

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

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

THIS AP IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS AP. IF YOU ARE IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT A PROFESSIONAL ADVISER IMMEDIATELY. FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROFESSIONAL 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, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan.

The Documents are only despatched to our Entitled Shareholders whose names appear in our Record of Depositors as at 5.00 p.m. on 12 April 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 12 April 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 complies with the laws of any countries or jurisdictions other than the laws of Malaysia. The Documents do not constitute an offer, solicitation or invitation to subscribe for the Rights 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 renounee(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 or renunciation (as the case may be) of their entitlements to the Rights Issues would result in the contravention of any laws of such countries or jurisdictions. Such Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) should note the additional terms and restrictions as set out in Section 10 of this AP. Neither our Company, TA Securities, Sole 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 or sale/renunciation made by the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any countries or jurisdictions in which the Entitled Shareholders and/or their renounee(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 which takes no responsibility for the contents of the Documents.

Our shareholders have approved, amongst others, the Rights Issues at our EGM held on 3 January 2019. Bursa Securities had, vide its letter dated 4 December 2018, approved the admission of the Warrants and the ICPS to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for the Rights Shares, Warrants, ICPS and the new Shares to be issued upon the exercise of the Warrants and conversion of the ICPS on the ACE Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issues and shall not to 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 opinions expressed in the Documents. The listing of and quotation for the Rights Shares, Warrants and ICPS will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS accounts of the Entitled Shareholders and/or their renounee(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 renounee(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.



VORTEX CONSOLIDATED BERHAD
(formerly known as SKH Consortium Berhad)

(Company No. 383028-D)

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

- (I) **RENOUNCEABLE RIGHTS ISSUE OF UP TO 60,988,584 NEW ORDINARY SHARES IN VORTEX CONSOLIDATED BERHAD (FORMERLY KNOWN AS SKH CONSORTIUM BERHAD) ("VORTEX" OR THE "COMPANY") ("VORTEX SHARE(S)" OR "SHARE(S)") ("RIGHTS SHARE(S)") ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 5 EXISTING SHARES HELD AS AT 5.00 P.M. ON 12 APRIL 2019 AT AN ISSUE PRICE OF RM0.15 PER RIGHTS SHARE, TOGETHER WITH UP TO 60,988,584 FREE DETACHABLE WARRANTS ("WARRANT(S)") ON THE BASIS OF 1 WARRANT FOR EVERY 1 RIGHTS SHARE SUBSCRIBED FOR ("RIGHTS ISSUE OF SHARES WITH WARRANTS"); AND**
- (II) **RENOUNCEABLE RIGHTS ISSUE OF UP TO 914,828,766 NEW IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES IN VORTEX ("ICPS") ON THE BASIS OF 3 ICPS FOR EVERY 1 EXISTING SHARE HELD AS AT 5.00 P.M. ON 12 APRIL 2019 AT AN ISSUE PRICE OF RM0.05 PER ICPS ("RIGHTS ISSUE OF ICPS")**

Adviser and Sole Underwriter



IMPORTANT RELEVANT DATES AND TIME

Entitlement date	:	Friday, 12 April 2019 at 5.00 p.m.
Last date and time for:		
Sale of provisional allotment of rights	:	Friday, 19 April 2019 at 5.00 p.m.
Transfer of provisional allotment of rights	:	Wednesday, 24 April 2019 at 4.00 p.m.
Acceptance and payment	:	Monday, 29 April 2019 at 5.00 p.m.
Excess application and payment	:	Monday, 29 April 2019 at 5.00 p.m.

This Abridged Prospectus is dated 12 April 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 ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION GIVEN AND CONFIRM THAT, HAVING MADE ALL REASONABLE ENQUIRIES AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS WHICH, IF OMITTED, WOULD MAKE ANY STATEMENTS IN THESE DOCUMENTS 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 THIS AP THAT IS FALSE, MISLEADING, OR FROM WHICH THERE IS A MATERIAL OMISSION, OR FOR ANY MISLEADING OR DECEPTIVE ACT IN RELATION TO THIS AP OR THE CONDUCT OF ANY OTHER PERSON IN RELATION TO OUR COMPANY.

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

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DEFINITIONS

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

“5D-VWAP”	:	5-day volume weighted average price
“9M FPE”	:	9-month FPE
“15M FPE”	:	15-month FPE
“Act”	:	Companies Act 2016
“Amendments to M&A”	:	Amendments to the M&A of our Company to facilitate the Rights Issue of ICPS
“Announcement”	:	The announcement in relation to the Corporate Exercises dated 19 October 2018
“Announcement LPD”	:	15 October 2018, being the latest practicable date prior to the Announcement
“AP”	:	This Abridged Prospectus issued by our Company dated 12 April 2019
“BNM”	:	Bank Negara Malaysia
“Board”	:	Board of Directors of our Company
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“CDS”	:	Central Depository System
“Circular”	:	Circular to our shareholders dated 7 December 2018 in relation to the Corporate Exercises
“Closing Date”	:	29 April 2019 at 5.00 p.m., being the last date and time for the acceptance of and payment for the Provisional Rights Shares with Warrants and Provisional ICPS, as well as excess Rights Shares with Warrants and excess ICPS
“CMSA”	:	Capital Markets and Services Act 2007
“Code”	:	Malaysian Code on Take-Overs and Mergers 2016
“Conversion Price”	:	The conversion price of RM0.15 per ICPS
“Conversion Ratio”	:	Conversion ratio of the ICPS at a minimum of 1 ICPS and up to a maximum of 3 ICPS and by paying the difference between the aggregate issue price of ICPS surrendered and the Conversion Price, if any, in cash, for every 1 new Share
“Corporate Exercises”	:	Share Consolidation, Rights Issue of Shares with Warrants, Rights Issue of ICPS and Amendments to M&A, collectively
“Deed Poll”	:	The document constituting the Warrants dated 29 March 2019
“Director”	:	A natural person who holds a directorship in a company, whether in an executive or non-executive capacity, and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the CMSA

DEFINITIONS (CONT'D)

“EGM”	:	Extraordinary general meeting of our Company held on 3 January 2019
“Entitled Shareholders”	:	Our shareholders whose names appear in our Company’s Record of Depositors on the Entitlement Date
“Entitlement Date”	:	12 April 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 Share
“FPE”	:	Financial period ended/ending, as the case may be
“FYE”	:	Financial year ended/ending, as the case may be
“GDC”	:	Gross development costs
“GDP”	:	Gross development profit
“GDV”	:	Gross development value
“GP”	:	Gross profit
“ICPS”	:	Up to 914,828,766 new irredeemable convertible preference shares in our Company to be issued pursuant to the Rights Issue of ICPS
“ICT”	:	Information and communication technology
“IT”	:	Information technology
“KHSB”	:	Kepayang Heights Sdn Bhd (an 80%-owned subsidiary of our Company)
“Land”	:	A piece of leasehold land held under H.S. (D) 15843, PT No. 20110, Mukim and District of Bentong, State of Pahang, measuring approximately 78,900 square metre
“LAT”	:	Loss after tax
“LBT”	:	Loss before tax
“Listing Requirements”	:	ACE Market Listing Requirements of Bursa Securities
“LPD”	:	20 March 2019, being the latest practicable date prior to the registration of this AP
“LPS”	:	Loss per Share
“M&A”	:	Memorandum and Articles of Association
“Market Day”	:	A day on which Bursa Securities is open for the trading of securities
“Maximum Scenario-ICPS”	:	Assuming all Entitled Shareholders subscribe for their entitlements under the Rights Issue of ICPS in full and the ICPS are fully converted into new Shares based on the Conversion Price and the conversion mode of surrendering 1 ICPS (which is issued at an issue price of RM0.05 each) with additional cash payment of RM0.10 for 1 new Share
“Maximum Scenario-Rights Shares”	:	Assuming all Entitled Shareholders subscribe for their entitlements under the Rights Issue of Shares with Warrants in full

DEFINITIONS (CONT'D)

“Minimum Scenario-ICPS” or “Minimum Subscription Level-ICPS”	:	268,000,000 ICPS to be issued pursuant to the Rights Issue of ICPS and taking into consideration the following: (i) subscription by Sole Underwriter pursuant to the Underwriting Agreement; (ii) to raise minimum gross proceeds of RM13.40 million from the Rights Issue of ICPS; and (iii) the ICPS are fully converted into new Shares based on the Conversion Price and the conversion mode of surrendering 3 ICPS (which are issued at an issue price of RM0.05 each) for 1 new Share
“Minimum Scenario-Rights Shares” or “Minimum Subscription Level-Rights Shares”	:	24,000,000 Rights Shares with 24,000,000 Warrants to be issued pursuant to the Rights Issue of Shares with Warrants and taking into consideration the following: (i) subscription by Sole Underwriter pursuant to the Underwriting Agreement; and (ii) to raise minimum gross proceeds of RM3.60 million from the Rights Issue of Shares with Warrants
“MKSB”	:	Master Knowledge Sdn Bhd, a major shareholder of our Company
“MOF”	:	Ministry of Finance Malaysia
“NA”	:	Net assets
“NPA”	:	Notice of Provisional Allotment in relation to the Rights Issues
“PAT”	:	Profit after tax
“PBT”	:	Profit before tax
“PDLSB”	:	Paris Dynasty Land Sdn Bhd
“Proposed Development Project-KHSB”	:	A proposed housing development project on the Land
“Provisional ICPS”	:	ICPS provisionally allotted to the Entitled Shareholders pursuant to the Rights Issue of 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 provided by Bursa Depository under the Rules of Bursa Depository
“Rights Issue of ICPS”	:	Renounceable rights issue of up to 914,828,766 new ICPS in our Company on the basis of 3 ICPS for every 1 existing Share held on the Entitlement Date
“Rights Issue of Shares with Warrants”	:	Renounceable rights issue of up to 60,988,584 Rights Shares on the basis of 1 Rights Share for every 5 existing Shares held on the Entitlement Date, together with up to 60,988,584 Warrants on the basis of 1 Warrant for every 1 Rights Share subscribed for
“Rights Issues”	:	Rights Issue of Shares with Warrants and Rights Issue of ICPS, collectively
“Rights Share(s)”	:	Up to 60,988,584 new Shares to be issued pursuant to the Rights Issue of Shares with Warrants
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively

DEFINITIONS (CONT'D)

“RSF”	:	Rights Subscription Form in relation to the Rights Issues
“Rules”	:	Rules on Take-overs, Mergers and Compulsory Acquisitions
“Rules of Bursa Depository”	:	Rules of Bursa Depository including the rules in relation to a central depository as described in Section 2 of the SICDA
“SC”	:	Securities Commission Malaysia
“Share Consolidation”	:	Share consolidation of every 2 Shares into 1 new Share, which was completed on 25 January 2019
“Share Registrar”	:	Tricor Investor & Issuing House Services Sdn Bhd
“SICDA”	:	Securities Industry (Central Depositories) Act, 1991
“TA Securities” or “Adviser” or “Sole Underwriter”	:	TA Securities Holdings Berhad
“TEAP”	:	Theoretical ex-all price
“TERP”	:	Theoretical ex-rights price
“Underwriting Agreement”	:	Underwriting agreement dated 29 March 2019 entered into between our Company and TA Securities for the underwriting of 24,000,000 Rights Shares (together with 24,000,000 Warrants) and 268,000,000 ICPS
“Vortex” or “Company”	:	Vortex Consolidated Berhad (<i>formerly known as SKH Consortium Berhad</i>)
“Vortex Group” or “Group”	:	Our Company and our subsidiaries, collectively
“Vortex Share(s)” or “Share(s)”	:	Ordinary share(s) in our Company
“Warrant(s)”	:	Up to 60,988,584 free detachable warrants to be issued pursuant to the Rights Issue of Shares with Warrants
“Warrants Holder(s)”	:	The holder(s) of the Warrants

All references to “**we**”, “**us**” “**our**” and “**ourselves**” are to our Company and where the context does require, shall include our subsidiaries.

All references to “**you**” or “**your**” in this AP are to the Entitled Shareholders and/or, where the context requires otherwise, their renounee(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 SECRETARY** : Leong Sue Ching (MAICSA 7040814)
CAREsec Advisory Sdn Bhd
No. 9A, Jalan Medan Tuanku
Medan Tuanku
50300 Kuala Lumpur
Wilayah Persekutuan
Tel. no. : 03-2691 8996
Fax. no. : 03-2698 6996
- SHARE REGISTRAR** : Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan
Tel. no. : 03-2783 9299
Fax. no. : 03-2783 9222
- DUE DILIGENCE SOLICITORS** : Peter Ling & van Geyzel
B-19-4, Tower B, Northpoint Office Suites
Mid Valley City
No. 1 Medan Syed Putra Utara
59200 Kuala Lumpur
Tel. no. : 03-2282 3080
Fax. no. : 03-2201 9880
- ADVISER** : TA Securities Holdings Berhad
32nd Floor, Menara TA One
22, Jalan P. Ramlee
50250 Kuala Lumpur
Tel. no. : 03-2072 1277
Fax. no. : 03-2026 0127
- SOLE UNDERWRITER** : TA Securities Holdings Berhad
32nd Floor, Menara TA One
22, Jalan P. Ramlee
50250 Kuala Lumpur
Tel. no. : 03-2072 1277
Fax. no. : 03-2026 0127
- AUDITORS / REPORTING ACCOUNTANTS** : Crowe Malaysia PLT (LLP0018817-LCA & AF1018)
(converted from a conventional partnership, Crowe Malaysia which was previously known as Crowe Horwath)
Level 16, Tower C, Megan Avenue 2
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel. no. : 03-2788 9999
Fax. no. : 03-2788 9998
- STOCK EXCHANGE LISTING** : ACE Market of Bursa Securities

SUMMARY OF RIGHTS ISSUES

THIS SUMMARY 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.

