information. A security breach can disrupt our systems, impact our ability to provide services to our customers and protect the privacy of their data.

There is no assurance that our security measures to protect against cyber-attacks are sufficient to prevent the occurrence of any cyber-attacks on our various platforms which would compromise the security of our users' data. The occurrence of such incidences may hinder our Group's ability to attract and retain customers, materially damage our Group's reputation and potentially expose our Group to litigation. Consequently, we may be required to devote a significant amount of resources to recover from cyber-attacks and strengthen our security measures which may then have an adverse effect to our businesses and financial performance.

6.4 Risks relating to the construction business and industry

6.4.1 Dependency on award of new contracts

As the nature of our construction business is project-based, there is no assurance that we are able to continuously secure new projects, nor any assurance that new projects secured will be on commercial terms favourable to our Group.

The financial performance of our Group depends on our ability to secure new projects to sustain our order book. If we are unable to do so, our order book may decline and this may cause a material adverse impact on our Group's growth potential, and future financial performance. In addition, it is generally difficult to predict whether and when we will be awarded with such contracts as the bidding and selection process is often lengthy, complex and very competitive.

6.4.2 Delay in completion of the construction works

The performance of our Group's construction businesses are dependent on the timely completion of our construction projects and many external factors, some of which may be beyond the control of our Group such as obtaining various regulatory approvals as scheduled. Other factors that may cause delays include site accidents and shortage of raw materials as well as changes to regulatory environment and framework.

Any delay in completing the construction projects within the agreed timeframe may expose our Group to additional cost and potential claims which may impact our Group's profitability. Such delays may also affect our Group's reputation which would then adversely affect our Group's ability to successfully bid for other construction projects in the future. This may then affect our Group's ability to replenish our order book, thus affecting future financial performance.

6.4.3 Dependence on contractors and subcontractors

Our Group will engage third-party contractors and subcontractors from time to time. The contractors and subcontractors may be appointed for, amongst others, mechanical and electrical works, piling and foundation works.

Although we strive to award contract to competent contractors, there is no assurance that the performance of the contractors and subcontractors appointed by our Group will be satisfactory or fulfil the quality level expected by our Group. The contractors and subcontractors may also experience financial and/ or other difficulties which may affect their ability to carry out the contracted work, leading to possible delays in completion of projects as well as cost overruns which may adversely affect the financial performance of our Group.

6.5 Risks relating to the consumer appliances trading business and industry

6.5.1 Operational and business risks

Our Group's consumer appliances trading business is subject to the performance and inherent risks associated with the consumer appliances industry. These may include, amongst others, general downturns in the global, regional and local economy which in turn would lower consumer demand, change in consumer tastes and preferences, entry of new competitors, unfavourable changes in inflation rates, delays in obtaining certification from the Standard and Industrial Research Institute of Malaysia (SIRIM) and product obsolescence due to technological developments.

Most of the above are beyond our Group's control, as such there can be no assurance that any adverse changes to any of the abovementioned risks will not materially affect our business and financial performance.

6.5.2 Competition risk

Malaysia's consumer appliances market is well established with foreign and domestic brands. Our Group faces competition from new entrants and existing players in the consumer appliances industry. Increased competition could result in price and revenue erosion and loss of market shares, any of which could materially and adversely affect our Group's business, operating results and financial condition.

6.5.3 Foreign exchange risks

Our Group's consumer appliances trading business is exposed to foreign exchange risks as a substantial portion of purchases are denominated in United States Dollars ("**USD**") whilst sales are mainly denominated in RM. At present, our Group does not have any form of currency hedging arrangements in place with respect to our USD-denominated purchases.

Any adverse changes in the relevant exchange rates will negatively impact our Group's financial performance. There can be no assurance that there will not be any significant and/ or volatile fluctuation in USD, the occurrence of which may affect the financial performance and position of our Group.

6.6 Risks relating to the Rights Issue with Warrants

6.6.1 Investment and market risks

The market price of our Shares as traded on Bursa Securities is influenced by, amongst others, the prevailing market sentiments, volatility of the equity markets, the outlook of the industries which we operate in as well as our financial performance. In view of this, there can be no assurance that our Shares will trade at or above the issue price of the Rights Shares upon or subsequent to the listing of and quotation for the Rights Shares on the ACE Market of Bursa Securities.

Shareholders should also consider carefully that each Warrant derives its value from giving its holder the right to subscribe for new KAG Shares at a predetermined exercise price over the exercise period. The Warrants have a finite lifespan during which tenure the holders can exercise the subscription rights comprised in the Warrant. If the sum of the price of the Warrants as quoted on Bursa Securities and the exercise price of the Warrants is higher than the market price of KAG Shares, the Warrants are deemed to be "out-of-the-money". The value of the Warrants is directly related to the market price of KAG Shares. The higher the quantum by which the market price of KAG Shares exceeds the exercise price of the Warrants, the higher the value of the Warrants will be.

Our shareholders are reminded, however, that other factors may also affect the market price of the Warrants or the market price of our Shares. Other than the fundamentals of our Group, the future price performance of the Warrants will also depend on various external factors as mentioned above.

As the Warrants are a new type of securities issued by our Company, there can also be no assurance that an active market for the Warrants will develop upon their listing on Bursa Securities or if developed, that it will sustain.

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

6.6.2 Delay in or abortion of the Rights Issue with Warrants

The Rights Issue with Warrants is exposed to the risk that it may be aborted or delayed on the occurrence of any material adverse change of events/ circumstances, unfavourable changes in the governments' policies as well as other force majeure events, which are beyond the control of our Company and UOBKH, arising prior to or during the implementation of the Rights Issue with Warrants.

Nevertheless, our Group will endeavour to ensure the successful listing of the Rights Shares and the Warrants. However, there can be no assurance that the above-mentioned events will not occur and cause a delay in or abortion of the Rights Issue with Warrants. In the event the Rights Issue with Warrants is aborted, our Group will repay without interest all monies received in respect of the accepted application for the subscription of the Rights Shares with Warrants pursuant to the Rights Issue with Warrants and if such monies are not repaid within 14 days after we become liable to repay, we will repay such monies with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC in accordance with Section 243(2) of the CMSA.

In the event that the Rights Issue with Warrants is aborted/ terminated, and the Rights Shares and Warrants have been allotted to the shareholders, a return of monies to all holders of the Rights Shares with Warrants could only be achieved by way of cancellation of 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. There can be no assurance that such monies can be returned within a short period of time or at all in such circumstances.

6.6.3 Potential dilution

The Entitled Shareholders who do not or are not able to subscribe for their entitlement(s) under the Rights Issue with Warrants will have their proportionate ownership and voting interest in our Company reduced and the percentage of our enlarged issued share capital represented by their shareholding in our Company will also be reduced accordingly as a result of the issuance of the Rights Shares and the new Shares to be issued upon the exercise of the Warrants. Consequently, their proportionate entitlement to any dividends, rights, allotments and/ or other distributions that our Company may declare, make or pay after completion of the Rights Issue with Warrants will correspondingly be diluted.

6.7 Forward-looking statements

Certain statements in this Abridged Prospectus 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 Abridged Prospectus are based on assumptions made by our Company, unless stated otherwise. Although our Board believes that these forward-looking statements are reasonable, the statements are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, inter-alia, the risk factors as set out in this section of the Abridged Prospectus. In view of these uncertainties, the inclusion of any forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS OF OUR GROUP

7.1 Overview and outlook of the Malaysian economy

The Malaysian economy expanded by 3.6% in the fourth quarter of 2019 (3Q 2019: 4.4%), supported by higher private sector spending (7.4%; 3Q 2019: 5.4%). However, growth was affected by a decline in net exports. On the supply side, higher growth in the services and construction sectors was weighed down by supply disruptions in the commodities sector. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 0.6% (3Q 2019: 0.9%). For 2019 as a whole, the economy expanded by 4.3% (2018: 4.7%).

(Source: Developments in the Malaysian Economy, Economic and Financial Developments in the Malaysian Economy in the Fourth Quarter of 2019, Bank Negara Malaysia)

The Malaysian economy was confronted by concurrent supply and demand shocks arising from weak external demand conditions and strict containment measures in 2Q 2020. As a result, the economy registered its first contraction since the Global Financial Crisis (2Q 2020: -17.1%; 3Q 2009: -1.1%). On the supply side, this was reflected in negative growth across most sectors. From the expenditure side, domestic demand declined, while exports of goods and services registered a sharper contraction. On a quarter-on-quarter seasonally-adjusted basis, the economy declined by 16.5% (1Q 2020: -2.0%).

Weak growth was recorded across most economic sectors amid the imposition of the Movement Control Order ("**MCO**"), followed by the Conditional and Recovery MCO, during 2Q 2020.

Domestic demand declined by 18.7% in 2Q 2020 (1Q 2020: 3.7%), due mainly to weaker private sector expenditure. Spending by the private sector was impacted by lower income, movement restrictions and subdued consumer and business sentiments. While net exports continued to decline, the contribution of the external sector to the economy improved due mainly to the larger contraction in imports vis-a-vis the previous quarter.

Private consumption growth declined by 18.5% in 2Q 2020 (1Q 2020: 6.7%). Household spending was particularly impacted by the strict movement restrictions in the early part of the quarter and income losses amid weak economic conditions. As movement restrictions were gradually relaxed towards the end of the quarter, retail and financing data indicated some improvement in spending, albeit remaining subdued. During this challenging period, stimulus measures such as the disbursement of Bantuan Prihatin Nasional cash transfers, Employees Provident Fund i-Lestari withdrawals and the implementation of the loan moratorium helped to cushion consumption spending. Public consumption continued to expand, albeit at a more moderate pace of 2.3% (1Q 2020: 5.0%). Growth was supported by continued increase in emoluments amid lower spending on supplies and services. Public consumption continued to expand, albeit at a more moderate pace of 2.3% (1Q 2020: 5.0%). Growth was supported by continued increase in emoluments amid lower spending on supplies and services.

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

Against a highly challenging global economic outlook, Malaysia's gross domestic product ("**GDP**") growth is projected to be between -2.0 to 0.5% in 2020. The domestic economy will be impacted by the necessary global and domestic actions taken to contain the COVID-19 outbreak. Of significance, tourism-related sectors are expected to be affected by broad-based travel restrictions and travel risk aversion, while production disruptions in the global supply chain will weigh on the manufacturing sector and exports. The implementation and subsequent extension of the MCO, while critical, will dampen economic activity following the suspension of operations by non-essential service providers and lower operating capacity of manufacturing firms. Beyond the MCO period, reduced social and recreational activities until the pandemic is fully controlled globally and domestically will continue to dampen consumption and investment activity. Apart from the pandemic, the domestic economy will also be affected by the sharp decline and volatile shifts in crude oil prices and continued supply disruption in the commodities sector. Unfavourable weather conditions and maintenance works will weigh on the production of oil palm, crude oil and natural gas.

Given the significant headwinds to growth arising from COVID-19, the Government and Bank Negara Malaysia have introduced large countercyclical policy measures to mitigate the economic impact of the pandemic. Two economic stimulus packages amounting to RM250 billion were introduced to provide immediate relief to affected households and businesses. These packages also include loan guarantees and an automatic 6-month moratorium on loan repayments for individuals and small and medium enterprises. The economic stimulus measures were complemented by two consecutive Overnight Policy Rate reductions early this year and measures to provide additional liquidity in the banking system.

Private consumption is expected to be dampened by weak labour market conditions, mobility restrictions and subdued sentiments. Nonetheless, policy measures introduced in the two economic stimulus packages, including cash transfers to vulnerable households, flexibility to withdraw from Employees Provident Fund savings and the moratorium on loan repayments will increase disposable income and improve cash flow for households. In addition to supporting household spending, these broad-based measures will facilitate a gradual recovery in private consumption as labour market conditions eventually stabilise following the projected improvement in global and domestic economic activities.

