

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

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

THIS AP IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS AP. IF IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, PLEASE CONSULT A PROFESSIONAL ADVISER IMMEDIATELY. FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE REFER TO “RISK FACTORS” AS SET OUT IN SECTION 6 HEREIN. If you have sold or transferred all your shares in our Company, you should immediately hand this AP together with the NPA and RSF (collectively referred to as “Documents”) to the purchaser or transferee or agent/broker through whom you have effected the sale or transfer for onward transmission to the purchaser or transferee. You should address all enquiries concerning the Rights Issues to our Share Registrar, Boardroom Share Registrars Sdn Bhd (formerly known as *Symphony Share Registrars Sdn Bhd*), at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan.

The Documents are only despatched to our Entitled Shareholders whose names appear in our Record of Depositors as at 5.00 p.m. on 29 August 2019 at their registered addresses in Malaysia. Entitled Shareholders who do not have a registered address in Malaysia and wish to provide their Malaysian address, should inform their respective stockbrokers or our Share Registrar to effect the change of address by 5.00 p.m. on 29 August 2019. The Documents are not intended to be (and will not be) issued, circulated or distributed in any countries or jurisdictions other than Malaysia. No action has been or will be taken to ensure that the Rights Issues or the Documents comply with the laws of any countries or jurisdictions other than the laws of Malaysia. The Documents do not constitute an offer, solicitation or invitation to subscribe for the Rights Issues in any jurisdiction other than Malaysia or to any person to whom it may be unlawful to make such an offer, solicitation or invitation. It shall be the sole responsibility of the Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia to consult their legal and/or other professional adviser as to whether their acceptance and/or renunciation (as the case may be) of their entitlement to the Rights Issues would result in the contravention of any laws of such countries or jurisdictions. Such Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) should note the additional terms and restrictions as set out in Section 10 of this AP. Neither our Company, Adviser, Underwriter nor any other professional advisers to the Rights Issues shall accept any responsibility or liability whatsoever to any party in the event that any acceptance and/or sale/renunciation made by the Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any such countries or jurisdictions in which the said Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are residents.

This AP has been registered by the SC. The registration of this AP should not be taken to indicate that the SC recommends the Rights Issues or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this AP. The SC has not, in any way, considered the merits of the Rights Issues. The Documents have also been lodged with the Registrar of Companies who takes no responsibility for the contents of the Documents.

Our shareholders have approved, amongst others, the Rights Issues at our EGM held on 25 February 2019. Bursa Securities had, vide its letter dated 3 January 2019, approved the admission of the Warrants and the ICPS to the Official List of the Main Market of Bursa Securities and the listing of and quotation for the Rights Shares, Warrants, ICPS and new MSCM Shares to be issued upon the exercise of the Warrants and conversion of the ICPS on the Main Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issues and shall not be taken as an indication of the merits of the Rights Issues. Bursa Securities takes no responsibility for the correctness of any statement made or opinion expressed in the Documents. The listing of and quotation for the Rights Shares, Warrants and ICPS will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS accounts of the Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have been duly credited with the relevant securities allotted to them and notices of allotment have been despatched to the Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable).

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



M | S | C | M

MSCM HOLDINGS BERHAD
(formerly known as *PanPages Berhad*)
(Company No. 537337-M)
(Incorporated in Malaysia under the Companies Act 1965 and deemed registered under the Companies Act 2016)

- (I) **RENOUNCEABLE RIGHTS ISSUE OF UP TO 53,231,937 NEW ORDINARY SHARES IN MSCM HOLDINGS BERHAD (FORMERLY KNOWN AS PANPAGES BERHAD) (“MSCM”) (“MSCM SHARES”) (“RIGHTS SHARES”) ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 5 EXISTING MSCM SHARES HELD AS AT 5.00 P.M. ON 29 AUGUST 2019 AT AN ISSUE PRICE OF RM0.25 PER RIGHTS SHARE, TOGETHER WITH UP TO 159,695,811 FREE DETACHABLE WARRANTS IN MSCM (“WARRANTS”) ON THE BASIS OF 3 WARRANTS FOR EVERY 1 RIGHTS SHARE SUBSCRIBED FOR; AND**
- (II) **RENOUNCEABLE RIGHTS ISSUE OF UP TO 798,479,055 NEW IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES IN MSCM (“ICPS”) ON THE BASIS OF 3 ICPS FOR EVERY 1 EXISTING MSCM SHARE HELD AS AT 5.00 P.M. ON 29 AUGUST 2019 AT AN ISSUE PRICE OF RM0.05 PER ICPS**

Adviser and Underwriter



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

IMPORTANT RELEVANT DATES AND TIMES

Entitlement date	: Thursday, 29 August 2019 at 5.00 p.m.
Last date and time for:	
Sale of provisional allotment of rights	: Friday, 6 September 2019 at 5.00 p.m.
Transfer of provisional allotment of rights	: Wednesday, 11 September 2019 at 4.30 p.m.
Acceptance and payment	: Wednesday, 18 September 2019 at 5.00 p.m.
Excess application and payment	: Wednesday, 18 September 2019 at 5.00 p.m.

This Abridged Prospectus is dated 29 August 2019

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

OUR BOARD HAS SEEN AND APPROVED ALL THE DOCUMENTATION RELATING TO THE RIGHTS ISSUES. OUR BOARD COLLECTIVELY AND INDIVIDUALLY ACCEPTS FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION. HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, OUR BOARD CONFIRMS THAT THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS WHICH IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS AP FALSE OR MISLEADING.

TA SECURITIES, BEING THE ADVISER FOR THE RIGHTS ISSUES, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS AP CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE RIGHTS ISSUES.

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

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

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DEFINITIONS

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

“15M-FPE 2018”	: 15-month financial period ended 31 March 2018
“5D-VWAP”	: 5-day VWAP
“Act”	: Companies Act 2016
“Amendments to Constitution”	: Amendments to the Constitution to facilitate the Rights Issue of ICPS
“Announcement”	: Announcement of our Company dated 30 November 2018 in relation to the Rights Issues, Diversification and Amendments to Constitution
“Announcement LPD”	: 22 November 2018, being the latest practicable date prior to the Announcement
“AP”	: This Abridged Prospectus dated 29 August 2019 issued by our Company in relation to the Rights Issues
“Board”	: Board of Directors of our Company
“Bursa Depository”	: Bursa Malaysia Depository Sdn Bhd
“Bursa Securities”	: Bursa Malaysia Securities Berhad
“CDS”	: Central Depository System
“Closing Date”	: 18 September 2019 at 5.00 p.m., being the last date and time for the acceptance of and payment for the Provisional Rights Securities, as well as excess Rights Shares with Warrants and excess ICPS
“CMSA”	: Capital Markets and Services Act 2007
“Constitution”	: Constitution of our Company
“Conversion Price”	: Conversion price of the ICPS fixed at RM0.20 for each new MSCM Share
“Conversion Ratio”	: Conversion ratio of the ICPS at either 4 ICPS to be converted into 1 new MSCM Share or a combination of 1 ICPS and RM0.15 in cash for 1 new MSCM Share
“Corporate Exercises”	: Rights Issues, Diversification, Amendments to Constitution and change of our Company’s name from PanPages Berhad to MSCM Holdings Berhad, collectively
“Deed Poll”	: Deed poll of MSCM dated 13 August 2019 constituting the Warrants
“Director”	: A natural person who holds a directorship in our Company, whether in an executive or non-executive capacity, and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the CMSA
“Diversification”	: Diversification of our Group’s existing business to include supply chain management business
“EGM”	: Extraordinary general meeting of our Company held on 25 February 2019

DEFINITIONS (CONT'D)

“Entitled Shareholders”	: Our shareholders whose names appear in our Company’s Record of Depositors on the Entitlement Date
“Entitlement Date”	: 29 August 2019 at 5.00 p.m., being the date and time on which our shareholders must be registered on the Record of Depositors of our Company in order to be entitled to the Rights Issues
“EPS”	: Earnings per MSCM Share
“ESOS”	: Our Company’s employee share option scheme established on 4 July 2011 and expiring on 3 July 2021
“ESOS Options”	: Options granted pursuant to the ESOS
“Foreign Addressed Shareholders”	: Entitled Shareholders who have not provided an address in Malaysia for the service of the AP together with the NPA and RSF
“FYE”	: Financial year ended
“ICPS”	: Up to 798,479,055 new irredeemable convertible preference shares in our Company to be issued pursuant to the Rights Issue of ICPS
“IMR Report”	: Independent market research report dated 1 August 2019 on “Industry Overview on the Cold Chain Industry and Print and Digital Media Advertising Industry in Malaysia” prepared by Providence
“IT”	: Information technology
“LAT”	: Loss after taxation
“LBT”	: Loss before taxation
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities
“LPD”	: 1 August 2019, being the latest practicable date prior to the registration of this AP
“LPS”	: Loss per MSCM Share
“Market Day”	: Any day between Monday to Friday (inclusive of both days) (excluding Saturday, Sunday and public holiday) and a day on which Bursa Securities is open for trading in securities
“Maximum Scenario”	: Maximum Scenario-Rights Shares and Maximum Scenario-ICPS, collectively
“Maximum Scenario-ICPS”	: A scenario assuming all Entitled Shareholders subscribe for their entitlements under the Rights Issue of ICPS in full and the ICPS are fully converted into new MSCM Shares based on the Conversion Price and the conversion ratio of 1 ICPS and cash payment of RM0.15 for 1 new MSCM Share
“Maximum Scenario-Rights Shares”	: A scenario assuming all Entitled Shareholders subscribe for their entitlements under the Rights Issue of Shares with Warrants in full
“Minimum Scenario”	: Minimum Scenario-Rights Shares and Minimum Scenario-ICPS, collectively

DEFINITIONS (CONT'D)

“Minimum Scenario-ICPS” or “Minimum Subscription Level-ICPS”	: Minimum subscription level of 220,000,000 ICPS pursuant to the Underwriting Agreement and full conversion of the ICPS into new MSCM Shares based on the Conversion Price and the conversion ratio of 4 ICPS for 1 new MSCM Share
“Minimum Scenario-Rights Shares” or “Minimum Subscription Level-Rights Shares”	: Minimum subscription level of 16,000,000 Rights Shares pursuant to the Underwriting Agreement together with 48,000,000 Warrants
“MMag”	: MMag Holdings Berhad
“MSCM” or “Company”	: MSCM Holdings Berhad (<i>formerly known as PanPages Berhad</i>)
“MSCM Group” or “Group”	: MSCM and its subsidiaries, collectively
“MSCM Shares” or “Shares”	: Ordinary shares in MSCM
“NA”	: Net assets
“NPA”	: Notice of provisional allotment in relation to the Rights Issue of Shares with Warrants and/or the Rights Issue of ICPS
“PanLab”	: PanPages Lab Sdn Bhd
“PanPages Online”	: PanPages Online Sdn Bhd
“PanPages (Thailand)”	PanPages (Thailand) Co., Ltd
“Providence”	: Providence Strategic Partners Sdn Bhd, an independent market research firm
“Provisional ICPS”	: ICPS provisionally allotted to the Entitled Shareholders pursuant to the Rights Issue of ICPS
“Provisional Rights Securities”	: Provisional Rights Shares with Warrants and/or Provisional ICPS
“Provisional Rights Shares with Warrants”	: Rights Shares with Warrants provisionally allotted to the Entitled Shareholders pursuant to the Rights Issue of Shares with Warrants
“Record of Depositors”	: A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
“Rights Issue of ICPS”	: Renounceable rights issue of up to 798,479,055 new ICPS on the basis of 3 ICPS for every 1 existing MSCM Share held on the Entitlement Date at an issue price of RM0.05 per ICPS
“Rights Issue of Shares with Warrants”	: Renounceable rights issue of up to 53,231,937 Rights Shares on the basis of 1 Rights Share for every 5 existing MSCM Shares held on the Entitlement Date at an issue price of RM0.25 per Rights Share, together with up to 159,695,811 Warrants on the basis of 3 Warrants for every 1 Rights Share subscribed for
“Rights Issues”	: Rights Issue of Shares with Warrants and Rights Issue of ICPS, collectively

DEFINITIONS (CONT'D)

“Rights Shares”	: Up to 53,231,937 new MSCM Shares to be issued pursuant to the Rights Issue of Shares with Warrants
“RM” and “sen”	: Ringgit Malaysia and sen, respectively
“RSF”	: Rights subscription form in relation to the Rights Issue of Shares with Warrants and/or the Rights Issue of ICPS
“Rules of Bursa Depository”	: Rules of Bursa Depository as issued pursuant to the SICDA
“SC”	: Securities Commission Malaysia
“Share Registrar”	: Boardroom Share Registrars Sdn Bhd (<i>formerly known as Symphony Share Registrars Sdn Bhd</i>)
“SICDA”	: Securities Industry (Central Depositories) Act 1991
“TA Securities” or “Adviser” or “Underwriter”	: TA Securities Holdings Berhad
“TEAP”	: Theoretical ex-all price of MSCM Share after taking into consideration all the securities to be issued pursuant to the Rights Issues
“Tenure”	: 5 years commencing from and inclusive of the date of issuance of the ICPS
“TERP”	: Theoretical ex-rights price of MSCM Share after taking into consideration all the securities to be issued pursuant to the Rights Issues except the Warrants to be issued pursuant to the Rights Issue of Shares with Warrants
“Underwriting Agreement”	: Underwriting agreement dated 13 August 2019 entered into between our Company and TA Securities for the underwriting of 16,000,000 Rights Shares (together with 48,000,000 Warrants) and 220,000,000 ICPS
“VWAP”	: Volume weighted average market price
“Warrants”	: Up to 159,695,811 free detachable warrants in MSCM to be issued pursuant to the Rights Issue of Shares with Warrants
“Warrant Holders”	: Holders of the Warrants

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

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

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

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

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ADVISERS' DIRECTORY

- COMPANY SECRETARIES** : Seow Fei San (MAICSA No. 7009732)
Mok Mee Kee (MAICSA No. 7029343)
Epsilon Advisory Services Sdn Bhd
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47301 Petaling Jaya
Selangor Darul Ehsan
Tel. no.: 03-7803 1126 / 03-7806 2116
Fax. no.: 03-7806 1387 / 03-7806 1261
- SHARE REGISTRAR** : Boardroom Share Registrars Sdn Bhd
(formerly known as Symphony Share Registrars Sdn Bhd)
Level 6, Symphony House
Pusat Dagangan Dana 1
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47301 Petaling Jaya
Selangor Darul Ehsan
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Fax. no.: 03-7841 8151/52
- ADVISER AND UNDERWRITER** : TA Securities Holdings Berhad
32nd Floor, Menara TA One
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Tel. no.: 03-2072 1277
Fax. no.: 03-2026 0127
- SOLICITORS FOR THE RIGHTS ISSUES** : Peter Ling & van Geyzel
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Fax. no.: 03-2201 9880
- INDEPENDENT MARKET RESEARCHER** : Providence Strategic Partners Sdn Bhd
67-1, Block D, Jaya One
No. 72A, Jalan Universiti
46200 Petaling Jaya
Selangor Darul Ehsan
Tel. no.: 03-7625 1769

Executive Director: Elizabeth Dhoss
(Bachelor of Business Administration from the University of Malaya, Malaysia)
- AUDITORS AND REPORTING ACCOUNTANTS** : Grant Thornton Malaysia (AF 0737)
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel. no.: 03-2692 4022
Fax. no.: 03-2691 5229
- STOCK EXCHANGE LISTING** : Main Market of Bursa Securities

SUMMARY OF THE RIGHTS ISSUES

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

RIGHTS ISSUE OF SHARES WITH WARRANTS	
Issue size	: Up to 53,231,937 Rights Shares together with up to 159,695,811 Warrants.
Basis of allotment	: 1 Rights Share for every 5 existing Shares held on the Entitlement Date together with 3 Warrants for every 1 Rights Share subscribed for. The Rights Shares with Warrants are not entitled to the Rights Issue of ICPS.
Issue price of Rights Shares with Warrants	: RM0.25 per Rights Share, payable in full upon acceptance and/or application. Refer to Section 2.1(i) of this AP for the basis of determining the issue price of the Rights Shares. The Warrants will be issued at no cost to the Entitled Shareholders who successfully subscribe for the Rights Shares.
Exercise price of Warrants	: RM0.25 per Warrant. Refer to Section 2.1(ii) of this AP for the basis of determining the exercise price of the Warrants. Each Warrant entitles the registered holder to subscribe for 1 new MSCM Share at any time during the exercise period and at the said exercise price (subject to adjustments set out in the Deed Poll). Refer to Section 2.3 of this AP for the salient terms of the Warrants.
Minimum Subscription Level-Rights Shares and Underwriting Agreement	: 16,000,000 Rights Shares with 48,000,000 Warrants to raise minimum gross proceeds of RM4 million. To meet the Minimum Subscription Level-Rights Shares, our Company has entered into the Underwriting Agreement with the Underwriter to underwrite 16,000,000 Rights Shares (representing the entire issue size of the Rights Issue of Shares with Warrants under the Minimum Subscription Level-Rights Shares) together with 48,000,000 Warrants. Refer to Section 2.4 of this AP for further details on the Underwriting Agreement.
RIGHTS ISSUE OF ICPS	
Issue size	: Up to 798,479,055 ICPS.
Basis of allotment	: 3 ICPS for every 1 existing Share held on the Entitlement Date. The ICPS are not entitled to the Rights Issue of Shares with Warrants.
Issue price of ICPS	: RM0.05 per ICPS, payable in full upon acceptance and/or application. Refer to Section 3.1 of this AP for the basis of determining the issue price of ICPS.
Conversion price and ratios	: RM0.20 for 1 new MSCM Share via conversion ratios either through surrendering 4 ICPS for 1 new MSCM Share or a combination of surrendering 1 ICPS and RM0.15 in cash for 1 new MSCM Share. Refer to Section 3.3 of this AP for the salient terms of the ICPS.
Minimum Subscription Level-ICPS and Underwriting Agreement	: 220,000,000 ICPS to raise minimum gross proceeds of RM11 million. To meet the Minimum Subscription Level-ICPS, our Company has entered into the Underwriting Agreement with the Underwriter to underwrite 220,000,000 ICPS (representing the entire issue size of the Rights Issue of ICPS under the Minimum Subscription Level-ICPS). Refer to Sections 2.4 and 3.4 of this AP for further details on the Underwriting Agreement.