(A) Rights Issue of Shares with Warrants

Issue size	:	Up to 60,988,584 Rights Shares together with up to 60,988,584 Warrants.
Basis of allotment	:	1 Rights Share for every 5 Shares held on the Entitlement Date, together with 1 free Warrant for every 1 Rights Share subscribed for.
Issue price of Rights Share	:	RM0.15 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 Rights Share. The Warrants will be issued at no cost to the Entitled Shareholders.
Exercise price of Warrant	:	RM0.15 per Warrant. Refer to Section 2.1(ii) of this AP for the basis of determining the exercise price of Warrant. Each Warrant entitles the registered holder to subscribe for 1 new Share at any time during the exercise period and at the exercise price (upon the terms and subject to conditions 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	:	24,000,000 Rights Shares with 24,000,000 Warrants to raise minimum gross proceeds of RM3.60 million. To meet the Minimum Subscription Level-Rights Shares, our Company has entered into the Underwriting Agreement with the Sole Underwriter to underwrite 24,000,000 Rights Shares (representing the entire issue size of the Rights Issue of Shares with Warrants under the Minimum Subscription Level-Rights Shares) together with 24,000,000 Warrants. Refer to Section 2.4 of this AP for further details on the Underwriting Agreement.

(B) Rights Issue of ICPS

Issue size	:	Up to 914,828,766 ICPS.
Basis of allotment	:	3 ICPS for every 1 existing Share held on the Entitlement Date.
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 rights	:	Each ICPS carries the entitlement to be converted into new Shares at the Conversion Ratio through the surrender of the ICPS. Refer to Section 3.3 of this AP for the salient terms of the ICPS.
Minimum Subscription Level-ICPS and Underwriting Agreement	:	268,000,000 ICPS to raise minimum gross proceeds of RM13.40 million. To meet the Minimum Subscription Level-ICPS, our Company has entered into the Underwriting Agreement with the Sole Underwriter to underwrite 268,000,000 ICPS (representing the entire issue size of the Rights Issue of ICPS under the Minimum Subscription Level-ICPS). Refer to Section 3.4 of this AP for further details on the Underwriting Agreement.

SUMMARY OF RIGHTS ISSUES (CONT'D)**(C) Rights Issues**

Utilisation of proceeds	<p>: The total gross proceeds to be raised from the Rights Issues of approximately up to RM54.89 million will be utilised in the following manners:</p> <table border="1" data-bbox="528 371 1390 745"> <thead> <tr> <th></th> <th>Minimum Scenario (RM)</th> <th>Maximum Scenario (RM)</th> <th>Expected time frame for utilisation*</th> </tr> </thead> <tbody> <tr> <td>Proposed Development Project-KHSB</td> <td>10,800,000</td> <td>43,189,726</td> <td>Within 36 months</td> </tr> <tr> <td>Future projects and/or acquisitions</td> <td>3,000,000</td> <td>6,500,000</td> <td>Within 36 months</td> </tr> <tr> <td>Working capital</td> <td>2,000,000</td> <td>4,000,000</td> <td>Within 24 months</td> </tr> <tr> <td>Estimated expenses in relation to the Corporate Exercises</td> <td>1,200,000</td> <td>1,200,000</td> <td>Within 1 month</td> </tr> <tr> <td>TOTAL</td> <td>17,000,000</td> <td>54,889,726</td> <td></td> </tr> </tbody> </table> <p>Note: * From the date of listing of Rights Shares and ICPS.</p> <p>Refer to Section 5 of this AP for further details on the utilisation of proceeds.</p>		Minimum Scenario (RM)	Maximum Scenario (RM)	Expected time frame for utilisation*	Proposed Development Project-KHSB	10,800,000	43,189,726	Within 36 months	Future projects and/or acquisitions	3,000,000	6,500,000	Within 36 months	Working capital	2,000,000	4,000,000	Within 24 months	Estimated expenses in relation to the Corporate Exercises	1,200,000	1,200,000	Within 1 month	TOTAL	17,000,000	54,889,726	
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TOTAL	17,000,000	54,889,726																							
Rationale	<p>: The Rights Issues, amongst others, allows our Company to raise funds for purposes set out in Section 5 of this AP without incurring interest costs as compared to bank borrowings or debt instruments.</p> <p>Refer to Section 4 of this AP for further details on the rationale for the Rights Issues.</p>																								
Risk factors	<p>: You should consider the following risk factors before investing in the Rights Issues:</p> <ul style="list-style-type: none"> (i) as part of the proceeds of Rights Issues shall be utilised for Proposed Development Project-KHSB, our Group is exposed to risk in property construction and property development segments, such as project completion risk and risk of property overhang; and (ii) our Group's IT and ICT segment is prone to rapid technological changes, changes in consumer requirements and our ability to introduce products and services in a timely manner to meet the rapid changes in consumer demand and requirements. <p>Refer to Section 6 of this AP for further details on the risk factors.</p>																								
Procedures for applications	<p>: If you wish to accept your entitlement to the Provisional Rights Shares with Warrants and 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 relevant payment must be despatched to our Share Registrar by ORDINARY POST, DELIVERY BY HAND and/or COURIER to our Share Registrar so as to arrive not later than 5.00 p.m. on 29 April 2019.</p> <p>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 29 April 2019.</p> <p>Refer to Section 10 of this AP for further details on instructions on acceptance, payment, sale/transfer and excess application for the Rights Issues.</p>																								



VORTEX CONSOLIDATED BERHAD
(formerly known as SKH Consortium Berhad)

(Company No. 383028-D)

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

Registered Office:

No. 9A, Jalan Medan Tuanku
Medan Tuanku
50300 Kuala Lumpur
Wilayah Persekutuan

12 April 2019

Our Board of Directors:

Tan Ooi Jin (*Executive Chairman / Executive Director*)
Choo Peng Hung (*Managing Director*)
Lee Li Chain (*Finance Director / Executive Director*)
Dato' Chairil Nazri Bin Ahmad (*Independent Non-Executive Director*)
Yap Kien Ming (*Independent Non-Executive Director*)
Sam Kok Hong (*Independent Non-Executive Director*)
Ahmed Azhar Bin Abdullah (*Independent Non-Executive Director*)

To: Our Entitled Shareholders

Dear Sir/Madam,

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

1. INTRODUCTION

On 19 October 2018, TA Securities, on behalf of our Board, announced that our Company proposed to undertake the Corporate Exercises.

Bursa Securities has vide its letter dated 4 December 2018 approved, amongst others, the following:

- (i) listing of and quotation for up to 60,988,584 Rights Shares;
- (ii) admission to the Official List and the listing of and quotation for up to 60,988,584 Warrants and 914,828,766 ICPS, respectively; and
- (iii) listing of and quotation for up to 60,988,584 new Shares and up to 914,828,766 new Shares to be issued pursuant to the exercise of the Warrants and the conversion of the ICPS, respectively,

on the ACE Market of Bursa Securities.

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

No.	Conditions imposed	Status of compliance
(i)	Our Company 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)	Our Company and TA Securities to inform Bursa Securities upon the completion of the Rights Issues;	To be complied with
(iii)	Our Company to furnish Bursa Securities with a written confirmation of our compliance with the terms and conditions of Bursa Securities' approval once the Rights Issues are completed; and	To be complied with
(iv)	Our Company to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the conversion of ICPS and exercise of Warrants 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 3 January 2019.

On 25 January 2019, TA Securities, on behalf of our Board, announced the variation to the utilisation of proceeds to be raised from the Rights Issues.

On 29 March 2019, TA Securities, on behalf of our Board, announced that:

- (i) the Entitlement Date has been fixed on 12 April 2019 at 5.00 p.m. together with the other relevant dates pertaining to the Rights Issues;
- (ii) our Company had entered into the Underwriting Agreement with the Sole Underwriter; and
- (iii) our Company had executed the Deed Poll.

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 in connection with the Rights Issues.

2. DETAILS OF THE RIGHTS ISSUE OF SHARES WITH WARRANTS

Our Company proposes to issue up to 60,988,584 Rights Shares on the basis of 1 Rights Share for every 5 existing Shares held by the Entitled Shareholders on the Entitlement Date, together with up to 60,988,584 Warrants on the basis of 1 Warrant 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 the following:

- (i) the issue price of the Rights Share of RM0.15 each;
- (ii) the funding requirements of our Group, as detailed in Section 5 of this AP; and
- (iii) the rationale for the Rights Issues as sets out in Section 4 of this AP.

The basis of 1 Warrant for every 1 Rights Share subscribed for was arrived at after taking into consideration the following:

- (i) the rationale for the Rights Issues as sets out in Section 4 of this AP; and
- (ii) Rule 6.51 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 corporation (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- : 24,000,000 Rights Shares with 24,000,000 Warrants, after taking into
Rights Shares consideration the following:

- (i) the existing issued share capital of our Company as at the LPD of RM65,120,969 comprising 304,942,918 Shares;
- (ii) subscription by the Sole Underwriter pursuant to the Underwriting Agreement; and
- (iii) to raise minimum gross proceeds of RM3.60 million from the Rights Issue of Shares with Warrants.

Maximum Scenario- : Up to 60,988,584 Rights Shares with up to 60,988,584 Warrants, after taking
Rights Shares into consideration the following:

- (i) the existing issued share capital of our Company as at the LPD of RM65,120,969 comprising 304,942,918 Shares; and
- (ii) all Entitled Shareholders subscribe in full for their entitlements under the Rights Issue of Shares with Warrants.

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 the Warrants. If the Entitled Shareholders accept only part of their Rights Shares entitlements, they will be entitled to the Warrants in proportion to their acceptance of their Rights Shares entitlements.

In determining our shareholders' entitlements to the Rights Shares with Warrants under the Rights Issue of Shares with 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 renounee(s)/transferee(s) (if applicable). It is the intention of our Board to allocate the excess Rights Shares with Warrants in a fair and equitable basis specified under Section 10.7 herein.

The Warrants will be immediately detached from the Rights Shares upon issuance and will be separately traded from the Rights Shares on the ACE 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 certificate and warrant certificate will be issued to the Entitled Shareholders and/or their renounee(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 Shares with Warrants 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 ACE Market of Bursa Securities within 2 Market Days after the application for quotation is made to Bursa Securities as specified in the Listing Requirements.

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

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

2.1 Basis of determining the issue price of Rights Share and exercise price of Warrant

(i) Issue price of Rights Share

Our Board has fixed the issue price of Rights Share at RM0.15 each after taking into consideration, among others, the following:

- (a) the TEAP⁽¹⁾ of our Share of RM0.1597, computed based on the theoretical adjusted reference price of our Share after the Share Consolidation (which is calculated based on the 5D-VWAP of our Share up to and including the Announcement LPD of RM0.0866); and
- (b) the funding requirements of our Group, as detailed in Section 5 of this AP.

The issue price of RM0.15 per Rights Share represents a discount of RM0.0097 or 6.07% to the TEAP of our Share of RM0.1597.

Note:

(1) TEAP is computed as follows:

$$\begin{aligned}
 \text{TEAP} &= \frac{(P \times Y) + (X \times Z) + (Z \times R_w \times E_w) + (Y \times R_p \times E_p)}{Y + Z + (Z \times R_w) + (Y \times R_p \times C_p)} \\
 &= \frac{(0.1732 \times 5) + (0.15 \times 1) + (1 \times \frac{1}{1} \times 0.15) + (5 \times \frac{3}{1} \times 0.05)}{5 + 1 + (1 \times \frac{1}{1}) + (5 \times \frac{3}{1} \times \frac{1}{3})} \\
 &= \text{RM0.1597}
 \end{aligned}$$

where:

P	=	Theoretical adjusted reference price of our Share after the Share Consolidation (which is calculated based on the 5D-VWAP of our Share up to and including the Announcement LPD)
Y	=	Number of existing Vortex Shares
X	=	Issue price of Rights Share
Z	=	Number of Rights Share
R _w	=	Number of Warrants attached to the Rights Shares
E _w	=	Exercise price of Warrant
R _p	=	Number of ICPS attached to the Vortex Shares
E _p	=	Issue price of ICPS
C _p	=	Conversion ratio of 3 ICPS into 1 Vortex Share

(ii) Exercise price of Warrant

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

Our Board has fixed the exercise price of Warrant at RM0.15 each after taking into consideration the TERP⁽¹⁾ of our Share of RM0.1605 (computed based on theoretical adjusted reference price of our Share of RM0.1732 after considering the 5D-VWAP of our Share up to and including the Announcement LPD of RM0.0866).

The exercise price of RM0.15 per Warrant represents a discount of RM0.0105 or 6.54% to the TERP of our Share of RM0.1605.

Note:

(1) TERP is computed as follows:

$$\begin{aligned}
 \text{TERP} &= \frac{(P \times Y) + (X \times Z) + (Y \times R_p \times E_p)}{Y + Z + (Y \times R_p \times C_p)} \\
 &= \frac{(0.1732 \times 5) + (0.15 \times 1) + (5 \times \frac{3}{1} \times 0.05)}{5 + 1 + (5 \times \frac{3}{1} \times \frac{1}{3})} \\
 &= \text{RM0.1605}
 \end{aligned}$$

where:

P	=	Theoretical adjusted reference price of our Share after the Share Consolidation (which is calculated based on the 5D-VWAP of our Share up to and including the Announcement LPD)
Y	=	Number of existing Vortex Shares
X	=	Issue price of Rights Share
Z	=	Number of Rights Share
R _p	=	Number of ICPS attached to the Vortex Shares
E _p	=	Issue price of ICPS
C _p	=	Conversion ratio of 3 ICPS into 1 Vortex Share

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

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

The Rights Shares and new Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing Shares, save and except that the Right Shares and the new 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 Shares to be issued arising from the exercise of the Warrants.