Domestic growth prospects are expected to improve towards the end of the year, in line with the projected recovery in global demand and amid continued support from policy measures. Recovering external demand will lift growth in the export-oriented sectors. Consumer sentiments are also expected to gradually improve following the easing of travel restrictions and resumption of tourism activities as risks from the pandemic subside. In addition, the anticipated recovery from supply disruptions in the commodities sector and higher public sector expenditure will support the gradual improvement in the Malaysian economy in the latter part of the year. Public sector spending will be underpinned by the continuation of large-scale transport-related projects by public corporations and the implementation of more small-scale projects worth RM4 billion by the Federal Government.

Overall risks to the domestic growth outlook are tilted to the downside, mainly due to the risk of a prolonged and wider spread of COVID-19 and its effects on the global and domestic economy. Domestic growth also remains susceptible to a recurrence of commodities supply shocks and continued low commodity prices which could pose additional risks to production in the commodities sector, exports and income growth. In addition, heightened financial market volatility due to ongoing external uncertainties may lead to tighter domestic financial market conditions. The baseline growth projection could, however, be lifted by a stronger-than-expected impact from the various stimulus measures by the Federal Government and additional measures implemented by several state governments.

(Source: Executive Summary, Economic and Monetary Review 2019, Bank Negara Malaysia)

7.2 Overview and outlook of the ICT industry in Malaysia

The services sector expanded by 6.1% in 2019 (2018: 6.8%), as growth normalised following a robust performance in 2018, when the tax holiday period encouraged greater consumer spending. Growth in the wholesale and retail trade as well as food, beverages and accommodation subsectors remained firm, lifted by firm household spending amid supportive labour market conditions. The transport and storage subsector benefitted from higher transhipment activity, despite being partially offset by slower global trade activity. Growth in the finance and insurance subsector moderated amid slower loan and deposit growth. However, this was partially mitigated by the rebound in the fee-based income as a result of more IPO offerings during the year. Growth in the information and communication subsector moderated (2019: 6.6%), following the one-off price reduction in fixed broadband prices under the Mandatory Standard Access Pricing regulation in 2018.

(Source: Economic, Monetary and Financial Developments in 2019, Economic and Monetary Review 2019, Bank Negara Malaysia)

The services sector contracted by 16.2% (1Q 2020: 3.1%) in the second quarter of 2020. The sector was affected by the implementation of a nationwide restrictive MCO, with only essential services such as food-related retail, utilities, banking, transportation as well as information and communication entities allowed to operate with very limited capacity. The subsequent transition to Conditional MCO in May and Recovery MCO in June provided some relief to businesses in the sector. The lockdown had substantially affected consumer spending and tourism activity, as shown by the significant declines in the wholesale and retail trade, as well as food and beverages and accommodation sub-sectors. The transport and storage sub-sector was impacted by a sudden stop in tourist arrivals due to travel restrictions imposed domestically as well as the international border closures. Growth in the finance and insurance sub-sector was weighed down by lower net interest income, and lower fee-based income amid subdued capital market activity. Meanwhile, growth in the information and communication sub-sector was relatively sustained by the continued high demand for data communication services especially during this period of remote working arrangements.

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

Contribution of ICT to the national economy continued to expand in 2018 to 18.5% as compared to 18.3% in the previous year. Gross Value Added of ICT industry contributed 12.6% while e-commerce non ICT industry 5.9%. For the year 2018, Gross Value Added of ICT industry increased to RM182.4 billion registered a growth of 6.1%. ICT services industry dominated with a share of 43.2% followed by ICT manufacturing 34.1%.Telecommunications services were the main impetus in ICT services. For ICT manufacturing, it was supported by electronic components & boards, communication equipment and consumer electronic.

(Source: Media release entitled "Information and Communication Technology Satellite Account 2018" dated 16 October 2019, Department of Statistics, Malaysia)

The communication segment will continue to spearhead the information and communication subsector with various Government's initiatives to enhance broadband access and coverage through National Fiberisation and Connectivity Plan ("**NFCP**"). This plan focuses on expanding the existing fibre optic network, installing the existing fibre optic network, installing submarine cables and developing gigabyte networks in several locations in state capitals and selected industrial areas. In addition, the Digital Free Trade Zone which emphasises on the growth of the digital economy and cross-border e-commerce activities, including e-fulfilment hub to enhance exports will continue to support the segment.

Meanwhile, the introduction of the fifth generation cellular network is anticipated to drive the growth of the information and communication subsector to 6.9% in 2020 (2019: 6.6%). The 5G technology will create a competitive market for home broadband services as well as increase the coverage and network quality. This will strengthen Malaysia's capacity to participate in the Industrial Revolution 4.0, allowing the industry to fully utilise artificial intelligence, robotics, virtual reality, big data analytics, Internet of Things and software engineering, leading to higher digital adoption. In addition, NFCP will provide affordable broadband services to support the digital economy, especially to small to medium enterprises. In the meantime, i-Solutions offers a seamless, borderless digital connectivity solution for the Malaysian market mainly for the small-medium enterprises and multi-national corporations.

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

7.3 Overview and outlook of the construction industry in Malaysia

Growth in the construction sector moderated to 0.1% in 2019 (2018: 4.2%), reflecting mainly the completion and near completion of large infrastructure and mixed development projects. In the non-residential and residential subsectors, fewer and smaller new projects amid the commercial property glut and elevated level of unsold residential properties also contributed to the lower growth. While the civil engineering subsector remained the key contributor to growth, the delay in construction work for major highways, in addition to the completion of large petrochemical projects, led to a moderation in construction growth during the year.

(Source: Economic, Monetary and Financial Developments in 2019, Economic and Monetary Review 2019, Bank Negara Malaysia)

Activity in the construction sector declined by 44.5% in the second quarter of 2020(1Q 2020: -7.9%), as almost all activities came to a standstill particularly in the month of April. Despite the partial reopening of the economy on 4 May 2020, most construction sites faced challenges restarting due to adjustments required to comply with the strict COVID-19 Standard Operating Procedures ("**SOPs**"). Most of the construction sites were reported to remain idle as developers faced challenges to restart, including financial constraints, initial lack of clarity over the SOPs and COVID-19 testing, and disruptions in the supply of construction materials. However, the situation improved significantly towards the end of the quarter after the Government implemented additional measures to facilitate the revival of the economy

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

For 2020, the construction sector is expected to grow further to 3.7% on account of acceleration and revival of mega projects as well as building of affordable homes.

Investment in the infrastructure works is expected to boost the civil engineering segment. These include ECRL, MRT2, LRT3, Electrified Double Track Gemas - Johor Bahru, KVDT2, Central Spine Road, Pan Borneo Highway and Coastal Highway in Sarawak. Meanwhile, in the petrochemical and power plant segments, new projects such as Pengerang Deepwater Terminals (Phase 3), Baleh Hydroelectric Dam and Sarawak Water Supply Grid Programme (phase 1) are expected to support the growth of this subsector further.

The residential subsector is expected to grow at a slower pace, mainly due to elevating property overhang caused by the mismatch between supply and demand. However, various measures undertaken by the government including the building of 60,000 units per year of affordable homes within 10 years and the reinvigorating of the National Housing Policy are expected to boost the growth of the subsector in 2020. In addition, the enhancement of the Fund for Affordable Homes by Bank Negara Malaysia will enable the first-time home buyers to enjoy lower monthly commitment up to 20%, which in turn will support the subsector.

In 2020, the performance of the non-residential sector is expected to remain subdued following a lack of initiative on new mega commercial projects. Nonetheless, the on-going commercial projects such as Bukit Bintang City Centre, KLIA Aeropolis DFTZ Park, Kwasa Damansara, Malaysia Vision Valley and Merdeka 118 Tower are anticipated to support the subsector.

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

7.4 Overview and outlook of the trading industry in Malaysia

The services sector expanded by 6.1% in 2019 (2018: 6.8%), as growth normalised following a robust performance in 2018, when the tax holiday period encouraged greater consumer spending. Growth in the wholesale and retail trade as well as food, beverages and accommodation subsectors remained firm, lifted by firm household spending amid supportive labour market conditions. The transport and storage subsector benefitted from higher transhipment activity, despite being partially offset by slower global trade activity.

(Source: Economic, Monetary and Financial Developments in 2019, Economic and Monetary Review 2019, Bank Negara Malaysia)

In the second quarter of 2020, volume index of wholesale & retail trade plummeted 23.4% to 97.8 points (2019: 129.5 points) as compared to the same period in 2019. Motor vehicles sub-sector contributed the most to this fall to record -48.0% growth.

Meanwhile for seasonally adjusted volume index, it recorded -23.1% growth as against the first quarter of 2020. motor vehicles sub-sector recorded the biggest fall of -45.4%. Meanwhile, retail trade and wholesale trade fell 20.7% and 20.2% respectively as compared to the previous quarter.

Volume index of wholesale trade posted a growth of negative 19.3% to 102.5 points in the second quarter 2020 as compared to the same quarter in 2019. This fall was attributed to other specialised wholesale (-33.0%) and wholesale of machinery, equipment & supplies (-23.8%).

Retail trade declined 21.2% year-on-year to 107.6 points in second quarter 2020. The biggest decline was recorded by retail sale of other goods in specialised stores (-34.1%) and retail sale of cultural & recreation goods in specialised stores (-33.3%).

Volume index of motor vehicles dropped 48.0% to 54.9 points in the second quarter 2020 as against the same period in 2019. The downfall was due to negative growth in sale of motor vehicles (-50.7%) and sale of motor vehicles, parts & accessories (-47.5%).

(Source: Media release entitled "Volume Index of Wholesale & Retail Trade Second Quarter 2020" dated 10 August 2020, Department of Statistics, Malaysia)

The COVID-19 pandemic and the measures taken to contain it are causing simultaneous supply and demand shocks to the domestic economy. The pandemic is adversely impacting tourism-related and manufacturing sectors. Broad-based restrictions and aversion to travel activities will have a sizeable impact on Malaysia's tourism sector, which accounts for 11.8% of Malaysia's GDP. Airport passenger traffic declined by 8.2% in the first two months of 2020, just as COVID-19 started to escalate and some economies began to take precautionary measures, such as travel bans and quarantines. These measures have since become more widespread and a sharp decline in tourist arrivals is expected. This will significantly impact spending in the tourism-related sectors, particularly hotels, retail trade, food and beverage and transport services.

In the manufacturing sector, prolonged factory closures in key industrial hubs in the COVID-19 affected countries is disrupting production activity across the global supply chain. As countries implement containment measures, firms are only able to operate at limited capacity amid labour and logistics constraints, resulting in domestic firms facing difficulty in procuring inputs from source countries. The production disruptions abroad would also lower demand for Malaysian manufactured products, which are often used as input in the affected economies' exports to the rest of the world. Overall, this would compound the effects of weaker final demand from affected countries, thus weighing further on Malaysia's manufacturing activity and exports performance.

The rise in COVID-19 cases domestically since early March 2020 has necessitated implementation of measures to contain the spread. Accordingly, a two-week MCO was implemented on 18 March 2020 and subsequently extended by another fortnight. Despite the continued provision of and access to essential services during this period, economic activity would nevertheless be impacted as non-essential services cease to operate and selected manufacturing firms operate only at partial capacity. Post-MCO, the reduced social and recreational activities are expected to continue until the pandemic is fully controlled globally and domestically, thus dampening consumption and investment activity.