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

Utilisation of proceeds : The total gross proceeds to be raised from the Rights Issues are approximately up to RM53.23 million and will be mainly utilised to fund the capital expenditure, rental deposits and working capital requirements for our Group's supply chain management business in the following manners:

	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)	Expected time frame for utilisation from the date of listing of the Rights Shares and ICPS
Capital expenditure and rental deposits	11,114	33,340	Within 36 months
Working capital requirements	2,686	18,692	Within 18 months
Estimated expenses in relation to the Corporate Exercises	1,200	1,200	Within 2 weeks
Total gross proceeds	15,000	53,232	

Refer to Section 5 of this AP for further details on the utilisation of proceeds.

Risk factors : You should consider the following risk factors before investing in the Rights Issues:

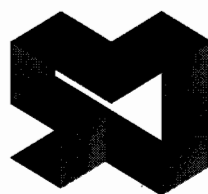
- (i) as a significant part of the proceeds from the Rights Issues is allocated for our Group's capital expenditure to set up new cold room(s) for our supply chain management business, our Group may face risks associated with setting up new cold room(s) such as cost overruns, delays in construction or receiving regulatory approvals, non-delivery of equipment by suppliers, inability to recruit sufficient experienced personnel and manpower to operate the cold room(s), or failure to achieve anticipated levels of profitability. There can be no assurance that our Group's supply chain management business will be successful and its anticipated benefits will be realised; and
- (ii) our Group's supply chain management business is subject to risks inherent in the same industry such as failure to maintain requisite standards at our Group's cold rooms or reefer trucks, electricity outage, warehouse management system failure, cold chain equipment breakdowns and mishandling by employees, which would result in contamination or total write-off of cargo or inventory due to the perishable nature of the cargo or inventory, which could lead, amongst others, to monetary damages to our Group.

Refer to Section 6 of this AP for further details on the risk factors.

Procedures for application for the Rights Issues and excess rights : If you wish to accept your entitlement to the Provisional Rights Shares with Warrants and/or Provisional ICPS, please complete Part I(A) and Part II of the respective RSF enclosed with this AP in accordance with the notes and instructions printed therein. Each completed and signed RSF together with the relevant payment must be despatched to our Share Registrar by ORDINARY POST, DELIVERY BY HAND and/or COURIER so as to arrive not later than **5.00 p.m. on 18 September 2019**.

If you wish to apply for excess Rights Shares with Warrants and/or excess ICPS, please complete Part I(B) (in addition to Part I(A) and Part II) of the respective RSF and forwarding it (together with a separate remittance made in RM for full amount payable in respect of the excess Rights Shares with Warrants and/or excess ICPS applied for) to our Share Registrar so as to arrive not later than **5.00 p.m. on 18 September 2019**.

Refer to Section 10 of this AP and the RSF for further details on the instructions on acceptance, payment, sale/transfer and excess application for the Rights Issues.



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MSCM HOLDINGS BERHAD
(formerly known as PanPages Berhad)
(Company No. 537337-M)

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

Registered Office:

802, 8th Floor
Block C, Kelana Square
17, Jalan SS 7/26
47301 Petaling Jaya
Selangor Darul Ehsan

29 August 2019

Board of Directors:

YM Tengku Farith Rithauddeen (*Chairman / Independent Non-Executive Director*)
Chong Koon Meng (*Executive Director*)
Kenny Khaw Chuan Wah (*Executive Director*)
Lim Peng Tong (*Executive Director*)
Lau Kok Fui (*Non-Independent Non-Executive Director*)
Wong Mun Wai (*Senior Independent Non-Executive Director*)
Yap Kien Ming (*Independent Non-Executive Director*)
Wong Yee Ming (*Alternate Director to Lau Kok Fui*)

To: Our Entitled Shareholders

Dear Sir/Madam,

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

1. INTRODUCTION

On 30 November 2018, TA Securities announced on behalf of our Board that our Company proposed to undertake the Rights Issues, Diversification and Amendments to Constitution.

On 4 January 2019, TA Securities announced on behalf of our Board that Bursa Securities had, vide its letter dated 3 January 2019, approved the following:

- (i) listing of and quotation for up to 53,253,497* Rights Shares to be issued pursuant to the Rights Issue of Shares with Warrants;
- (ii) admission to the Official List of the Main Market of Bursa Securities and the listing of and quotation for up to 159,760,491** Warrants and up to 798,802,455*** ICPS to be issued pursuant to the Rights Issues; and

- (iii) listing of and quotation for up to 159,760,491** new MSCM Shares to be issued arising from the exercise of the Warrants and up to 798,802,455*** new MSCM Shares to be issued arising from the conversion of the ICPS,

on the Main Market of Bursa Securities.

Notes:

Due to the lapse of 107,800 outstanding ESOS Options as at the LPD:

* the maximum number of Rights Shares to be issued is adjusted to 53,231,937.

** the maximum number of Warrants to be issued is adjusted to 159,695,811.

*** the maximum number of ICPS to be issued is adjusted to 798,479,055.

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

	Conditions imposed	Status of compliance
(i)	MSCM and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issues.	To be complied with
(ii)	MSCM and TA Securities to inform Bursa Securities upon the completion of the Rights Issues.	To be complied with
(iii)	MSCM to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issues are completed.	To be complied with
(iv)	MSCM to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants and conversion of ICPS respectively as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied with

Our shareholders had approved, amongst others, the Rights Issues at our EGM held on 25 February 2019.

Bursa Securities had, vide its letter dated 14 June 2019, approved our application for an extension of time until 9 October 2019 for our Company to complete the implementation of the Rights Issues.

On 13 August 2019, TA Securities announced on behalf of our Board that our Company had executed the Deed Poll and had entered into the Underwriting Agreement with the Underwriter.

On 15 August 2019, TA Securities announced on behalf of our Board that the Entitlement Date has been fixed on 29 August 2019 at 5.00 p.m. together with the other relevant dates pertaining to the Rights Issues.

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

2. DETAILS OF THE RIGHTS ISSUE OF SHARES WITH WARRANTS

The Rights Issue of Shares with Warrants entails the renounceable rights issue of up to 53,231,937 Rights Shares at RM0.25 each on the basis of 1 Rights Share for every 5 existing MSCM Shares held by the Entitled Shareholders on the Entitlement Date together with up to 159,695,811 Warrants on the basis of 3 Warrants for every 1 Rights Share subscribed for.

The basis of 1 Rights Share for every 5 existing Shares was arrived at after taking into consideration, among others, the following:

- (i) the issue price of the Rights Share at RM0.25 per Rights Share;
- (ii) the funding requirements of our Group, as detailed in Section 5 of this AP; and
- (iii) the rationale for the Rights Issue of Shares with Warrants as set out in Section 4 of this AP.

The basis of 3 Warrants for every 1 Rights Share subscribed for was arrived at after taking into consideration, among others, the following:

- (i) the rationale for the Rights Issue of Shares with Warrants as set out in Section 4 of this AP; and
- (ii) Paragraph 6.50 of the Listing Requirements whereby the number of new shares which will be issued from all outstanding warrants, when exercised, does not exceed 50% of the total number of issued shares of the listed issuer (excluding treasury shares and before the exercise of the warrants) at all times.

For illustrative purpose, the minimum scenario and maximum scenario are as follows:

Minimum Scenario- Rights Shares	16,000,000 Rights Shares with 48,000,000 Warrants, after taking into consideration the following: <ul style="list-style-type: none"> (i) issued share capital of our Company of RM32,872,348 comprising 265,485,685 Shares as at the LPD; (ii) assuming none of the 674,000 outstanding ESOS Options is exercised into new MSCM Shares prior to the Entitlement Date; (iii) subscription by the Underwriter pursuant to the Underwriting Agreement; and (iv) none of the Entitled Shareholders subscribe for their entitlements under the Rights Issue of Shares with Warrants.
Maximum Scenario- Rights Shares	Up to 53,231,937 Rights Shares with up to 159,695,811 Warrants, after taking into consideration the following: <ul style="list-style-type: none"> (i) issued share capital of our Company of RM32,872,348 comprising 265,485,685 Shares as at the LPD; (ii) assuming full exercise of the 674,000 outstanding ESOS Options into 674,000 new MSCM Shares at the exercise price of RM0.35 each prior to the Entitlement Date; and (iii) all Entitled Shareholders subscribe in full for their entitlements under the Rights Issue of Shares with Warrants.

For the avoidance of doubt, our ESOS Committee has no intention to grant any additional ESOS Options prior to the completion of the Corporate Exercises.

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

In determining our shareholders' entitlements to the Rights Shares and the Warrants, any fractional entitlements will be disregarded and dealt with by our Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of our Company. Any Rights Shares with Warrants which are not taken up or validly taken up shall be made available for excess applications by the Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable). Our Board intends to allocate any excess Rights Shares with Warrants in a fair and equitable manner on a basis as set out in Section 10.7 (*Procedures for application for excess Rights Shares with Warrants and/or excess ICPS*) of this AP.

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

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 of Shares with Warrants. You will find enclosed with this AP, the NPA notifying you of the crediting of such Provisional Rights Shares with Warrants into your CDS account and the RSF to enable you to subscribe for the Provisional Rights Shares with Warrants, as well as to apply for the excess Rights Shares with Warrants if you choose to do so.

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

Pursuant to Paragraph 6.51 of the Listing Requirements, the listing of and quotation for the Warrants on the Main Market of Bursa Securities is subject to a minimum of 100 Warrant Holders holding not less than 1 board lot of the Warrants each.

For the avoidance of doubt, the Rights Shares with Warrants are not entitled to the ICPS.

2.1 Basis of determining and justification for the issue price of the Rights Shares and the exercise price of the Warrants

(i) Issue price of the Rights Shares

Our Board has fixed the issue price of the Rights Shares at RM0.25 each after taking into consideration, amongst others, the following:

- (a) the historical market prices of our Share as follows:

Period	VWAP of our Share up to and including the Announcement LPD (RM)
1-month VWAP	0.2582
3-month VWAP	0.2566
6-month VWAP	0.2525
1-year VWAP	0.2628

(Source: Bloomberg Finance L.P.)

- (b) the TEAP of our Share of RM0.2401 based on the 5D-VWAP of our Share up to and including the Announcement LPD of RM0.2623; and
- (c) the funding requirements of our Group, as detailed in Section 5 of this AP.

The issue price of RM0.25 per Rights Share represents a premium of RM0.0099 or 4.12% to the TEAP of our Share of RM0.2401, based on the 5D-VWAP of our Share up to and including the Announcement LPD of RM0.2623.

(ii) Exercise price of the Warrants

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

Our Board has fixed the exercise price of the Warrant at RM0.25 each after taking into consideration the historical market prices of our Shares as disclosed in Section 2.1(i)(a) of this AP.

The exercise price of RM0.25 per Warrant represents a premium of RM0.0129 or 5.44% to the TERP of our Share of RM0.2371, based on the 5D-VWAP of our Share up to and including the Announcement LPD of RM0.2623.

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

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

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

2.3 Salient terms of the Warrants

The salient terms of the Warrants are as follows:

Terms	Details
Issue size	: Up to 159,695,811 Warrants.
Form and denomination	: The Warrants which are free will be issued in registered form and will be constituted by the Deed Poll.
Exercise price	: The exercise price of the Warrants is fixed at RM0.25 each.
Exercise period	: The Warrants may be exercised at any time within 5 years commencing on and including the date of issuance of the Warrants until 5.00 p.m. on the expiry date. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.
Expiry date	: At 5.00 p.m. on the day immediately preceding the 5th anniversary from and including the date of issuance of the Warrants, provided that if such day falls on a day which is not a market day, then on the immediately preceding market day.
Exercise rights	: Each Warrant entitles the registered holder to subscribe for 1 new MSCM Share at any time during the exercise period and at the exercise price (subject to adjustments in accordance with the provisions of the Deed Poll).

- Mode of exercise : The registered holder of the Warrants is required to lodge an exercise form, as set out in the Deed Poll, with our Company's registrar, duly completed and signed together with payment of the exercise price for the new MSCM Shares subscribed via banker's draft or cashier's order or money order or postal order in Ringgit Malaysia drawn on a bank or post office operating in Malaysia.
- Board lot : For the purpose of trading on Bursa Securities, 1 board lot of Warrants shall comprise 100 Warrants carrying the right to subscribe for 100 new MSCM Shares at any time during the exercise period, or such other denomination as determined by Bursa Securities from time to time.
- Adjustments to the exercise price and/or the number of Warrants : The exercise price and/or number of unexercised Warrants shall be adjusted in the event of alteration to the share capital by reason of any issue of shares, consolidation, subdivision, conversion or capital distribution in accordance with the provisions set out in Condition 6 of Schedule 3 of the Deed Poll.
- Provision for changes in the terms of the Warrants : Any modification, amendment, deletion or addition to the Deed Poll (including the form and content of the warrant certificates to be issued in respect of any Warrants) may be effected only by a deed to be executed by our Company and expressed to be supplemental to the Deed Poll, and only if the requirements for the adjustments in the exercise price and/or the number of Warrants as set out in Condition 6 of Schedule 3 of the Deed Poll have been complied with.
- Any modification shall however be subject to the approval of Bursa Securities (if so required) and save as otherwise provided in the Deed Poll, no modification, amendment, deletion or addition may be made to the provisions of the Deed Poll or warrant certificate without the sanction of a special resolution of the Warrant Holders unless the modification, amendment, deletion or addition is required to correct any typographical errors, related to purely administrative matters, required to comply with any prevailing laws or regulations of Malaysia or in the opinion of our Company, will not be materially prejudicial to the interests of Warrant Holders.
- Rights of the Warrant Holders : The new MSCM Shares arising from the exercise of the Warrants are not entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is before the date of allotment and issuance of the new MSCM Shares upon the exercise of the Warrants. The Warrant Holders are not entitled to any voting rights or participation in any form of distribution and/or offer of securities in our Company until and unless such Warrant Holders exercise their Warrants into new MSCM Shares.
- Rights in the event of winding up, liquidation, compromise and/or arrangement : If a resolution is passed for a members' voluntary winding-up or liquidation of our Company or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of our Company with one or more companies, then:

Rights in the event of winding up, liquidation, compromise and/or arrangement (*cont'd*)

- (i) for the purposes of such winding-up, liquidation, compromise or arrangement (other than a consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the Warrant Holders (or some persons designated by them for such purposes by special resolution) shall be a party, the terms of such winding-up, liquidation, compromise or arrangement will be binding on all the Warrant Holders; and
- (ii) in any other case, every Warrant Holder shall be entitled, upon and subject to the conditions at any time within 6 weeks after the passing of such resolution for a members' voluntary winding-up of our Company or the granting of the court order approving the compromise or arrangement (as the case may be), to exercise their Warrants by submitting the exercise form duly completed authorising the debiting of his Warrants together with payment of the relevant exercise price to elect to be treated as if he had immediately prior to the commencement of such winding-up, liquidation, compromise or arrangement exercised the exercise rights represented by that Warrant to the extent specified in the exercise form(s) and be entitled to receive out of the assets of our Company which would be available in liquidation if he had on such date been the holder of the new Shares to which he would have become entitled pursuant to such exercise and the liquidator of our Company shall give effect to such election accordingly.

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

Governing law : The laws of Malaysia.

2.4 Minimum Subscription Level-Rights Shares

Our Company intends to raise minimum gross proceeds of RM4 million from the Rights Issue of Shares with Warrants under the Minimum Subscription Level-Rights Shares of 16,000,000 Rights Shares with 48,000,000 Warrants, after taking into consideration, amongst others, the funding requirements of our Group as set out in Section 5 of this AP.

To meet the Minimum Subscription Level-Rights Shares, our Company has entered into the Underwriting Agreement with TA Securities as the Underwriter to solely underwrite all the 16,000,000 Rights Shares (representing the entire issue size of the Rights Issue of Shares with Warrants under the Minimum Subscription Level-Rights Shares) together with 48,000,000 Warrants, as detailed below, subject to the terms and conditions of the Underwriting Agreement:

Name	No. of Rights Shares underwritten	Value of the underwritten Rights Shares at the issue price of RM0.25 per Rights Share (RM)	% of total underwritten Rights Shares ⁽¹⁾
TA Securities	16,000,000	4,000,000	100.00

Note:

- (1) Computed based on the issue size of the Rights Issue of Shares with Warrants under the Minimum Subscription Level-Rights Shares.

The underwriting commission payable to the Underwriter pursuant to the Underwriting Agreement is RM80,000 based on the rate of 2% of the total value of the underwritten Rights Shares. The underwriting commission and all relevant costs in relation to the underwriting arrangement with the Underwriter to meet the Minimum Subscription Level-Rights Shares will be fully borne by our Company.

The underwriting arrangement with the Underwriter to meet the Minimum Scenario is not expected to result in any non-compliance with the public shareholding spread requirement by our Company under Paragraph 8.02(1) of the Listing Requirements, which stipulates that a listed issuer must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. The effects of the Rights Issues assuming full exercise of the Warrants and conversion of the ICPS on the public shareholding spread of MSCM under the Minimum Scenario are illustrated in Section 3.4 of this AP.

Subject to the terms contained in the Underwriting Agreement, if any of the following events occurs, the Underwriter may by notice in writing to our Company given at any time before the Closing Date, terminate, cancel and withdraw the underwriting arrangement:

- (a) there is any non-fulfilment of conditions precedent or breach by our Company of any of the representations, warranties or undertakings contained in the Underwriting Agreement or which is contained in any certificate, statement or notice under or in connection with the Underwriting Agreement, which is not capable of remedy or if capable of remedy, is not remedied within such number of days as stipulated within the notice given to our Company by the Underwriter, or by the Closing Date whichever is earlier, which breach is, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group, the success of the Rights Issues, or the distribution or sale of the Rights Shares and/or ICPS; or
- (b) there is failure on the part of our Company to perform any of our obligations contained in the Underwriting Agreement; or
- (c) there is withholding of information of a material nature by our Company which is required to be disclosed pursuant to the Underwriting Agreement which, in the reasonable opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group, the success of the Rights Issues, or the distribution or sale of the Rights Shares and/or ICPS; or
- (d) there shall have occurred, happened or come into effect in the opinion of the Underwriter any material adverse effect to the business or financial condition of our Group; or
- (e) Force Majeure

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

- (i) in the reasonable opinion of the Underwriter, any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of the foregoing which (in the reasonable opinion of the Underwriter) would prejudice the Rights Issues; or
- (ii) any event or series of events beyond the reasonable control of our Company and/or the Underwriter including, without limitations, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents), which in the reasonable opinion of the Underwriter would have a material adverse effect on and/or materially prejudice the business or the operations of our Group, the success of the Rights Issues, or the distribution or sale of the Rights Shares and/or ICPS, or which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or

- (iii) there shall be any development, occurrence or any change or prospective change, or any introduction or prospective introduction, of any legislation, regulation, policy, directive, guideline, ruling, in any jurisdiction, or any request or interpretation by the SC, or any other regulatory authority, whether or not having the force of law, or occurrence of any other nature, which in the reasonable opinion of the Underwriter will materially and adversely affect our Group, the success of the Rights Issues, the business and/or prospects of our Group, or which is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or
- (iv) if the FTSE Bursa Malaysia Kuala Lumpur Composite Index declines by more than 5% from the index price on the date of execution of the Underwriting Agreement for any 3 consecutive Market Days at any time between the date of the Underwriting Agreement and up to and including the Closing Date and 3 Market Days after receipt of underwriting notice by the Underwriter; or
- (v) any stop order, injunction, direction, investigation or action having similar effect, being used or announced by Bursa Securities or any other judicial, governmental or regulatory authority in relation to the Rights Issues; or
- (vi) any commencement of legal proceedings or action against any subsidiaries within our Group; or
- (f) the imposition of any moratorium, suspension, or material restrictions on trading in all securities of our Company generally on Bursa Securities for a period exceeding 3 Market Days; or
- (g) any matter which arose immediately before the date of this AP would have constituted a material and adverse omission in the context of the Rights Issues; or
- (h) any event, act or omission which in the reasonable opinion of the Underwriter gives or is likely to give rise to any liability which will have a material and adverse effect on our Company and our Group pursuant to the indemnities contained under the Underwriting Agreement.