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2.3 Salient terms of the Warrants

The salient terms of the Warrants are as follows:

Terms	Details
Issue size	: Up to 60,988,584 Warrants.
Form and denomination	: The Warrants which are free will be issued in registered form and will be constituted by the Deed Poll.
Exercise period	: The Warrants may be exercised at any time during tenure of the Warrants of 5 years commencing from and inclusive of the date of the issuance of the Warrants until 5:00 p.m. on the expiry date. Warrants which have not been exercised during the exercise period will thereafter lapse and cease to be valid.
Exercise price	: The exercise price of the Warrant is RM0.15 each.
Expiry date	: The day falling immediately before the 5 th year commencing from and inclusive of the date of the issuance of the Warrants and if such day is not a market day, on the market day immediately preceding such day.
Exercise rights	: Each Warrant entitles the registered holder to subscribe for 1 new Vortex Share at any time during the exercise period and at the exercise price (upon the terms and subject to the conditions in the Deed Poll).
Mode of exercise	: The registered holder of the Warrants is required to lodge an exercise form, as sets out in the Deed Poll, with our Company's Share Registrar, duly completed and signed together with payment of the exercise price for the new Vortex Shares subscribed for via online payment into bank account of our Company maintained with a bank in Malaysia or by banker's draft or cashier's order or money order or postal order in RM drawn on a bank or post office operating in Malaysia.
Board lot	: For the purpose of trading on Bursa Securities, 1 board lot of Warrant shall comprise of 100 Warrants carrying the right to subscribe for 100 new Vortex Shares at any time during the exercise period, or such other denomination as determined by Bursa Securities from time to time. The Warrants would be immediately detached from the Rights Shares upon issuance and shall be listed and traded on the ACE Market of Bursa Securities when the Warrants meet the conditions of the Listing Requirements of at least 100 Warrant Holders holding not less than 1 board lot each and submitting relevant application for the Warrants to be listed on the ACE Market of Bursa Securities. The Warrants will not be listed in the event this condition is not met.
Adjustments in the exercise price and/or number of the Warrants	: Subject to the provisions in the Deed Poll, the exercise price or the number of Warrants held by each Warrant Holder or both shall be adjusted by our Board in consultation with the approved adviser or auditors and certified by the auditors of our Company, in the event of alteration to the share capital of our Company.
Rights of the Warrant Holders	: The new Vortex 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 Vortex 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 Vortex Shares.

Terms	Details
Rights in the event of winding-up, liquidation, compromise and/or arrangement	<p>If a resolution is passed for a members' voluntary winding-up of our Company or there is a liquidation, compromise and/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:</p> <ul style="list-style-type: none">(i) for the purposes of such winding-up, liquidation, compromise and/or arrangement (other than a consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the Warrant Holders (or some person designated by them for such purposes by a special resolution) will be a party, the terms of such winding-up, liquidation, compromise and/or arrangement will be binding on all the Warrant Holders; and(ii) in any other case, every Warrant Holder will be entitled to elect to be treated as if he had immediately prior to the commencement of such winding-up, liquidation, compromise and/or arrangement exercised his Warrants to the extent specified in the exercise forms 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 Vortex Shares to which he would have become entitled pursuant to such exercise and the liquidator of our Company will give effect to such election accordingly.
Modification	<p>: Any modification, amendment, deletion or addition to the Deed Poll (including the form and content of the certificates to be issued in respect of any Warrants) may be affected only by the Deed Poll executed by our Company and expressed to be supplemental to the Deed Poll and if the requirements of the Deed Poll have been complied with.</p> <p>Any modification shall however be subject to the approval of Bursa Securities (if 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.</p>
Listing status	: The Warrants will be listed and traded on the ACE Market of Bursa Securities. Approval has been obtained from Bursa Securities for the admission of the Warrants to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for the Warrants and the new Vortex Shares to be issued pursuant to the exercise of the Warrants on the ACE Market of Bursa Securities.
Governing law	: The laws of Malaysia.

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2.4 Minimum Subscription Level-Rights Shares and Underwriting Agreement

Our Company intends to raise minimum gross proceeds of RM3.60 million from the Rights Issue of Shares with Warrants under the Minimum Subscription Level-Rights Shares of 24,000,000 Rights Shares with 24,000,000 Warrants, after taking into consideration, amongst others, the funding requirements of our Group as sets out in Section 5 of this AP.

To meet the Minimum Subscription Level-Rights Shares, our Company has entered into the Underwriting Agreement with the Sole Underwriter to underwrite 24,000,000 Rights Shares (representing the entire issue size of the Rights Issue of Shares with Warrants under the Minimum Subscription Level-Rights Shares) together with 24,000,000 Warrants at the following agreed underwriting commission, subject to the terms and conditions of the Underwriting Agreement:

Name	No. of Rights Shares underwritten	% ⁽¹⁾	Underwriting commission (RM)
TA Securities	24,000,000	100.00	72,000 ⁽²⁾

Notes:

- (1) Computed based on the issue size of the Rights Issue of Shares with Warrants under the Minimum Subscription Level-Rights Shares.
- (2) Calculated based on the rate of 2.00% of the value of Rights Shares underwritten by TA Securities.

The underwriting commission and all relevant costs in relation to the underwriting arrangement will be fully borne by our Company.

Notwithstanding anything contained in the Underwriting Agreement, the Sole Underwriter may, after consultation with our Company in such manner as the Sole Underwriter shall reasonably determine at its absolute discretion, by notice in writing to our Company given at any time before the Closing Date, terminate, cancel and withdraw the underwriting commitment if:

- (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 Sole Underwriter, or by the Closing Date whichever is earlier, which breach is, in the opinion of the Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our 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 Sole 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 Sole 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 Sole Underwriter, any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of the foregoing which (in the reasonable opinion of the Sole Underwriter) would prejudice the Rights Issues; or
 - (ii) any event or series of events beyond the reasonable control of our Company and/or the Sole Underwriter (including without limitations, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents), which (in the reasonable opinion of the Sole Underwriter), would have a material adverse effect on and/or materially prejudice the business or the operations of our 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 Sole 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 Sole 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.
- (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 Sole 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 commitment 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 renounee(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 fund-raising avenues to fund proposed property development projects of our Group.

2.5 Take-over implications

Pursuant to the Underwriting Agreement, the subscription of the Rights Shares with Warrants by the Sole Underwriter will not give rise to any consequences of mandatory general offer obligations pursuant to the Code and the Rules.

3. DETAILS OF THE RIGHTS ISSUE OF ICPS

Our Company proposes to issue up to 914,828,766 ICPS on the basis of 3 ICPS for every 1 existing Share held by the Entitled Shareholders on the Entitlement Date (being the same Entitlement Date for the Rights Issue of Shares with Warrants).

For illustrative purpose, the minimum scenario and maximum scenario for the Rights Issue of ICPS are as follows:

Minimum Scenario- ICPS : 268,000,000 ICPS, after taking into consideration the following:

- (i) the existing issued share capital of our Company as at the LPD of RM65,120,969 comprising 304,942,918 Shares;
- (ii) subscription by the Sole Underwriter pursuant to the Underwriting Agreement;
- (iii) to raise minimum gross proceeds of RM13.40 million from the Rights Issue of ICPS; and
- (iv) the ICPS issued are fully converted into new Shares based on the Conversion Price and the conversion mode of surrendering 3 ICPS (which are issued at an issue price of RM0.05 each) for 1 new Share without additional cash payment.

Maximum Scenario- ICPS : Up to 914,828,766 ICPS, after taking into consideration the following:

- (i) the existing issued share capital of our Company as at the LPD of RM65,120,969 comprising 304,942,918 Shares;
- (ii) all Entitled Shareholders subscribe in full for their entitlements under the Rights Issue of ICPS; and
- (iii) the ICPS issued are fully converted into new Shares based on the Conversion Price and the conversion mode of surrendering 1 ICPS (which is issued at an issue price of RM0.05 each) with additional cash payment of RM0.10 for 1 new Share.

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 basis specified under Section 10.7 herein.

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 ACE Market of Bursa Securities within 2 Market Days after the application for quotation is made to Bursa Securities as specified in the Listing Requirements.

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

3.1 Basis of determining the issue price of ICPS

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

- (i) the TEAP of our Share of RM0.1597 (computed based on the theoretical adjusted reference price of our Share of RM0.1732 after considering the 5D-VWAP of our Share up to and including the Announcement LPD of RM0.0866);
- (ii) the Conversion Ratio;
- (iii) the funding requirements of our Group, as detailed in Section 5 of this AP; and
- (iv) the rationale for the Rights Issues as sets out in Section 4 of this AP.

Based on the issue price of RM0.05 per ICPS and the conversion ratio of 3 ICPS for every 1 new Share, the Conversion Price of RM0.15 represents a discount of approximately RM0.0097 or 6.07% to the TEAP of our Share of RM0.1597.

The Conversion Price provides the Entitled Shareholders with an opportunity to further increase their equity participation in our Company at a pre-determined price.

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

The new Shares to be issued arising from the conversion of the ICPS shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing Shares, save and except that the new Shares arising from the conversion of the 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 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 914,828,766 ICPS.
Issue price	: The issue price per ICPS is RM0.05 each.
Dividend	: Our Company has full discretion over the declaration of dividends, if any. Dividends declared and payable annually in arrears are non-cumulative and shall be in priority over the ordinary shares of our Company.
Tenure	: 5 years commencing from and inclusive of the date of issue of the ICPS.
Maturity date	: The day immediately preceding the 5 th anniversary from the date of issue of the ICPS. If such a day falls on a non-market day, then the maturity date would be the preceding market day.
Redemption	: Not redeemable for cash.
Board lot	: For the purpose of trading on Bursa Securities, 1 board lot of ICPS shall comprise 100 ICPS, or such other denomination as determined by Bursa Securities from time to time.
Form and denomination	: The ICPS will be issued in registered form and will be constituted by the M&A of our Company.
Conversion rights	: (i) Each ICPS carries the entitlement to be converted into new Vortex 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 may be converted at any time within 5 years commencing on and including the date of issue of the ICPS up to and including the maturity date, as determined by the Conversion Ratio and Conversion Price. (ii) Any remaining ICPS that are not converted by the maturity date shall be automatically converted into new Vortex Shares at the conversion ratio of 3 ICPS for 1 new Vortex Share.
Conversion price	: The conversion price of the ICPS is fixed at RM0.15 each.

Terms	Details
Conversion mode	<p>: The ICPS may be converted into new Vortex Shares at the Conversion Price in the following manner:</p> <ul style="list-style-type: none"> (i) by surrendering for cancellation the ICPS with an aggregate issue price of the ICPS equivalent to the Conversion Price, subject to the Conversion Ratio; and (ii) by paying the difference between the aggregate issue price of ICPS surrendered and the Conversion Price, if any, in cash, for every 1 new Vortex Share.
Ranking of the ICPS and liquidation preference	<p>: The ICPS shall rank <i>pari passu</i> 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:</p> <ul style="list-style-type: none"> (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 Vortex Shares to be issued pursuant to the conversion of the ICPS	<p>: All new Vortex Shares to be issued pursuant to the conversion of the ICPS shall, upon allotment and issuance, rank <i>pari passu</i> in all respects with the existing Vortex Shares except that such new Vortex Shares shall not be entitled to any dividends, rights, allotments and/or other distribution, the entitlement date of which is prior to the date of allotment and issuance of the new Vortex Shares arising from the conversion of the ICPS.</p>
Adjustment to Conversion Price and Conversion Ratio	<p>: The Conversion Price and/or Conversion Ratio will be adjusted at the determination of our Company, in all or any of the following events:</p> <ul style="list-style-type: none"> (i) an alteration to the number of Vortex Shares by reason of consolidation or subdivision; or (ii) a bonus issue of Vortex Shares by our Company; or (iii) a rights issue of Vortex Shares or convertible securities by our Company; or (iv) any other circumstances that our Board deems necessary, <p>provided that any adjustment to the Conversion Price will be rounded down to the nearest one sen (RM0.01). The adjustments shall be adjusted, calculated and determined by our Board in consultation with and certified by an approved adviser or the external auditors of our Company, as the case may be.</p>

Terms	Details
Rights of ICPS holders	<p>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 Vortex Shares except in the following circumstances:</p> <ul style="list-style-type: none"> (i) when the dividends or part of the dividends are declared on the ICPS is 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. <p>Where the ICPS holders are entitled to vote at any general meeting, every ICPS shall on a poll, carry 1 vote for each ordinary share into which the ICPS are convertible, based on the conversion ratio of 3 ICPS for 1 new Vortex Share, and every ordinary share shall, notwithstanding any other provision of the M&A of our Company, carry 1 vote for each such share.</p> <p>The ICPS holders shall have the right to receive notices, reports and accounts and attend meetings, of which shareholders are entitled.</p>
Listing	<p>: The ICPS will be listed and traded on the ACE Market of Bursa Securities. Approval has been obtained from Bursa Securities for the admission of the ICPS to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for the ICPS and the new Vortex Shares to be issued pursuant to the conversion of the ICPS on the ACE Market of Bursa Securities.</p>
Transfer	<p>: As the ICPS will be listed and traded on the ACE Market of Bursa Securities, they will be deposited with the CDS of Bursa Securities and will be subject to the rules of such system.</p> <p>In the event the ICPS become unlisted, the ICPS shall be transferable only by instrument in writing in the usual or common form or such other form as our Board or the relevant authorities may approve.</p>
Modification rights	<p>of : 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.</p>
Governing law	<p>: The laws of Malaysia.</p>

3.4 Minimum Subscription Level-ICPS and Underwriting Agreement

Our Company intends to raise minimum gross proceeds of RM13.40 million from the Rights Issue of ICPS under the Minimum Subscription Level-ICPS of 268,000,000 ICPS, after taking into consideration, amongst others, the funding requirements of our Group as sets out in Section 5 of this AP.

To meet the Minimum Subscription Level-ICPS, our Company has entered into the Underwriting Agreement with the Sole Underwriter to underwrite 268,000,000 ICPS (representing the entire issue size of the Rights Issue of ICPS under the Minimum Subscription Level-ICPS) at the following agreed underwriting commission, subject to the terms and conditions of the Underwriting Agreement:

Name	No. of ICPS underwritten	% ⁽¹⁾	Underwriting commission (RM)
TA Securities	268,000,000	100.00	268,000 ⁽²⁾

Notes:

- (1) Computed based on the issue size of the Rights Issue of ICPS under the Minimum Subscription Level-ICPS.
- (2) Calculated based on the rate of 2.00% of the value of ICPS underwritten by TA Securities.

The underwriting commission and all relevant costs in relation to the underwriting arrangement will be fully borne by our Company.

Notwithstanding anything contained in the Underwriting Agreement, the Sole Underwriter may, after consultation with our Company in such manner as the Sole Underwriter shall reasonably determine at its absolute discretion, by notice in writing to our Company given at any time before the Closing Date, terminate, cancel and withdraw its underwriting commitment at any time prior to the Closing Date on any of the grounds set out in Section 2.4 of this AP.

In the event of such termination, cancellation and withdrawal of underwriting commitment 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 renounee(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 fund-raising avenues to fund proposed property development projects of our Group.