(Source: Outlook and Policy in 2020, Economic and Monetary Review 2019, Bank Negara Malaysia)

7.5 Overview and outlook of the healthcare industry in Malaysia

Provision of quality healthcare services is one of the main priorities of the Government. The main challenge in achieving this objective is the escalating cost of healthcare vis-à-vis constraint on Government finance. In 2018, Malaysia recorded the second-highest healthcare inflation in Asia after Vietnam. Besides, the Auditor General's Report 2018 highlights that only 58.7% to 74.5% of patients were treated in less than four to six hours in the Emergency and Trauma Department in public hospitals.

Furthermore, Malaysia has the highest rate of diabetics in Asia and one of the highest in the world. The changing pattern of diseases, including those related to lifestyle and ageing population will further increase the healthcare cost. This not only leads to increasing public expenditure but also impacts the economy.

To further elevate healthcare quality, the Government will strengthen its services by providing a comfortable environment for the people while receiving treatment in public hospitals and clinics. An allocation will be provided to upgrade healthcare infrastructure, as well as enhance the capacity and capability of healthcare personnel. Concurrently, the Government will promote a healthy lifestyle and extend preventive care programmes nationwide.

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

The other services subsector is projected to grow by 5.1% in 2020 (2019: 5.5%). This is due to strong demand for private education and healthcare services. The number of foreign students is expected to remain favourable attributed to the cost competitiveness of education offered in the country.

Meanwhile, the private healthcare segment will be supported by the Malaysia Year of Healthcare Travel 2020 campaign which seeks to reinforce Malaysia as a reputable and global healthcare travel destination, especially in the areas of cardiology, oncology, fertility, orthopaedics and cosmetic surgery.

Meanwhile, the health tourism industry is growing rapidly and Malaysia is recognized as one of the five best in the world. In 2018, the number of healthcare travelers surged 15% to 1.2 million with revenue increasing 13% to RM1.4 billion, particularly from China, India and Indonesia. The quality of healthcare system; international qualified medical professionals and accredited medical facilities; competitive cost; availability of latest procedures and treatment technologies; as well as accessibility through air and land routes are the factors contributing to the growth of this industry. In conjunction with the Malaysia Year of Healthcare Travel 2020 campaign to establish Malaysia as a leading global destination for healthcare, the Government is targeting total revenue of RM2.2 billion in 2020. This campaign is targeting several new ASEAN markets and the Middle East, especially in the areas of cardiology, oncology and fertility.

The Government's development expenditure during 2019 and 2020 will remain high and mostly concentrated in the economic and social sectors. Investment in economic sector mainly channeled into transportation system; energy and public utilities; as well as trade and industry. Meanwhile, the bulk of expenditure in the social sector is channeled into education and healthcare.

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

Malaysia has ranked in the Top 10 of the global medical travel destinations for many years which led the country to become the hub for cardiology, IVF, oncology, plastic surgery and many more.

"Healthcare travel is one of the fastest growing industries in Malaysia. Our country has an extensive history in healthcare travel excellence that lends to high-quality offerings. This is only made possible with the continuous support from members of the media who have played a pivotal role in carving Malaysia healthcare on a global scale".

Throughout 2018, the local healthcare travel industry flourished and attained RM1.5 billion in revenue. While in 2019, the Malaysia Healthcare Travel Council ("**MHTC**") recorded 1.3 million healthcare travellers that brought in an estimated of RM1.7 billion worth of revenue. In 2020, Malaysia expects to see a jump in the number of healthcare travellers which will contribute to an estimated revenue of RM2 billion.

"This year as we celebrate the Malaysia Year of Healthcare Travel 2020 campaign ("**MyHT2020**"), we would like to invite healthcare travellers to experience Malaysia's first international healthcare travel campaign. This campaign aims to invite everyone to seek healthcare and wellness treatments in Malaysia while exploring our country's tourism attractions. With the MyHT2020 campaign going in full gear, we anticipate more submissions this year as we see Malaysia transforming from a hidden jewel to the World's Healthcare Marvel," said Chief Executive Officer of MHTC, Sherene Azli.

(Source: Media release entitled "Malaysian Health Tourism: 350 Entries Expected from Global Media for MTMA 2020" dated 19 February 2020, Malaysia Healthcare Travel Council)

7.6 Overview and outlook of the medical device industry in Malaysia

At a time where the global economic outlook is unfavourable amidst new trade challenges, the future outlook for Malaysia's medical device industry remains very positive, with the majority of Association of Malaysian Medical Industries ("**AMMI**") respondents bullish about their business prospects in 2020 and the years to come. AMMI survey respondents plan to invest a collective amount of RM765 million in plant expansion, new product development and research and development ("**R&D**") in 2020.

Global exports of medical devices from Malaysia rose by a healthy 15% from RM19.8 billion in 2017 to RM22.9 billion in 2018. Significantly, AMMI members collectively accounted for over 55% of the export value. According to AMMI's analysis, the export of medical devices from Malaysia will likely achieve RM25.7 billion in 2019 and RM28.8 billion in 2020, based on the projected 12% year-on-year growth.

In 2018, the total value of cumulative investments by AMMI members totalled RM7.8 billion, nearly doubling 2014's total of RM4.3 billion. Based on AMMI's analysis, the value of cumulative investments reported by AMMI members grew at an impressive compound annual growth rate of 16.4% between 2014 and 2018. AMMI members doubled their R&D spending from RM58 million in 2017 to RM115 million in 2018. R&D personnel also increased significantly, growing 33% from 348 in 2017 to 462 personnel. AMMI members collectively employed a 36,249 strong workforce in 2018. This is a growth of 12% compared to 2017. This upward trend indicates AMMI members' confidence in the value and strengths of Malaysia as a hub for medical device manufacturing, as well as their commitment to growing and evolving in tandem with the industry.

In commending AMMI's latest industry report, Dato' Azman Mahmud, Chief Executive Officer of the Malaysian Investment Development Authority ("**MIDA**") said, "Malaysia continues to evolve as a manufacturing hub for medical devices in Asia. The medical device industry manufactures higher value-added and technologically-advanced products such as cardiac pacemakers, stents, orthopedic implantable devices, electro-medical, therapeutic and monitoring devices is expected to have a positive impact on the Malaysian economy. As of 2018, 382 medical devices projects with investments worth RM18.4 billion have been implemented in Malaysia, creating more than 71,000 jobs for the country. In addition, MIDA has approved 21 projects in the medical device industry worth RM2.12 billion from January to September of 2019."

(Source: Media release entitled "AMMI Members Will Invest a Collective Amount of RM765 Million in Plant Expansion, New Product Development and R&D In 2020" dated 5 December 2019, MIDA)

7.7 Future prospects of our Group

As set out in Section 4 of this Abridged Prospectus, our Group intends to expand our existing Consumer Trading business to include Medical Equipment Trading, which will allow our Group to leverage our existing experience, distribution network and business relationships with retailers/ distributors to enhance our Medical Equipment Trading operations and supply chain management. Such expansion of our trading business may also allow us to reap growth opportunities in light of the positive outlook for the healthcare and medical device industry as set out in Sections 7.5 and 7.6 of this Abridged Prospectus.

As an entry point into Medical Equipment Trading, our Group plans to market, distribute and trade COVID-19 RT-PCR Test Kits in Malaysia to meet the growing demand for such rapid test kits as a result of the ongoing COVID-19 pandemic. Further thereto, our Group targets to market, distribute and trade other in vitro diagnostic devices (e.g. dengue test kits, analysers and reagents) in the later phase of 2021. Our Group shall utilise third-party distributors for the trading of COVID-19 RT-PCR Test Kits, of which our Group had appointed CM and SPPSB, to allow a more efficient and wider reach-out to intended customers.

Premised on the above, we anticipate that the Diversification will generate an additional revenue stream for our Group, which in turn will augur well for our Group's future prospects. Looking forward, our Group may derive business synergy between Medical Equipment Trading and our existing IT Related Services by utilising our cloud computing and big data technologies to establish a digital platform to market, sell and manage data from the medical equipment, devices and related products traded by our Group. Such a digital platform is expected to drive value to our Group's customers, suppliers and business partners, specifically via improved convenience and speed in making transactions and generating insights based on data analytics.

Further to the above, our Group shall continue to seek organic expansion opportunities within our existing segments to grow our overall business. Our Group had identified the expansion of our cloud and data centre services (within the IT Related Services segment) to drive revenue growth, in view of the on-going Government initiatives that support the digitalisation of Malaysia's economy such as the NFCP, and growing demand for data-intensive services such as artificial intelligence, big data analytics and the Internet of Things. Moreover, there has been sustained demand for data communication services in Malaysia in spite of COVID-19 and the MCO, as set out in Section 7.2 of this Abridged Prospectus. As a result, our Board believes that the Malaysian data centre and cloud services industry outlook is positive, which will complement our Group's strategy to expand our data centre and cloud services.

Subsequently, we had completed a new data centre at Menara Lien Hoe in September 2018, enabling our Group to offer a broad range of cloud and data centre services. We intend to develop a new internet exchange point ("**IXP**"), which is expected to be completed by the first quarter of 2021, at our aforementioned data centre. The new IXP is expected to augment our Group's existing cloud and data centre services, by improving the speed, quality (i.e. lack of interruptions) and cost of internet traffic (i.e. flow of data within the internet) available to our customers, which in turn may expand the customer base and revenue of our cloud and data centre services.

In conjunction with the abovementioned expansion of our cloud and data centre services offerings, our Group is exploring potential partnerships and collaborations with strategic partners to further enhance our cloud and data centre services. Examples of such agreements that were recently entered by our Group are detailed below:-

i. on 23 April 2020, we had announced that Progenet Innovations Sdn Bhd ("**Progenet**"), our subsidiary responsible for operating the data centre, had entered into a reseller agreement with Storm Front Pte Ltd ("**Storm Front**") on even date, whereby Storm Front authorised Progenet as Storm Front's non-exclusive reseller of its products which includes but not limited to products relating to COVID-19 venue management within Malaysia.

   From working with Storm Front on the reseller agreement, our Group has also managed to distribute our post-MCO business reboot solutions and human capital management software by bundling our existing cloud and data centre services with Storm Front's products to Malaysian enterprises; and

ii. on 29 April 2020, we announced that Progenet had entered into a collaboration agreement with Bina Puri Holdings Bhd ("**Bina Puri**") on even date, whereby both parties agreed to collaborate to develop a suite of building information systems ("**BIS**") products catered for businesses in the construction sector. In the abovementioned collaboration, Progenet will provide its information technology capabilties as well as cloud and data centre services, while Bina Puri will provide its technical expertise in construction management and documenting construction workflow to develop the suite of BIS products. In the event the suite of BIS products are fully developed and commercialised, our Group anticipates that it will provide an additional revenue stream and contribute positively to our Group's earnings.

Our Group intends to continue seeking for organic growth opportunties within our Consumer Trading segment, which will include, but is not limited to, seeking viable exclusive or non-exclusive distribution agreements for kitchen appliances and multi-function printers. Our Group shall make the necessary announcements in accordance with the Listing Requirements as and when any such new business and/ or investment opportunities (if any) which are likely to materialise have been identified. Should the nature of such business transaction and/ or investment (if any) require shareholders' approval pursuant to the Listing Requirements, we will seek the necessary approval from our shareholders.

In addition to our Group's efforts to pursue growth opportunities in new industries and in our existing business, our management is currently undertaking cost rationalisation exercises in our existing business segments to review and address recurring administrative and other operating expenses. This includes amongst others, the reduction of fixed administrative expenses related to the Consumer Trading and Property Construction segments (e.g. business development costs and marketing and sales-related fees), as means to retain adequate working capital to be utilised in a more efficient manner, such as by redeploying working capital towards the expansion of the IT Related Services segment. Our management anticipates that such on-going cost rationalisation exercises may optimise our Group's allocation of resources and improve the financial condition of our Group moving forward.

Premised on the above and in view of the economy and industry outlook, our Board is cautiously optimistic about our Group's future prospects.