In the event of such termination, cancellation and withdrawal of underwriting arrangement following which the Minimum Subscription Level-Rights Shares cannot be achieved, the Rights Issue of Shares with Warrants shall be aborted and all application monies received by our Company pursuant to the Rights Issue of Shares with Warrants will be refunded without interest to the Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who has/have subscribed for the Rights Shares with Warrants in accordance with Section 243 of the CMSA. Pursuant thereto, our Company will explore other fundraising avenues to fund the Diversification.

2.5 Take-over implications

Pursuant to the Underwriting Agreement, the subscription of the Rights Shares with Warrants by the Underwriter will not give rise to any consequences of mandatory general offer obligations pursuant to the Malaysian Code on Take-Overs and Mergers 2016 and the Rules on Take-Overs, Mergers and Compulsory Acquisitions.

3. DETAILS OF THE RIGHTS ISSUE OF ICPS

The Rights Issue of ICPS entails the renounceable rights issue of up to 798,479,055 ICPS at RM0.05 each on the basis of 3 ICPS for every 1 existing MSCM Share held by the Entitled Shareholders on the Entitlement Date (being the same Entitlement Date for the Rights Issue of Shares with Warrants).

The basis of 3 ICPS for every 1 existing MSCM Share was arrived at after taking into consideration, among others, the following:

- (i) the issue price of the ICPS of RM0.05 each;
- (ii) the funding requirements of our Group, details of which are set out in Section 5 of this AP; and
- (iii) the rationale for the Rights Issue of ICPS as set out in Section 4 of this AP.

The minimum scenario and maximum scenario for the Rights Issue of ICPS are as follows:

Minimum Scenario-ICPS	220,000,000 ICPS, after taking into consideration the following: <ul style="list-style-type: none"> (i) issued share capital of our Company of RM32,872,348 comprising 265,485,685 MSCM Shares as at the LPD; (ii) assuming none of the 674,000 outstanding ESOS Options is exercised into new MSCM Shares prior to the Entitlement Date; (iii) subscription by the Underwriter pursuant to the Underwriting Agreement; and (iv) none of the Entitled Shareholders subscribe for their entitlements under the Rights Issue of ICPS.
Maximum Scenario-ICPS	Up to 798,479,055 ICPS, after taking into consideration the following: <ul style="list-style-type: none"> (i) issued share capital of our Company of RM32,872,348 comprising 265,485,685 MSCM Shares as at the LPD; (ii) assuming all of the 674,000 outstanding ESOS Options are exercised into 674,000 new MSCM Shares at an exercise price of RM0.35 each prior to the Entitlement Date; and (iii) all Entitled Shareholders subscribe in full for their entitlements under the Rights Issue of ICPS.

The actual number of ICPS to be offered will only be determined on the Entitlement Date. The entitlements for the ICPS are renounceable in full or in part. Any ICPS which are not taken up or validly taken up shall be made available for excess applications by the Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable). It is the intention of our Board to allocate the excess ICPS in a fair and equitable manner on a basis as set out in Section 10.7 of this AP.

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

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

For the avoidance of doubt, the ICPS are not entitled to the Rights Shares with Warrants.

3.1 Basis of determining and justification for the issue price of the ICPS and the conversion price of the ICPS

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

- (i) the historical market prices of our Shares as disclosed in Section 2.1(i)(a) of this AP;
- (ii) the TEAP of our Share of RM0.2401 based on the 5D-VWAP of our Share up to and including the Announcement LPD of RM0.2623;
- (iii) the funding requirements of our Group, as detailed in Section 5 of this AP; and
- (iv) the rationale for the Rights Issue of ICPS as set out in Section 4 of this AP.

The conversion price for the ICPS into 1 MSCM Share is fixed at RM0.20 each, which represents a discount of approximately RM0.0401 or 16.70% to the TEAP of our Share of RM0.2401, calculated based on the 5D-VWAP of our Share up to and including the Announcement LPD of RM0.2623.

Our Board is of the view that such discount will further reward our existing shareholders and entice them to convert the ICPS into MSCM Shares during the conversion period as set out in Section 3.3 of this AP to enable our Company to raise additional funds from time to time for our Group's working capital requirements as stated in the last paragraph of Section 5 of this AP. The Conversion Price will also provide the Entitled Shareholders with an opportunity to further increase their equity participation in our Company at a pre-determined price.

The Conversion Ratio of the ICPS which has been fixed at either 4 ICPS for 1 new MSCM Share or a combination of 1 ICPS and RM0.15 in cash for 1 new MSCM Share was arrived at after taking into consideration the following:

- (i) the issue price of RM0.05 for each ICPS;
- (ii) the Conversion Price for the ICPS;
- (iii) the funding requirements of our Group, details of which are set out in Section 5 of this AP; and
- (iv) the pro forma effects of the Rights Issue of ICPS (as detailed in Section 8 of this AP), while enabling our Company to have the potential to raise additional funds (i.e. from the conversion of the ICPS into MSCM Shares via a combination of 1 ICPS and RM0.15 in cash for 1 new MSCM Share).

3.2 Ranking of the new MSCM Shares to be issued pursuant to the conversion of the ICPS

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

3.3 Salient terms of the ICPS

The salient terms of the ICPS are as follows:

Terms	Details
Issue size	: Up to 798,479,055 ICPS.
Form and denomination	: The ICPS will be issued in registered form and will be constituted by our Company's Constitution.
Issue price	: The issue price per ICPS is RM0.05 each.
Tenure	: 5 years commencing from and inclusive of the date of issue of the ICPS.
Maturity date	: At 5.00 p.m. on the day immediately preceding the 5th anniversary from and including the date of issue of the ICPS. If such a day falls on a non-market day, then the maturity date would be the preceding market day.
Dividend rate	: Our Company has full discretion over the declaration of dividends, if any. Dividends declared and payable annually in arrears are non-cumulative and shall be paid in priority over the ordinary shares of our Company during the Tenure.
Redemption	: Not redeemable.
Board lot	: For the purpose of trading on Bursa Securities, 1 board lot of ICPS shall comprise 100 ICPS, or such other denomination as determined by Bursa Securities from time to time.
Conversion rights	: (i) Each ICPS carries the entitlement to be converted into new MSCM Shares at the Conversion Ratio through the surrender of the ICPS. (ii) No adjustment to the Conversion Price shall be made for any declared and unpaid dividends on the ICPS surrendered for conversion. (iii) If the conversion results in a fractional entitlement to ordinary shares of our Company, such fractional entitlement shall be disregarded and no refund or credit, whether in the form of the ICPS, cash or otherwise, shall be given in respect of the disregarded fractional entitlement.
Conversion period	: (i) The ICPS can be converted at any time within 5 years commencing on and including the date of issue of the ICPS up to and including the maturity date, as determined by the Conversion Ratio and Conversion Price. (ii) Any remaining ICPS that are not converted by the maturity date shall be automatically converted into new MSCM Shares at the conversion ratio of 4 ICPS for 1 new MSCM Share.
Conversion Price	: The conversion price of the ICPS has been fixed at RM0.20 for each new MSCM Share.

- Conversion Ratio : The conversion ratio of the ICPS has been fixed at either 4 ICPS to be converted into 1 new MSCM Share or a combination of 1 ICPS and RM0.15 in cash for 1 new MSCM Share.
- Ranking of the ICPS and liquidation preference : The ICPS shall rank equally amongst themselves and shall rank in priority to any other class of shares in the capital of our Company. In the event of liquidation, dissolution, winding-up, reduction of capital or other repayment of capital:
- (i) The ICPS shall confer on the holders the rights to receive in priority to the holders of ordinary shares in our Company, cash repayment in full of the amount of any non-cumulative preferential dividend that has been declared and remaining in arrears (if any). After the payment of any dividends to the holders of ICPS, the remaining assets shall be distributed first to the holders of ICPS in full of the amount which is equal to the issue price for each ICPS, provided that there shall be no further right to participate in any surplus capital or surplus profits of our Company.
 - (ii) In the event that our Company has insufficient assets to permit payment of the full issue price to the ICPS holders, the assets of our Company shall be distributed pro rata on an equal priority, to the ICPS holders in proportion to the amount that each ICPS holder would otherwise be entitled to receive.
- Ranking of new MSCM Shares to be issued pursuant to the conversion of the ICPS : All new MSCM Shares to be issued pursuant to the conversion of the ICPS shall, upon allotment and issuance, rank equally in all respects with the existing MSCM Shares except that such new MSCM Shares to be issued arising from the conversion of ICPS shall not be entitled to any dividends, rights, allotments and/or other distribution, the entitlement date of which is prior to the date of allotment and issuance of the new MSCM Shares arising from the conversion of the ICPS.
- Adjustment to Conversion Price and Conversion Ratio : The Conversion Price and/or Conversion Ratio will be adjusted at the determination of our Company, in all or any of the following events:
- (i) an alteration to the number of MSCM Shares by reason of consolidation or subdivision; or
 - (ii) a bonus issue of fully paid-up ordinary shares by MSCM or any other capitalisation issue for accounting purposes; or
 - (iii) a capital distribution to shareholders made by MSCM whether on a reduction of capital or otherwise, but excluding any cancellation of capital which is loss or unrepresented by assets; or
 - (iv) a rights issue of ordinary shares or convertible securities by MSCM; or
 - (v) any other circumstances that our Board deems necessary,
- provided that any adjustment to the Conversion Price will be rounded down to the nearest RM0.01. No adjustment to the Conversion Price and/or Conversion Ratio will be made unless the computation has been certified by the external auditors of MSCM.

- Rights of ICPS holders : ICPS holders are not entitled to any voting right or participation in any rights, allotments and/or other distribution in our Company until and unless such holders convert their ICPS into new MSCM Shares except in the following circumstances:
- (i) when the dividends or part of the dividends declared on the ICPS are in arrears for more than 6 months;
 - (ii) on a proposal to reduce our Company's share capital;
 - (iii) on a proposal for sanctioning the sale of the whole of our Company's property, business and undertaking;
 - (iv) on a proposal that directly affects their rights and privileges attached to the ICPS;
 - (v) on a proposal to wind up our Company; and
 - (vi) during the winding up of our Company.

Where the ICPS holders are entitled to vote at any general meeting under the circumstances indicated above, every 4 ICPS shall on a poll, carry 1 vote for each ordinary share into which the ICPS are convertible, and every ordinary share shall, notwithstanding any other provision of the Constitution, carry 1 vote for each such share.

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

- Transfer : As the ICPS will be listed and traded on the Main Market of Bursa Securities, they will be deposited in a central depository system and will be subject to the rules of such system.

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

- Governing law : The laws of Malaysia.

3.4 Minimum Subscription Level-ICPS

Our Company intends to raise minimum gross proceeds of RM11 million from the Rights Issue of ICPS under the Minimum Subscription Level-ICPS of 220,000,000 ICPS, after taking into consideration, amongst others, the funding requirements of our Group as set out in Section 5 of this AP.

To meet the Minimum Subscription Level-ICPS, our Company has entered into the Underwriting Agreement with TA Securities as the Underwriter to solely underwrite 220,000,000 ICPS (representing the entire issue size of the Rights Issue of ICPS under the Minimum Subscription Level-ICPS), as detailed below, subject to the terms and conditions of the Underwriting Agreement:

Name	No. of ICPS underwritten	Value of the underwritten ICPS at the issue price of RM0.05 per ICPS (RM)	% of total underwritten ICPS⁽¹⁾
TA Securities	220,000,000	11,000,000	100.00

Note:

(1) Computed based on the issue size of the Rights Issue of ICPS under the Minimum Subscription Level-ICPS.

The underwriting commission payable to the Underwriter pursuant to the Underwriting Agreement is RM220,000 based on the rate of 2% of the total value of the underwritten ICPS. The underwriting commission and all relevant costs in relation to the underwriting arrangement with the Underwriter to meet the Minimum Subscription Level-ICPS will be fully borne by our Company.

As stated in Section 2.4 of this AP, the underwriting arrangement with the Underwriter to meet the Minimum Scenario is not expected to result in any non-compliance with the public shareholding spread requirement by our Company under Paragraph 8.02(1) of the Listing Requirements. The effects of the Rights Issues assuming full exercise of the Warrants and conversion of the ICPS on the public shareholding spread of MSCM under the Minimum Scenario are illustrated in the following table:

Particulars	As at the LPD		After the Rights Issues and assuming full exercise of the Warrants and conversion of the ICPS	
	No. of Shares	%	No. of Shares	%
Share capital	265,485,685	100.00	384,485,685	100.00
Less shareholdings of:				
- Directors, substantial shareholders and their associates	138,466,950	52.16	138,466,950	36.01
- Underwriter	-	-	119,000,000	30.95
Public shareholdings	127,018,735	47.84	127,018,735	33.04

Subject to the terms contained in the Underwriting Agreement, the Underwriter may by notice in writing to our Company given at any time before the Closing Date, terminate, cancel and withdraw their underwriting arrangement if any of the events set out in Section 2.4 of this AP occurs.

In the event of such termination, cancellation and withdrawal of underwriting arrangement following which the Minimum Subscription Level-ICPS cannot be achieved, the Rights Issue of ICPS shall be aborted and all application monies received by our Company pursuant to the Rights Issue of ICPS will be refunded without interest to the Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who has/have subscribed for the ICPS in accordance with Section 243 of the CMSA. Pursuant thereto, our Company will explore other fundraising avenues to fund the Diversification.

3.5 Take-over implications

Pursuant to the Underwriting Agreement, the subscription of the ICPS by the Underwriter will not give rise to any consequences of mandatory general offer obligations pursuant to the Malaysian Code on Take-Overs and Mergers 2016 and the Rules on Take-Overs, Mergers and Compulsory Acquisitions.

4. RATIONALE FOR THE RIGHTS ISSUES

After due consideration of the various methods of fundraising available for the purposes as stated in Section 5 of this AP, our Board is of the opinion that the Rights Issues are deemed to be the most suitable and expedient forms of fundraising for our Company at this juncture, as it complements the external borrowings to be undertaken by our Company without incurring interest costs as compared to other means of financing, such as bank borrowings or the issuance of debt instruments, thereby minimising any potential cash outflow arising from interest servicing costs.

Notwithstanding the above, the Rights Issues were decided by our Board after taking into consideration the following:

- (i) the issuance of Rights Shares with Warrants and ICPS will improve the cash flow of our Group and enable us to fund the purposes set out in Section 5 of this AP which are expected to contribute positively to our future earnings and improve our financial performance in the medium to long term;
- (ii) the combination of the issuances of Rights Shares with Warrants and ICPS provides the necessary and sufficient level of funding for the purposes set out in Section 5 of this AP while reducing the immediate dilution effect on the EPS.

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

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

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

5. UTILISATION OF PROCEEDS

Based on the issue prices of RM0.25 per Rights Share and RM0.05 per ICPS, our Company expects to raise the total gross proceeds from the issuance of Rights Shares and ICPS pursuant to the Rights Issues as follows:

	Minimum Scenario (RM)	Maximum Scenario (RM)
Issuance of Rights Shares	4,000,000	13,307,984
Issuance of ICPS	11,000,000	39,923,953
Total gross proceeds	15,000,000	53,231,937

In order to prevent our Group from over-reliance on one single industry and to provide an additional source of revenue for our Group, our Group intends to diversify and expand our existing business activities to include supply chain management business where our initial foray will be in the cold chain business, which comprises provision of temperature-controlled storage and related handling services; transportation of frozen and chilled products for customers; and management of third parties' temperature-controlled storage and provision of warehouse management services to importers, distributors, manufacturers and retailers in customer-owned facilities.

For the initial implementation of our Group's supply chain management business, our Group intends to, amongst others, build modernised cold rooms with reliable temperature-controlled systems in rented warehouses that can cater for all temperature specific needs to serve a wide base of industries (with initial focus on food and beverages segment, and followed by pharmaceuticals and chemicals segments in medium to long term), which will be supported by our Group's fleet of reefer trucks to be purchased and an integrated fleet management system that will provide real-time access of information on shipment movements to our Group and our customers.

In tandem with our Group's venturing into supply chain management business, our Group intends to utilise the proceeds to be raised from the issuance of Rights Shares and ICPS in the following manner based on the scenarios as illustrated below:

Descriptions	Notes	Minimum Scenario		Maximum Scenario		Expected time frame for the utilisation of proceeds (from the date of listing of the Rights Shares and ICPS)
		RM'000	%	RM'000	%	
Capital expenditure and rental deposits	(1)	11,114	74.09	33,340	62.63	Within 36 months
Working capital requirements	(2)	2,686	17.91	18,692	35.11	Within 18 months
Estimated expenses in relation to the Corporate Exercises	(3)	1,200	8.00	1,200	2.26	Within 2 weeks
Total gross proceeds		15,000	100.00	53,232	100.00	

Notes:

Any shortfall in proceeds raised between the Minimum Scenario and the Maximum Scenario will be funded via internally generated funds and/or bank borrowings. The actual funding breakdown will only be determined by our Company later. Our Group may implement the development of the supply chain management business in stages subject to the availability of funds or seek other funding alternatives (which may include other fundraising exercises to be undertaken by our Company) to put the supply chain management business of our Group on stream.