3.5 Take-over implications

Pursuant to the Underwriting Agreement, the subscription of the ICPS by the Sole Underwriter will not give rise to any consequences of mandatory general offer obligations pursuant to the Code and the Rules.

4. RATIONALE FOR THE RIGHTS ISSUES

After due consideration of the various methods of fund-raising available for the purposes as stated in Section 5 of this AP, our Board is of the opinion that the Rights Issues are appropriate forms of fund-raising for our Company, after taking into consideration the following:

- (i) the issuance of Rights Shares with Warrants and ICPS allows our Company to raise funds without incurring interest costs as compared to other means of financing, such as bank borrowings or the issuance of debt instruments;
- (ii) it enhances the cash flow of our Group and enables our Company to raise funds for the purposes set out in Section 5 of this AP which are expected to contribute positively to the future earnings of our Group and improve our financial performance and financial position;

- (iii) the combination of the issuances of Rights Shares with Warrants and ICPS provides the necessary and sufficient level of funding for the purposes set out in Section 5 of this AP while reducing the immediate dilution effect on our EPS.

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

The issuance of ICPS via the Rights Issue of ICPS minimises the immediate dilution effect on our 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;

- (iv) the issuance of Rights Shares with Warrants also provides an opportunity for our existing shareholders to increase their equity participation in our Company by subscribing to the Rights Shares and exercising the Warrants into new Shares; and
- (v) the Warrants to be issued pursuant to the Rights Issue of Shares with Warrants will provide our shareholders with an attractive option to increase their equity participation in our Company at a pre-determined price during the tenure of the Warrants. In addition, proceeds from the exercise of the Warrants in the future will provide an additional source of funds to be utilised by our Group for our working capital.

5. UTILISATION OF PROCEEDS

Based on the issue prices of RM0.15 per Rights Share and RM0.05 per ICPS, the Rights Issues will raise total gross proceeds of approximately up to RM54.89 million as follows:

	Minimum Scenario⁽¹⁾ (RM)	Maximum Scenario⁽²⁾ (RM)
Rights Issue of Shares with Warrants	3,600,000	9,148,288
Rights Issue of ICPS	13,400,000	45,741,438
Total	17,000,000	54,889,726

Notes:

- (1) Being Minimum Scenario-Rights Shares and Minimum Scenario-ICPS, collectively.
(2) Being Maximum Scenario-Rights Shares and Maximum Scenario-ICPS, collectively.

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

	Note	Minimum Scenario (RM)	Maximum Scenario (RM)	Expected time frame for utilisation of proceeds (from the date of listing of the Rights Shares and ICPS)
Proposed Development Project-KHSB	(1)	10,800,000	43,189,726	Within 36 months
Future projects and/or acquisitions	(2)	3,000,000	6,500,000	Within 36 months
Working capital	(3)	2,000,000	4,000,000	Within 24 months
Estimated expenses in relation to the Corporate Exercises	(4)	1,200,000	1,200,000	Within 1 month
Total estimated proceeds		17,000,000	54,889,726	

Notes:

- (1) Our Company intends to utilise RM10.80 million (under the Minimum Scenario) or up to RM43.19 million (under the Maximum Scenario) of the total gross proceeds from the Rights Issues to finance the Proposed Development Project–KHSB on the Land (which is owned by KHSB), detailed as follows:

Description	:	Proposed development of 159 units of 3-storey villa - Phase 1
Type of development	:	Residential
Estimated total gross floor area	:	413,400 square feet
Estimated built-up area for each unit	:	2,600 square feet
Estimated GDV	:	RM121.68 million
Estimated GDC	:	RM108.27 million
Estimated GDP	:	RM13.41 million
Expected commencement date	:	Within 6 months from the date of obtaining the development order for the Proposed Development Project-KHSB
Expected completion date	:	24 calendar months from the date of commencement

The estimated GDC for the Proposed Development Project–KHSB is arrived at based on the following:

	RM'000
Pre-development costs	1,000
Building works and infrastructure	63,468
Authorities contribution*	1,666
Project management, marketing, professional, supervision and finance fees	27,706
Land cost	12,529
Contingencies	1,904
Total	<u>108,273</u>

Note:

- * Being payments to various government agencies and land office (such as landscape, drainage, sewerage, electricity, water, planning submission, survey fees for title application and others), which are to be incurred towards the completion of the Proposed Development Project-KHSB.

The development order for the Proposed Development Project–KHSB was submitted by KHSB to the relevant authority on 12 November 2018 and KHSB expects to obtain such development order by 2nd quarter of calendar year 2019. Upon obtaining the development order, KHSB will proceed to apply for the developer's licence, advertising, sales permit and all other approvals/permits necessary for the Proposed Development Project–KHSB.

Under both Minimum Scenario and Maximum Scenario, the proceeds will be utilised mainly to finance the building works and infrastructure costs of the Proposed Development Project-KHSB. However, the allocation of proceeds to fund the category of GDC of Proposed Development Project-KHSB is indicative at this juncture and may be re-allocated amongst the categories of GDC of the Proposed Development Project-KHSB. The exact breakdown of proceeds to be utilised for each category of GDC of the Proposed Development Project-KHSB will be determined by our management at a later stage.

The remaining balance of the GDC of Proposed Development Project-KHSB is expected to be funded via internally generated funds and/or bank borrowings. The exact breakdown between the sources of fund will be determined by our management at a later stage, after taking into consideration, amongst others, the internal fund requirement and/or our Group's gearing level.

- (2) Our Company has diversified our business activities to include property construction, property development and property investment segments. In view of this, we intend to utilise RM3.00 million (under the Minimum Scenario) or up to RM6.50 million (under the Maximum Scenario) of the total gross proceeds from the Rights Issues to fund the following purposes:

- (i) property construction and/or property development projects to be undertaken by our Group in the future (other than the abovementioned Proposed Development Project-KHSB).

Our Group intends to undertake the Proposed Development Project-KHSB as our maiden property development project to increase our profile in the property construction and property development segments, and to leverage on our experience in these segments to bid for other property development projects; or

- (ii) acquisition of companies (which own real estates or have property construction / property development projects); or
- (iii) acquisition of properties (which shall be made available for renting purpose for our Group to earn secured rental income and/or for capital appreciation purpose) and/or land bank (to enhance our property development segment).

Our management believes these future projects and/or acquisitions will enhance our Group's operation and financial performances.

As at the LPD, save for the Proposed Development Project-KHSB, our Board has not identified any potential projects and/or acquisitions (including the types and forms of business arrangements) for the property construction, property development and property investment segments of our Group (where applicable). Where applicable and required under the Listing Requirements, our Company will make the necessary announcement and seek our shareholders' approval for any acquisitions of assets by our Group in the future.

Any surplus or shortfall of proceeds for this purpose will be adjusted to/from the proceeds allocated for working capital of our Group, depending on the respective funding requirements for the future projects and/or acquisitions.

- (3) Our Company intends to utilise RM2.00 million (under the Minimum Scenario) or up to RM4.00 million (under the Maximum Scenario) of the total gross proceeds from the Rights Issues for working capital purposes of our Group as follows:

Working capital	Note	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
Staff costs	(i)	1,700	3,300
Other operating and general expenses	(ii)	300	700
Total		2,000	4,000

Notes:

- (i) Comprise payment of our Group's staff costs (inclusive of Employees' Provident Fund, Social Security Organisation contributions and other staff related expenses), directors' fees and non-emoluments.
- (ii) Comprise payment of our Group's office and administrative expenses which include but not limited to professional fees (such as audit fees, company secretarial fees, tax agent fees and other professional fees), other office expenses (such as utilities, insurance, maintenance, quit rent and assessment), security services, upkeep of properties and other expenses, the breakdown of which has yet to be determined by our management at this juncture.

Any surplus or shortfall of proceeds for this purpose will be adjusted to/from the proceeds allocated for future projects and/or acquisitions, depending on their respective funding requirements. In the event only Minimum Scenario is achieved, our Group will utilise internally generated funds to fund the remaining staff costs as well as other operating and general expenses.

- (4) The breakdown of estimated expenses in relation to the Corporate Exercises is as follows:

Description	RM'000
Professional fees ⁽¹⁾ (including underwriting commission)	950
Fees to relevant authorities	140
Other incidental expenses in relation to the Corporate Exercises ⁽²⁾	70
Miscellaneous expenses	40
Total	1,200

Notes:

- (1) Comprise of fees payables to the Adviser, Sole Underwriter, due diligence solicitors, reporting accountants, share registrar and company secretary.
- (2) Comprise of expenses to convene the EGM and other ancillary expenses.

Any surplus or shortfall of proceeds for the estimated expenses in relation to the Corporate Exercises will be adjusted accordingly to/from the proceeds allocated for the working capital of our Group.

The actual proceeds to be raised from the Rights Issues are dependent on the subscription level for the Rights Shares and ICPS. Any variation in the actual proceeds raised will be adjusted to/from the proceeds allocated for the working capital of our Group. Any proceeds in excess of RM17.0 million under the Minimum Scenario shall firstly be allocated for the working capital of our Group of up to RM2.0 million (in excess of amount allocated under Minimum Scenario) and thereafter, be allocated for Proposed Development Project–KHSB and future projects and/or acquisitions on a proportionate basis pursuant to the pre-determined allocation under the Maximum Scenario.

Pending utilisation of the proceeds from the Rights Issues for the abovementioned purposes, the proceeds will be placed in deposits with financial institution or short-term money market instruments as our Board may deem fit. The interest to be derived from the deposits with the financial institution or any gain arising from the short-term money market instruments will be used as working capital of our Group, of which the breakdown for the utilisation cannot be determined at this juncture.

The exact quantum of proceeds that may be raised by our Company pursuant to the exercise of the Warrants and/or the conversion of the ICPS will depend upon the actual number of Warrants exercised during the tenure of the Warrants, the ICPS converted and the conversion ratio chosen by the ICPS holders during the tenure of the ICPS. The proceeds to be raised from the exercise of the Warrants and/or the conversion of the ICPS shall be utilised for the working capital of our Group such as staff costs, other operating and general expense and/or working capital required for future construction and/or development projects which will be undertaken by our Group, of which the exact timeframe cannot be determined at this juncture. In the event of any unutilised proceeds raised from the exercise of the Warrants and/or the conversion of the ICPS, it will be placed as deposits with the financial institution to earn interest income.

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6. RISK FACTORS

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

6.1 Risks relating to our Group

(i) Political, economic and regulatory considerations

Any adverse changes in political, economic and regulatory conditions in Malaysia could materially affect our Group's business, results of operations, financial condition and prospects. This may include but are not limited to, changes in political leadership, government's monetary and fiscal policy, taxation rate and policies, change in labour law and other regulatory changes that may affect all players in industries in which our Group operates. While we strive to continue to take precautionary measures such as prudent business, financial and risk management policies, most of the above changes are beyond our control and there can be no assurance that any adverse developments will not materially affect the performance of our Group.

(ii) Dependency on key personnel

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

(iii) Financing risk

Our Group intends to fund the costs of the Proposed Development Project-KHSB and/or future construction and/or development project, via internally generated funds and/or bank borrowings and/or future fund-raising exercise. If our Group obtains bank borrowings, our Group may incur an interest expense on the bank borrowings. In view that the interest expenses charged on bank borrowings are subject to prevailing interest rate, we are exposed to interest rate fluctuation which may significantly increase the project costs and affect our cash flows as well as profitability. Our Group will actively review our debt portfolio taking into consideration the level and nature of borrowings and seek to adopt cost effective financing actions. However, there can be no assurance that the performance of our Group would not be materially affected in the event of any adverse changes in interest rates.

6.2 Risks relating to our business and industry

6.2.1 Risks relating to our Group's IT and ICT segment

(i) Operational / Business risks

Our Group's business is subject to certain risks inherent in the IT and ICT industry. Our Group's revenue and operating results could be adversely affected by factors which include, amongst others, changes in consumer preferences and demand for as well as market acceptance of our products and services, our ability to introduce products and services and enhancements in a timely manner, the inherent features of our products (i.e., security, capacity restrictions, any software defects and compatibility) and pricing competition.

There is no assurance that any changes to the abovementioned risk factors will not have a material adverse effect on our Group's business in future.

(ii) Competition risk

Our Group faces competition from both new entrants and existing players in IT and ICT industry, who vary in size and in scope and breadth of products and services offered by them. Should our Group fail to overcome the competition, this will result in loss of market share and subsequently loss of revenue. This in turn will affect the financial performance and position of our Group.

Our Group will take proactive measures to remain competitive by providing a wider range of product to cater for various user requirements (i.e., Do-It-Yourself initiative which allows customers to choose from different ranges of parts and brands (e.g. graphic cards, hard disks, power supply units and etc.) to assemble into their personal computers), providing consistent quality and reliable products and/or services as well as offering competitive pricing.

(iii) Rapid technological change

Our Group operates in IT and ICT industry which is prone to rapid technological changes, evolving industry standards, swift changes in customer requirements and frequent new product introductions and enhancements. Our Group's products may become obsolete due to changes in technology used in the products and in developing the software. Our Group's profitability depends substantially upon our ability to address the increasingly sophisticated needs of our customers. The failure to manage technological changes will lead to a decrease in demand for our products and services and thereafter affect our businesses, operating results and financial conditions. To remain competitive, our Group strives to offer products and/or services that incorporate up-to-date technologies and respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis.

6.2.2 Risks relating to our Group's property construction, property development and property investment segments

(i) Operational / Business risks

Property construction

Our Group is subject to risks inherent in the property construction industry which include, amongst others, project defects, dependency on operating permits, licences, certificates and/or regulatory approvals, fluctuations in the prices of building materials (e.g. metal, cements and etc.), availability of building materials and labour, adverse weather conditions, changes in the demand and supply of property, and changes in the regulatory framework governing the construction sector.

Property development and property investment

Our Group is subject to risks inherent in the property development and property investment industries in which include, but not limited to, changes in general economy and business conditions, changes in regulatory framework within which the property sector operates, changes in the demand and supply of properties, adverse change in rental prices, difficulty in securing tenants, and increase in building material and labour costs.