8. FINANCIAL EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

8.1 Issued share capital

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

	<----Minimum Scenario---->		<----Maximum Scenario---->	
	No. of KAG Shares ('000)	**RM'000**	**No. of KAG Shares ('000)**	**RM'000**
Issued share capital as at the LPD	982,206	128,093	982,206	128,093
Rights Shares to be issued pursuant to the Rights Issue with Warrants	100,080	3,333*1	982,206	32,707*1
	1,082,286	131,426	1,964,411	160,800
Shares to be issued arising from the full exercise of Warrants	100,080	5,004*2	982,206	49,110*2
Reversal of warrant reserve pursuant to the full exercise of Warrants	-	1,671*3	-	16,403*3
Enlarged issued share capital	**1,182,366**	**138,101**	**2,946,617**	**226,313**

Notes:-

*1 Computed based on the Issue Price and adjusted for the apportionment of its relative fair value between the share capital account and the warrant reserve account

*2 Computed based on the exercise price of RM0.05 per Warrant

*3 Computed based on the number of Warrants multiplied by the theoretical fair value of RM0.0167 per Warrant based on the trinomial option pricing model as extracted from Bloomberg as at 6 October 2020, being the last Market Day immediately preceding the Price-Fixing Date

8.2 NA and gearing

Based on the latest unaudited consolidated statements of financial position of our Group as at 30 June 2020, the pro forma effects of the Rights Issue with Warrants on the audited consolidated NA and gearing of our Group are as follows:-

Minimum Scenario

		I	II	III
	Unaudited as at 30 June 2020	**Subsequent adjustments up to the LPD[*1]**	**After I and the Rights Issue with Warrants**	**After II and assuming full exercise of the Warrants**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Share capital	103,890	128,093	131,426[*2]	138,101[*4]
Reserve	-	-	1,671[*2]	-[*4]
Accumulated losses	(31,607)	(31,607)	(32,307)[*3]	(32,307)
Shareholders' equity/ NA	**72,283**	**96,486**	**100,790**	**105,794**
No. of shares in issue ('000)	680,543	982,206	1,082,286	1,182,366
NA per share (RM)	0.11	0.10	0.09	0.09
Total borrowings	11,789	11,789	11,789	11,789
Gearing ratio (times)	0.16	0.12	0.12	0.11

Notes:-

*1 After adjusting for the following:-

i. the issuance of 204,162,850 KAG Shares on 21 July 2020 at the issue price of RM0.06 per KAG Share in relation to the private placement of up to 30% of the total number of issued shares of KAG, which was announced on 19 May 2020;

ii. the issuance of 75,000,000 KAG Shares on 4 August 2020 as a result of the exercise of 75,000,000 SIS options at the exercise price of RM0.08 per SIS option;

iii. the issuance of 22,500,000 KAG Shares on 14 August 2020 as a result of the exercise of 22,500,000 SIS options at the exercise price of RM0.12 per SIS option; and

iv. the corresponding reversal of the share option reserve to the share capital as a result of the exercise of SIS options as mentioned above in Notes (1) (ii) and (iii)

*2 Computed based on the Undertaking Shareholders' subscription of 100,080,000 Rights Shares at the Issue Price under the Minimum Scenario and adjusted for the apportionment of its relative fair value between the share capital account and the warrant reserve account and the recognition of 100,080,000 Warrants at the theoretical fair value of RM0.0167 per Warrant based on the trinomial option pricing model as extracted from Bloomberg as at 6 October 2020, being the last Market Day immediately preceding the Price-Fixing Date

*3 After deducting the estimated expenses of RM0.70 million in relation to the Corporate Exercises

*4 Assuming all 100,080,000 Warrants are exercised at the exercise price of RM0.05 per Warrant under the Minimum Scenario and the corresponding reversal of the warrant reverse to share capital

Maximum Scenario

		I	II	III
	Unaudited as at 30 June 2020 RM'000	**Subsequent adjustments up to the LPD*1 RM'000**	**After II and the Rights Issue with Warrants RM'000**	**After III and assuming full exercise of the Warrants RM'000**
Share capital	103,890	128,093	160,800*2	226,313*5
Reserve	-	-	16,403*2	-*5
Accumulated losses	(31,607)	(31,607)	(32,307)*3	(32,307)
Shareholders' equity/ NA	**72,283**	**96,486**	**144,896**	**194,006**
No. of shares in issue ('000)	680,543	982,206	1,964,411	2,946,617
NA per share (RM)	0.11	0.10	0.07	0.07
Total borrowings	11,789	11,789	2,189*4	2,189
Gearing ratio (times)	0.16	0.12	0.02	0.01

Notes:-

*1 After adjusting for the following:-

i. the issuance of 204,162,850 KAG Shares on 21 July 2020 at the issue price of RM0.06 per KAG Share in relation to the private placement of up to 30% of the total number of issued shares of KAG, which was announced on 19 May 2020;

ii. the issuance of 75,000,000 KAG Shares on 4 August 2020 as a result of the exercise of 75,000,000 SIS options at the exercise price of RM0.08 per SIS option;

iii. the issuance of 22,500,000 KAG Shares on 14 August 2020 as a result of the exercise of 22,500,000 SIS options at the exercise price of RM0.12 per SIS option; and

iv. the corresponding reversal of the share option reserve to the share capital as a result of the exercise of SIS options as mentioned above in Notes (1) (ii) and (iii)

*2 Computed based on the Entitled Shareholders' subscription of 982,205,686 Rights Shares at the Issue Price under the Maximum Scenario and adjusted for the apportionment of its relative fair value between the share capital account and the warrant reserve account and the recognition of 982,205,686 Warrants at the theoretical fair value of RM0.0167 per Warrant based on the trinomial option pricing model as extracted from Bloomberg as at 6 October 2020, being the last Market Day immediately preceding the Price-Fixing Date

*3 After deducting the estimated expenses of RM0.70 million in relation to the Corporate Exercises

*4 Assuming RM9.60 million raised from the Rights Issue with Warrants will be utilised for repayment of our Group's existing bank borrowings under the Maximum Scenario

*5 Assuming all 982,205,686 Warrants are exercised at the exercise price of RM0.05 per Warrant under the Maximum Scenario and the corresponding reversal of the warrant reserve to share capital

8.3 Earnings and EPS

The Rights Issue with Warrants, which is expected to be completed by the fourth quarter of 2020, is not expected to have any material effect on the earnings and EPS of our Group for the FYE 31 March 2021. However, there will be a dilution in the EPS of our Group for the FYE 31 March 2021 due to the increase in the number of KAG Shares in issue arising from the Rights Issue with Warrants. Notwithstanding that, the Rights Issue with Warrants may contribute positively to the future earnings of our Group via the utilisation of the proceeds.

For illustrative purpose only, based on the latest audited consolidated statements of comprehensive income of our Group for the FYE 31 March 2020, the pro forma dilution effect on the basic LPS of our Group as a result of the issuance of the Rights Shares and the new Shares arising from the exercise of the Warrants, is set out below:-

Minimum Scenario

	Audited as at 31 March 2020	I Subsequent adjustments up to the LPD	II After I and the Rights Issue with Warrants	III After II and assuming full exercise of the Warrants
LAT attributable to the owners of our Company (RM'000)	(16,100)	(16,100)	(16,100)	(16,100)
No. of Shares ('000)	578,312	982,206	1,082,286	1,182,366
Basic LPS (sen)	(2.78)	(1.64)	(1.49)	(1.36)

Maximum Scenario

	Audited as at 31 March 2020	I Subsequent adjustments up to the LPD	II After I and the Rights Issue with Warrants	III After II and assuming full exercise of the Warrants
LAT attributable to the owners of our Company (RM'000)	(16,100)	(16,100)	(16,100)	(16,100)
No. of Shares ('000)	578,312	982,206	1,964,411	2,946,617
Basic LPS (sen)	(2.78)	(1.64)	(0.82)	(0.55)

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8.4 Substantial shareholdings structure

As at the LPD, we do not have any substantial shareholders. Nevertheless, for shareholders' information purpose, the pro forma effects of the Rights Issue with Warrants on the Undertaking Shareholders' shareholdings are set out below:-

Minimum Scenario

					I				II			
	Shareholdings as at the LPD				After the Rights Issue with Warrants				After I and the full exercise of Warrants			
	<---------Direct-------->		<------Indirect------->		<-------Direct------->		<------Indirect------>		<-------Direct------->		<-------Indirect------>	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Roy Ho Yew Kee	200,000	0.02	-	-	50,240,000	4.64	-	-	100,280,000	8.48	-	-
Ong Gim Hai	200,000	0.02	-	-	50,240,000	4.64	-	-	100,280,000	8.48	-	-

Maximum Scenario

					I				II			
	Shareholdings as at the LPD				After the Rights Issue with Warrants				After I and the full exercise of Warrants			
	<---------Direct-------->		<------Indirect------->		<-------Direct------->		<------Indirect------>		<-------Direct------->		<-------Indirect------>	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Roy Ho Yew Kee	200,000	0.02	-	-	400,000	0.02	-	-	600,000	0.02	-	-
Ong Gim Hai	200,000	0.02	-	-	400,000	0.02	-	-	600,000	0.02	-	-

8.5 Convertible securities

As at the LPD, we do not have any outstanding convertible securities.

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

9.1 Working capital

Our Group's working capital requirements is funded by a combination of internal and external sources of funds. Our internal sources of funds are generated from our operating activities as well as our cash and bank balances, whereas our external sources of funds are derived from credit extended by suppliers and credit facilities from licensed financial institutions.

Our Board is of the opinion that, after taking into consideration the funds generated from our operations, existing cash and bank balances and the banking facilities available to our Group as well as the proceeds to be raised from the Rights Issue with Warrants, we will have sufficient working capital for a period of 12 months from the date of this Abridged Prospectus.

9.2 Borrowings

As at the LPD, our Group has total outstanding borrowings of approximately RM11.88 million. All of our borrowings are interest-bearing and denominated in RM, further details of which are set out as follows:-

	Purpose of facility	Interest rate %	Outstanding as at the LPD RM'million
Long term borrowings:-			
Term loan	Financing for data centre equipment including, amongst others, rack system, air-conditioning system, switch boards and equipment and genset	7.95	7.05
Hire purchase	Financing for photocopier machines	7.20 – 8.10	0.42
			7.47
Short term borrowings:-			
Bank overdrafts	Working capital	2.70	1.47
Term loan	Financing for data centre equipment including, amongst others, rack system, air-conditioning system, switch boards and equipment and genset	7.95	2.55
Hire purchase	Financing for photocopier machines and motor vehicles	7.20 – 8.10	0.39
			4.41
Total			**11.88**

As at the LPD, our Group does not have any non-interest bearing borrowings.

There have been no default on payments by our Group of either interest and/ or principal sums in respect of any borrowings during the FYE 31 March 2020 and the subsequent financial period up to the LPD.

9.3 Contingent liabilities

Save as disclosed below, as at the LPD, our Board confirms that there are no other contingent liabilities incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the financial results/ position of our Group:-

Contingent liabilities of our Group as at the LPD		**RM'000**
Secured:-		
i.	Fixed deposit pledged to bank for credit facilities granted to subsidiaries	4,138
ii.	Corporate guarantees issued to bank for facility granted to a subsidiary	9,600
Unsecured:-		
i.	Corporate guarantees issued to banks for finance lease facility granted to a subsidiary	845
ii.	Corporate guarantees issued to a leasing company for finance lease facility granted to a subsidiary	3,204

9.4 Material commitments

As at the LPD, our Board confirms that there are no material commitments for capital expenditure incurred or known to be incurred by our Group that have not been provided for which, upon becoming enforceable, may have a material impact on the financial results/ position of our Group.