(1) Capital expenditure and rental deposits for our Group's supply chain management business

Our Group intends to utilise up to approximately RM11.11 million and up to RM33.34 million of the proceeds under the Minimum Scenario and Maximum Scenario, respectively, to fund the capital expenditure and rental deposits for our Group's supply chain management business which include the following:

Descriptions	Notes	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
Cold rooms, racking systems, reach trucks and pallet jacks	(a)	5,940	20,160
Reefer trucks	(b)	2,835	9,450
IT expenditure	(c)	859	2,050
Rental deposits, office renovation costs and office furniture	(d)	1,480	1,680
Total		11,114	33,340

- (a) Our Group intends to set up modernised cold rooms in warehouses with a target built-up area of 15,000 square feet and 50,000 square feet under the Minimum Scenario and Maximum Scenario, respectively, as stipulated in Section 5, Note (1)(d) of this AP, with customised racking systems that allow for the storage of products on pallets in horizontal rows across vertically stacked levels in an efficient and secure manner as well as with reliable temperature-control systems that can implement distinct climate zones within the same warehouse. As such, the proceeds of up to RM5.94 million and up to RM20.16 million from the issuance of Rights Shares and ICPS under the Minimum Scenario and Maximum Scenario, respectively, have been earmarked to set up cold rooms and purchase racking systems, reach trucks and pallet jacks to put the cold rooms on stream, as detailed below:

Descriptions	Estimated construction costs/ purchase price per unit (RM'000)	Minimum Scenario		Maximum Scenario	
		No. of units	Total estimated costs (RM'000)	No. of units	Total estimated costs (RM'000)
Cold rooms inclusive of related equipment	-	-	4,500	-	15,000
Racking systems	180	3	540	12	2,160
Reach trucks	250	3	750	10	2,500
Pallet jacks	50	3	150	10	500
Total			5,940		20,160

Our Group intends to set up 1 to 3 units of cold rooms with an aggregate built-up area of 15,000 square feet under the Minimum Scenario and up to 10 units of cold rooms with an aggregate built-up area of 50,000 square feet under the Maximum Scenario, based on an estimated cost of RM1.5 million for every 5,000 square feet of cold room.

The cold rooms will enable our Group to centralise operations where practicable to achieve cost savings and equip and install critical equipment such as motion-sensor technology, variable frequency drives for fans and compressors, real-time monitoring of energy consumption and rapid close doors at our Group's cold rooms to maintain the integrity of the cold chain in the temperature-controlled storage. Other features of the cold rooms include specialised and insulated walls and panels, insulated floors, refrigeration systems, refrigerated docks and specialised fire suppression systems as well as light-emitting diode (LED) lighting. The proposed features of our Group's cold rooms are tailored for all temperature specific needs to serve a wide base of industries and product categories that require special handling (namely the food and beverages, pharmaceuticals and chemicals segments) and for reducing overall consumption of electricity in our Group's cold rooms.

The cold rooms will also be supported with material handling equipment for temperature-controlled environment comprising specialised cold room reach trucks and pallet jacks for storing and retrieving goods in our Group's cold rooms.

To enhance the efficiency of our Group's cold rooms in storing and retrieving goods, our Group's cold rooms will be integrated with warehouse management system as detailed in Section 5, Note (1)(c)(i) of this AP.

- (b) Our Group intends to utilise up to RM2.84 million and up to RM9.45 million from the proceeds to purchase up to 40 units and 135 units of reefer trucks (with the tonnage of 5-10 tonnes per reefer truck) under the Minimum Scenario and Maximum Scenario, respectively, assuming that the purchase prices of reefer trucks range from RM0.1 million to RM0.14 million per unit (depending on the tonnage of the reefer trucks), for its cold chain transportation purposes.

Our Group's reefer trucks will be managed by a fleet management system, as detailed in Section 5, Note (2)(b) of this AP, to be provided by a third-party software provider which is expected to increase the reliability and efficiency of our Group's fleet of reefer trucks.

- (c) Our Group intends to utilise the proceeds of up to RM0.9 million and up to RM2.1 million from the issuance of Rights Shares and ICPS under the Minimum Scenario and Maximum Scenario, respectively, for its IT expenditure in respect of its supply chain management business as detailed below:

Descriptions	Notes	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
Warehouse management system	(i)	700	1,600
Call centre system	(ii)	15	50
Purchase of computers	(iii)	144	400
Total		859	2,050

- (i) The warehouse management system is an IT system that will enable efficient operational management of our Group's cold rooms, and will provide our Group with the ability to streamline the cold room operations and provide the data necessary to evaluate operating performance.

Such warehouse management system, coupled with our Group's customer interface, allows our Group to provide a more robust service offering and experience in managing the products that the customers store with our Group in the cold rooms as well as provides our Group with business intelligence pertaining to inventory visibility and rotation, order management, racking utilisation rates, level of throughput and access to key performance indicators, all on a real-time basis. This information will allow our Group to operate more efficiently by optimising the utilisation of the racking in our cold rooms, transportation and staff resources such as drivers to effectively meet our customers' demand.

Our Group also intends to develop customer interface via a web browser, mobile web and mobile application for customers (which will be developed by our Chief Technology Officer who will be appointed after the completion of the Rights Issues or outsourced to a third-party software developer to be identified) which will form part of the warehouse management system that will allow customers to have real-time information on the state of their products stored in our Group's cold rooms such as storage temperature and progress of value-added services (for instances order processing, assembling and kitting, packaging and labelling, picking and packing, invoicing as per stock keeping unit and outbound logistics).

The warehouse management system will be integrated with our Group's fleet management system, as detailed in Section 5, Note (2)(b) of this AP, to enable greater efficiency, flexibility and cost benefits including the ability to consolidate multiple loads from different customers onto a single truckload and thereby reduce customers' freight costs.

The development of the warehouse management system as well as the fleet management system is estimated to take approximately 3-4 months, which is expected to be completed in tandem with the completion of the installation of our Group's first cold room which is expected to be located in the Klang Valley area. Our Group targets to officially commence our cold room activity with the warehouse management system in the first half of 2020.

- (ii) Our Group intends to set up an in-house call centre system to be integrated with client relationship management tool with access given to the sales and marketing team for operation alignment activities by:
- (aa) installing PBX telephone system with packages offered by a third-party PBX provider at the price range of between RM3,000 (8-pax package) and RM23,000 (64-pax package). PBX is a private telephone network used within a company that switches calls between company users on local lines while allowing all users to share a certain number of external phone lines; and

- (bb) purchasing 16 units and 64 units of headsets and phones each under the Minimum Scenario and Maximum Scenario, respectively, at an average purchase price of RM150 per unit and RM250 per unit for a headset and a phone, respectively, for our Group's customer service consultants and telemarketers to be hired by our Group.

To enhance our customers' experience and satisfaction of utilising our Group's facilities and services, our Group will provide customer service and support via our in-house call centre system to understand our customers' feedback and needs.

- (iii) To finance the purchase of 32 units and 89 units of new computers under the Minimum Scenario and Maximum Scenario, respectively, at an average purchase price of RM4,500 per unit to be used by our Group's staff to serve and support our Group's supply chain management business.
- (d) To facilitate and support the operation of our Group's supply chain management business, our Group intends to utilise up to RM1.48 million under the Minimum Scenario and RM1.68 million under the Maximum Scenario for rental deposits, office renovation costs and office furniture as set out as follows:

Descriptions	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
Rental deposit for warehouse(s)	100	300
Rental deposit for an office	60	60
Office renovation costs	1,000	1,000
Purchase of office furniture	320	320
Total	1,480	1,680

For installation of our Group's cold rooms, our Group intends to enter into fixed term tenancies/lease agreements with warehouse owners for warehouse(s) in the Klang Valley area, Penang and Johor with a target built-up area of up to 15,000 square feet under Minimum Scenario and 50,000 square feet under Maximum Scenario. In this regard, our Group has earmarked RM100,000 and RM300,000 under Minimum Scenario and Maximum Scenario, respectively, as 3-month deposits for rental of warehouses. As at the LPD, our Group has not identified any potential warehouses or entered into any tenancies/lease agreements. Our Group expects to identify potential warehouses and enter into tenancies/lease agreements with warehouse owners by the end of the fourth quarter of 2019. The construction of the cold rooms is expected to take 4 to 5 months in the first half of 2020.

Our Group also intends to set up an operation and management office with a target built-up area of up to 5,000 square feet in the Klang Valley area, which is expected to be occupied by between 40 and 100 office staff under the Minimum Scenario and Maximum Scenario. In this regard, our Group has earmarked RM60,000 as 3-month deposits for rental of office. Our Group has not entered into any tenancies/lease agreements as at the LPD and our Group expects to finalise the same by the end of the fourth quarter of 2019. The renovation works for our office is expected to take 2 to 3 months in the first half of 2020.

Our Group further intends to allocate RM1 million for the cost of renovation of our operation and management office and RM0.32 million for the purchase of office furniture such as office cabinets, workstations, tables and chairs, under both Minimum Scenario and Maximum Scenario of which the breakdown cannot be determined at this juncture.

(2) Working capital requirements

Our Group intends to utilise up to RM2.69 million and up to RM18.69 million of the proceeds under the Minimum Scenario and Maximum Scenario, respectively, for our working capital requirements as follows:

Descriptions	Notes	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
Staff costs	(a)	1,400	13,000
Operating and administrative expenses	(b)	1,286	5,692
Total		2,686	18,692

- (a) Comprising payment of basic salary, employees' provident fund (EPF) and social security organisation contributions (SOCSSO) for our staff of the supply chain management business. When our Group's supply chain management business comes on stream which is expected to be in the first half of 2020, our Group envisages that it will engage up to 127 employees under the Minimum Scenario and up to 398 employees (including up to 4 management team members, 36 customer service staff, 15 sales representatives, 20 administrative and finance staff, 20 supervisors (for the warehouse management system and fleet management system), 100 warehouse staff and 203 fleet drivers) under the Maximum Scenario to serve, support and market our Group's supply chain management business.

Our Group will commence the hiring process in the first half of 2020.

- (b) Comprising rental expenses for warehouses and offices, fleet running costs (including fuel costs, upkeep and maintenance of fleet vehicles), utilities expenses (for electricity, water, sewerage, telephone and internet connection consumed in the warehouses cum cold rooms and offices), cloud hosting system, fleet management system and infrastructure expenses, marketing and branding expenses, and finance cost for our Group's fleet vehicles' hire purchases.

The fleet management system for our Group's reefer trucks, to be provided by a third-party software provider to be identified, at an estimated monthly cost of RM3,000 will include the installation of global positioning system (GPS) tracking and radio systems for real-time delivery monitoring and fuel sensors for fuel monitoring. The use of GPS tracking, fuel sensors and radio systems in our Group's reefer trucks will enable our Group to monitor fuel consumption costs and to track the location and status of vehicles to provide real time updates to our Group and customers.

(3) Estimated expenses in relation to the Corporate Exercises

The breakdown of estimated expenses in relation to the Corporate Exercises is as follows:

Description	RM'000
Professional fees ⁽¹⁾ (including underwriting commission)	930
Fees to relevant authorities	151
Other incidental expenses in relation to the Corporate Exercises ⁽²⁾	119
Total	1,200

Notes:

- (1) Comprising fees payable to the Adviser, Underwriter, solicitors for the Rights Issues, auditors and reporting accountants, share registrar and company secretary.
- (2) Comprising expenses to convene the EGM, printing, advertising and other ancillary expenses.

Any variation in the actual amount of the expenses for the Corporate Exercises will be adjusted accordingly to/from the funding for the working capital requirements of our Group.

The actual proceeds to be raised from the Rights Issues are dependent on the actual number of Rights Shares and ICPS to be issued. Any variation in the actual proceeds raised will be adjusted against the proceeds allocated for our Group's working capital requirements for the supply chain management business. Any proceeds to be raised which are in excess of RM15 million under the Minimum Scenario shall be allocated for the capital expenditure and rental deposits and the working capital requirements for the supply chain management business on a proportionate basis in accordance with the pre-determined allocation under the Maximum Scenario.

If the actual expenses incurred are higher than budgeted, the deficit will be funded from the portion allocated for working capital. In the event there is insufficient fund allocated for working capital to fund the balance expenses incurred, our Company shall fund the expenses via internally generated funds. Conversely, any surplus of funds following payment of expenses will be utilised for working capital requirements for our supply chain management business.

Pending utilisation of the proceeds from the Rights Issues for the abovementioned purposes, the proceeds will be placed in deposits with financial institutions or short-term money market instruments as our Board may deem fit. The interests derived from the deposits with the financial institutions or any gain arising from the short-term money market instruments will be used for our Group's working capital requirements for our supply chain management business.

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

The proceeds to be raised from the exercise of the Warrants and the conversion of the ICPS shall be utilised for our Group's working capital, such as fuel costs, staff costs, rental and utilities expenses, for the supply chain management business, of which the exact timeframe and breakdown for the utilisation cannot be determined at this juncture.

6. RISK FACTORS

In addition to other information contained in this AP, you and/or your renouncee(s)/transferee(s) (if applicable) should carefully consider the following risk factors which may have an impact on the future performance of our Group before making decision on whether to subscribe for the Rights Shares with Warrants and the ICPS.

6.1 Risks relating to our advertising business and industry

(i) Failure to attract and maintain advertisers

Our Group's ability to generate revenue mainly from advertising sales largely depends upon whether our subscribers' advertisements reach their intended targets. If we fail to maintain our relationships with our subscribers and they find that advertising in our print directories is unattractive, this may lead to them not purchasing subscriptions which would then lead to a decline in our revenue and our business as well as prospects to deteriorate.

The actual prices we can charge subscribers depend on the size and location of the advertisement in the print directory. Any significant decrease in demand could cause us to lower the subscription prices and this could negatively affect our ability to increase our revenue and growth in the future.

(ii) Changes in economic conditions and advertising trends

Demand for advertising in our print directories and the resulting advertisement spending by our customers, are particularly sensitive to changes in general economic conditions. For example, advertising expenditures typically decrease during periods of economic downturn as most companies will reduce their advertising spending. As such, advertisers may reduce the money they spend to advertise in our print directories and advertise at a more efficient alternative media platform due to their budget constraint.

A decrease in demand for advertising media in general and for our advertising services in particular, would materially and adversely affect our ability to generate revenue, and have a material and adverse effect on our financial condition and results of operations.

(iii) Competition risks

The advertising and media industry is highly competitive and rapidly changing. Our Group is currently facing high competition from existing competitors and new entrants to the advertising market. Our Board is of the view that our ability to compete depends on many factors both within and outside our control. The fast-paced transition from print media advertising to digital advertising is being driven by technology and changing trends that are seeing internet users consuming more digital content in real time due to the increased internet accessibility through portable devices.

Our Group's competitors may vary in size, scope and breadth of the services and products offered. Nevertheless, should our Group fail to overcome the competition that is digital advertising, this will result in further loss of market share and subsequently loss of revenue. This in turn will affect the financial position of our Group.

6.2 Risks relating to our Group's diversification into the supply chain management business and industry

(i) Diversification risk

The Diversification would result in the diversification of our core business to include the supply chain management business. As a result, our Group may face new challenges and risks arising from the supply chain management industry in which our Group may not have any prior experience.

Our Group will face risks associated with the setting up of new cold room(s) as a significant part of the proceeds from the Rights Issues is allocated for capital expenditure for setting up new cold room(s). When setting up new cold room(s), our Group may encounter cost overruns or delays for various reasons including delays in construction, delay in receiving regulatory approvals and non-delivery of equipment by suppliers. If any cold room(s) proposed to be set up is not completed in a timely manner, the supply chain management business may be adversely affected. In addition, our Group may not be able to recruit sufficient experienced personnel and manpower to operate the cold room(s) in a timely manner; and the cold room(s) set-up may not achieve anticipated levels of profitability. Any one, or a combination of these factors, could adversely affect our Group's supply chain management business, financial condition, and results of operations. There can be no assurance that the Diversification will be successful and that the anticipated benefits of the Diversification will be realised.

(ii) Business risk

(a) Supply chain management business risk

The Diversification is subject to risks inherent in the supply chain management industry such as failure to maintain the requisite standards at our Group's cold rooms or reefer trucks, electricity outage, warehouse management system failure, cold chain equipment breakdowns and mishandling by employees, which would result in contamination or total write-off of cargo or inventory due to the perishable nature of the cargo or inventory. Further, in the event that our Group fails to maintain the prescribed and/or requisite standards of storage or if the integrity of products that are warehoused or distributed is compromised, our Group could be in breach of the contractual obligations to our customers which could lead, amongst others, to monetary damages.

Time is of the essence in supply chain management business. The operations are dependent upon timely pick-up and delivery of products that are stored in the cold rooms and distributed by our Group. However, distribution of such products may be subject to delays due to factors beyond the control of our Group. Any delay in the delivery of products may result in breach of the contract with our customers and may be ground for termination of the contracts. An inability to retain the customers may harm the reputation and will have an adverse impact on the business prospects.

Our Group's supply chain management business is also reliant on manpower, skilled and semi-skilled labour, particularly for storage segment and transportation segment. As the standard of living in Malaysia improves over time, it may be increasingly difficult to hire and retain local manpower to work in cold rooms where the temperatures are below 0°C, and local drivers as they may choose other forms of employment that are more lucrative. Any substantial shortage in the supply of manpower for our storage segment and transportation segment, including high turnover rate, may lead to a disruption in operations of our Group's supply chain management business.

The operations also will require substantial electricity power supplies and fuel expenses are expected to constitute a significant component of operating costs. If there is substantial increase in electricity tariff rate and/or fuel prices and our Group is unable to pass on the costs to our customers, our Group's profit margins may be affected.

Other instances beyond the control of our Group that may affect our supply chain management business include:

- (i) changes in consumer trends and preferences for products stored in our cold rooms. For example, a shift in demand for frozen and chilled products will directly impact the need for our temperature-controlled storage space to store frozen and chilled products for our customers;
- (ii) reduced demand for our cold room storage space;
- (iii) customers' default on the terms of contracts with our Group;
- (iv) poor performance of our customers' business, bankruptcy, insolvency or financial deterioration of our customers; and
- (v) inability to retain our customers.

Any occurrence of these events may have an adverse material effect on our Group's performance.

(b) Tenancy or lease arrangement risk for warehouse(s) where the new cold rooms(s) will be set up

As our Group's cold room(s) will be set up in rented/leased warehouse(s) at the initial stage of our Group's supply chain management business, should the tenancy/lease be terminated for any reason or our Group is unable to timely renew these agreements or enter into fresh agreements in future on favourable terms, our Group will be required to expend time and financial resources to locate suitable warehouses, which may adversely affect our financial condition. Further, our Group may be unable to relocate the cold room(s) to a warehouse at an appropriate location in a timely manner. If a tenancy/lease agreement is terminated, prior to its tenure or if it is not renewed or if our Group is required to cease business operations at a property, for any reason whatsoever, our Group's business, financial condition and results of operations may be adversely affected.