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(ii) Competition risk

Our Group faces competition from existing players in property construction, property development and property investment industries who have good reputation as well as new entrants to these industries. We will take proactive measures to remain competitive via sales and marketing strategies, conducting market studies before acquiring any property and/or commencement of any construction/development project, close monitoring of the demand of the property market, providing quality services, competitive pricing, seeking new opportunities and differentiate our development to meet the needs of the target markets in the future.

There is no assurance that our Group will be able to successfully compete with these competitors and that competitive pressure will not materially and adversely affect our Group's business, operations and results and/or financial conditions.

(iii) Project completion risks

The property construction and property development segments are exposed to the risk that there may be delays in the completion of the construction and/or development projects. Such events include, amongst others, natural disasters, adverse weather conditions, delay in obtaining approvals/permits necessary for the construction and/or development projects, shortage or unavailability of building materials and/or labour workforce and other unforeseen circumstances. There is no assurance that delay in the construction and/or property development projects will not increase the project costs which will materially affect profitability of our Group. Our Group establishes close supervision on the progress of the construction and/or development projects as well as leverages on our key management personnel's experience in these industries to ensure meeting completion deadlines of the construction and/or development projects.

(iv) Risk of property overhang

Our Group may face risk of property overhang, commonly caused by over-supply and low demand for properties and other factors such as economic downturns and unfavourable financial conditions. There may be possibility of occurrence of property overhang at the time of completion of our development projects in the future, of which is inevitable. This will affect the sale of our Group's properties and in turn affect our Group's financial performance. As such, our Group will closely monitor the developments in the property market as well as take careful management planning prior to finalisation of any property development projects. Nevertheless, there can be no assurance that there will be any adverse impact on our Group's financial performance.

(v) Availability of viable land banks for development

Our Group's success in the property development segment is dependent on our ability to identify and acquire suitable land banks with development potential to undertake property development projects that are profitable. The continuous identification and replenishment of land bank is crucial in determining whether our Group can deliver sustainable growth and contribute positively to the earnings of our Group in the medium to long term.

Due to the scarcity of strategic land bank, our Group is expected to face intense competition from other established property developers in the acquisition of attractive land bank at commercially viable prices. Given the competition, land bank may be acquired at a higher acquisition cost. There is no assurance that this would not lead to a reduction in our Group's profitability or that our Group will be able to identify and acquire suitable land bank at commercially viable prices from time to time.

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 ACE 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, the market price of the underlying Shares, interest rate movements, 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 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 ACE 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 event the Warrants are not exercised during the exercise period, the unexercised Warrants will lapse and cease thereafter to be valid for any purpose.

(iii) Delay in or failure of the Rights 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 Sole 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 put in place underwriting arrangement with the Sole Underwriter to underwrite Rights Shares with Warrants and 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 fulfillment by the Sole Underwriter of its obligations under the Underwriting Agreement. In addition, the Underwriting Agreement allows the Sole Underwriter to terminate its commitments under circumstances as set out in Section 2.4 of this AP.

There can be no assurance that the abovementioned factors or events will not cause a failure or delay in the completion 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) and 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 accept the Provisional Rights Shares with Warrants will have their proportionate ownership and voting interest in our Company reduced and the percentage of our enlarged issued share capital represented by their shareholding in our Company will also be reduced accordingly. In respect of the ICPS, there would not be an immediate dilution of shareholdings and voting interests from the issuance of the ICPS as dilution will only arise from the conversion of the ICPS.

(v) Forward-looking statements

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

All forward-looking statements contained in this AP are based on 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 is largely dependent on the performance of our Group.

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

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

7. INDUSTRY OUTLOOK AND FUTURE PROSPECTS OF OUR GROUP

7.1 Overview and outlook of the Malaysian economy

The Malaysian economy expanded at a more moderate pace of 4.7% in 2018 (2017: 5.9%). Despite a positive start to 2018, the economy subsequently was confronted with several external and domestic challenges. Major policy and political shifts, arising partly from the global trade tensions and the historic change of government in Malaysia, became sources of uncertainty for the economy.

On the supply side, most economic sectors recorded an expansion, with the exception of commodity-related sectors. The service sector's growth improved to 6.8% (2017: 6.2%), the highest since 2011, as better consumer sentiments and favourable labour market conditions spurred spending, in particular during the tax holiday period.

In 2019, the global economy is projected to expand moderately, following slower growth in both advanced and major emerging market economies. Against the backdrop of a challenging global environment, the Malaysian economy is expected to sustain its growth momentum, expanding by 4.3% - 4.8% in 2019 (2018: 4.7%). The implementation of several government measures, particularly aimed at alleviating rising cost of living, is expected to further support consumption spending, especially by lower income households. On the supply side, all economic sectors are expected to expand with the services and manufacturing sectors remaining the key contributors to overall growth. The information and communication sub-sector will be driven by higher demand for broadband services, due to lower subscription prices.

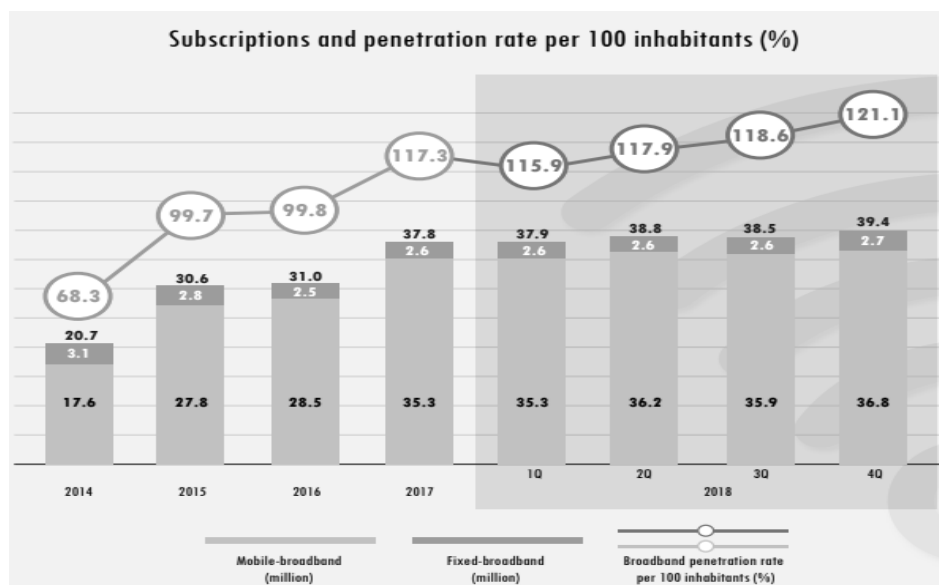
(Source: Annual Report 2018, BNM)

7.2 Overview and outlook of the IT and ICT industry in Malaysia

The growth of information and communication subsector sustained at 8.1% in the fourth quarter of 2018 (Q4 2017: 8.1%) led by communication and computer services segments. (Source: Malaysian Economy in Fourth Quarter 2018, MOF)

The services sector registered a marked improvement in growth of 6.8% in 2018 (2017: 6.2%), the highest since 2011. In the information and communication sub-sector, growth was supported by continued demand for data communication and computer services. (Source: Annual Report 2018, BNM)

The information and communications subsector benefitted from continued demand for data communication services and the positive impact on fixed broadband demand following the implementation of the Mandatory Standard Access Pricing ("MSAP") mechanism. (Source: Economic and Financial Developments in the Malaysian Economy in the Fourth Quarter of 2018, BNM)



The broadband penetration rate in Malaysia has been increasing over the years. In the fourth quarter of 2018, broadband penetration rate per 100 inhabitants (comprised of fixed and mobile broadband subscriptions) is at 121.1%, mainly contributed by 36.8 million mobile broadband subscriptions (3Q of 2018: 35.9 million). *(Source: Communications and Multimedia: Facts and Figures, 4Q 2018, Malaysian Communications and Multimedia Commission)*

In addition, according to the Budget 2019, the government will implement National Fibreisation and Connectivity Plan in 2019 (which aims to improve broadband quality and coverage in rural and remote areas in the country) and MSAP (which aims the fixed broadband prices being reduced by at least 25% by the end of 2018). *(Source: Budget 2019, MOF)*

ICT is one of the fastest growing subsectors in Asia, registering a growth of 12.8% between 2012 and 2016. Over the same period, Multimedia Super Corridor Malaysia registered a strong growth of 13.5%. Of this, creative content and technologies was the fastest growing segment expanding 26.3%.

The information and communication subsector recorded a strong growth of 8.3% in the first half of 2017 (January – June 2016: 8.6%). The communication segment remained as the major contributor to growth, sustaining its pace at 9.3% (January – June 2016: 9.8%) following aggressive promotional activities by telecommunication companies and introduction of new telephone models. Meanwhile, information segment grew 5.7% (January – June 2016: 3.6%) and computer services rose 6.4% (January – June 2016: 7%). The subsector is expected to sustain its growth momentum expanding 8.5% in 2017 (2016: 8.1%) supported by the launching of the latest smartphone models, price reductions on earlier premium models and an increase in subscriptions to value added services offered by telecommunications companies.

As at end-August 2017, a total of 367 companies were involved in the creative content and technologies cluster of Multimedia Super Corridor Malaysia specialising in animation; game development; e-learning; and mobile and interactive content. Malaysian ICT exporters are gaining momentum and capabilities, particularly in supplying digital content, software development and testing. Other services gaining traction include internet of things; data centres and cloud services; cyber security; and big data analytics. The increasing update of mobile computing is expected to boost demand for new and improved content applications, providing a broad range of opportunities for local content designers, engineers and developers to further enhance exports of creative content.

The information and communication subsector is expected to expand 8.8% in 2018 (2017: 8.5%) on account of promotional campaigns and more offerings of digital products.

(Source: Economy Report 2017/2018, MOF)

In 2017, the local communication and multimedia industry revenue grew 1.2% to RM50.67 billion compared with 0.9% growth previously (2016: RM50.07 billion).

Telecommunications sector

In 2017, the local telecommunications sector revenue showed a marginal decline of 0.03% to RM34.65 billion (2016: RM34.66 billion). This was due to lower revenue recorded by mobile service providers (Celcom Axiata Berhad, Maxis Berhad and Digi.Com Berhad), which collectively decreased by 0.6% to RM21.7 billion in 2017 compared with RM21.83 billion in 2016. Mobile service providers' revenue was affected by intense competition as each offered cheaper packages to acquire or retain subscribers. This benefits consumers, who can choose from a range of affordable and data-rich packages. Service providers are willing to spend on more promotions and discounted packages. Overall, mobile service providers accounted for 62% of the total telecommunications sector revenue (2016: 63%).

Broadcasting sector

The broadcasting sector revenue constituting Pay TV (i.e., ASTRO) and Free-to-Air (“FTA”) TV (i.e., Media Prima Group) has declined by 0.9% in 2017, contributing RM6.42 billion to total communication and multimedia industry revenue compared with RM6.48 billion in 2016. Such decline was due to lower advertising and Pay TV subscriptions revenue. However, revenue from sources other than subscriptions or advertising increased such as TV shopping was up by 32% to RM417 million in 2017. This contributed 6% of total broadcasting revenue compared with 5% in 2016. The broadcasting sector continues to face shifts in viewing consumption and advertising spending to digital media, driven by mobility.

Services and connectivity

Malaysia broadband penetration rate per 100 inhabitants has surpassed 100% mark in 2017, reaching 117.3%. Broadband subscriptions have increased by 22% to 37.85 million from 31.02 million in 2016. The increase was mainly due to higher mobile broadband subscriptions of 35.26 million, a double digit growth of 23.6% from 28.53 million in 2016. Driving factors for this encouraging growth include individuals connecting more devices through mobile networks to enjoy faster connection speeds over 4G LTE, coupled with attractively priced data packages. Moreover, greater availability of affordable devices also aided mobile broadband take up. In contrast, fixed broadband subscriptions reached 2.59 million, contributed 7% to total broadband subscriptions in 2017. The 2.59 million subscriptions represent a growth of 4% from 2.49 million in 2016.

Content services

In Malaysia, majority of Internet users are streaming video or watching TV online as well as listening to music or radio. Based on Malaysian Communications and Multimedia Commission Internet Users Survey 2017, 70% of Internet users continued to stream video or watch TV as part of their leisure activities when online. Today, viewers are being offered with a variety of good quality content genre to cater to their needs and interests. FTA and Pay TV service providers to date are going beyond content businesses and expanding customer transaction to other avenues such as providing over-the-top service and home shopping. To reach wider viewers, FTA and Pay TV service providers are also airing their content via multiplatform and collaboration activities.

E-commerce

Electronic commerce or e-commerce is the buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, primarily the Internet. According to the Department of Statistics Malaysia, data collected showed that e-commerce contribution to Malaysia’s GDP had increased to 6.1% or RM74.6 billion in 2016 compared to 5.9% or RM68.3 billion in 2015. Facilitating e-commerce expected growth is also infrastructure readiness and our favourable demographics comprising savvy online users. Also, Malaysia’s Internet penetration is one of the highest in the region and about one-third of our Internet users make purchases online.

m-Commerce

The shift from using laptops or desktops for search and making purchases online to using mobile phones over the last two years has accelerated. The increase in Malaysian consumers making online purchases using mobile phone is one of the major trends driving the country’s e-commerce in 2017. According to a Visa Consumer Payment Attitudes Survey 2016, 57% of Malaysians are using their mobile phones to shop at least once a month online, up 9% from 2015.

This trend considered a mobile-oriented mindset is driving e-commerce expansion. E-commerce platforms are being revised continuously to create good customer experience by developing the way content is presented on their website as well as on the mobile devices. This includes, innovatively using new features and providing relevant information to customers. Enhancing the quality of content and loading speed are also emphasised.

For 2018, revenue is expected to remain steady, driven mainly by strong consumer demand for communications and multimedia services. Strategic investment in capital expenditure by service providers would effectively ensure infrastructure readiness and service quality going forward. Moreover, the service providers venturing into small and medium-sized enterprises markets to support digitalisation process by adoption of ICT in their business operations would also add to positive earnings impact.