9.5 Material transactions

As at the LPD, save for the Rights Issue with Warrants and as disclosed below, there are no other material transactions which may have a material effect on the operations, financial position and results of our Group since our Group's latest audited consolidated financial statements for the FYE 31 March 2020 and our Group's most recent announced unaudited interim consolidated financial statements for the 3-month FPE 30 June 2020:-

i. We had on 21 February 2020 announced the private placement of up to 10% of the total number of issued shares of KAG ("**Private Placement I**"). On 15 April 2020, a total of 57,831,166 KAG Shares were issued at the issue price of RM0.0135 per KAG Share pursuant to the Private Placement I and the Private Placement I was completed on even date; and

ii. We had on 19 May 2020 announced the private placement of up to 30% of the total number of issued shares of KAG ("**Private Placement II**"). On 21 July 2020, a total of 204,162,850 KAG Shares were issued at the issue price of RM0.06 per KAG Share pursuant to the Private Placement II and the Private Placement II was completed on even date.

10. INSTRUCTIONS FOR ACCEPTANCE, SALE OR TRANSFER, EXCESS APPLICATION AND PAYMENT

10.1 General

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

This Abridged Prospectus and the RSF are also available from our registered office, our Share Registrar or from Bursa Securities' website (https://www.bursamalaysia.com).

10.2 NPA

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

10.3 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the Provisional Rights Shares with Warrants and the Excess Application is the Closing Date.

We shall make an announcement on the outcome of the Rights Issue with Warrants after the Closing Date.

10.4 Procedure for full acceptance and payment

Acceptance of and payment for the Provisional Rights Shares with Warrants must be made on the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances and/ or payments which do not strictly conform to the terms of this Abridged Prospectus, the RSF or the notes and instructions contained therein or which are illegible may not be accepted at the absolute discretion of our Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES WITH WARRANTS, EXCESS RIGHTS SHARES WITH WARRANTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/ OR YOUR RENOUNCEE(S) AND/ OR TRANSFEREE(S) (IF APPLICABLE) WISH TO SELL/ TRANSFER ALL OR ANY PART OF YOUR PROVISIONAL RIGHTS SHARES WITH WARRANTS ARE SET OUT IN THIS ABRIDGED PROSPECTUS, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN. IN ACCORDANCE WITH THE CMSA, THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THE ABRIDGED PROSPECTUS.

YOU AND/ OR YOUR RENOUNCEE(S) AND/ OR TRANSFEREE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

If you and/ or your renouncee(s) and/ or transferee(s) (if applicable) wish to accept either in full or in part of the Provisional Rights Shares with Warrants of your entitlement, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF together with the relevant payment must be sent to our Share Registrar using the reply envelope provided (at your own risk) by **ORDINARY POST, COURIER** or **DELIVERY BY HAND** to the address stated below:-

ShareWorks Sdn Bhd (Registration No. 199101019611 (229948-U))
2-1, Jalan Sri Hartamas 8
Sri Hartamas, 50480 Kuala Lumpur

Tel. No.: 03 – 6201 1120
Fax. No.: 03 – 6201 3121

so as to arrive **not later than the Closing Date**, being the last date and time for acceptance and payment for the Provisional Rights Shares with Warrants.

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

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

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

The minimum number of Rights Shares with Warrants that can be subscribed for or accepted is 1 Rights Shares with Warrants. However, you and/ or your renouncee(s) and/ or transferee(s) (if applicable) should take note that a trading board lot for the Rights Shares and Warrants comprises of 100 Rights Shares and 100 Warrants, respectively. Fractions of Rights Shares with Warrants, if any, shall be disregarded, and dealt with in such manner as our Board shall in their absolute discretion deem fit and expedient, and to be in the best interest of our Company.

If acceptance of and payment for the Provisional Rights Shares with Warrants allotted to you and/ or your renouncee(s) and/ or transferee(s) (if applicable) is not received by our Share Registrar by **the Closing Date**, being the last date and time for acceptance of and payment for the Provisional Rights Shares with Warrants, you and/ or your renouncee(s) and/ or transferee(s) (if applicable) will be deemed to have declined the Provisional Rights Shares with Warrants and it will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar.

In the event that the Provisional 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 Rights Shares with Warrants in the manner as set out in Section 10.8 of this Abridged Prospectus. Our Board reserves the right to accept any application in full or in part only without assigning any reasons.

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 "KAG RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME IN BLOCK LETTERS AND CDS ACCOUNT NUMBER SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR BY THE CLOSING DATE.

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 ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, THE RIGHTS SHARES WITH WARRANTS WILL BE CREDITED INTO YOUR CDS ACCOUNT AND A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE 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 OR ALLOWED BY BURSA SECURITIES.

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

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

WHERE AN APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT BY ORDINARY POST TO THE 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 RIGHTS SHARES WITH WARRANTS TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WITH WARRANTS WILL BE ALLOTTED BY WAY OF CREDITING SUCH RIGHTS SHARES WITH WARRANTS INTO THE CDS ACCOUNTS OF THE ENTITLED SHAREHOLDERS AND/ OR THEIR RENOUNCEE(S) AND/ OR TRANSFEREE(S) (IF APPLICABLE). NO PHYSICAL SHARE OR WARRANT CERTIFICATES WILL BE ISSUED.

10.5 Procedure for part acceptance by Entitled Shareholders

You are entitled to accept part of your Provisional Rights Shares with Warrants provided always that the minimum number of Rights Shares with Warrants that can be subscribed for or accepted is 1 Rights Share with Warrant. Fractions of a Rights Share with Warrant, if any, shall be disregarded and dealt with in a fair and equitable manner as our Board deems fit and expedient and in the best interests of our Company.

You must complete both Parts I(A) and II of the RSF by specifying the number of Rights Shares with Warrants which you are accepting and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the manner set out in Section 10.4 of this Abridged Prospectus.

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

The portion of the Provisional Rights Shares with Warrants that have not been accepted will be made available to the applicants of the Excess Application.

10.6 Procedure for sale or transfer of the Provisional Rights Shares with Warrants

As the Provisional Rights Shares with Warrants are prescribed securities, you may dispose or transfer all or part of your entitlement to the Provisional Rights Shares with Warrants to 1 or more person(s) through your stockbrokers for the period up to the last date and time for sale or transfer of the Provisional Rights Shares with Warrants, without first having to request for a split of the Provisional Rights Shares with Warrants standing to the credit of your CDS Account. To dispose or transfer all or part of your entitlement to the Provisional Rights Shares with Warrants, you may sell such entitlement on the open market or transfer such entitlement to such persons as may be allowed pursuant to the Rules of Bursa Depository. If you have disposed or transferred only part of the Provisional Rights Shares with Warrants, you may still accept the balance of the Provisional Rights Shares with Warrants by completing Parts I(A) and II of the RSF. Please refer to Sections 10.4 and 10.5 of this Abridged Prospectus for the procedure for acceptance and payment.

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

Purchasers or transferees of the Provisional Rights Shares with Warrants may obtain a copy of this Abridged Prospectus and the RSF from their stockbrokers or from our Share Registrar, or at our Registered Office. This Abridged Prospectus and RSF are also available on the website of Bursa Securities (https://www.bursamalaysia.com).

10.7 Procedure for acceptance by renouncee(s)/ transferee(s)

Renouncee(s) and/ or transferee(s) (if applicable) who wish to accept the Provisional Rights Shares with Warrants 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 https://www.bursamalaysia.com, and complete the RSF and submit the same together with the remittance to our Share Registrar at the above-stated address in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders as set out in Sections 10.4 and 10.5 of this Abridged Prospectus also applies to renouncee(s) and/ or transferee(s) (if applicable) who wish to accept the Provisional Rights Shares with Warrants.

RENOUNCEE(S) AND/ OR TRANSFEREE(S) ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND THE RSF.

10.8 Procedure for application of Excess Rights Shares with Warrants

You and/ or your renouncee(s) and/ or 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) 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 the Closing Date**, being the last date and time for application and payment for the Excess Rights Shares with Warrants.

PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS APPLIED FOR SHOULD BE MADE IN THE SAME MANNER AS DESCRIBED IN SECTION 10.4 OF THIS ABRIDGED PROSPECTUS, AND IN THE FORM OF BANKER'S DRAFT(S)/ CASHIER'S ORDER(S)/ MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "KAG EXCESS RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME IN BLOCK LETTERS AND CDS ACCOUNT NUMBER SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR BY THE CLOSING DATE.

THE PAYMENT MUST BE MADE FOR THE FULL AND EXACT AMOUNT PAYABLE FOR THE EXCESS RIGHTS SHARES WITH WARRANTS APPLIED FOR ANY EXCESS OR INSUFFICIENT MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.

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 Entitled Shareholders who have applied for the Excess Rights Shares with Warrants, on a pro-rata basis and in board lot, calculated based on their respective shareholdings in our Company as at the Entitlement Date;

iii. Thirdly, for allocation to Entitled Shareholders who have applied for the Excess Rights Shares with Warrants, on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares with Warrants applied for; and

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

In the event there is any remaining balance of the Excess Rights Shares with Warrants applied for by the Entitled Shareholders and/ or renouncee(s) and/ or transferee(s) (if applicable) who have applied for the Excess Rights Shares with Warrants after carrying out steps (i) to (iv) as set out above, steps (ii) to (iv) will be repeated again in the same sequence to allocate the remaining balance of the Excess Rights Shares with Warrants to the Entitled Shareholders and/ or renouncee(s) and/ or transferee(s) (if applicable) who have applied for the Excess Rights Shares with Warrants until such balance is fully allocated.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares with Warrants applied for in such manner as our Board deems fit, expedient and in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis manner, and that the intention of our Board as set out in steps (i)-(iv) above are achieved. Our Board also reserves the rights at its absolute discretion to accept in full or in part any application for the Excess Rights Shares with Warrants without assigning any reason thereof.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR EXCESS APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS SHARES WITH WARRANTS. HOWEVER, IF YOUR EXCESS APPLICATION IS SUCCESSFUL, THE RIGHTS SHARES WITH WARRANTS WILL BE CREDITED INTO YOUR CDS ACCOUNT AND A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE 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 OR ALLOWED BY BURSA SECURITIES.

APPLICATIONS FOR THE EXCESS RIGHTS SHARES WITH WARRANTS 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 APPLICATION FOR THE EXCESS RIGHTS SHARES WITH WARRANTS IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT BY ORDINARY POST TO THE ADDRESS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.

10.9 Form of issuance

Bursa Securities has already prescribed KAG Shares to be listed on the ACE Market of Bursa Securities and to be deposited with Bursa Depository. Accordingly, the Rights Shares and Warrants are prescribed securities and as such, the SICDA and the Rules of Bursa Depository shall apply to all dealings in the Rights Shares and Warrants.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected. No physical share or warrant certificates shall be issued to you under the Rights Issue with Warrants. Instead, the Rights Shares and the Warrants will be credited directly into your CDS Account.

A notice of allotment will be despatched to you and/ or your renouncee(s) and/ or transferee(s) (if applicable) by ordinary post to the address 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 or allowed by Bursa Securities.

Where the Rights Shares with Warrants are provisionally allotted to the Entitled Shareholders in respect of their existing KAG Shares standing to the credit in their CDS Account as at the Entitlement Date, the acceptance by the Entitled Shareholders of the Provisional Rights Shares with Warrants shall mean that they consent to receive such Rights Shares and Warrants as prescribed or deposited securities which will be credited directly into their CDS Account.

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

The Excess Rights Shares with Warrants, if allotted to the successful applicant who applies for Excess Rights Shares with Warrants, will be credited directly as prescribed securities into his or her CDS Account. The allocation will be made on a fair and equitable basis in such manner as our Board in its absolute discretion deems fit and expedient and in the best interest of our Company, as disclosed in Section 10.8 of this Abridged Prospectus.