(iii) Dependency on key management personnel

Our Group's involvement in the supply chain management business depends largely on the abilities, skills, experience, competency and continued efforts of Khoo Teow Beng (Adam) (who will be appointed as the Chief Operating Officer of our Company after the completion of the implementation of the Rights Issues to spearhead and oversee the operations of cold rooms, fleet management and human resource management for our Group's supply chain management business), Loh Wai Choong (who will be appointed as the Chief Technology Officer of our Company after the completion of the implementation of the Rights Issues to oversee the operations of our Group's warehouse management system, fleet management system and other IT functions for our supply chain management business) and other key management personnel as well as the leverage on the expertise and experience of MMag (our Company's major shareholder) and its subsidiaries which are primarily involved in warehouse management and logistics.

Adam, a Malaysian aged 45, graduated from the University of Arkansas in 1997 with a Bachelor of Science in International Business (International Economics). He started his career with Staples Inc. in New York, the United States as a management trainee in 1997. In 1998, he joined Up Technology Inc., located in Stamford, Connecticut, the United States, which was principally involved in selling of computer hardware, as an Accounts Receivable Executive before being promoted to Assistant Warehouse Manager for the Inventory and Delivery Department in charge of the operation of warehouses in 1999. Upon returning to Malaysia in 2000, he was attached with DHL Express Sdn Bhd as an Operations Business Analyst where his role was to analyse, propose, implement and audit the operating processes of the company. He left DHL Express Sdn Bhd in 2003 and joined Penjual Kereta Terpakai Harmoni Sdn Bhd as a Sales Manager until 2009.

Thereafter, he joined GD Express (Singapore) Pte Ltd from 2009 to 2011 as the Head of Branch where he was responsible for the overall business operations of the said company. He was then transferred back to GD Express Carrier Berhad in 2011 where he served as Head of Business Group overseeing the Sales, Marketing, Credit Control, Claims and Competition Departments, Customer Care Centre and Business Support Departments until 2014. Subsequently, he joined Line Clear Express & Logistics Sdn Bhd in 2014 as Chief Operating Officer and is currently responsible for its Operations, Finance, Human Resources, Sales, Marketing, Credit and Administration Departments. He will resign from his position as Chief Operating Officer of Line Clear Express & Logistics Sdn Bhd upon joining us as the Chief Operating Officer of our Company.

Adam has been involved in the courier, warehousing and logistics business since 2000 and has accumulated approximately 15 years of experience in the courier, warehousing and logistics business (excluding the years 2004 to 2008 as he was not involved in the said industries during this period).

Loh Wai Choong, a Malaysian aged 42, has an Advanced Diploma in Computer Studies from Informatics College, Malaysia. Upon graduation in 1998, he started his career as a tutor cum lecturer at Informatics College, specialising in software development. He co-founded Dotnet Business Solutions Sdn Bhd ("Dotnet"), a software programming business on 30 August 2006. In 2007, he joined PC3 Technology Sdn Bhd, a medium size IT retail firm, as an IT Manager for a year. He then continued with his software programming business at Dotnet after he left PC3 Technology Sdn Bhd and had since launched a few live versions of software applications, namely an inventory management system and accounting software. In 2016, he wound up Dotnet and focused on his new employment with MMag Digital Sdn Bhd, a subsidiary of MMag, as its Head of IT from 1 September 2016 overseeing the e-marketplace platform (an electronic commerce portal for handphone retailers), the e-fulfilment system (a third-party logistics system that integrates with the telecommunication service provider) and the point of sale materials (POSM) system (an order management system with inventory capability).

He has extensive knowledge in software development languages, namely Visual Basics C, C++, DBase, FoxPro, Java Script, VBScript, Pascal, PHP, HTML and AJAX. Throughout his 18 years of working experience and with a strong foundation in algorithms and data structure, he has also developed web-based platforms.

The loss of Adam, Loh Wai Choong and/or any of the relevant key management personnel without suitable and timely replacement, or the inability of our Group to attract and retain other qualified personnel, and/or the cessation of MMag as our major shareholder, could adversely affect our Group's supply chain management business and consequently, the revenue and profitability of our Group.

(iv) Competition risk

Our Group will face direct competition from both existing players and new entrants in the supply chain management industry. Our Group may also be at a disadvantage being a new entrant in the supply chain management industry as it lacks the relevant track record and brand name as compared to existing players that may enjoy the privilege of their established brand name and reputation in the industry. Other existing players in the industry may have longer operating histories, more established brands, larger customer base, larger teams of professional staff, greater economies of scale and greater financial, technical, marketing capabilities and other resources.

Besides that, contracts with our customers typically do not contain fixed storage commitments, require our customers to utilise a minimum number of pallet positions or provide for guaranteed fixed payment obligations from any customers to us. As a result, customers may discontinue or otherwise reduce their use of our cold room storage space or other services in their discretion at any time, without lowering our fixed costs.

No assurance is given that our Group will be able to maintain or increase our market presence and customer base or to compete effectively with the existing as well as new entrants in the supply chain management industry in the future. If our Group is unable to respond to such competition, our financial performance could be adversely affected.

(v) Risk of obsolescence of our cold room and the technology used

Our cold room and its related equipment and warehouse management system may become obsolete or unmarketable due to the development of, or demand for, more advanced equipment or enhanced technologies by customers that enhance reliability and efficiency. The cost of replacing equipment and systems with new technologies could be significant and we may not be able to upgrade our cold room equipment on a cost-effective basis and in a timely manner due to, among others, increased expenses to our Group that cannot be passed on to our customers or insufficient resources to fund the necessary capital expenditures. The obsolescence of our cold room and its related equipment and warehouse management system or our inability to upgrade our equipment and system would likely reduce our revenues from supply chain management business segment, which could have a material adverse effect on our Group.

(vi) Political, economic and regulatory considerations

Adverse development in political, economic, regulatory and social conditions could materially affect the financial performance and business prospects of our Group. Amongst the political, economic and regulatory uncertainties are the changes in the risks of economic downturn, unfavourable monetary and fiscal policy changes, exchange control regulations, introduction of new rules, regulations or government policies (on, among others, supply chain management, food safety regulations and occupational safety and health requirements), and changes in interest rates, inflation, taxation and political leadership.

6.3 Risks relating to the Rights Issues

(i) No prior market for the Warrants and the ICPS

The Warrants and the ICPS are new instruments to be issued by our Company, for which there is currently no public market. No assurance can be given that an active market for these new instruments will develop upon or subsequent to the listing of and quotation for these instruments on the Main Market of Bursa Securities or, if developed, that such a market will be sustainable or adequately liquid during the tenure of the Warrants and the ICPS.

The market prices of the Warrants and the ICPS, like other securities traded on Bursa Securities, are subject to fluctuations and will be influenced by, amongst others, prevailing market sentiments, volatility of the stock market, economic and political condition in Malaysia and overseas, the market price of the underlying Shares, interest rate movements, trades of substantial amounts of the Warrants and the ICPS on Bursa Securities in the future, corporate developments as well as the future prospects of the industries in which our Group operates.

(ii) Investment and capital market risk

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

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

(iii) Delay in or abortion of the Rights Issues

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

We have entered into the Underwriting Agreement with the Underwriter to underwrite the Rights Shares with Warrants and the ICPS to meet the Minimum Subscription Level-Rights Shares and Minimum Subscription Level-ICPS, respectively. The successful implementation of the Rights Issues is dependent upon the fulfilment by the Underwriter of its obligations under the Underwriting Agreement. In addition, the Underwriter is entitled to exercise its rights to terminate, cancel and/or withdraw their underwriting arrangement at its discretion if any of the events set out in Section 2.4 of this AP occurs.

There can be no assurance that the abovementioned events will not occur and cause a delay in or abortion of the Rights Issues. In the event the Rights Issues are aborted, all monies received from the Rights Issues will be refunded without interest to the Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable). If such monies are not repaid within 14 days after our Company becomes liable, we will repay such monies with interest at the rate of 10% per annum or such other rate as may be prescribed by the SC in accordance with Section 243(2) of the CMSA.

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

(iv) Potential dilution

The Entitled Shareholders who do not or are not able to subscribe for their entitlement(s) under the Rights Issues 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 and/or the conversion of the ICPS. 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 Issues will correspondingly be diluted.

(v) Forward-looking statements

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

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

6.4 Other risks

(i) We may not be able to pay dividends

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

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

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

7. INDUSTRY OUTLOOK AND FUTURE PROSPECTS OF OUR GROUP

7.1 Overview and outlook of the Malaysian economy

Overall gross domestic product growth was moderate at 4.5% in the first quarter of 2019 (4Q 2018: 4.7%), driven mainly by the expansion in domestic demand. On a quarter-on-quarter seasonally adjusted basis, the economy grew by 1.1% (4Q 2018: 1.3%).

The services sector growth moderated as the wholesale and retail trade subsector registered slower growth following the post-tax holiday normalisation. However, this was partially offset by higher car sales following the release of new models. The construction sector registered lower growth reflecting slower activities in the non-residential, civil engineering and special trade subsectors. In the non-residential and residential subsectors, growth remained weak due to the oversupply of commercial properties and a high number of unsold residential properties.

Against the backdrop of a challenging global environment, growth in the Malaysian economy is expected to remain broadly sustained for the year. Growth will be supported by continued expansion in domestic demand amid a moderate support from the external sector. Risks to growth remain tilted to the downside, arising mainly from external uncertainties such as further weakening of global growth and heightened financial market volatility. On the domestic front, unexpected interruptions in commodity production could also affect Malaysia's growth prospects.

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

7.2 Overview and outlook of print and digital media advertising industry in Malaysia

The advertising industry in Malaysia can be divided into seven mediums, namely television, radio, newspapers, magazines, cinema, outdoor and in-store media, and digital media. While the advertising industry used to only consist of traditional media such as newspapers, magazines and television, the advertising industry today is transitioning from traditional media to digital media in order to reach the audience more effectively. Digital advertising, also known as internet advertising, is when businesses leverage on Internet technologies to deliver promotional advertisements to consumers.

Directories provide end-users with information about businesses or individuals, such as telephone numbers or other contact information. Directories can be in either printed form as a book or in a digital form on a website. Print media usually refers to newspapers and magazines. However, posters and directories are also considered print media as anything physically printed to market a product also fall under print media.

Malaysia's overall advertising industry experienced a decline at a rate of 1.1% from RM4.9 billion in 2010 to RM4.5 billion in 2018 due to a decline in traditional media, namely magazine, newspaper, and television advertising expenditure. Print media, comprising newspaper and magazine advertising, which also includes directories, declined at a rate of 9.7% from RM2.7 billion in 2010 to RM1.2 billion in 2018. In comparison, the digital advertising industry in Malaysia, based on advertising expenditure, grew from RM168.0 million in 2010 to RM1.3 billion in 2018 at a compound annual growth rate ("CAGR") of 28.6%.

Publication printing is on a decline as electronic media continues to replace printed products, including print directories, resulting in declining usage of print directories. The decline in print directories is also due to growing competition from both domestic and global online directories and search companies, as the growing number of internet users in Malaysia contribute to the growing popularity of online directories over print directories. This is evident from Malaysia's internet penetration rate, which grew from 56.3% in 2010 to 81.2% in 2018. Internet users in Malaysia continue to consume more digital content in real time due to the increased internet accessibility through portable devices such as mobile phones, tablets, and laptops.

Malaysia's overall advertising industry is expected to witness a growth rate of 5.0% in 2019 mainly fuelled by the growing demand in digital advertising. Advertising expenditure is anticipated to rebound in the second half of 2019 following the contraction in 2018, as consumer confidence picks up in line with the projected economic growth in 2019. The sectors that are expected to drive advertising expenditure in 2019 are real estate, retail and automotive. As e-commerce continues to gain traction in Malaysia, its impact on traditional advertising expenditure is positive, as online retailers leverage the mass reach of television, radio and cinema to raise awareness on their products and promotions.

(Source: IMR Report, Providence)

7.3 Overview and outlook of the cold chain industry in Malaysia

A supply chain is a network between a company and its suppliers to produce and distribute its products, and the supply chain represents the steps taken to get the product or service to customers. Supply chain management is a crucial process because an optimised supply chain results in lower costs and a faster production cycle. In commerce, supply chain management involves the movement and storage of raw materials, of work-in-process inventory, and of finished goods from point of origin to point of consumption. The building blocks of supply chain management are strategic planning, demand planning, supply planning, procurement, manufacturing, warehousing, order fulfilment and logistics business processes.

Cold chain logistics is a subset of the larger logistics business process and entails a series of activities related to the management of the temperature-controlled supply chain, and involves the transportation of temperature sensitive products along a supply chain through thermal and refrigerated packaging methods and the logistical planning to protect the integrity of these shipments. An unbroken cold chain is an uninterrupted series of refrigerated production, storage and distribution activities, along with associated equipment and logistics, which maintain a desired low-temperature range.

Cold chain logistics is typically used in the food and beverage industry, pharmaceutical industry, as well as in the chemical industry. Products that require cold chain transport include agriculture produce, seafood, frozen food, chemicals, and pharmaceutical drugs.

Although transportation is a core component of logistics, logistics covers a wide range of other areas including storage, warehousing, trucking services, and equipment maintenance across multiple modes of transportation and infrastructure points. Warehousing and storage are important parts of logistics and supply chain management. There are several types of temperature-controlled storage facilities in the cold chain logistics, such as ambient storage facilities (between 27°C and 32°C), cool storage facilities (between 15°C and 20°C), and cold storage facilities (below 5°C).

Companies undertaking cold chain facilities provide a wide range of services including cold room, reefer truck and other related services such as the collection, storage and distribution of perishable local agricultural produce.

Between 2014 and 2017, the cold chain industry in Malaysia, based on the revenue of local third-party cold chain logistics industry players, increased from RM572.6 million to an estimated RM771.2 million at a CAGR of 10.4%. Providence projects the cold chain industry to increase from RM771.2 million in 2017 to RM1.0 billion in 2020 at a CAGR of 9.9%.

Storage and warehousing services are part of the larger transportation and storage activities sector and warehousing and support activities for transportation sub-sector. Warehousing and storage are an important part of logistics and supply chain management. Cold room services are part of the larger storage and warehousing services sub-sector. Malaysia's storage and warehousing services, measured by the value of gross output based on income from services rendered, increased from RM912.4 million in 2010 to RM2.8 billion in 2015 at a CAGR of 24.9%. In 2015, the value of gross output of Malaysia's storage and warehousing services accounted for approximately 7.3% of the country's warehousing and support activities for transportation sub-sector. This is an increase from the 3.8% share recorded in 2010, thus signifying its growing importance.

Cold rooms are used for the storage of certain products across multiple industries, such as the food and beverages industry as well as pharmaceutical industry. Growth of demand from end-user in these industries is expected to drive the demand for cold chain services. The sale of chilled and frozen food and beverages in Malaysia, measured by retail sale value, increased from RM1.5 billion in 2010 to an estimated RM2.0 billion in 2018 at a CAGR of 3.4%. Chilled and frozen food and beverages in Malaysia comprised approximately 26.0% of the country's food and beverages industry in 2018.

In addition, as a growing number of countries focusing their export economy around food and produce production, the need to keep these products fresh for extended periods of time has gained in importance for commercial and health reasons. The cold chain is also crucial to public health in view that maintaining high levels of temperature integrity during the transportation of food products will reduce the likeliness of bacterial, microbial and fungal contamination of the shipment.

Cold storage warehouses are also used in other industries such as the pharmaceutical industry. Pharmaceutical products should be stored in accordance with their product labels. Failure to adhere to the storage and handling requirements will influence the efficacy and safety of the pharmaceutical products. The effectiveness of pharmaceutical products requires proper storage and handling. Moving forward, pharmaceutical products that require refrigerated storage are anticipated to increase, largely due to the transition to biologically-based pharmaceuticals in new product development.

Besides that, population growth in Malaysia is expected to positively increase the demand for the cold chain industry in Malaysia. The population in Malaysia grew from 28.6 million persons in 2010 to 32.4 million persons in 2018, recording a CAGR of 1.6%. Over the same period, the per capita consumption of chilled and frozen food and beverages in the country increased from RM53.3 in 2010 to RM61.3 in 2018 at a CAGR of 1.8%. Malaysia's population growth, coupled with the increased per capita consumption of chilled and frozen food and beverages in the country, will have a positive effect on the cold room services industry in Malaysia as there is a larger demand for food and beverages that require cold storage.

Furthermore, Malaysia, as a Muslim country, is well positioned to be the centre for the promotion, distribution and production of halal food. As the Malaysian government is focused on increased food production as well as making Malaysia an international halal hub, food processing companies in Malaysia are able to leverage on the country's strength in halal certification and the government's promotional efforts to capture the halal market abroad. In 2017, the global Muslim population spent an estimated USD1.3 trillion on food and beverages, forming approximately 17.0% of the global spending on food and beverages.

As a country with a large Muslim population, Malaysia also recognises the importance of the production of halal pharmaceuticals. The country's certification body, the Department of Islamic Development Malaysia (JAKIM), has been particularly active, publishing the world's first halal pharmaceuticals standard according to ISO guidelines, the MS2424: 2012 Halal Pharmaceuticals General Guidelines.

The growing importance of halal food and beverages as well as halal pharmaceutical products will create opportunities for the halal logistics industry in Malaysia. Halal logistics plays a key role in protecting the halal integrity of halal food through proper transportation, storage and handling along the supply chain until it reaches its final destination. As such, logistics companies, including those that provide cold room services, that are certified as halal compliant by JAKIM are able to leverage on the growth of the halal food and beverages and pharmaceuticals industries.

The Malaysian Government supports the cold chain industry in Malaysia by providing tax incentives. Companies providing cold chain facilities and services for perishable agricultural produce such as fruits, vegetables, flowers, ferns, meat and aquatic products are eligible for consideration for Pioneer Status (“PS”) or Investment Tax Allowance (“ITA”). To be eligible, companies must be incorporated under the Act, an independent service provider, and either involved in the provision of cold room facilities or refrigerated transportation for local agriculture produce with or without other post-harvest activities including cleaning, washing, grading, freezing/chilling and packing, or in the provision of cold room facilities or refrigerated transportation for locally produced processed products. In addition, at least 60% of the company’s revenue must be derived from the provision of cold room facilities, refrigerated transportation and other related services for local agricultural produce.