(Source: Industry Performance Report 2017, Malaysian Communications and Multimedia Commission)

7.3 Overview and outlook of the property construction, property development and property investment industries in Malaysia

The property sector recorded a total of 149,889 transactions valued at RM67.74 billion in the first half of 2018, down by 2.4% in the number and 0.1% in value compared to the first half of 2017. The residential sub-sector continued to lead the overall market, with a contribution of 62.8% and 46.7% in volume and value respectively. However, this sub-sector recorded a slight decrease of 0.8% and 3.6% in the number and value respectively. Commercial and industrial sub-sectors recorded upward movements in the volume, increased by 3.5% and 3.8% respectively.

For residential properties, there were 94,202 transactions worth RM31.66 billion recorded during the review period, a slight drop of 0.8% in the number and 3.6% in value. States' performance was mixed. Major states namely Johor and Pulau Pinang increased by 14.2% and 5.4% respectively in market activity. On other hand, Kuala Lumpur and Selangor decreased marginally by 4.8% and 0.5% respectively. In the first half of 2018, the Malaysia House Price Index stood at 189.5 points (base year 2010), up by 1.7% on an annual basis. The residential rental market was generally stable with upward movements recorded in several areas. Rental firmed up in prominent locations mainly due to tenancy renewal and rental revision.

The commercial sub-sector recorded a slight increase in market activity. There were 10,759 transactions worth RM15.82 billion recorded in the first half of 2018, a 3.5% increase in volume and a higher 31.8% surge in value. Selangor led market activities, with 2,345 transactions (21.8%), followed by Kuala Lumpur and Johor, each with 1,775 (16.5%) and 1,716 (16.0%) transactions. Shop sub-sector dominated 51.4% of the commercial property transactions and 27.4% of total value. However, shop market activity declined by 5.2% in volume and 5.3% in value, recording 5,530 transactions worth RM4.37 billion. The shop overhang slightly improved compared to the second half of 2017 by recording a decrease of 4.4% with 4,348 units worth RM3.31 billion. Construction activity of the shop sub-sector saw a downward trend except for the new planned supply which recorded an increase of 30.6% (3,698 units) as compared to 2,832 for the same period of 2017. The price of shops was stable in most major states except for Kuala Lumpur which recorded a mixed movement.

Completed residential unsold situation continued to increase where condominiums and apartments formed the bulk of the completed unsold units. Engagements between public and private sector must be effectively conducted to overcome overhang situation, which is still a perennial problem for the Malaysian property market. Despite the above, the property market activity is expected to improve in the second half of 2018 or the first half of 2019, as household sentiment and business environment look positive. This positive indication gives opportunities to the new government to initiate a more sustainable economy through structural reforms, which should give priority in improving household income, and home ownership, which ultimately benefits all Malaysians.

(Source: Overview of the Property Market Report First Half of 2018, Valuation and Property Services Department, MOF)

The construction sector is projected to grow 7.5% in 2018 (2017: 7.6%), primarily supported by the ongoing civil engineering infrastructure projects. Meanwhile, the residential subsector is expected to expand further with several new planned townships by private developers. In addition, the subsector will also benefit from various affordable housing programmes by the government such as 1Malaysia Civil Servants Housing, MyBeautiful New Home and 1Malaysia People-Friendly Houses. On the contrary, the non-residential subsector is forecast to grow moderately following property overhang, particularly in the shops segment. *(Source: Economic Report 2017/2018, MOF)*

The construction sector registered lower growth due to a moderation in the civil engineering and special trade subsectors. The civil engineering subsector was impacted by near completion of large petrochemical projects and delays in highway construction. Support from early works activity on the special trade subsector waned, as projects transitioned to mid-phase. Growth in the non-residential sub-sector improved slightly, while growth in the residential subsector remained weak amid the high number of unsold residential properties. *(Source: Economic and Financial Developments in the Malaysian Economy in the Fourth Quarter of 2018, BNM)*

The construction sector is expected to moderate in 2018 and 2019 following the near completion of infrastructure projects as well as property overhang, particularly in the non-residential segment. *(Source: Economic Outlook 2019, MOF)*

7.4 Prospects of our Group

Our Group is principally involved in the trading of IT and ICT related products. As stated in Sections 7.1 and 7.2 of this AP, the information and communication sub-sector expanded in 2018 due to continued demand for data communication and computer services and its growth in 2019 will be driven by higher demand for broadband services, due to lower subscription prices.

There are continuous government initiatives via 11th Malaysia Plan (the government strategic 5-year plan for 2016 to 2020, wherein emphasis continues to be given to the importance of digitalisation in enhancing the public services), and Malaysia Education Blueprint (2013-2025) (which leverages ICT as one of the components to scale up quality learning) that have been stimulating domestic demand for IT and ICT services. Further, the usage of technologies in everyday life has substantially increased as compared to when the Internet was firstly introduced. As our world has emerged into an advanced technology world, keeping abreast with the latest ICT development is also important to remain at a competitive edge. The broadband facilities are pivotal to ensure sustainable digital economy as well as to provide a better connectivity services to all users in the world. Besides, it is also important to support advanced technologies i.e. Internet of Things which has been widely used for enhancement of everyday life. Foreseeing good prospects of the growth of the ICT industry coupled with the government's initiatives, our Group believes that the ICT industry will continue to grow positively in the future. Further, as personal computers and smartphones are becoming a necessity of modern life, their increased usage will drive the demand for ICT related products and thus there are continual opportunities to enhance our IT and ICT business and improve our Group's financial performances.

Our Group has recently diversified our business activities to include property development and property investment segments to provide additional income stream and to complement our current construction segment. There are continuing efforts from the government and related agencies in making houses more accessible and more affordable for the households, be it in terms of ownership or renting. Coupled with various ongoing infrastructure projects in Malaysia, the property market would remain on positive path. In view of the positive outlook of the Malaysian economy and property market (as stated in Sections 7.1 and 7.3 of this AP, respectively), our Board is positive that the property development and property investment industries will enhance our Group's financial position and shareholders' value as well as reduce our Group's dependency on our existing business.

Premised on the above, our management believes that despite the challenging economic environment, the positive outlook for IT and ICT segment as well as the property market in Malaysia will provide opportunities to improve our Group's operations and financial performances.

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	RM	No. of ICPS	RM	No. of Shares	RM	No. of ICPS	RM
Issued share capital as at the LPD	304,942,918	65,120,969	-	-	304,942,918	65,120,969	-	-
To be issued pursuant to the Rights Issue of Shares with Warrants	24,000,000	559,200 ⁽¹⁾⁽²⁾⁽³⁾	-	-	60,988,584	3,276,562 ⁽¹⁾⁽²⁾⁽³⁾	-	-
To be issued pursuant to the Rights Issue of ICPS	328,942,918	65,680,169	-	268,000,000	365,931,502	68,397,531	-	914,828,766
Assuming full exercise of the Warrants	328,942,918	65,680,169	268,000,000	13,400,000	365,931,502	68,397,531	914,828,766	45,741,438
Assuming full conversion of the ICPS	24,000,000	5,440,800 ⁽⁵⁾	-	-	60,988,584	13,820,014 ⁽⁵⁾	-	-
Enlarged share capital	442,276,251	84,520,969	-	-	1,341,748,852	219,441,860	-	-

Notes:

- (1) Arising from the issuance of Warrants pursuant to the Rights Issue of Shares with Warrants. The corresponding entry for warrants reserve was deducted against the share capital account.
- (2) Calculated based on the issue price of RM0.15 per Rights Share.
- (3) After deducting the estimated expenses of RM1,200,000 for the Corporate Exercises.
- (4) Calculated based on the issue price of RM0.05 per ICPS.
- (5) Calculated based on the exercise price of RM0.15 per Warrant.
- (6) Assuming all ICPS are converted into new Shares based on the Conversion Ratio of 3 ICPS to be converted into 1 new Share.
- (7) Assuming all ICPS are converted into new Shares based on the Conversion Ratio of 1 ICPS to be converted into 1 new Share with additional cash payment of RM0.10.

8.2 NA and gearing

The pro forma effects of the Rights Issues on the NA and gearing of our Group based on the unaudited consolidated quarterly report of our Company for the 9M FPE 31 December 2018 are as follows:

Minimum Scenario

	(Unaudited) As at 31 December 2018 (RM)	(I) After subsequent events ⁽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 (RM)
Share capital	59,879,703	65,120,969	65,680,169 ⁽²⁾	65,680,169	71,120,969	84,520,969 ⁽⁵⁾
Share premium	5,241,266	-	-	-	-	-
Warrants reserve	-	-	1,840,800 ⁽³⁾	1,840,800	-	-
Equity component of ICPS	-	-	-	13,400,000 ⁽⁴⁾	13,400,000	-
Retained profits	6,178,454	6,178,454	6,178,454	6,178,454	6,178,454	6,178,454
Shareholders' funds/ NA	71,299,423	71,299,423	73,699,423	87,099,423	90,699,423	90,699,423
No. of Shares in issue	609,885,845	304,942,918	328,942,918	328,942,918	352,942,918	442,276,251
NA per Share (RM)	0.12	0.23	0.22	0.26	0.26	0.21
Total borrowings (RM)	303,412	303,412	303,412	303,412	303,412	303,412
Gearing (times)	Negligible	Negligible	Negligible	Negligible	Negligible	Negligible
Cash and bank balances	10,451,161	10,451,161	12,851,161	26,251,161	29,851,161	29,851,161

Notes:

- (1) Taking into consideration the following events up to the LPD:
 - (i) completion of the Share Consolidation on 25 January 2019; and
 - (ii) consolidation of share premium into share capital on the expiry of transitional period pursuant to Section 618(3) of the Act.
- (2) After deducting the estimated expenses of RM1,200,000 for the Corporate Exercises.
- (3) Arising from the issuance of 24,000,000 Warrants pursuant to the Rights Issue of Shares with Warrants. For illustrative purposes, the Warrants are assumed to have a fair value of RM0.0767 each based on the Black-Scholes Options Pricing Model.
- (4) Arising from the issuance of 268,000,000 ICPS at an issue price of RM0.05 each pursuant to the Rights Issue of ICPS.
- (5) Assuming all ICPS are converted into new Shares based on the Conversion Ratio of 3 ICPS to be converted into 1 new Share.

Maximum Scenario

	(Unaudited) As at 31 December 2018 (RM)	(I) After subsequent events ⁽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 exercise of the Warrants (RM)	(V) After (IV) and assuming full conversion of the ICPS (RM)
Share capital	59,879,703	65,120,969	68,397,531 ⁽²⁾	68,397,531	82,217,545	219,441,860 ⁽⁵⁾
Share premium	5,241,266	-	-	-	-	-
Warrants reserve	-	-	4,671,726 ⁽³⁾	4,671,726	-	-
Equity component of ICPS	-	-	-	45,741,438 ⁽⁴⁾	45,741,438	-
Retained profits	6,178,454	6,178,454	6,178,454	6,178,454	6,178,454	6,178,454
Shareholders' funds/ NA	71,299,423	71,299,423	79,247,711	124,989,149	134,137,437	225,620,314
No. of Shares in issue NA per Share (RM)	609,885,845 0.12	304,942,918 0.23	365,931,502 0.22	365,931,502 0.34	426,920,086 0.31	1,341,748,852 0.17
Total borrowings (RM) Gearing (times)	303,412 Negligible	303,412 Negligible	303,412 Negligible	303,412 Negligible	303,412 Negligible	303,412 Negligible
Cash and bank balances	10,451,161	10,451,161	18,399,449	64,140,887	73,289,175	164,772,052

Notes:

- (1) Taking into consideration the following events up to the LPD:
 - (i) completion of the Share Consolidation on 25 January 2019; and
 - (ii) consolidation of share premium into share capital on the expiry of transitional period pursuant to Section 618(3) of the Act.
- (2) After deducting the estimated expenses of RM1,200,000 for the Corporate Exercises.
- (3) Arising from the issuance of up to 60,988,584 Warrants pursuant to the Rights Issue of Shares with Warrants. For illustrative purposes, the Warrants are assumed to have a fair value of RM0.0766 each based on the Black-Scholes Options Pricing Model.
- (4) Arising from the issuance of up to 914,828,766 ICPS at an issue price of RM0.05 each pursuant to the Rights Issue of ICPS.
- (5) Assuming all ICPS are converted into new Shares based on the Conversion Ratio of 1 ICPS to be converted into 1 new Share with additional cash payment of RM0.10.

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On 11 December 2018, our Company had entered into a shares sale agreement to acquire 85% equity interest in PDL SB (which is involved in the business of property development) (“**Acquisition of PDL SB**”). For illustrative purpose, the effect of this transaction on our Group’s shareholders’ fund and gearing for 9M FPE 31 December 2018 based on certain assumptions as disclosed in the note, are set out below:

	(Unaudited) As at 31 December 2018 (RM)	Assuming completion of Acquisition of PDL SB* (RM)
Share capital	59,879,703	59,879,703
Share premium	5,241,266	5,241,266
Retained profits	6,178,454	6,178,454
Shareholders’ funds/ NA	71,299,423	71,299,423
Non-controlling interest	(33,247)	(1,222,641)
Total equity	71,266,176	70,076,782
No. of Shares in issue NA per Share (RM)	609,885,845 0.12	609,885,845 0.12
Total borrowings (RM) Gearing (times)	303,412 Negligible	59,792,996 0.84

Note:

* The Acquisition of PDL SB was completed on 5 April 2019. Notwithstanding this, the above results have been prepared by our management for illustration purpose, assuming the Acquisition of PDL SB was completed on 31 December 2018 and the provisional fair values of the assets and liabilities of PDL SB approximate their unaudited book values as at 31 December 2018.

In accordance with MFRS 3 – Business Combinations, the acquirer (i.e. our Company) shall determine the fair values of the assets and liabilities acquired, including the fair value of the identifiable assets and liabilities assumed, as at the acquisition date (i.e. the date on which our Company obtains control of PDL SB). Any excess of the purchase price over the fair value of net assets or liabilities acquired will be allocated to goodwill, or vice versa be reflected as gain from bargain purchase. Accordingly, the final determination of the fair values and resulting goodwill or gain from bargain purchase arising from the Acquisition of PDL SB may differ from the above disclosure.

Per clause 45 of MFRS 3 – Business Combinations, our Company is given 1-year from the acquisition date to obtain information necessary to identify and measure, amongst others, the fair value of identifiable assets acquired and liabilities assumed, as well as the resulting goodwill or gain on bargain purchase.