10.10 Laws of foreign jurisdiction

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

Accordingly, this Abridged Prospectus, and the accompanying NPA and RSF will not be sent to the Foreign Entitled Shareholders and/ or their renouncee(s) and/ or transferee(s) (if applicable) who do not have a registered address in Malaysia. However, such Foreign Entitled Shareholders and/ or their renouncee(s) and/ or transferee(s) (if applicable) may collect this Abridged Prospectus, and the accompanying NPA and 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 these documents relating to the Rights Issue with Warrants.

The Foreign Entitled Shareholders and/ or their renouncee(s) and/ or transferee(s) (if applicable) may accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue with Warrants only to the extent that it would be lawful to do so. UOBKH, our Share Registrar, our Company, our Directors and officers and other professional advisers would not, in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which the Foreign Entitled Shareholders and/ or their renouncee(s) and/ or transferee(s) (if applicable) are or may be subject. Foreign Entitled Shareholders and/ or their renouncee(s) and/ or 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. UOBKH, our Share Registrar, our Company, our Directors and officers and other professional advisers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any Foreign Entitled Shareholders and/ or renouncee(s) and/ or 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) and/ or 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) and/ or transferee(s) (if applicable) for any such issue, transfer or other taxes or other requisite payments. They will have no claims whatsoever against us and/ or UOBKH in respect of their rights and entitlements under the Rights Issue with Warrants. Such Foreign Entitled Shareholders and/ or their renouncee(s) and/ or 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 with Warrants.

By signing the RSF, the Foreign Entitled Shareholders and/ or their renouncee(s) and/ or 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) UOBKH, our Share Registrar, our Company, our Directors and officers and other professional advisers that:-

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

ii. the Foreign Entitled Shareholders and/ or their renouncee(s) and/ or 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 Rights Shares with Warrants;

iii. the Foreign Entitled Shareholders and/ or their renouncee(s) and/ or transferee(s) (if applicable) are not nominees or agents of a person in respect of whom we would, by acting on the acceptance or renunciation of the Provisional Rights Shares with Warrants, 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) and/ or 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) and/ or transferee(s) (if applicable) have received a copy of this Abridged Prospectus, have access to such financial and other information and have been provided the opportunity to ask such questions to our representatives 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) and/ or 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 and the Warrants.

Persons receiving this Abridged Prospectus, and the accompanying NPA and RSF (including without limitation to custodians, nominees and trustees) must not, in connection with the offer, 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 Abridged Prospectus, 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 offer unless he has complied with and observed the laws of the relevant country or jurisdiction in connection herewith.

Any person who does forward this Abridged Prospectus 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 of the Abridged Prospectus and we reserve the right to reject a purported acceptance of the Provisional Rights Shares with Warrants from any such application by Foreign Entitled Shareholders and/ or their renouncee(s) and/ or transferee(s) (if applicable) in any jurisdiction other than Malaysia.

We reserve the right, in our absolute discretion, to treat any acceptance of the Provisional Rights Shares with Warrants as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements.

11. TERMS AND CONDITIONS

The issuance of the Rights Shares and the Warrants pursuant to the Rights Issue with Warrants is governed by the terms and conditions set out in the Documents enclosed herewith.

12. FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of our Board
KEY ALLIANCE GROUP BERHAD

DATO' ZAIDI BIN MAT ISA @ HASHIM
Independent Non-Executive Chairman

APPENDIX I - INFORMATION ON OUR COMPANY

1. SHARE CAPITAL

As at the LPD, our issued share capital is RM128,092,861 comprising 982,205,686 KAG Shares.

2. BOARD OF DIRECTORS

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

Name	Age	Address	Nationality
Dato' Zaidi Bin Mat Isa @ Hashim *(Independent Non-Executive Chairman)*	50	No 9, Jalan Saga SD 8/5A, Bandar Sri Damansara, 52200 Kuala Lumpur	Malaysian
Roy Ho Yew Kee *(Managing Director)*	44	97, Jalan SS 22/37, Damansara Jaya, 47400 Petaling Jaya, Selangor	Malaysian
Ong Gim Hai *(Executive Director)*	45	12, Elitis Serambi Mera, Valencia, 47000 Sungai Buloh, Selangor	Malaysian
YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad *(Non-Independent Non-Executive Director)*	42	No. 2, Jalan Kenyalang 11/4G, Seksyen 11, Kota Damansara, 47810 Petaling Jaya, Selangor	Malaysian
Lee Kien Fatt *(Independent Non-Executive Director)*	53	33 Jalan Setia Indah U13/12R, Setia Alam, 40170 Shah Alam, Selangor	Malaysian
Yee Yit Yang *(Independent Non-Executive Director)*	52	15, Jalan Damai Rasa, Alam Damai, Cheras, 56000 Kuala Lumpur	Malaysian

3. HISTORICAL SHARE PRICES

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

	High RM	Low RM
2019		
October	0.040	0.030
November	0.040	0.030
December	0.040	0.030
2020		
January	0.040	0.030
February	0.040	0.025
March	0.030	0.010
April	0.115	0.015
May	0.140	0.060
June	0.085	0.050
July	0.110	0.060
August	0.140	0.085
September	0.120	0.060

Last transacted market price of KAG Shares on 5 August 2020 (being the last Market Day immediately prior to the announcement of the Corporate Exercises)	RM0.120
Last transacted market price of KAG Shares as at the LPD	RM0.075
Last transacted market price of KAG Shares on 19 October 2020 (being the last Market Day immediately preceding the ex-date for the Rights Issue with Warrants)	RM0.070

(Source: Bloomberg)

4. OPTION TO SUBSCRIBE FOR KAG SHARES

As at the LPD, save for the Provisional Rights Shares with Warrants and Excess Rights Shares with Warrants, no option to subscribe for our KAG Shares has been granted or is entitled to be granted to anyone.

For avoidance of doubt, we had established a SIS, which shall be in force for a period of 5 years from the effective date of the SIS, i.e. 7 May 2015, and may be extended or renewed, at the discretion of our Board upon the recommendation by the SIS committee, subject always that the duration of the SIS does not in aggregate exceed a duration of 10 years or such other period as may be prescribed by Bursa Securities or any other relevant authorities from the effective date of the SIS. On 6 May 2020, our Board had announced that we had resolved to extend the SIS for another 3 years until 6 May 2023.

The maximum number of new KAG Shares to be issued pursuant to the SIS shall not in aggregate exceed 30% of our total issued shares (excluding treasury shares, if any) during the duration of the SIS. Each SIS option granted entitles its holder to subscribe for 1 new KAG Share at an exercise price to be determined by our Board, based on a discount of not more than 10% to the 5-day VWAP of KAG Shares immediately preceding the date of offer of the SIS option. As at the LPD, there are no outstanding SIS options which are granted but unexercised.

5. MATERIAL CONTRACTS

Save as disclosed below, our Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the 2 years preceding the date of this Abridged Prospectus:-

i. the Deed Poll; and

ii. On 28 September 2020, our Company has entered into a conditional shareholders agreement with Rimbun Daun Ventures Sdn Bhd, Fortifoods Sdn Bhd and Agrocloud Sdn Bhd (formerly known as Stratus System Sdn Bhd) ("**Agrocloud**") for a joint venture between our Company, Rimbun Daun Ventures Sdn Bhd and Fortifoods Sdn Bhd ("**Parties**") to work together to develop and promote an intelligent and integrated in-field rice production management solution through Agrocloud as a joint venture company. The agreement will take effect upon the Parties acquiring the shares of Agrocloud from the exiting shareholders. Within 5 business days from the effective date of the agreement, our Company shall subscribe for additional 950 new ordinary shares in Agrocloud at a subscription price of RM1,000,000 which will result in the Parties' shareholdings in Agrocloud to be as follows:-

   a. our Company – 75%;
   b. Rimbun Daun Ventures Sdn Bhd – 15%; and
   c. Fortifoods Sdn Bhd – 10%.

6. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, and save as disclosed below, our Group is not engaged in any material litigation, claims and/ or arbitration, either as plaintiff or defendant, and our Board confirms that there are no other proceedings pending or threatened against our Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of our Group:-

i. On 24 September 2019, we received a sealed Writ of Summons and Statement of Claim bearing Kuala Lumpur High Court Suit No. WA-22NCC-514-09/2019 from Ocean W ICT Sdn Bhd ("**Plaintiff**") through its solicitors. The Plaintiff in its Statement of Claim seeks the following reliefs:-

a. A claim of RM2,895,217.39 being the same amount of the judgement sum awarded by Kuala Lumpur High Court to Ocean W ICT Sdn Bhd in the Kuala Lumpur High Court Suit No. WA-22MCVC-331-06/2018 (Ocean W ICT Sdn Bhd versus DVM Innovate Sdn Bhd). DVM Innovate Sdn Bhd was a former subsidiary of our Company;

b. A declaration that our Company acted in conspiracy with DVM Innovate Sdn Bhd, in carrying on the business of DVM Innovate Sdn Bhd to defraud the Plaintiff;

c. A declaration that our Company and former directors of DVM Innovate Sdn Bhd whether jointly or severally, be personally liable for a sum of RM2,895,217.39, pursuant to the Judgement in Default dated 8th of August 2018 obtained in the Kuala Lumpur High Court Suit No. WA-22MCVC-331-06/2018 (Ocean W ICT Sdn Bhd versus DVM Innovate Sdn Bhd);

d. Costs;

e. Interest amounting to 5% until full settlement of the judgement debt; and

f. Any and/ or further relief deemed fit and proper by the Court.

On 6 October 2020, the suit has been withdrawn against our Company by the Plaintiff with no liberty to file afresh and without costs.

7. KEY FINANCIAL INFORMATION

Our audited consolidated financial information for the past 3 financial years up to the FYE 31 March 2020 and our most recent announced unaudited interim consolidated financial information for the 3-month FPE 30 June 2020 together with the relevant notes are disclosed in the following documents which have been published on the website of Bursa Securities at https://www.bursamalaysia.com:-

The following table sets out a summary of our Group's key financial information based on past 3 financial years up to the FYE 31 March 2020 and our most recent announced unaudited interim consolidated financial information for the 3-month FPE 30 June 2020 of comprehensive income, statements of financial position and statement of cash flows for the financial years and periods under review:-

7.1 Historical financial performance:-

	<----Audited	----	---->	<----Unaudited	---->
	FYE 31 March 2018 RM'000	**FYE 31 March 2019 RM'000**	**FYE 31 March 2020 RM'000**	**3-month FPE 30 June 2019 RM'000**	**3-month FPE 30 June 2020 RM'000**
Segmental revenue:-					
- IT-Related Services	24,957	5,541	11,461	1,214	4,267
- Consumer Trading	1,406	18,774	18,034	4,026	3,233
- Property Construction	-	19,992	10,610	1,358	9
- Others*1	654	29	-	-	-
Total revenue	**27,017**	**44,336**	**40,105**	**6,598**	**7,509**
Cost of sales	(23,459)	(39,547)	(32,404)	(6,384)	(5,648)
Gross profit/ (loss)	**3,558**	**4,789**	**7,701**	**214**	**1,861**
Other income	5,065	1,292	1,362	196	14,248
Administrative expenses	(12,437)	(11,031)	(13,914)	(3,205)	(3,574)
Other operating expenses	(5,234)	(2,632)	(12,420)	(993)	(2,532)
Finance costs	(236)	(494)	(1,207)	(70)	(214)
PBT/ (LBT)	**(9,283)**	**(8,077)**	**(18,478)**	**(3,858)**	**9,789**
Tax credit/ (expense)	(164)	429	1,238	-	-
PAT/ (LAT)	**(9,447)**	**(7,648)**	**(17,240)**	**(3,858)**	**9,789**
PAT/ (LAT) attributable to:-					
Owners of our Company	(9,601)	(6,978)	(16,100)	(3,498)	10,282
Non-controlling interests	154	(670)	(1,140)	(360)	(493)
Gross profit margin (%)	13.17	10.80	19.20	3.24	24.78
PAT margin (%)	N.A.	N.A.	N.A.	N.A.	136.93
Weighted average no. of Shares outstanding ('000)	912,107	489,792	526,235	520,712	642,274
Basic earnings/ (loss) per Share (sen)	(1.05)	(1.42)	(3.06)	(0.67)	1.60
Dividend paid (RM)	-	-	-	-	-

Note:-

*1 For shareholders' information, for the FYE 31 March 2019, FYE 31 March 2020, the 3-month FPE 30 June 2019 and the 3-month FPE 30 June 2020, others business segment includes investment holding, which did not meet quantitative thresholds to be reported separately.