Cold chain companies who meet the necessary requirements may be eligible for either PS with a tax exemption of 70% of statutory income for 5 years, or an ITA of 60% of qualifying capital expenditure incurred within 5 years. The allowance can be offset against 70% of the statutory income for each year of assessment. Unutilised allowances can be carried forward until fully absorbed.

The tax incentives provided by the Government to cold chain companies will help encourage the growth of the cold chain industry in Malaysia, including cold room services, which is part of the larger cold chain industry.

(Source: IMR Report, Providence)

7.4 Prospects of our Group

Our Group is principally involved in investment holding, and search and advertising business segment as at the LPD.

In view of the rapid media evolution which reshaped the advertising and marketing landscapes and the increasingly competitive business environment for our search and advertising business segment, the financial performance of our Group has suffered in recent years. Further, our Group experienced cannibalisation of revenue from our own products by third-party products which led to erosion of profit margin. In order to improve our Group’s financial performance, we have constantly been looking for business opportunities to have additional income streams and diversify to prevent over-reliance on one single industry. We are restructuring our business approach from horizontal focus (covering all industries) to vertical focus (industry specific). We have identified 2 industries to focus on, namely industrial products and food and beverage.

Meanwhile, the Diversification has been identified by our Board as part of our growth strategy to enhance our Group’s future prospects and expand our revenue stream. Our Board is of the view that opportunity for our Group to venture into supply chain management business, to provide integrated solutions such as storage, warehousing, distribution, transportation and third-party warehouse management services, is deemed to be a natural progression to further diversify our revenue stream by leveraging on the database of our existing business.

Apart from our Group’s sale and marketing team’s efforts to actively seek and establish new customer relationships and long-term contracts, our Group will assess the possibilities of working together with Line Clear Express & Logistics Sdn Bhd’s key accounts team to market our Group’s cold room solutions to their customers. Line Clear Express & Logistics Sdn Bhd, a wholly-owned subsidiary of MMag, is primarily a logistics company which provides last mile courier and delivery services to its customers.

The racking utilisation and the level of throughput at our Group's cold rooms will be the key drivers of revenue from the supply chain management business for our Group, which include pallet space rental and storage fees, pallet handling fees, value added services fees, transportation charges and third-party warehouse management service fees. Hence, our Board is of the view that the supply chain management business is expected to scale our Group's operation upwards and provide a new source of income to our Group. Based on the positive outlook of the cold chain industry in Malaysia as set out in Section 7.3 of this AP, our Board believes that our Group's diversification into supply chain management business will contribute positively to our Group's future earnings and improve our Group's financial position.

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8. EFFECTS OF THE RIGHTS ISSUES

8.1 Share capital and number of issued Shares

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

	Minimum Scenario			Maximum Scenario		
	No. of Shares	Issued share capital (RM)	No. of ICPS	Issued share capital (RM)	No. of ICPS	Issued share capital (RM)
As at the LPD	265,485,685	32,872,348	-	-	-	-
Assuming full exercise of the ESOS Options	-	-	-	265,485,685	674,000	235,900 ⁽¹⁾
To be issued pursuant to the Rights Issue of Shares with Warrants	265,485,685	32,872,348	-	266,159,685	33,108,248	-
	16,000,000	4,000,000 ⁽²⁾	-	53,231,937	13,307,984 ⁽²⁾	-
To be issued pursuant to the Rights Issue of ICPS	281,485,685	36,872,348	-	319,391,622	46,416,232	-
	-	-	220,000,000	-	-	39,923,953 ⁽³⁾
Assuming full exercise of the Warrants	281,485,685	36,872,348	220,000,000	319,391,622	798,479,055	39,923,953
	48,000,000	12,000,000 ⁽⁴⁾	-	159,695,811	-	-
Assuming full conversion of the ICPS	329,485,685	48,872,348	220,000,000	479,087,433	798,479,055	39,923,953
	55,000,000 ⁽⁵⁾	11,000,000	(220,000,000)	798,479,055 ⁽⁶⁾	(798,479,055)	(39,923,953)
Enlarged issued share capital	384,485,685	59,872,348	-	1,277,566,488	-	-

Notes:

- (1) Assuming all the 674,000 outstanding ESOS Options are exercised at the exercise price of RM0.35 per ESOS Option into a total of 674,000 new MSCM Shares.
- (2) Calculated based on the issue price of RM0.25 per Rights Share.
- (3) Calculated based on the issue price of RM0.05 per ICPS.
- (4) Calculated based on the exercise price of RM0.25 per Warrant.
- (5) Assuming all ICPS are converted into MSCM Shares based on the conversion ratio of 4 ICPS to be converted into 1 new MSCM Share.
- (6) Assuming all ICPS are converted into MSCM Shares based on the conversion ratio of 1 ICPS to be converted into 1 new MSCM Share with additional cash payment of RM0.15.

8.2 NA and gearing

The pro forma effects of the Rights Issues on the NA and gearing of our Group based on the audited consolidated financial statements of our Company for the FYE 31 March 2019 are as follows:

Minimum Scenario

	(Audited) As at 31 March 2019 (RM)	(I) Subsequent events up to the LPD ⁽¹⁾ (RM)	(II) After (I) and the Rights Issue of Shares with Warrants (RM)	(III) After (II) and the Rights Issue of ICPS (RM)	(IV) After (III) and assuming full exercise of the Warrants (RM)	(V) After (IV) and assuming full conversion of the ICPS ⁽⁵⁾ (RM)
Share capital	32,872,348	32,872,348	36,872,348	36,872,348	48,872,348	59,872,348
- Ordinary shares	-	-	-	11,000,000 ⁽⁴⁾	11,000,000	-
- ICPS	-	-	2,284,800 ⁽²⁾	2,284,800	-	-
Warrants reserve	-	-	(2,284,800) ⁽²⁾	(2,284,800)	-	-
Other reserve	-	-	66,791	66,791	66,791	66,791
Share option reserve	67,802	66,791	66,791	66,791	66,791	66,791
Fair value reserve	(556,873)	(556,873)	(556,873)	(556,873)	(556,873)	(556,873)
Foreign currency translation reserve	(161,656)	(161,656)	(161,656)	(161,656)	(161,656)	(161,656)
(Accumulated losses)	(15,233,966)	(15,232,955)	(16,432,955) ⁽³⁾	(16,432,955)	(16,432,955)	(16,432,955)
Shareholders' funds/ NA attributable to owners of MSCM	16,987,655	16,987,655	19,787,655	30,787,655	42,787,655	42,787,655
Non-controlling interests	-	-	-	-	-	-
Total equity	16,987,655	16,987,655	19,787,655	30,787,655	42,787,655	42,787,655
No. of MSCM Shares in issue	265,485,685	265,485,685	281,485,685	281,485,685	329,485,685	384,485,685
NA per MSCM Share attributable to owners of MSCM (RM)	0.06	0.06	0.07	0.11	0.13	0.11
Total borrowings (RM)	2,164,224	2,164,224	2,164,224	2,164,224	2,164,224	2,164,224
Gearing (times)	0.13	0.13	0.11	0.07	0.05	0.05
Cash and bank balances	4,502,444	4,502,444	7,302,444	18,302,444	30,302,444	30,302,444

Notes:

- (1) After taking into consideration of transferring part of the share option reserve of approximately RM1,011 to accumulated losses due to the lapse of 10,200 ESOS Options.

- (2) After accounting for the warrants reserve of approximately RM2.285 million based on the issuance of 48,000,000 Warrants at an allocated fair value of RM0.0476 per Warrant based on the Black-Scholes Options Pricing Model.
- (3) After deducting estimated expenses of RM1.20 million for the Corporate Exercises.
- (4) Arising from the issuance of 220,000,000 ICPS at the issue price of RM0.05 each pursuant to the Rights Issue of ICPS.
- (5) Assuming all ICPS are converted into MSCM Shares based on the conversion ratio of 4 ICPS to be converted into 1 new MSCM Share.

Maximum Scenario

	(Audited) As at 31 March 2019 (RM)	(I) Subsequent events up to the LPD ⁽¹⁾ (RM)	(II) After (I) and assuming full exercise of the ESOS Options (RM)	(III) After (II) and the Rights Issue of Shares with Warrants (RM)	(IV) After (III) and the Rights Issue of ICPS (RM)	(V) After (IV) and assuming full exercise of the Warrants (RM)	(VI) After (V) and assuming full conversion of the ICPS ⁽⁵⁾ (RM)
Share capital	32,872,348	32,872,348	33,108,248	46,416,232	46,416,232	86,340,185	246,035,996
- Ordinary shares	-	-	-	-	39,923,953 ⁽⁴⁾	39,923,953	-
- ICPS	-	-	-	7,585,551 ⁽²⁾	7,585,551	-	-
Warrants reserve	-	-	-	(7,585,551) ⁽²⁾	(7,585,551)	-	-
Other reserve	67,802	66,791	-	-	-	-	-
Share option reserve	(556,873)	(556,873)	(556,873)	(556,873)	(556,873)	(556,873)	(556,873)
Fair value reserve	(161,656)	(161,656)	(161,656)	(161,656)	(161,656)	(161,656)	(161,656)
Foreign currency translation reserve	(15,233,966)	(15,232,955)	(15,166,164)	(16,366,164) ⁽³⁾	(16,366,164)	(16,366,164)	(16,366,164)
(Accumulated losses)	16,987,655	16,987,655	17,223,555	29,331,539	69,255,492	109,179,445	228,951,303
Shareholders' funds/ NA attributable to owners of MSCM							
Non-controlling interests	-	-	-	-	-	-	-
Total equity	16,987,655	16,987,655	17,223,555	29,331,539	69,255,492	109,179,445	228,951,303
No. of MSCM Shares in issue	265,485,685	265,485,685	266,159,685	319,391,622	319,391,622	479,087,433	1,277,566,488
NA per MSCM Share attributable to owners of MSCM (RM)	0.06	0.06	0.06	0.09	0.22	0.23	0.18
Total borrowings (RM)	2,164,224	2,164,224	2,164,224	2,164,224	2,164,224	2,164,224	2,164,224
Gearing (times)	0.13	0.13	0.13	0.07	0.03	0.02	0.01
Cash and bank balances	4,502,444	4,502,444	4,738,344	16,846,328	56,770,281	96,694,234	216,466,092

Notes:

- (1) After taking into consideration of transferring part of the share option reserve of approximately RM1,011 to accumulated losses due to the lapse of 10,200 ESOS Options.
- (2) After accounting for the warrants reserve of approximately RM7.586 million based on the issuance of 159,695,811 Warrants at an allocated fair value of RM0.0475 per Warrant based on the Black-Scholes Options Pricing Model.
- (3) After deducting the estimated expenses of RM1.20 million for the Corporate Exercises.
- (4) Arising from the issuance of 798,479,055 ICPS at the issue price of RM0.05 each pursuant to the Rights Issue of ICPS.
- (5) Assuming all ICPS are converted into MSCM Shares based on the conversion ratio of 1 ICPS to be converted into 1 new MSCM Share with additional cash payment of RM0.15.

8.3 Earnings and EPS

The Rights Issues are not expected to have an immediate material effect on the consolidated earnings and EPS of our Group for the financial year ending 31 March 2020 as the Rights Issues are only expected to be completed by the fourth quarter of 2019 while the proceeds to be raised are only expected to be utilised within 36 months from the date of listing of the Rights Shares and ICPS. Nevertheless, the Rights Issues are expected to contribute positively to the future earnings and EPS of our Group when the benefits of the utilisation of proceeds are realised.

Although the proceeds raised from the Rights Issues will be channelled and utilised for the development of our Group's supply chain management business, which remains at the initial stage, our Group does not expect to record immediate earnings for the first 2 years from the commencement of the supply chain management business in the first half of 2020 due to high initial capital expenditure and working capital requirements, in particular the staff costs. Our Group expects that the supply chain management business may need a gestation period of approximately 2 years from the first half of 2020 to generate profit. Hence, the supply chain management business is expected to contribute positively to our Group's future earnings and improve our Group's financial position after the said gestation period.

The EPS/LPS of our Group shall be correspondingly diluted as a result of the increase in the number of MSCM Shares arising from the issuance of the Rights Shares, exercise of the Warrants and/or conversion of the ICPS in the future. The effects of any exercise of the Warrants and/or conversion of the ICPS on the consolidated EPS/LPS of our Group would be dependent on the number of Warrants exercised, the Conversion Ratio chosen for the ICPS and the returns generated by our Group from the utilisation of proceeds arising from the issuance of the Rights Shares and ICPS, the exercise of the Warrants and/or the conversion of the ICPS with cash option.

For illustrative purposes, based on the audited consolidated financial statements of our Company for the FYE 31 March 2019, the pro forma effects of the Rights Issues on our Group's LPS are set out below:

Minimum Scenario

	Audited As at 31 March 2019	(I) After the Rights Issues	(II) After (I) and assuming full exercise of the Warrants	(III) After (II) and assuming full conversion of the ICPS
LAT attributable to owners of our Company (RM)	(13,072,016)	(14,272,016) ⁽¹⁾	(14,272,016)	(14,272,016)
No. of Shares in issue LPS (sen)	265,485,685 (4.92)	281,485,685 (5.07)	329,485,685 (4.33)	384,485,685 (3.71)

Note:

- (1) After deducting estimated expenses of RM1.20 million for the Corporate Exercises.

Maximum Scenario

	(Audited) As at 31 March 2019	(I) Assuming full exercise of the ESOS Options	(II) After (I) and the Rights Issues	(III) After (II) and assuming full exercise of the Warrants	(IV) After (III) and assuming full conversion of the ICPS
LAT attributable to owners of our Company (RM)	(13,072,016)	(13,072,016)	(14,272,016) ⁽¹⁾	(14,272,016)	(14,272,016)
No. of Shares in issue LPS (sen)	265,485,685 (4.92)	266,159,685 (4.91)	319,391,622 (4.47)	479,087,433 (2.98)	1,277,566,488 (1.12)

Note:

- (1) After deducting estimated expenses of RM1.20 million for the Corporate Exercises.

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

9.1 Working capital

Our business has been financed by a combination of internal and external sources of funds. The internal sources are funds from shareholders and cash generated from our operations, whereas the external sources are from bank borrowings from a local bank which bear interest of 8.35% and credit terms granted by our suppliers. The credit period granted by our suppliers to our Group ranges from 30 to 60 days. Our Group has also obtained finance lease facilities from financial institutions for our motor vehicles.

As at the LPD, our Group has cash and bank balances of RM3.38 million as well as unutilised bank overdrafts limit of RM0.44 million.

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

9.2 Borrowings

As at the LPD, our Group has total outstanding borrowings of approximately RM1.49 million, all of which are interest-bearing, denominated in RM and from local financial institutions, as follows:

	As at the LPD (RM)
Long-term borrowings	
Finance lease liabilities	45,395
Short-term borrowings:	
Finance lease liabilities	75,499
Bank borrowings	1,364,643
Total	<u>1,485,537</u>

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

Throughout the FYE 31 March 2019 and up to the LPD, our Group did not default on payment of either interest or principal sums in respect of any borrowings.

9.3 Contingent liabilities

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

9.4 Material commitments

As at the LPD, our Board has confirmed that there are no material commitments incurred or known to be incurred by our Group, which upon becoming enforceable, may have material impact on the financial position of our Group.

9.5 Material transactions

Save for the Rights Issues and the following transaction, our Board confirmed that there are no other transactions which may have a material effect on our Group's operations, financial position and results since the last audited consolidated financial statements of our Group for the FYE 31 March 2019:

- (i) proposed acquisition of the entire equity interest in Ace Worldwide Leasing Sdn Bhd (as announced on 26 March 2019 and was subsequently terminated on 26 June 2019).

10. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION FOR THE RIGHTS ISSUES

10.1 General

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

We shall make an announcement on the outcome of the Rights Issues after the Closing Date.

10.2 NPA

The Provisional Rights Securities are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in such Provisional Rights Securities will be by book entries through the CDS accounts and will be governed by the SICDA and the Rules of Bursa Depository. You and/or your renouncee(s)/transferee(s) (if applicable) are required to have valid and subsisting CDS accounts when making your applications.

10.3 Last date and time for acceptance and payment

The last date and time for acceptance of and payment for the Provisional Rights Securities is on **18 September 2019 at 5.00 p.m.**

10.4 Procedures for full acceptance and payment by Entitled Shareholders and renouncee(s)/transferee(s)

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

Renouncee(s)/transferee(s) who wishes to accept the Provisional Rights Securities must obtain a copy of the RSF from their stockbrokers or our Share Registrar or at our Registered Office or from the Bursa Securities' website at <http://www.bursamalaysia.com> and complete the RSF and submit the same together with the remittance to our Share Registrar in accordance with the notes and instructions printed therein.

The procedures for acceptance and payment applicable to the Entitled Shareholders also apply to renouncee(s)/transferee(s) who wishes to accept the Provisional Rights Securities.

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

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

If you and/or your renounee(s)/transferee(s) (if applicable) wish to accept your entitlement to the Provisional Rights Shares with Warrants and/or Provisional ICPS, please complete Part I(A) and Part II of the respective RSF in accordance with the notes and instructions printed therein. Thereafter, please send each completed and signed RSF together with the relevant payment by using the envelope provided (at your own risk) to our Share Registrar by **ORDINARY POST, DELIVERY BY HAND** and/or **COURIER** at the following address:

BY HAND OR BY COURIER:

Boardroom Share Registrars Sdn Bhd
(formerly known as Symphony Share Registrars Sdn Bhd)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Tel. no.: 03-7849 0777
Fax no.: 03-7841 8151/8152

FOR ORDINARY POST:

Boardroom Share Registrars Sdn Bhd
(formerly known as Symphony Share Registrars Sdn Bhd)
Peti Surat 9150
Pejabat Pos Kelana Jaya
46785 Petaling Jaya
Selangor Darul Ehsan
Malaysia

so as to arrive **not later than 5.00 p.m. on 18 September 2019**, being the last time and date for acceptance and payment.

1 RSF can only be used for acceptance of Provisional Rights Shares with Warrants or Provisional ICPS standing to the credit of 1 CDS account. Separate RSF(s) must be used for separate CDS account(s). If successful, the Rights Shares with Warrants and/or ICPS subscribed for will be credited into your CDS account(s) where the Provisional Rights Shares with Warrants and/or Provisional ICPS are standing to the credit.