8.3 Earnings and EPS

The Rights Issues are not expected to have an immediate effect on the consolidated earnings and EPS of our Group for the FYE 31 March 2019 as the Rights Issues are only expected to be completed in the 1st half of year 2019.

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. Subsequent to the completion of the Rights Issues, the EPS of our Group shall be correspondingly diluted as a result of the increase in the number of Shares arising from the 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 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 derived from the exercise of the Warrants and/or conversion of the ICPS with cash option.

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

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 source is credit terms granted by our suppliers. The credit period granted by our suppliers to our Group ranges between 30 to 90 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 RM13.25 million.

Our Board is of the opinion that our Group will have adequate working capital for existing operations for the next 12 months 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 borrowing of RM0.29 million, all of which are interest-bearing and denominated in RM, as follows:

	As at the LPD (RM'000)
Short term borrowing:	
Hire purchase payable	61
Long-term borrowing:	
Hire purchase payable	232
Total	<u>293</u>

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

Throughout the FYE 31 March 2018 and the subsequent period up to the LPD, our Group did not default on payments of either interest or principal sum in respect of the borrowings.

9.3 Contingent liabilities

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

	At our Group level RM	At our Company level RM
Corporate guarantee extended to a supplier for purchases made by a subsidiary	<u>-</u>	<u>500,000</u>

9.4 Material commitments

As at the LPD, our Board confirms that there is no material commitment incurred or known to be incurred by our Company or our Group, which upon becoming enforceable, may have material impact on the financial position of our Group.

9.5 Material transactions

Save for the Rights Issues and the following transactions, our Board confirms that there is no other transaction which may have a material effect on our Group's operations, financial position and results since the last audited consolidated financial statements of our Company for the FYE 31 March 2018:

- (i) a Deed of Mutual Termination dated 4 May 2018 entered into between Super Kian Holdings Sdn Bhd (our wholly-owned subsidiary) ("SKHSB") and a customer, Total Merit Sdn Bhd ("TMSB"), wherein both parties agreed to release the counter-party from due performance and observance of all their respective obligations and covenants under the Managing Contractor Agreement (refer to announcements on 7 September 2015 and 4 May 2018 for further details on the Managing Contract Agreement and the Deed of Mutual Termination, respectively), and SKHSB fully recovered performance bond of RM12 million from TMSB (as announced on 30 May 2018);
- (ii) diversification of our Group's existing business into property development and property investment (as announced on 6 August 2018 and approved by our shareholders on 9 October 2018);
- (iii) acquisition of 80% equity interest in KHSB (which is involved in property development and/or construction) (as announced on 26 June 2018 and completed on 8 August 2018);
- (iv) acquisition of 85% equity interest in PDLSB (which is involved in property development) (as announced on 11 December 2018 and completed on 5 April 2019); and
- (v) Share Consolidation (as announced on 19 October 2018 and completed on 25 January 2019).

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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 Shares with Warrants and Provisional ICPS 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 Shares with Warrants and Provisional ICPS into your CDS account and the RSF to enable you to subscribe for such Rights Shares with Warrants and 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 Shares with Warrants and the Provisional ICPS are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in such 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 renounee(s)/transferee(s) (if applicable) are required to have valid and subsisting CDS account 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 Shares with Warrants and Provisional ICPS is **29 April 2019 at 5.00 p.m.**

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

If you wish to accept your entitlement to the Provisional Rights Shares with Warrants and Provisional ICPS, the acceptance of and payment for the Provisional Rights Shares with Warrants and 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.

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

The procedures for acceptance and payment applicable to the Entitled Shareholders also apply to renounee(s)/transferee(s) who wishes to accept the Provisional Rights Shares with Warrants and/or Provisional ICPS.

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

YOU AND/OR YOUR 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 the 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:

Tricor Investor & Issuing House Services Sdn Bhd

Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan

or

Tricor Customer Service Centre

Unit G-3, Ground Floor, Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan

Tel. no.: 03-2783 9299

Fax no.: 03-2783 9222

so as to arrive **not later than 5.00 p.m. on 29 April 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 and/or Provisional ICPS standing to the credit of 1 CDS account. Separate RSF(s) must be used for separate CDS account(s). If successful, the Rights Shares with Warrants and/or ICPS subscribed for will be credited into your CDS account(s) where the Provisional Rights Shares with Warrants and/or Provisional ICPS are standing to the credit.

A reply envelope is enclosed with this AP. In order to facilitate the processing of the RSF by our Share Registrar 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 1 Warrant 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 Shares with Warrants and/or Provisional ICPS are not received by our Share Registrar by **5.00 p.m. on 29 April 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, or at Bursa Securities' website at <http://www.bursamalaysia.com> or at our Registered Office.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY APPROPRIATE REMITTANCE IN RM FOR THE FULL AMOUNT PAYABLE FOR THE PROVISIONAL RIGHTS SHARES WITH WARRANTS AND/OR PROVISIONAL ICPS ACCEPTED, IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY", MADE PAYABLE TO "VCB RIGHTS ISSUE ACCOUNT" FOR THE RIGHTS SHARES WITH WARRANTS AND/OR "VCB RIGHTS ICPS ACCOUNT" FOR THE ICPS, AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME IN BLOCK LETTERS AND CDS ACCOUNT NUMBER SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR NOT LATER THAN THE CLOSING DATE.

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. 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.

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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 Shares with Warrants and/or Provisional ICPS that have not been accepted will be made available to applicants for excess applications.

10.6 Procedures for sale/transfer of Provisional Rights Shares with Warrants and Provisional ICPS

As the Provisional Rights Shares with Warrants and Provisional ICPS 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 Shares with Warrants and/or Provisional ICPS standing to the credit of your CDS accounts. To sell or transfer all or part of your entitlement to the Provisional Rights Shares with Warrants and/or Provisional ICPS, 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 Shares with Warrants and/or Provisional ICPS, 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 Shares with Warrants and/or Provisional ICPS, you need not deliver any document, including the respective RSF, to any stockbroker. However, you must ensure that there is sufficient Provisional Rights Shares with Warrants and/or Provisional ICPS standing to the credit of your CDS accounts that are available for settlement of the sale or transfer.

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

You and/or your renounee(s)/transferee(s) (if applicable) who accepted the Provisional Rights Shares with Warrants and/or Provisional ICPS may apply for excess Rights Shares with Warrants and/or excess ICPS by completing Part I(B) of the 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 29 April 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 "VCB EXCESS RIGHTS ISSUE ACCOUNT" FOR THE EXCESS RIGHTS SHARES WITH WARRANTS AND/OR "VCB EXCESS RIGHTS ICPS ACCOUNT" FOR THE EXCESS ICPS AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME IN BLOCK LETTERS AND CDS ACCOUNT NUMBER SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR 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) fourthly, for allocation to transferee(s)/renounee(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, steps (ii) to (iv) will be repeated until all remaining excess Rights Shares with Warrants and/or excess ICPS have been 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 renounee's/transferee's acceptance (if applicable) and excess Rights Shares with Warrants and/or excess ICPS application (if any), the Rights Shares with Warrants and/or ICPS shall be credited directly into the respective CDS account. No physical share 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 renounee(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 ACE 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 Shares with Warrants and/or Provisional ICPS or to whom Provisional Rights Shares with Warrants and/or Provisional ICPS have/has been transferred and intends to subscribe for the Rights Shares with Warrants and/or ICPS must state his/her 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 documents will not be sent to the foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) who do not have a registered address in Malaysia. However, such foreign Entitled Shareholders and/or their renounee(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 Entitled Shareholders and/or their renounee(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 Company and our Directors and officers would not, in connection with the Rights Issues, be in breach of, responsible or liable under the laws of any jurisdiction to which that foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) are or may be subject to. Foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. TA Securities, our Company, our Directors and officers and other professional advisers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

The foreign Entitled Shareholders and/or their renounee(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 Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) for any issue, transfer or other taxes or duties as such person may be required to pay. They will have no claims whatsoever against our Company and/or TA Securities in respect of their rights and entitlements under the Rights Issues. Such foreign Entitled Shareholders and/or their renounee(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 Entitled Shareholders and/or their renounee(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) TA Securities, our Company and our Directors and officers that:

- (i) our Company would not, by acting on the acceptance or renunciation in connection with the Rights Issues, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders or renounee(s)/transferee(s) (if applicable) are or may be subject to;
- (ii) the foreign Entitled Shareholders and/or their renounee(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 Shares with Warrants and/or Provisional ICPS;
- (iii) the foreign Entitled Shareholders and/or their renounee(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 Shares with Warrants and/or Provisional ICPS, be in breach of the laws of any jurisdiction to which that person is or may be subject to;
- (iv) the foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) are aware that the Rights Shares with Warrants and ICPS can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) the foreign Entitled Shareholders and/or their renounee(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 Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) deem necessary in connection with the foreign Entitled Shareholders' and/or their renounee(s)/transferee(s)'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 Entitled Shareholders and/or their renounee(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 with Warrants and/or ICPS.

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

Any person who does forward this AP, the NPA and the RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares with Warrants and/or ICPS from any such application by foreign Entitled Shareholders and/or their renounee(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 it believes that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

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

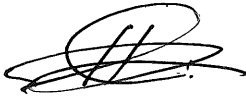
12. FURTHER INFORMATION

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

Yours faithfully

For and behalf of the Board of

VORTEX CONSOLIDATED BERHAD (FORMERLY KNOWN AS SKH CONSORTIUM BERHAD)



CHOO PENG HUNG

Managing Director

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

Our Board as at the LPD is as follows:

Name / (Designation)	Address	Age	Nationality	Profession
Tan Ooi Jin (Executive Chairman / Executive Director)	6, Jalan Kenyalang 11/7A PJU5 Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	43	Malaysian	Company Director
Choo Peng Hung (Managing Director)	5, Jalan Suria Residen 1/3 Taman Suria Residen Batu 9, 43200 Cheras Selangor Darul Ehsan	45	Malaysian	Company Director
Lee Li Chain (Finance Director / Executive Director)	23, Jalan Damai Perdana 2/3 Bandar Damai Perdana 56000 Kuala Lumpur Wilayah Persekutuan	43	Malaysian	Company Director
Dato' Chairil Nazri Bin Ahmad (Independent Non-Executive Director)	48 Jalan Cenderai Lucky Garden Bangsar 59100 Kuala Lumpur Wilayah Persekutuan	47	Malaysian	Company Director
Yap Kien Ming (Independent Non-Executive Director)	No. 38, Jalan SL 7/13 Bandar Sungai Long 43000 Kajang Selangor Darul Ehsan	54	Malaysian	Company Director
Sam Kok Hong (Independent Non-Executive Director)	No. 26, Jalan Serambi U8/21B Taman Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan	51	Malaysian	Company Director
Ahmed Azhar Bin Abdullah (Independent Non-Executive Director)	No. 22, Jalan Kent 2 54000 Kuala Lumpur Wilayah Persekutuan	58	Malaysian	Company Director

2. SHARE CAPITAL

As at the LPD, the issued share capital of our Company is as follows:

	No. of Shares	Total (RM)
Vortex Shares	304,942,918	65,120,969 ⁽¹⁾

Note:

- (1) Includes the consolidation of share premium of RM5,241,266 as at 31 January 2019 into share capital on the expiry of transitional period pursuant to Section 618(3) of the Act.

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 Choo Peng Hung, none of our Directors have any direct and/or indirect shareholding in our Company as at the LPD. The pro forma effects of the Rights Issues on the shareholdings of Choo Peng Hung in our Company based on his 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			
	Direct		Indirect	Direct		Indirect	
	No. of Shares	% ⁽²⁾	No. of Shares	No. of Shares	% ⁽³⁾	No. of Shares	
Choo Peng Hung ⁽¹⁾	-	-	90,110,701	29.55	-	90,110,701	27.39

Name	(II) After (I) and assuming full exercise of Warrants			(III) After (II) and assuming full conversion of ICPS ⁽⁵⁾			
	Direct		Indirect	Direct		Indirect	
	No. of Shares	% ⁽⁴⁾	No. of Shares	No. of Shares	% ⁽⁶⁾	No. of Shares	
Choo Peng Hung ⁽¹⁾	-	-	90,110,701	25.53	-	90,110,701	20.37

Notes:

- (1) Deemed interested by virtue of his interest in MKSB pursuant to Section 8 of the Act.
- (2) Based on 304,942,918 Shares in issue.
- (3) Based on enlarged share capital of 328,942,918 Shares in issue.
- (4) Based on enlarged share capital of 352,942,918 Shares in issue.
- (5) Assuming all ICPS are converted into new Shares based on the Conversion Ratio of 3 ICPS to be converted into 1 new Share.
- (6) Based on enlarged share capital of 442,276,251 Shares in issue.

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

Name	As at the LPD			(I) After the Rights Issue of Shares with Warrants		
	Direct		Indirect	Direct		Indirect
	No. of Shares	% ⁽²⁾	No. of Shares	No. of Shares	% ⁽³⁾	No. of Shares
Choo Peng Hung ⁽¹⁾	-	-	90,110,701	29.55	-	108,132,841
						29.55
Name	(II) After (I) and assuming full exercise of Warrants			(III) After (II) and assuming full conversion of ICPS ⁽⁶⁾		
	Direct		Indirect	Direct		Indirect
	No. of Shares	% ⁽⁴⁾	No. of Shares	No. of Shares	% ⁽⁶⁾	No. of Shares
Choo Peng Hung ⁽¹⁾	-	-	126,154,981	29.55	-	396,487,084
						29.55

Notes:

- (1) Deemed interested by virtue of his interest in MKSB pursuant to Section 8 of the Act.
- (2) Based on 304,942,918 Shares in issue.
- (3) Based on enlarged share capital of 365,931,502 Shares in issue.
- (4) Based on enlarged share capital of 426,920,086 Shares in issue.
- (5) Assuming all ICPS are converted into new Shares based on the Conversion Ratio of 1 ICPS to be converted into 1 new Share with additional cash payment of RM0.10.
- (6) Based on enlarged share capital of 1,341,748,852 Shares in issue.