For the FYE 31 March 2018, others business segment includes operations related to architectural and 3D interior design and image consultants' services, investment holding and building construction, which did not meet quantitative thresholds to be reported separately.

Overview of our financial performance for FYE 31 March 2019 compared to FYE 31 March 2018

Our segmental revenue, cost of sales and gross profit for the financial year under review as compared to the preceding financial year are as follows:-

Business segment	FYE 31 March 2018 Revenue RM'000	FYE 31 March 2018 Cost of sales RM'000	FYE 31 March 2018 Gross profit RM'000	FYE 31 March 2019 Revenue RM'000	FYE 31 March 2019 Cost of sales RM'000	FYE 31 March 2019 Gross profit RM'000
- IT-Related Services	24,957	(21,965)	2,992	5,541	(5,182)	359
- Consumer Trading	1,406	(1,361)	45	18,774	(16,532)	2,242
- Property Construction	-	-	-	19,992	(17,809)	2,183
- Others	654	(133)	521	29	(24)	5
Total	**27,017**	**(23,459)**	**3,558**	**44,336**	**(39,547)**	**4,789**

We recorded revenue of RM44.34 million which represents an increase of RM17.32 million or 64.10% as compared to the preceding financial year of RM27.02 million. The increase in revenue was mainly attributable to the increase of RM19.99 million from our Property Construction business segment from nil to RM19.99 million. The increase was mainly due to progress billings recognised from the Pano Project which commenced in June 2018. For shareholders' information, the Pano Project entails the build and delivery with certificate of practical completion for the construction of 2 serviced apartment towers along Jalan Ipoh, Kuala Lumpur comprising 363 units of serviced apartments, 8 retail units, common facilities and 5 levels of car parks.

Revenue contribution from our Consumer Trading segment had increased by RM17.37 million while revenue from our IT Related Services segment had decreased by RM19.42 million primarily due to internal restructuring of our Group during the financial year under review, whereby the segmental results for Digital Paper Solutions Sdn Bhd (being our 51%-owned subsidiary which is principally involved in the trading and rental of multifunction printers and other office equipment) was reclassified from the IT Related Services segment to the Consumer Trading segment. For the FYE 31 March 2019, Digital Paper Solutions Sdn Bhd had recorded revenue of RM16.37 million.

We recorded cost of sales of RM39.55 million for the FYE 31 March 2019 which represents an increase of RM16.09 million or 68.58% as compared to RM23.46 million for the FYE 31 March 2018. The increase was mainly due to higher recorded cost of sales from our Property Construction business segment, for the FYE 31 March 2019, which was in line with the higher revenue recorded from our said business segment. For avoidance of doubt, cost of sales from our Consumer Trading segment had increased by RM15.17 million while cost of sales from our IT Related Services segment had decreased by RM16.78 million mainly due to the abovementioned reclassification of Digital Paper Solutions Sdn Bhd's segmental results, which had recorded cost of sales of RM14.77 million for the FYE 31 March 2019.

In line with the revenue growth posted for the FYE 31 March 2019, we recorded higher gross profit of RM4.79 million which represents an increase of RM1.23 million or 34.55% as compared to the preceding financial year of RM3.56 million. The increase was mainly contributed from the higher gross profit recorded in our Property Construction business segment, which was in line with the higher revenue contribution from that segment. For avoidance of doubt, gross profit recorded for our Consumer Trading segment had increased by RM2.20 million while gross profit recorded for our IT Related Services segment had decreased by RM2.63 million mainly due to the abovementioned reclassification of Digital Paper Solutions Sdn Bhd's segmental results, which had recognised gross profit of RM1.60 million for the FYE 31 March 2019.

We recorded other income of RM1.29 million for the FYE 31 March 2019 which represents a decrease of RM3.78 million or 74.56% as compared to RM5.07 million for the FYE 31 March 2018. The lower other income for the FYE 31 March 2019 was mainly due to the absence of dividend income of RM3.77 million, which we had recognised in the preceding financial year. The dividend income of RM3.77 million was received from Modern Falcon Sdn Bhd, our 10%-owned investee company, which is principally involved in investment holding and provision of management services.

We recorded administrative expenses of RM11.03 million for the FYE 31 March 2019 which represents a decrease of RM1.41 million or 11.33% as compared to RM12.44 million for the FYE 31 March 2018. The decrease was primarily due to lower share-based payments expenses of RM0.25 million as compared to RM2.48 million for the preceding financial year as a result of 73,500,000 SIS options granted to employees during the preceding financial year.

We recorded other operating expenses of RM2.63 million for the FYE 31 March 2019 which represents a decrease of RM2.60 million or 49.71% as compared to RM5.23 million for the FYE 31 March 2018. The decrease in other operating expenses was mainly due to a one-off impairment of goodwill of RM3.64 million during the preceding financial year, arising from the downward adjustment to the expected future cash flow result of GE Green Sdn Bhd, our wholly-owned subsidiary, pursuant to impairment testing.

We recorded finance costs of RM0.49 million for the FYE 31 March 2019 which represents an increase of RM0.25 million or 104.17% as compared to RM0.24 million for the FYE 31 March 2018. The increase was primarily due to an upward adjustment of interest expenses recognised for the financial year under review as a result of an under-provision for interest expenses in the preceding financial year.

Despite recognising gross profit of RM4.79 million for the FYE 31 March 2019, we incurred LBT of RM8.08 million, mainly attributable to administrative expenses incurred during the financial year under review of RM11.03 million, which mainly comprised of employee benefit expenses (RM4.81 million), depreciation of plant and equipment (RM2.08 million) and rental of office (RM1.57 million).

Notwithstanding that, we recorded lower LBT of RM8.08 million for the FYE 31 March 2019, which represents a decrease of RM1.20 million or 12.93% as compared to the preceding financial year of RM9.28 million. The lower LBT was mainly due to higher gross profit contribution from our Property Construction segment arising from the commencement of the Pano Project in June 2018. In addition, the lower other operating and administrative expenses recorded, whilst partially offset by lower other income recognised, had also contributed to the improvement in our LBT in the financial year under review as compared to the preceding financial year.

Overview of our financial performance for FYE 31 March 2020 compared to FYE 31 March 2019

Our segmental revenue, cost of sales and gross profit for the financial year under review as compared to the preceding financial year are as follows:-

Business segment	FYE 31 March 2019 Revenue RM'000	Cost of sales RM'000	Gross profit RM'000	FYE 31 March 2020 Revenue RM'000	Cost of sales RM'000	Gross profit RM'000
- IT-Related Services	5,541	(5,182)	359	11,461	(6,732)	4,729
- Consumer Trading	18,774	(16,532)	2,242	18,034	(16,195)	1,839
- Property Construction	19,992	(17,809)	2,183	10,610	(9,477)	1,133
- Others	29	(24)	5	-	-	-
Total	**44,336**	**(39,547)**	**4,789**	**40,105**	**(32,404)**	**7,701**

We recorded revenue of RM40.11 million which represents a decrease of RM4.23 million or 9.54% as compared to the preceding financial year of RM44.34 million. The decrease in revenue was mainly attributable to the decrease in revenue contribution from our Property Construction business segment of RM9.38 million from RM19.99 million to RM10.61 million, which was due to lower progress billings from the Pano Project arising from unexpected interruptions in supply of labour, which had delayed project progress, and the MCO imposed by the Government with effect from 18 March 2020, which had resulted in the temporary halt in our construction operations during the early phase of MCO. For information purpose, our Group has since resumed construction operations on 28 May 2020.

The revenue contraction was partially offset by the increase in revenue from our IT Related Services business segment of RM5.92 million from RM5.54 million to RM11.46 million, as a result of growth in customer base of our cloud, data centre and co-location services (i.e. rental of our servers, bandwidth and rack space at our data centre at Menara Lien Hoe) during the financial year under review.

We recorded cost of sales of RM32.40 million for the FYE 31 March 2020 which represents a decrease of RM7.15 million or 18.08% as compared to RM39.55 million for the FYE 31 March 2019 which was mainly due to the lower cost of sales incurred by our Property Construction business segment, in line with the lower revenue recorded from that segment.

We recorded gross profit of RM7.70 million for the FYE 31 March 2020 which represents an increase of RM2.91 million or 60.75% as compared to RM4.79 million for the FYE 31 March 2019, mainly contributed from the higher gross profit recorded by our IT Related Services business segment, which was in line with the higher revenue recorded from our IT Related Services business segment.

We recorded other income of RM1.36 million for the FYE 31 March 2020 which represents an increase of RM0.07 million or 5.43% as compared to RM1.29 million for the FYE 31 March 2019 mainly due to a liquidated and ascertained damage claim made by our Group of RM0.48 million during the financial year under review arising from the late delivery of 2 units of 5-storey shoplots at Bukit Jalil @ Aurora Place.

We recorded administrative expenses of RM13.91 million for the FYE 31 March 2020 which represents an increase of RM2.88 million or 26.11% as compared to RM11.03 million for the FYE 31 March 2019 mainly attributable to the following:-

i. higher employee benefit expenses recorded of RM5.91 million for the FYE 31 March 2020, which represents an increase of RM1.10 million as compared to employee benefit expenses of RM4.81 million for the FYE 31 March 2019, primarily due to an increase in number of employees during the financial year under review, to operate the new data centre at Menara Lien Hoe completed in September 2018 ; and

ii. higher depreciation recorded of RM4.31 million for the FYE 31 March 2020, which represents an increase of RM2.23 million as compared to depreciation of RM2.08 million for the FYE 31 March 2019, mainly arising from the adoption of Malaysian Financial Reporting Standards 16 ("**MFRS 16**") for the financial year under review, which had resulted in our Group recognising right-of-use assets and lease liabilities in respect of our Group's leases (e.g. office rentals). Accordingly, our Group had recorded depreciation of such right-of-use assets of RM2.37 million during the financial year under review.

We recorded other operating expenses of RM12.42 million for the FYE 31 March 2020 which represents an increase of RM9.79 million or 372.24% as compared to RM2.63 million for the FYE 31 March 2019 mainly due to the loss in fair value of our investment in quoted shares of XOX Bhd of RM8.46 million for the FYE 31 March 2020 as compared to the gain in fair value of our investment in quoted shares of XOX Bhd of RM0.82 million for the preceding financial year.

We recorded finance cost of RM1.21 million for the FYE 31 March 2020 which represents an increase of RM0.72 million or 146.94% as compared to RM0.49 million for the FYE 31 March 2019 mainly due to the adoption of MFRS 16, which had resulted in our Group recording additional finance cost of RM0.70 million arising from the lease liabilities (which correspond to our right-of-use assets recognised) for the financial year under review. Further, our Group had incurred additional finance cost of RM0.21 million as a result of the full draw down of a term loan of RM9.60 million in November 2019. The aforesaid term loan was utilised to finance data centre equipment including, amongst others, rack system, air-conditioning system, switch boards and equipment and genset, in line with the expansion of our data centre at Menara Lien Hoe.