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

You and/or your renounee(s)/transferee(s) (if applicable) should take note that a trading board lot for the Rights Shares, Warrants and ICPS comprises 100 Rights Shares, 100 Warrants and 100 ICPS, respectively. The minimum number of securities that can be subscribed for or accepted is 1 Rights Share for every 5 existing Shares held and/or 3 ICPS for every 1 existing Share held on the Entitlement Date. Successful applicants of the Rights Shares will be given the Warrants on the basis of 3 Warrants for every 1 Rights Share successfully subscribed for. Fractions of Rights Share, if any, arising from the Rights Issue of Shares with Warrants, will be disregarded and dealt with by our Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of our Company.

If acceptance of and payment for the Provisional Rights Securities are not received by our Share Registrar by **5.00 p.m. on 18 September 2019**, being the last time and date for acceptance and payment, you will be deemed to have declined the provisional entitlement made to you and it will be cancelled. In the event that the Rights Shares with Warrants and/or ICPS are not fully taken up by such applicants, our Board will then have the right to allot such Rights Shares with Warrants and/or ICPS to the applicants who have applied for the excess Rights Shares with Warrants and/or excess ICPS in the manner as sets out in Section 10.7 of this AP. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar. Our Board reserves the right not to accept any application or to accept any application in part only without providing any reason.

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

EACH COMPLETED RSF MUST BE ACCOMPANIED BY REMITTANCE IN RM FOR THE FULL AMOUNT PAYABLE FOR THE PROVISIONAL RIGHTS SECURITIES 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" AND MADE PAYABLE TO "MSCM RIGHTS SHARES ACCOUNT" FOR THE RIGHTS SHARES WITH WARRANTS AND/OR "MSCM RIGHTS ICPS ACCOUNT" FOR THE ICPS, AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME IN BLOCK LETTERS, CONTACT NUMBER AND CDS ACCOUNT NUMBER SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR NOT LATER THAN THE CLOSING DATE.

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

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUES. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED WITH THEIR RIGHTS SHARES WITH WARRANTS AND/OR ICPS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO THEM OR THEIR RENOUNCEE(S)/TRANSFeree(S) (IF APPLICABLE) AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN 8 MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

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

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

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

10.5 Procedures for part acceptance by Entitled Shareholders

You must complete both Part I(A) of the respective RSF by specifying the number of the Provisional Rights Shares with Warrants and/or Provisional ICPS which you are accepting and Part II of the respective RSF and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the manners as set out in Section 10.4 of this AP.

The portion of the Provisional Rights Securities that have not been accepted will be made available to applicants for excess applications.

10.6 Procedures for sale/transfer of Provisional Rights Securities

As the Provisional Rights Securities are prescribed securities, you may sell or transfer all or part of your entitlement to the Provisional Rights Shares with Warrants and/or Provisional ICPS to 1 or more person(s) through your stockbrokers without first having to request for a split of the Provisional Rights Securities standing to the credit of your CDS accounts. To sell or transfer all or part of your entitlement to the Provisional Rights Securities, you may sell such entitlement in the open market of Bursa Securities or transfer such entitlement to such person(s) as may be allowed pursuant to the Rules of Bursa Depository.

If you have sold or transferred only part of the Provisional Rights Securities, you may still accept the balance of the Provisional Rights Shares with Warrants and/or Provisional ICPS by completing Part I(A) and Part II of the respective RSF. Please refer to Section 10.4 of this AP for the procedures for acceptance and payment.

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

10.7 Procedures for application for excess Rights Shares with Warrants and/or excess ICPS

You and/or your renouncee(s)/transferee(s) (if applicable) who accepted the Provisional Rights Securities may apply for excess Rights Shares with Warrants and/or excess ICPS by completing Part I(B) of the respective RSF (in addition to Part I(A) and Part II) and forwarding it (together with a **separate remittance** made in RM for the full amount payable in respect of the excess Rights Shares with Warrants and/or excess ICPS applied for) to our Share Registrar so as to be received by our Share Registrar **not later than 5.00 p.m. on 18 September 2019**, being the last time and date for acceptance of and payment for excess Rights Shares with Warrants and excess ICPS.

PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS AND/OR EXCESS ICPS APPLIED FOR SHOULD BE MADE IN THE SAME MANNERS AS DESCRIBED IN SECTION 10.4 OF THIS AP, EXCEPT THAT THE BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" MUST BE MADE PAYABLE TO "MSCM EXCESS RIGHTS SHARES ACCOUNT" FOR THE EXCESS RIGHTS SHARES WITH WARRANTS AND/OR "MSCM EXCESS RIGHTS ICPS ACCOUNT" FOR THE EXCESS ICPS AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME IN BLOCK LETTERS, CONTACT NUMBER AND CDS ACCOUNT NUMBER SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR NOT LATER THAN THE CLOSING DATE.

It is the intention of our Board to allot the excess Rights Shares with Warrants and excess ICPS 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 the Entitled Shareholders who have applied for excess Rights Shares with Warrants and/or excess ICPS, on a pro-rata basis and in board lots, calculated based on their respective shareholdings in our Company as at the Entitlement Date;
- (iii) thirdly, for allocation to the Entitled Shareholders who have applied for excess Rights Shares with Warrants and/or excess ICPS, on a pro-rata basis and in board lots, calculated based on the quantum of their respective excess applications; and
- (iv) lastly, for allocation to renouncee(s)/transferee(s) (if applicable) who has/have applied for the excess Rights Shares with Warrants and/or excess ICPS, on a pro-rata basis and in board lots, calculated based on the quantum of their respective excess applications.

If there is any remaining excess Rights Shares with Warrants and/or excess ICPS after steps (i) to (iv) have been carried out, the balance will be allocated again through the same sequence of allocations as set out in steps (ii) to (iv) above until all remaining excess Rights Shares with Warrants and/or excess ICPS are allocated.

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

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

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

10.8 Notice of allotment

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

Where any application for the Rights Shares with Warrants and/or ICPS is not accepted due to non-compliance with the terms of the Rights Issues or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded without interest to you within 15 Market Days from the Closing Date by ordinary post to the address shown in the Record of Depositors at your own risk.

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

10.9 Form of issuance

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

Failure to comply with the specific instructions for applications or inaccuracy in the CDS account number may result in the application being rejected. Your subscription for the Rights Shares with Warrants and/or ICPS shall mean your consent to receiving such Rights Shares with Warrants and/or ICPS as deposited securities which will be credited directly into your CDS account. No physical share certificate, warrant certificate or ICPS certificate will be issued to you under the Rights Issues. Instead, the Rights Shares with Warrants and/or ICPS will be credited directly into your CDS accounts, and notices of allotment will be sent to you in the manners as stated in Section 10.8 of this AP.

Any person who has purchased the Provisional Rights Securities or to whom the Provisional Rights Securities have been transferred and intends to subscribe for the Rights Shares with Warrants and/or ICPS must state his/her name and CDS account number where the Provisional Rights Shares with Warrants and/or Provisional ICPS are standing to the credit in the space provided in the respective RSF. The Rights Shares with Warrants and/or ICPS will be credited directly as prescribed or deposited securities into his/her CDS account upon allotment and issue.

The excess Rights Shares with Warrants and/or excess ICPS, if allotted to the successful applicant who applies for excess Rights Shares with Warrants and/or excess ICPS, will be credited directly as prescribed securities into the CDS account of the successful applicant. The allocation of the excess Rights Shares with Warrants and/or excess ICPS will be made on a fair and equitable basis as disclosed in Section 10.7 of this AP.

10.10 Laws of foreign jurisdictions

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

Accordingly, this AP together with the accompanying NPA and RSF will not be sent to our Foreign Addressed Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who do not have a registered address in Malaysia. However, such Foreign Addressed Shareholders and/or their renouncee(s)/transferee(s) (if applicable) may collect this AP including the accompanying documents from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the documents relating to the Rights Issues.

Foreign Addressed Shareholders and/or their renouncee(s)/transferee(s) (if applicable) may only accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issues only to the extent that it would be lawful to do so.

TA Securities, our Share Registrar, our Company, our Directors and officers, and other professional advisers (“**Parties**”) would not, in connection with the Rights Issues, be in breach of, responsible or liable under the laws of any jurisdiction to which the Foreign Addressed Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are or may be subject to. Foreign Addressed Shareholders and/or their renouncee(s)/transferee(s) shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. The Parties shall not accept any responsibility or liability in the event that any acceptance and/or renunciation and/or transfer made by any Foreign Addressed Shareholders and/or their renouncee(s)/transferee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

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

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

- (i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issues, be in breach of the laws of any jurisdiction to which that Foreign Addressed Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are or may be subject to;
- (ii) the Foreign Addressed Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation of the Provisional Rights Securities;
- (iii) the Foreign Addressed Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation of the Provisional Rights Securities, be in breach of the laws of any jurisdiction to which that person is or may be subject to;
- (iv) the Foreign Addressed Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are aware that the Provisional Rights Securities 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 Addressed Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have received a copy of this AP and have been provided with the opportunity to post such questions to the representatives and receive answers thereto as the Foreign Addressed Shareholders and/or their renouncee(s)/transferee(s) (if applicable) deem necessary in connection with the Foreign Addressed Shareholders and/or their renouncee(s)/transferee(s) (if applicable) decision to subscribe for or purchase the Rights Shares with Warrants and/or ICPS. However, any information relevant to an investment shall be contained in this AP; and
- (vi) the Foreign Addressed Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares with Warrants and/or ICPS, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares, Warrants and/or ICPS.

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

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

Our Company reserves the right, in our absolute discretion, to treat any acceptance of the Rights Shares with Warrants and/or ICPS as invalid if we believe that such acceptance may violate any applicable legal or regulatory requirements. The Provisional Rights Securities relating to any acceptance which is treated as invalid will be included in the pool of excess Rights Shares with Warrants and/or excess ICPS available for excess application by the other Entitled Shareholders. You and/or your renouncee(s)/transferee(s) (if applicable) will have no claims whatsoever against the Parties in respect of your and/or your renouncee(s)'s/transferee(s)'s entitlement under the Rights Issues or to any net proceeds thereof.

11. TERMS AND CONDITIONS

The issuance of the Rights Shares with Warrants is governed by the terms and conditions as set out in this AP and the accompanying NPA and RSF for the Rights Shares with Warrant as well as the Deed Poll while the issuance of the ICPS is governed by the terms and conditions as set out in this AP and the accompanying NPA and RSF for the ICPS.

12. FURTHER INFORMATION

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

Yours faithfully

For and behalf of the Board of

MSCM HOLDINGS BERHAD

(FORMERLY KNOWN AS PANPAGES BERHAD)



Y.M. TENGKU FARITH RITHAUDDEEN

Chairman, Independent Non-Executive Director

INFORMATION ON OUR GROUP**1. BOARD OF DIRECTORS**

Our Board of Directors as at the LPD consists of:

Name / (Designation)	Address	Age	Nationality	Profession
YM Tengku Farith Rithauddeen (Chairman / Independent Non-Executive Director)	No. 52, Persiaran Tuanku Syed Sirajuddin 50480 Kuala Lumpur	48	Malaysian	Chief Executive Officer
Chong Koon Meng (Executive Director)	61, Jalan Desa Residen Levenue, Desa Park City 52200 Kuala Lumpur	53	Malaysian	Chief Executive Officer
Kenny Khaw Chuan Wah (Executive Director)	8, Jalan Anggerik Vanilla 31/98J Kota Kemuning 40460 Shah Alam Selangor Darul Ehsan	44	Malaysian	Chief Financial Officer
Lim Peng Tong (Executive Director)	No. 14, Jalan PE 11 Taman Paya Emas Paya Rumpit 76450 Melaka	60	Malaysian	Company Director
Lau Kok Fui (Non-Independent Non-Executive Director)	12F-2, 167 Nanjing East Road Section 5, Taipei 105 Taiwan	58	Malaysian	Company Director
Wong Mun Wai (Senior Independent Non-Executive Director)	No. 20, Jalan SS15/5G 47500 Subang Jaya Selangor Darul Ehsan	62	Malaysian	Accountant
Yap Kien Ming (Independent Non-Executive Director)	No. 38, Jalan SL7/13 Bandar Sungai Long 43000 Kajang Selangor Darul Ehsan	54	Malaysian	Company Director
Wong Yee Ming (Alternate Director to Lau Kok Fui)	41, Jalan Bestari Ridgewood Desa Parkcity 52200 Kuala Lumpur	38	Malaysian	Company Director

2. SHARE CAPITAL

As at the LPD, the issued and paid-up share capital of our Company is as follows:

	No. of Shares	Issued and paid-up share capital (RM)
MSCM Shares	265,485,685	32,872,348

INFORMATION ON OUR GROUP (CONT'D)**3. DIRECTORS' SHAREHOLDINGS**

The issuance of the Warrants and the ICPS will not have any effect on the shareholdings of our Directors in our Company until and unless the holders of the Warrants and/or ICPS exercise/convert their Warrants and/or ICPS into new Shares.

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

Minimum Scenario

Name	As at the LPD			(I) After the Rights Issue of Shares with Warrants			(II) After (I) and the Rights Issue of ICPS		
	Direct		Indirect	Direct		Indirect	Direct		Indirect
	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares
Lim Peng Tong	30,862,500	11.62	-	30,862,500	10.96	-	30,862,500	10.96	-
Lau Kok Fui	10,776,400	4.06	1,305,500	10,776,400	3.83	1,305,500	10,776,400	3.83	1,305,500
Wong Yee Ming	8,840,800	3.33	-	8,840,800	3.14	-	8,840,800	3.14	-

Name	(III) After (II) and assuming full exercise of the Warrants			(IV) After (III) and assuming full conversion of the ICPS		
	Direct		Indirect	Direct		Indirect
	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares
Lim Peng Tong	30,862,500	9.37	-	30,862,500	8.03	-
Lau Kok Fui	10,776,400	3.27	1,305,500	10,776,400	2.80	1,305,500
Wong Yee Ming	8,840,800	2.68	-	8,840,800	2.30	-

Note:

- (1) Deemed interested by virtue of his spouse's shareholdings in our Company pursuant to Section 8 of the Act based on our Company's register of directors' shareholdings as at the LPD.

INFORMATION ON OUR GROUP (CONT'D)

Maximum Scenario

Name	As at the LPD			(I) After assuming full exercise of the ESOS Options			(II) After (I) and the Rights Issue of Shares with Warrants		
	Direct		Indirect	Direct		Indirect	Direct		Indirect
	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares
Lim Peng Tong	30,862,500	11.62	-	30,862,500	11.60	-	37,035,000	11.60	-
Lau Kok Fui	10,776,400	4.06	1,305,500	10,776,400	4.05	1,305,500	12,931,680	4.05	1,566,600
Wong Yee Ming	8,840,800	3.33	-	8,840,800	3.32	-	10,608,960	3.32	-

Name	(III) After (II) and the Rights Issue of ICPS			(IV) After (III) and assuming full exercise of the Warrants			(V) After (IV) and assuming full conversion of the ICPS		
	Direct		Indirect	Direct		Indirect	Direct		Indirect
	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares
Lim Peng Tong	37,035,000	11.60	-	55,552,500	11.60	-	148,140,000	11.60	-
Lau Kok Fui	12,931,680	4.05	1,566,600	19,397,520	4.05	2,349,900	51,726,720	4.05	6,266,400
Wong Yee Ming	10,608,960	3.32	-	15,913,440	3.32	-	42,435,840	3.32	-

Note:

- (1) Deemed interested by virtue of his spouse's shareholdings in our Company pursuant to Section 8 of the Act based on our Company's register of directors' shareholdings as at the LPD.

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INFORMATION ON OUR GROUP (CONT'D)

4. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The issuance of the Warrants and the ICPS will not have any effect on the shareholdings of our substantial shareholders in our Company until and unless the holders of the Warrants and/or ICPS exercise/convert their Warrants and/or ICPS into new Shares.

The pro forma effects of the Rights Issues on the shareholdings of our substantial shareholders in our Company based on their shareholdings as per the Record of Depositors as at the LPD are as follows:

Minimum Scenario

Name	As at the LPD			(I) After the Rights Issue of Shares with Warrants			(II) After (I) and the Rights Issue of ICPS		
	Direct		Indirect	Direct		Indirect	Direct		Indirect
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares
MMag Chan Swee Ying	70,000,000	26.37	-	-	70,000,000	24.87	70,000,000	24.87	-
Cypress Valley Sdn Bhd ("Cypress Valley")	-	-	70,000,000	26.37 ⁽¹⁾	-	-	-	-	70,000,000
Datuk Haji Khan bin Mohd Akram Khan ("Datuk Haji Khan")	-	-	70,000,000	26.37 ⁽¹⁾	-	-	-	-	70,000,000
Lim Peng Tong	30,862,500	11.62	-	-	30,862,500	10.96	30,862,500	10.96	-
Wong Kim Sun	8,000,000	3.01	8,000,000	3.01 ⁽²⁾	8,000,000	2.84	8,000,000	2.84	8,000,000
Underwriter	-	-	-	-	16,000,000	5.68	16,000,000	5.68	-

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INFORMATION ON OUR GROUP (CONT'D)

Name	(III) After (II) and assuming full exercise of the Warrants			(IV) After (III) and assuming full conversion of the ICPS ⁽³⁾		
	Direct		Indirect	Direct		Indirect
	No. of Shares	%	No. of Shares	%	No. of Shares	%
MMag	70,000,000	21.25	-	-	70,000,000	18.21
Chan Swee Ying	-	-	70,000,000	21.25 ⁽¹⁾	-	-
Cypress Valley	-	-	70,000,000	21.25 ⁽¹⁾	-	70,000,000
Datuk Haji Khan	-	-	70,000,000	21.25 ⁽¹⁾	-	70,000,000
Lim Peng Tong	30,862,500	9.37	-	-	30,862,500	8.03
Wong Kim Sun	8,000,000	2.43	8,000,000	2.43 ⁽²⁾	8,000,000	2.08
Underwriter	64,000,000	19.42	-	-	119,000,000	30.95
					-	-

Notes:

- (1) Deemed interested by virtue of their interest in MMag pursuant to Section 8 of the Act based on our Company's register of substantial shareholders as at the LPD.
- (2) Deemed interested by virtue of his interest in Malinta Corporation Sdn Bhd pursuant to Section 8 of the Act based on our Company's register of substantial shareholders as at the LPD.
- (3) Assuming all ICPS are converted into MSCM Shares based on the conversion ratio of 4 ICPS to be converted into 1 new MSCM Share.