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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			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% ⁽²⁾	No. of Shares	%	No. of Shares	% ⁽³⁾	No. of Shares	%
MKSB	90,110,701	29.55	-	-	90,110,701	27.39	-	-
Choo Peng Hung ⁽¹⁾	-	-	90,110,701	29.55	-	-	90,110,701	27.39
Sole Underwriter	-	-	-	-	24,000,000	7.30	-	-

Name	(II) After (I) and assuming full exercise of Warrants				(III) After (II) and assuming full conversion of ICPS ⁽⁶⁾			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% ⁽⁴⁾	No. of Shares	%	No. of Shares	% ⁽⁶⁾	No. of Shares	%
MKSB	90,110,701	25.53	-	-	90,110,701	20.37	-	-
Choo Peng Hung ⁽¹⁾	-	-	90,110,701	25.53	-	-	90,110,701	20.37
Sole Underwriter	48,000,000	13.60	-	-	137,333,333	31.05	-	-

Notes:

- (1) Deemed interested by virtue of his interest in MKSB pursuant to Section 8 of the Act.
- (2) Based on 304,942,918 Shares in issue.
- (3) Based on enlarged share capital of 328,942,918 Shares in issue.
- (4) Based on enlarged share capital of 352,942,918 Shares in issue.
- (5) Assuming all ICPS are converted into new Shares based on the Conversion Ratio of 3 ICPS to be converted into 1 new Share.
- (6) Based on enlarged share capital of 442,276,251 Shares in issue.

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

Name	As at the LPD			(I) After the Rights Issue of Shares with Warrants		
	Direct		Indirect	Direct		Indirect
	No. of Shares	% ⁽²⁾	No. of Shares	No. of Shares	% ⁽³⁾	No. of Shares
MKSB	90,110,701	29.55	-	108,132,841	29.55	-
Choo Peng Hung ⁽¹⁾	-	-	90,110,701	-	-	108,132,841
						29.55

Name	(II) After (I) and assuming full exercise of Warrants			(III) After (II) and assuming full conversion of ICPS ⁽⁵⁾		
	Direct		Indirect	Direct		Indirect
	No. of Shares	% ⁽⁴⁾	No. of Shares	No. of Shares	% ⁽⁶⁾	No. of Shares
MKSB	126,154,981	29.55	-	396,487,084	29.55	-
Choo Peng Hung ⁽¹⁾	-	-	126,154,981	-	-	396,487,084
						29.55

Notes:

- (1) Deemed interested by virtue of his interest in MKSB pursuant to Section 8 of the Act.
- (2) Based on 304,942,918 Shares in issue.
- (3) Based on enlarged share capital of 365,931,502 Shares in issue.
- (4) Based on enlarged share capital of 426,920,086 Shares in issue.
- (5) Assuming all ICPS are converted into new Shares based on the Conversion Ratio of 1 ICPS to be converted into 1 new Share with additional cash payment of RM0.10.
- (6) Based on enlarged share capital of 1,341,748,852 Shares in issue.

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INFORMATION ON OUR GROUP (CONT'D)

5. HISTORICAL FINANCIAL INFORMATION

Our Group's key financial information based on our consolidated financial statements for the financial years/periods under review are as follows:

(i) Historical financial performance

	← Audited ⁽⁴⁾ →			Unaudited ⁽⁵⁾
	15M FPE 31 March 2016 ⁽¹⁾ (RM'000)	FYE 31 March 2017 (RM'000)	FYE 31 March 2018 (RM'000)	9M FPE 31 December 2018 (RM'000)
Revenue	197,655	136,555	154,510	124,140
GP	20,081	16,257	16,193	13,069
Other income	1,036	1,314	655	16
Administrative expenses	(25,638)	(13,259)	(13,238)	(10,988)
Distribution costs	(654)	(299)	(683)	(223)
Other expenses	(14,210)	(2,108)	(1,149)	(959)
Finance costs	(34)	(5)	(4)	(6)
(LBT) / PBT	(19,419)	1,900	1,774	909
Income tax expense	(1,315)	(347)	(1,002)	(812)
(LAT) / PAT	(20,734)	1,553	772	97
(LAT) / PAT attributable to:				
Owners of our Company	(20,566)	1,551	771	98
Non-controlling interests	(168)	2	1	(1)
(LAT) / PAT	(20,734)	1,553	772	97
Weighted average number of Shares in issue ('000)	479,098	554,442	564,619	609,886
No. of Shares in issue ('000)	554,442	554,442	609,886	609,886
Basic (LPS) / EPS ⁽²⁾ (sen)	(4.29)	0.28	0.14	0.02
Diluted (LPS) / EPS (sen)	(4.29)	0.28	0.14	0.02
GP margin (%)	10.16	11.91	10.48	10.53
(LBT) / PBT margin (%)	(9.82)	1.39	1.15	0.73
(LAT) / PAT margin (%)	(10.49)	1.14	0.50	0.08
Dividend (sen)	-	-	-	-

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

	← Audited ⁽⁴⁾ →			Unaudited ⁽⁵⁾
	15M FPE 31 March 2016 ⁽¹⁾ (RM'000)	FYE 31 March 2017 (RM'000)	FYE 31 March 2018 (RM'000)	9M FPE 31 December 2018 (RM'000)
Total non-current assets	17,456	18,871	35,981	57,401
Total current assets	72,124	69,138	64,726	45,846
Total assets	89,580	88,009	100,707	103,247
Share capital	55,444	55,444	59,880	59,880
Share premium	5,324	5,324	5,241	5,241
Warrant reserve	10,052	-	-	-
(Accumulated losses) / Retained profits	(6,294)	5,309	6,080	6,178
Equity attributable to owners of our Company	64,526	66,077	71,201	71,299
Non-controlling interests	(111)	(109)	(108)	(33)
Total equity	64,415	65,968	71,093	71,266
Total non-current liabilities	145	152	123	340
Total current liabilities	25,020	21,889	29,491	31,641
Total liabilities	25,165	22,041	29,614	31,981
Total equity and liabilities	89,580	88,009	100,707	103,247
NA per Share (RM) ⁽³⁾	0.12	0.12	0.12	0.12

(iii) Historical cash flow

	← Audited ⁽⁴⁾ →			Unaudited ⁽⁵⁾
	15M FPE 31 March 2016 ⁽¹⁾ (RM'000)	FYE 31 March 2017 (RM'000)	FYE 31 March 2018 (RM'000)	9M FPE 31 December 2018 (RM'000)
Net cash (for) / from operating activities	(9,650)	(2,560)	46	4,553
Net cash (for) / from investing activities	(7,115)	733	(7,793)	(14,618)
Net cash from / (for) financing activities	9,619	(32)	4,321	32
Net decrease in cash and cash equivalents	(7,146)	(1,859)	(3,426)	(10,033)
Effect of foreign exchange translation	14	-	-	-
Cash and cash equivalents at beginning of financial period / years	34,209	27,077	25,218	21,792
Cash and cash equivalents at the end of financial period / years	27,077	25,218	21,792	11,759

INFORMATION ON OUR GROUP (CONT'D)

Notes:

- (1) On 13 October 2015, 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 2015 to 31 March 2016, covering a period of 15 months. Following the change in the year end, there are no comparative figures for preceding year presented.
- (2) Being the PAT / (LAT) attributable to owners of our Company divided by weighted average number of Shares in issue for the financial years/period under review.
- (3) Being NA of our Group divided by the number of Shares in issue for the financial years/period under review.
- (4) Source: Annual Reports of our Company for the financial years/period under review.
- (5) Source: Quarterly results of our Group for the financial period under review, as announced on Bursa Securities' website on 27 February 2019.

Commentaries:

Our Group derives most of our revenue from IT and ICT division and such business depends largely on economic conditions, taxation rate and policies in Malaysia, retail spending on IT and ICT products as well as our ability to introduce up-to-date products and services in a timely manner to our customers. Our Group has diversified into property construction (during 15M FPE 31 March 2016), property development and property investment segments (both during FYE 31 March 2019).

(i) FYE 31 March 2018 vs FYE 31 March 2017

Our Group's revenue increased by 13.14% to RM154.51 million for the FYE 31 March 2018, mainly due the following:

- (a) increase in revenue from IT and ICT division, mainly derived from the improved sales for Do-It-Yourself products (customers' self-built-up owned products) for this division. There were more varieties of products made available to the customers to self-built-up their own ideal products from different ranges of parts and brands (e.g. graphic cards, hard disks, power supply units and etc.) to assemble into their personal Do-It-Yourself computers; and
- (b) increase in revenue from construction division, due to contract revenue arising from the warehouse construction works in Subang Jaya, Selangor. The total contract value for the construction works is RM16.4 million, whereby 50.33% construction works has been completed as at 31 March 2018.

Despite higher revenue, our Group's PAT reduced by 50.32% to RM0.77 million in FYE 31 March 2018, mainly due to the following:

- (a) lower other income, mainly due to the absence of gain on disposal of asset held for sale and realised gain on foreign exchange during FYE 31 March 2018, and lower reversal of impairment losses on trade receivable during FYE 31 March 2018;
- (b) decrease in PBT, mainly due to LBT incurred in the construction division arising from lower GP margin from the warehouse construction works as compared to construction works carried out in preceding year; and
- (c) higher income tax expense, due to the following:
 - (i) lower utilisation of deferred tax assets in the current financial year to offset income tax expense, mainly due to lesser taxable income in Super Kian Holdings Sdn Bhd (our wholly-owned subsidiary) for which unutilised tax losses and/or unabsorbed capital allowances could be utilised; and
 - (ii) no adjustment for over-provision of tax expense in the previous financial year, as the income tax estimates in FYE 31 March 2017 approximates the actual income tax.

INFORMATION ON OUR GROUP (CONT'D)

Our Group's net cash from operating activities for FYE 31 March 2018 stood at RM0.05 million, mainly attributed by an increase in trade and other payables and lesser income tax paid for current financial year under review, and partially offset by an increase in trade receivables for construction division (arising from the construction of warehouse in Subang Jaya which commenced during the financial year under review). Besides this, our Group has acquired additional investment properties during the financial year under review and thereby, recorded a cash outflow of RM7.80 million for investing activities.

(ii) 9M FPE 31 December 2018

We recorded a revenue of RM124.14 million, mainly attributed by the IT and ICT division whereby there was an increase in consumer spending prior to the introduction of Sales and Service Tax; and an increase in revenue from construction division due to the construction of warehouse in Subang Jaya, Selangor approaching its completion stage during the financial period under review.

Our Group recorded a PAT of RM0.10 million for current financial period under review, which is in line with the increase in revenue as well as decrease in operating expenses mainly due to no impairment loss on receivables during the 9M FPE 31 December 2018.

For the 9M FPE 31 December 2018, our Group recorded an increase in total non-current assets due to the inclusion of the Land as our Group's assets upon completion of the acquisition of 80% equity interest in KHSB ("**Acquisition of KHSB**") on 8 August 2018. The decrease in total current assets was mainly due to utilisation of cash for the Acquisition of KHSB.

Our Group's net cash flow from operating activities improved to RM4.55 million, mainly due to collection from customers as well as refund of performance bond of RM12.0 million pursuant to the Deed of Mutual Termination (refer to our announcements dated 4 May 2018 and 30 May 2018 for further details). Notwithstanding this, our Group recorded a decrease in cash and cash equivalent as at 31 December 2018 mainly due to utilisation of cash for the Acquisition of KHSB.

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		
April	0.220	0.140
May	0.160	0.130
June	0.160	0.140
July	0.170	0.140
August	0.160	0.130
September	0.180	0.140
October	0.200	0.160
November	0.190	0.180
December	0.200	0.170
2019		
January	0.180	0.150
February	0.165	0.125
March	0.185	0.130

Note:

* Adjusted pursuant to Share Consolidation which was completed on 25 January 2019.

INFORMATION ON OUR GROUP (CONT'D)

The last transacted market price for our Shares on 18 October 2018 (being the last trading date prior to the Announcement) was RM0.085 each.

The last transacted market price for our Shares on 20 March 2019 (being the LPD prior to printing of this AP) was RM0.155 each.

The last transacted market price for our Shares on 9 April 2019 (being the last day on which our Shares were traded prior to the ex-date of the Rights Issues) was RM0.185 each.

(Source: Bloomberg Finance L.P.)

7. MATERIAL CONTRACTS

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

- (i) shares sale agreement dated 26 June 2018 between our Company and Smart Wisdom Sdn Bhd for the acquisition of 80,000 ordinary shares in KHSB (or 80% equity interest in KHSB) for a cash consideration of RM13,600,000. The acquisition was completed on 8 August 2018;
- (ii) shares sale agreement dated 12 July 2018 between our Company, Bijak Fajar Sdn Bhd and Newston Development Sdn Bhd for the acquisition of 70 ordinary shares in Rimbun Gabungan Sdn Bhd (or 70% equity interest in Rimbun Gabungan Sdn Bhd) for a cash consideration of RM12,000,000. This agreement was mutually terminated on 25 January 2019;
- (iii) shares sale agreement dated 11 December 2018 between our Company and Paris Dynasty Sdn Bhd for the acquisition of 14,025,000 ordinary shares in PDL SB (or 85% equity interest in PDL SB) for a cash consideration of RM100 (refer to announcement dated 11 December 2018 for further details on this acquisition). This acquisition was completed on 5 April 2019;
- (iv) the Underwriting Agreement dated 29 March 2019 entered into between our Company and the Sole Underwriter in relation to the Rights Issues to underwrite 24,000,000 Rights Shares with 24,000,000 Warrants and 268,000,000 ICPS, for a total underwriting commission of RM340,000; and
- (v) the Deed Poll dated 29 March 2019 executed by our Company constituting the Warrants.

8. MATERIAL LITIGATION

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

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ADDITIONAL INFORMATION

1. CONSENTS

The Adviser, Company Secretary, Share Registrar, Due Diligence Solicitors, Sole Underwriter, Auditors / 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 No. 9A, Jalan Medan Tuanku, Medan Tuanku, 50300 Kuala Lumpur during normal business hours from 9.00 a.m. to 5.00 p.m. from Monday to Friday (excluding public holidays) for a period of 6 months from the date of this AP:

- (i) the material contracts referred to in Section 7 of Appendix I of this AP; and
- (ii) the letters of consent referred to in Section 1 above.

3. RESPONSIBILITY STATEMENT

This AP together with its accompanying documents have been seen and approved by our Board 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 this Rights Issues.

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