Despite recognising gross profit of RM7.70 million for the FYE 31 March 2020, higher administrative expenses (RM13.91 million), other operating expenses (RM12.42 million) and finance costs (RM1.21 million) incurred during the financial year under review had resulted in our Group recording LBT of RM18.48 million, which represents an increase of RM10.40 million or 128.71% as compared to the LBT of RM8.08 million from the preceding financial year. Amongst these factors, the increase in our LBT was primarily attributable to the loss of RM8.46 million arising from the fair value adjustment to our investment in quoted shares of XOX Bhd for the financial year under review.

<u>Overview of our financial performance for 3-month FPE 30 June 2020 compared to 3-month FPE 30 June 2019</u>

Our segmental revenue, cost of sales and gross profit/ (loss) for the financial period under review as compared to the preceding financial period are as follows:-

Business segment	3-month FPE 30 June 2019			3-month FPE 30 June 2020		
	Revenue RM'000	Cost of sales RM'000	Gross profit RM'000	Revenue RM'000	Cost of sales RM'000	Gross profit/ (loss) RM'000
- IT-Related Services	1,214	(1,287)	(73)	4,267	(2,855)	1,412
- Consumer Trading	4,026	(3,867)	159	3,233	(2,806)	427
- Property Construction	1,358	(1,230)	128	9	13	22
- Others	-	-	-	-	-	-
Total	**6,598**	**(6,384)**	**214**	**7,509**	**(5,648)**	**1,861**

We recorded revenue of RM7.51 million which represents an increase of RM0.91 million or 13.79% as compared to the preceding financial year corresponding period of RM6.60 million. The increase in revenue was mainly attributable to the increase in revenue contribution from our IT Related Services business segment of approximately RM3.06 million from RM1.21 million to RM4.27 million, which was mainly due to our Group securing more customers for our cloud, data centre and co-location services.

The revenue increase was partially offset by the following:-

i. decrease of RM1.35 million from our Property Construction business segment from RM1.36 million to RM0.01 million. The decrease was mainly due to the implementation of the MCO by the Government with effect from 18 March 2020, which had resulted in a temporary halt in our construction operations from 18 March 2020 to 28 May 2020; and

ii. decrease of RM0.80 million from our Consumer Trading business segment from RM4.03 million to RM3.23 million. The decrease was mainly due to the temporary disruption of our Consumer Trading business, particularly in our physical sales and trading of consumer appliances, as a result of the implementation of the MCO and conditional MCO by the Government, which was in effect from 18 March 2020 to 9 June 2020.

We recorded cost of sales of RM5.65 million for the 3-month FPE 30 June 2020 which represents a decrease of RM0.73 million or 11.44% as compared to RM6.38 million for the 3-month FPE 30 June 2019 which was mainly due to the lower cost of sales incurred by our Property Construction and Consumer Trading business segments, in line with the lower revenue recorded from those segments.

We recorded gross profit of RM1.86 million for the 3-month FPE 30 June 2020 which represents an increase of RM1.65 million or 785.71% as compared to RM0.21 million for the 3-month FPE 30 June 2019, mainly contributed from the higher gross profit recorded by our IT Related Services business segment, which was in line with the higher revenue recorded from that business segment.

We recorded other income of RM14.25 million which represents an increase of RM14.05 million as compared to RM0.20 million for the preceding financial year corresponding period, mainly due to the gain in fair value of our investment in quoted shares of XOX Bhd of RM13.94 million as compared to the loss in fair value of our investment in quoted shares of XOX Bhd of RM0.99 million for the preceding financial year corresponding period.

We recorded administrative expenses of RM3.57 million for the 3-month FPE 30 June 2020 which represents an increase of RM0.36 million or 11.21% as compared to RM3.21 million for the 3-month FPE 30 June 2019, primarily due to an increase of RM0.50 million in our Group's employee benefit expenses, as a result of our Group hiring new in-house sales and technician staff for the provision of photocopier machine servicing and maintenance (under our Consumer Trading segment) in January 2020.

We recorded other operating expenses of RM2.53 million for the 3-month FPE 30 June 2020 which represents an increase of RM1.54 million or 155.56% as compared to RM0.99 million for the 3-month FPE 30 June 2019. The increase was mainly due to our Group incurring an impairment of goodwill of RM1.97 million during the financial period under review, arising from the downward adjustment to the expected future cash flow result of Digital Paper Solutions Sdn Bhd pursuant to impairment testing, while our Group had not recorded any impairment of goodwill during the preceding financial year corresponding period.

We recorded finance cost of RM0.21 million for the 3-month FPE 30 June 2020 which represents an increase of RM0.14 million or 200.00% as compared to RM0.07 million for the 3-month FPE 30 June 2019 mainly due to the adoption of MFRS 16, which had resulted in our Group recording additional finance cost of RM0.17 million arising from the lease liabilities (which correspond to our right-of-use assets recognised) for the financial period under review.

We recorded PBT of RM9.79 million for the 3-month FPE 30 June 2020 as compared to the LBT of RM3.86 million incurred in the preceding financial year corresponding period. The PBT was mainly attributable to the gain in fair value of our investment in quoted shares of XOX Bhd of RM13.94 million for the financial period under review.

7.2 Historical financial position:-

	<------Audited	------	------>	<------Unaudited	------>
	FYE 31 March 2018 RM'000	FYE 31 March 2019 RM'000	FYE 31 March 2020 RM'000	3-month FPE 30 June 2019 RM'000	3-month FPE 30 June 2020 RM'000
Non-current assets	56,484	61,834	76,401	60,145	87,471
Current assets	40,929	45,526	56,529	47,332	51,540
Total assets	**97,413**	**107,360**	**132,930**	**107,477**	**139,011**
Share capital	94,797	99,686	101,817	99,686	103,890
Accumulated losses	(37,175)	(40,128)	(56,323)	(43,626)	(31,607)
Other reserves	18,209	14,434	14,472	14,434	-
Equity attributable to owners of our Company	75,831	73,992	59,966	70,494	72,283
Non-controlling interests	2,608	1,938	708	1,578	215
Total equity	**78,439**	**75,930**	**60,674**	**72,072**	**72,498**
Non-current liabilities	6,131	1,920	14,852	1,573	14,715
Current liabilities	12,843	29,510	57,404	33,832	51,798
Total liabilities	**18,974**	**31,430**	**72,256**	**35,405**	**66,513**
Total liabilities and equity	**97,413**	**107,360**	**132,930**	**107,477**	**139,011**
Shareholders' funds/ NA	75,831	73,992	59,966	70,494	72,283
NA per Share (RM)	0.08	0.15	0.11	0.14	0.11

7.3 Historical cash flows:-

	<------Audited	------	------>	<------Unaudited	------>
	FYE 31 March 2018 RM'000	FYE 31 March 2019 RM'000	FYE 31 March 2020 RM'000	3-month FPE 30 June 2019 RM'000	3-month FPE 30 June 2020 RM'000
Net cash generated from/ (used in)					
Operating activities	1,419	(5,205)	13,075	1,740	1,310
Investing activities	(27,151)	(12,690)	(21,522)	(260)	(89)
Financing activities	41,895	3,912	8,196	(279)	1,155
Net increase/(decrease) in cash and cash equivalents	**16,163**	**(13,983)**	**(251)**	**1,201**	**2,376**
Cash and cash equivalents at beginning of the financial year/ period	(574)	15,589	1,606	1,606	1,355
Cash and cash equivalents at end of the financial year/ period	**15,589**	**1,606**	**1,355**	**2,807**	**3,731**

8. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

As at the LPD, we do not have any substantial shareholders. Nevertheless, for shareholders' information purpose, the pro forma effects of the Rights Issue with Warrants on the Undertaking Shareholders' shareholdings are set out below:-

Minimum Scenario

					I				II			
	Shareholdings as at the LPD				After the Rights Issue with Warrants				After I and the full exercise of Warrants			
	<---------Direct-------->		<------Indirect------->		<-------Direct------->		<------Indirect------>		<-------Direct------->		<-------Indirect------>	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Roy Ho Yew Kee	200,000	0.02	-	-	50,240,000	4.64	-	-	100,280,000	8.48	-	-
Ong Gim Hai	200,000	0.02	-	-	50,240,000	4.64	-	-	100,280,000	8.48	-	-

Maximum Scenario

					I				II			
	Shareholdings as at the LPD				After the Rights Issue with Warrants				After I and the full exercise of Warrants			
	<---------Direct-------->		<------Indirect------->		<-------Direct------->		<------Indirect------>		<-------Direct------->		<-------Indirect------>	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Roy Ho Yew Kee	200,000	0.02	-	-	400,000	0.02	-	-	600,000	0.02	-	-
Ong Gim Hai	200,000	0.02	-	-	400,000	0.02	-	-	600,000	0.02	-	-

9. DIRECTORS' SHAREHOLDINGS

The pro forma effects of the Rights Issue with Warrants on our Directors' shareholdings as at the LPD are set out below:-

Minimum Scenario

					I				II			
	Shareholdings as at the LPD				After the Rights Issue with Warrants				After I and the full exercise of Warrants			
	<---------Direct-------->		<------Indirect------->		<-------Direct------->		<------Indirect------>		<-------Direct------->		<-------Indirect------>	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Roy Ho Yew Kee	200,000	0.02	-	-	50,240,000	4.64	-	-	100,280,000	8.48	-	-
Ong Gim Hai	200,000	0.02	-	-	50,240,000	4.64	-	-	100,280,000	8.48	-	-
Dato' Zaidi Bin Mat Isa @ Hashim	-	-	-	-	-	-	-	-	-	-	-	-
YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad	-	-	-	-	-	-	-	-	-	-	-	-
Lee Kien Fatt	-	-	-	-	-	-	-	-	-	-	-	-
Yee Yit Yang	-	-	-	-	-	-	-	-	-	-	-	-

Maximum Scenario

					I				II			
	Shareholdings as at the LPD				After the Rights Issue with Warrants				After I and the full exercise of Warrants			
	<---------Direct-------->		<------Indirect------->		<-------Direct------->		<------Indirect------>		<-------Direct------->		<-------Indirect------>	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Roy Ho Yew Kee	200,000	0.02	-	-	400,000	0.02	-	-	600,000	0.02	-	-
Ong Gim Hai	200,000	0.02	-	-	400,000	0.02	-	-	600,000	0.02	-	-
Dato' Zaidi Bin Mat Isa @ Hashim	-	-	-	-	-	-	-	-	-	-	-	-
YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad	-	-	-	-	-	-	-	-	-	-	-	-
Lee Kien Fatt	-	-	-	-	-	-	-	-	-	-	-	-
Yee Yit Yang	-	-	-	-	-	-	-	-	-	-	-	-

APPENDIX II - ADDITIONAL INFORMATION

1. CONSENTS

Our Principal Adviser, company secretaries, the due diligence solicitors, our Share Registrar and Bloomberg Finance Singapore L.P. have given and have not subsequently withdrawn their written consents for the inclusion in this Abridged Prospectus of their name and all reference thereto in the form and context in which they appear in this Abridged Prospectus.

2. DOCUMENTS FOR INSPECTION

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

i. the material contracts as referred to in Section 5 of Appendix I of this Abridged Prospectus;

ii. the irrevocable undertaking letters dated 6 August 2020 and supplemental undertaking letters dated 7 October 2020 as referred to in Section 3 of this Abridged Prospectus; and

iii. letters of consent as referred to in Section 1 of Appendix II of this Abridged Prospectus.

3. RESPONSIBILITY STATEMENT

Our Board has seen and approved this Abridged Prospectus together with the accompanying NPA and RSF. They 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, they confirmed that there is no false or misleading statement or other facts which if omitted, would make any statement in the Documents false or misleading.

UOBKH, being the Principal Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of their knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.

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