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INFORMATION ON OUR GROUP (CONT'D)**Maximum Scenario**

Name	As at the LPD			(I) After assuming full exercise of the ESOS Options			(II) After (I) and the Rights Issue of Shares with Warrants		
	Direct		Indirect	Direct		Indirect	Direct		Indirect
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares
MMag	70,000,000	26.37	-	-	70,000,000	26.30	84,000,000	26.30	-
Chan Swee Ying	-	-	70,000,000	26.37 ⁽¹⁾	-	-	-	-	84,000,000
Cypress Valley	-	-	70,000,000	26.37 ⁽¹⁾	-	-	-	-	84,000,000
Datuk Haji Khan	-	-	70,000,000	26.37 ⁽¹⁾	-	-	-	-	84,000,000
Lim Peng Tong	30,862,500	11.62	-	-	30,862,500	11.60	37,035,000	11.60	-
Wong Kim Sun	8,000,000	3.01	8,000,000	3.01 ⁽²⁾	8,000,000	3.01	9,600,000	3.01	9,600,000

Name	(III) After (II) and the Rights Issue of ICPS			(IV) After (III) and assuming full exercise of the Warrants			(V) After (IV) and assuming full conversion of the ICPS ⁽³⁾		
	Direct		Indirect	Direct		Indirect	Direct		Indirect
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares
MMag	84,000,000	26.30	-	-	126,000,000	26.30	336,000,000	26.30	-
Chan Swee Ying	-	-	84,000,000	26.30 ⁽¹⁾	-	-	-	-	336,000,000
Cypress Valley	-	-	84,000,000	26.30 ⁽¹⁾	-	-	-	-	336,000,000
Datuk Haji Khan	-	-	84,000,000	26.30 ⁽¹⁾	-	-	-	-	336,000,000
Lim Peng Tong	37,035,000	11.60	-	-	55,552,500	11.60	148,140,000	11.60	-
Wong Kim Sun	9,600,000	3.01	9,600,000	3.01 ⁽²⁾	14,400,000	3.01	38,400,000	3.01	38,400,000

Notes:

- (1) Deemed interested by virtue of their interest in MMag pursuant to Section 8 of the Act based on our Company's register of substantial shareholders as at the LPD.
- (2) Deemed interested by virtue of his interest in Malinta Corporation Sdn Bhd pursuant to Section 8 of the Act based on our Company's register of substantial shareholders as at the LPD.
- (3) Assuming all ICPS are converted into MSCM Shares based on the conversion ratio of 1 ICPS to be converted into 1 new MSCM Share with additional cash payment of RM0.15.

INFORMATION ON OUR GROUP (CONT'D)**5. HISTORICAL FINANCIAL INFORMATION****5.1 Key financial information of our Group**

The following tables set out our Group's key financial information based on our consolidated statements of comprehensive income, statements of financial positions and statements of cash flows for the financial years/period under review:

(i) Historical financial performance:

	Audited⁽¹⁾		
	FYE 31 December 2016 (RM)	15M-FPE 2018⁽²⁾⁽³⁾ (RM)	FYE 31 March 2019 (RM)
Revenue	30,857,373	33,334,126	10,412,445
Gross profit ("GP")	6,944,624	6,828,313	4,069,786
Other income	1,258,197	4,330,533	8,372,904
Interest income	-	197,660	15,640
Impairment loss on financial assets	-	(2,078,727)	(2,586,745)
Selling and distribution expenses	(1,153,769)	(1,090,671)	(22,854)
Administrative expenses	(11,256,089)	(11,649,698)	(5,695,167)
Other expenses	(4,156,352)	(24,819,282)	(17,240,737)
Finance costs	(338,207)	(317,563)	(223,976)
Share of results of an associate	-	(687,517)	687,517 ⁽⁴⁾
LBT	(8,701,596)	(29,286,952)	(12,623,632)
Tax (expense) / income	1,055,023	(1,648,033)	(493,460)
LAT	(7,646,573)	(30,934,985)	(13,117,092)
LAT attributable to:			
Owners of our Company	(7,750,604)	(30,693,178)	(13,072,016)
Non-controlling interests	104,031	(241,807)	(45,076)
Net loss	(7,646,573)	(30,934,985)	(13,117,092)
Weighted average number of MSCM Shares in issue ('000)	241,351	259,598	265,486
No. of MSCM Shares in issue ('000)	241,351	265,486	265,486
Basic LPS ⁽⁵⁾ (sen)	(3.21)	(11.82)	(4.92)
Diluted LPS ⁽⁶⁾ (sen)	(3.21)	(11.82)	(4.92)
GP margin (%)	22.51	20.48	39.09
LBT margin (%)	(28.20)	(87.86)	(121.24)
LAT margin (%)	(24.78)	(92.80)	(125.98)
Dividend (sen)	-	-	-

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INFORMATION ON OUR GROUP (CONT'D)**(ii) Historical financial position:**

	Audited⁽¹⁾		
	FYE 31 December 2016 (RM)	15M-FPE 2018⁽²⁾⁽³⁾ (RM)	FYE 31 March 2019 (RM)
Total non-current assets	45,199,458	29,600,550	15,556,504
Total current assets	23,154,430	11,544,618	7,490,171
Total Assets	68,353,888	41,145,168	23,046,675
Share capital	24,135,069	32,872,348	32,872,348
Share premium	1,231,295	-	-
Share option reserve	130,920	78,009	67,802
Fair value reserve	-	-	(556,873)
Foreign currency translation reserve	1,430,654	53,750	(161,656)
(Accumulated losses) / Retained earnings	28,822,264	(2,161,950)	(15,233,966)
Equity attributable to owners of MSCM	55,750,202	30,842,157	16,987,655
Non-controlling interests	(1,535,500)	(1,468,729)	-
Total Equity	54,214,702	29,373,428	16,987,655
Total non-current Liabilities	1,191,733	367,006	414,891
Total current Liabilities	12,947,453	11,404,734	5,644,129
Total Liabilities	14,139,186	11,771,740	6,059,020
Total Equity and Liabilities	68,353,888	41,145,168	23,046,675
NA per Share (RM) ⁽⁷⁾	0.23	0.12	0.06

(iii) Historical cash flows:

	Audited⁽¹⁾		
	FYE 31 December 2016 (RM)	15M-FPE 2018⁽²⁾⁽³⁾ (RM)	FYE 31 March 2019 (RM)
Net cash from / (used in) operating activities	(1,275,726)	(2,114,119)	853,807
Net cash from / (used in) investing activities	(957,868)	(10,816,370)	3,162,527
Net cash from / (used in) financing activities	(417,130)	5,801,802	(160,798)
Net changes	(2,650,724)	(7,128,687)	3,855,536
Effect of foreign currency translation differences on cash and cash equivalents	273,017	(111,676)	19,179
Cash and cash equivalents at beginning of financial period / years	8,278,044	5,900,337	(1,340,026)
Cash and cash equivalents at the end of financial period / years	5,900,337	(1,340,026)	2,534,689

Notes:

- (1) Source: Annual Reports of our Company for the financial years/period under review.
- (2) On 19 December 2017, our Company announced the change in our financial year end from 31 December to 31 March. The first set of financial statements reflecting the change was made up from 1 January 2017 to 31 March 2018, covering a period of 15 months. Following the change in the year end, there are no comparative figures for preceding year presented.

INFORMATION ON OUR GROUP (CONT'D)

- (3) Annualised revenue and LAT attributable to owners of our Company for 15M-FPE 2018:

	RM
Annualised revenue	26,667,301
Annualised LAT attributable to the owners of our Company	(24,554,542)

- (4) During the FYE 2019, our investment in our associate company, G-Mart Borneo Retail Sdn Bhd (“**G-Mart**”), has been reclassified to other investments after losing significant influence over G-Mart due to the change of our major shareholder, i.e. Innofarm Sdn Bhd, which is the ultimate controlling shareholder of G-Mart.
- (5) Being the LAT attributable to owners of our Company divided by the weighted average number of Shares in issue for the financial years/period under review.
- (6) Diluted LPS is anti-dilutive in nature as the average market price of the Shares is below the exercise price of the share options during the financial years/period.
- (7) Being the NA attributable to owners of MSCM divided by the number of MSCM Shares in issue for the financial years/period under review.

5.2 Overview of the financial performance of MSCM:

(a) FYE 31 March 2019 vs. 15M-FPE 2018

Our Group’s revenue for FYE 31 March 2019 decreased by approximately RM22.92 million or 68.76% to RM10.41 million while it decreased by approximately RM16.25 million or 60.95% as compared to the annualised revenue of 15M-FPE 2018 (15M-FPE 2018: RM33.33 million; RM26.67 million (annualised)). The revenue decrease was mainly due to the decline in revenue from our Group’s search and advertising segment (comprising printed directories, internet directories and third-party online advertising services, and content databases) which contributed approximately RM10.06 million or 96.64% of our Group’s total revenue. The decline in our Group’s search and advertising segment’s revenue was mainly due to the disposal of our Malaysian digital advertising agency business (which was involved in reselling of third-party online advertisement products) in April 2018 as well as lower advertising revenue contribution from customers in Malaysia and Cambodia because of lower economies activities and increase in market competition.

Despite the decrease in revenue during the FYE 31 March 2019, our Group’s GP margin increased by 18.61% to 39.09% (15M-FPE 2018: 20.48%), mainly due to the disposal of the aforesaid digital advertising agency business with low profit margin during the financial year. Subsequent to the disposal, all the direct cost attributed to the said business was no longer consolidated into our Group’s cost of sales.

Our Group’s LAT attributable to owners of our Company for the FYE 31 March 2019 recorded a decrease of approximately RM17.62 million or 57.41% to approximately RM13.07 million while it decreased by approximately RM11.48 million or 46.76% to approximately RM13.07 million as compared to the annualised LAT of 15M-FPE 2018 (15M-FPE 2018: RM30.69 million; RM24.55 million (annualised)) mainly due to the following:

- (i) the effectiveness of implementing cost-cutting measures in all divisions during the FYE 31 March 2019 which include the downsizing of the number of staffs in all divisions and the consolidation of departments. Our Group had consolidated the administration and human resources departments with the finance department as well as the production department was merged with marketing department;

INFORMATION ON OUR GROUP (CONT'D)

- (ii) gain on disposal of approximately RM4.21 million from the disposal of our content databases business in March 2019 pursuant to the disposal of PanLab and its subsidiary, PanPages (Thailand), of which the details are set out in Section 8(iii) of Appendix I of this AP; and
- (iii) net compensation received amounting to approximately RM3.31 million pursuant to the settlement of the litigation case in April 2018, whereby our Company and our wholly-owned subsidiary, Cyber Business Solutions Sdn Bhd, had on 26 April 2018 entered into a settlement agreement with Xmeg Technologies Sdn Bhd to settle all disputes and claims as set out in Section 8(ii) of Appendix I of this AP.

The cash and cash equivalents of our Group for the FYE 31 March 2019 stood at approximately RM2.53 million mainly due to the net cash from investing activities of approximately RM3.16 million for the FYE 31 March 2019. Our Company reported a higher net cash from investing activities as a result of the disposal of our wholly-owned subsidiary, PanLab, and its subsidiary, PanPages (Thailand), for a total cash consideration of RM3.50 million.

(b) 15M-FPE 2018 vs. FYE 31 December 2016

Our Group's revenue for the 15M-FPE 2018 increased by approximately RM2.48 million or 8.03% to approximately RM33.33 million while annualised revenue decreased by approximately RM4.19 million (FYE 31 December 2016: RM30.86 million). The increase in revenue for the 15M-FPE 2018 was mainly due to the change in financial year end, resulting in our Group recording a revenue of 15 months for the 15M-FPE 2018 and only 12 months for the FYE 31 December 2016. Notwithstanding the additional 3 months for the 15M-FPE 2018, the revenue of our Group had only increased marginally due to the decrease in our advertising revenue in Malaysia and Cambodia (which are mainly derived from production of print directories that advertise the goods and services of our customers) as a result of lower economic activities and increase in competition with existing competitors and new entrants to the advertising market in terms of market pricing and the pervasiveness of technology that has made digital advertising more accessible for small and medium-sized enterprises. The advertising industry has become more dynamic and challenging resulting from the ever-changing landscape and advancement in technology which made it difficult for our Group to compete with new partners or agencies reselling third-party online advertisement products such as Google, Alibaba and Facebook in the market.

Our Group recorded an increase of approximately RM22.94 million or 296.01% in LAT attributable to owners of our Company to approximately RM30.69 million while annualised LAT attributable to owners of our Company increased by approximately RM16.80 million or 216.81% to approximately RM24.55 million in the 15M-FPE 2018 (FYE 31 December 2016: RM7.75 million) mainly due to:

- (i) impairment of goodwill of PanPages Online and PanPages (Thailand) of RM7.99 million;
- (ii) impairment of intangible assets (comprising trademark and customers listing of PanPages Online) amounting to approximately RM10.86 million; and
- (iii) RM2.35 million of bad debts were written off during the 15M-FPE 2018 due to the writing off of certain debtors with outstanding debts of more than 2 years subsequent to the disposal of PanPages Vietnam Co., Ltd in February 2018.

INFORMATION ON OUR GROUP (CONT'D)

The cash and cash equivalents of our Group for the 15M-FPE 2018 stood at a deficit of approximately RM1.34 million and recorded a decrease of approximately RM7.24 million as at 31 March 2018 (FYE 31 December 2016: surplus of RM5.90 million). The decrease was mainly due to the net cash used in operating activities and investing activities of approximately RM2.11 million and RM10.82 million, respectively, for the 15M-FPE 2018.

Our Company reported a higher net cash used in operating activities for the 15M-FPE 2018 as a result of payment for the administrative expenses, finance cost and corporate taxation. Our Company also reported a higher net cash used in investing activities for the 15M-FPE 2018 which was arising from the acquisition of 30% equity interest in G-Mart for a purchase consideration of approximately RM10.75 million.

Nevertheless, the impact was mitigated by the net cash generated from financing activities of approximately RM5.80 million for the 15M-FPE 2018 arising from the proceeds of private placement of new MSCM Shares, representing not more than 10% of the existing number of issued Shares which was completed on 5 May 2017. The fund raised from the private placement of RM7,505,984 was partially used to fund the acquisition of G-Mart. The acquisition was completed on 20 June 2017. The balance of proceeds from the private placement was RM1,773,000, which has been fully utilised for repayment of our Group's bank borrowings.

6. HISTORICAL SHARE PRICES

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

	Highest (RM)	Lowest (RM)
2018		
August	0.245	0.205
September	0.245	0.210
October	0.220	0.195
November	0.270	0.200
December	0.225	0.200
2019		
January	0.270	0.190
February	0.250	0.220
March	0.275	0.220
April	0.260	0.230
May	0.255	0.220
June	0.220	0.195
July	0.210	0.195

The last transacted market price of MSCM Shares on 29 November 2018 (being the last trading date prior to the Announcement) was RM0.225 each.

The last transacted market price of MSCM Shares on 31 July 2019 (being the last transacted date preceding the LPD prior to printing of this AP) was RM0.205 each.

The last transacted market price of MSCM Shares on 27 August 2019 (being the last day on which MSCM Shares were traded prior to the ex-date for the Rights Issues) was RM0.225 each.

(Source: Bloomberg Finance L.P.)

INFORMATION ON OUR GROUP (CONT'D)**7. OPTION TO SUBSCRIBE FOR MSCM SHARES**

As at the LPD, save for the Provisional Rights Securities and 674,000 outstanding ESOS Options, no option to subscribe for MSCM Shares has been granted or is entitled to be granted to any person.

Under the ESOS, our Company may grant options, with a pre-determined exercise price, to subscribe for new MSCM Shares up to 15% of our Company's total number of issued Shares (excluding treasury shares, if any) at any point of time during the existence of the ESOS. The ESOS was established on 4 July 2011 for an initial tenure of 5 years, our Company extended the ESOS on 1 July 2016 for another 5 years until 3 July 2021.

As at the LPD, there are 674,000 outstanding ESOS Options granted under the ESOS which are exercisable into a total of 674,000 new MSCM Shares at the exercise price of RM0.35 per ESOS Option.

8. MATERIAL CONTRACTS

Save as disclosed below, neither our Company nor any of our subsidiaries have entered into any material contracts (not being contracts entered into in the ordinary course of business of our Group) within the 2 years immediately preceding the date of this AP:

- (i) sale and purchase agreement dated 28 February 2018 between PanPages Online (as the vendor) and PanPages Trinity Sdn Bhd (as the purchaser) for the disposal of the entire digital agency advertising business of PanPages Online for a cash consideration of RM1,000,000. The disposal was completed on 30 April 2018;
- (ii) settlement agreement dated 26 April 2018 between our Company, Cyber Business Solutions Sdn Bhd and Xmeg Technologies Sdn Bhd to settle all disputes and claims in relation to the civil suit claiming damages allegedly suffered by Cyber Business Solutions Sdn Bhd due to the termination of the ASG Distribution Agreement by ASG Software Solutions Inc. on 28 May 2012 for a total settlement sum of RM3,500,000. The said settlement sum was paid on 30 April 2018;
- (iii) shares sale agreement dated 21 November 2018 between our Company and Commerce Dotasia Data Holdings Sdn Bhd for the disposal of PanLab and its subsidiary, PanPages (Thailand), for a cash consideration of RM3,500,000. The said disposal was completed on 15 March 2019;
- (iv) shares sale agreement dated 26 March 2019 between our Company and Ace Credit (M) Sdn Bhd for the acquisition of the entire equity interest in Ace Worldwide Leasing Sdn Bhd for a purchase consideration of RM3,000,000. The proposed acquisition was terminated on 26 June 2019;
- (v) the Deed Poll; and
- (vi) the Underwriting Agreement.

9. MATERIAL LITIGATION

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

ADDITIONAL INFORMATION

1. CONSENTS

The Adviser and Underwriter, Company Secretaries, Share Registrar, Solicitors for the Rights Issues, Independent Market Researcher, Auditors and Reporting Accountants, and Bloomberg Finance L.P. have each given and have not subsequently withdrawn their written consents to the inclusion in this AP of their names and all references thereto in the form and context in which they appear in this AP.

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at 802, 8th Floor, Block C, Kelana Square, 17, Jalan SS 7/26, 47301 Petaling Jaya, Selangor Darul Ehsan during normal business hours from 9.00 a.m. to 5.00 p.m. from Monday to Friday (excluding public holidays) for the period of at least 6 months from the date of this AP:

- (i) the IMR Report;
- (ii) the material contracts referred to in **Section 8** of **Appendix I** of this AP; and
- (iii) the letters of consent referred to in **Section 1** of **Appendix II** of this AP.

3. RESPONSIBILITY STATEMENT

Our Board has seen and approved this AP together with its accompanying documents and 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, there are no false or misleading statements or other facts, the omission of which would make any statement herein false or misleading.

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

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