

**THIS ABRIDGED PROSPECTUS (“AP”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.** If you have sold or transferred all your shares in MQ Technology Berhad (“MQ” or the “Company”), you should immediately hand this AP together with the Notice of Provisional Allotment (“NPA”) and Rights Subscription Form (“RSF”) (collectively referred to as “Documents”) to the purchaser or transferee or agent/broker through whom you have effected the sale or transfer for onward transmission to the purchaser or transferee. You should address all enquiries concerning the Rights Issue of Shares with Warrants (as defined herein) to our share registrar, Tricor Investor & Issuing House Services Sdn Bhd (“Share Registrar”) at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

The Documents are only despatched to our shareholders (“Entitled Shareholders”) (other than an authorised nominee who has subscribed for Nominee Rights Subscription service (“NRS”)) whose names appear in our Record of Depositors as at 5.00 p.m. on 28 October 2016 (“Entitlement Date”) at their registered addresses in Malaysia. If you are an authorised nominee who has subscribed for NRS with Bursa Malaysia Depository Sdn Bhd (“Bursa Depository”), an electronic copy of this AP and the Rights Issue Entitlement File will be transmitted to you electronically by Bursa Depository through its existing network facility with the Authorised Nominee (as defined herein). The Documents are not intended to be (and will not be) issued, circulated or distributed in any countries or jurisdictions other than Malaysia. No action has been or will be taken to ensure that the Rights Issue of Shares with Warrants or the Documents comply with the laws of any countries or jurisdictions other than the laws of Malaysia. The Documents do not constitute an offer, solicitation or invitation to subscribe for the Rights Issue of Shares with Warrants in any jurisdiction other than Malaysia or to any person to whom it may be unlawful to make such an offer, solicitation or invitation. It shall be the sole responsibility of the Entitled Shareholders and/or their renounees/transferees (if applicable) who are residents in countries or jurisdictions other than Malaysia to consult their legal and/or other professional advisers as to whether their acceptance or renunciation (as the case may be) of his/her entitlement to the Rights Issue of Shares with Warrants would result in the contravention of any laws of such countries or jurisdictions. Such Entitled Shareholders and/or their renounees/transferees (if applicable) should note the additional terms and restrictions as set out in Section 3 of this AP. Neither our Company nor TA Securities Holdings Berhad (“TA Securities”) shall accept any responsibility or liability whatsoever to any party in the event that any acceptance or sale/renunciation made by the Entitled Shareholders, and/or their renounees/transferees (if applicable) is or shall become illegal, unenforceable, voidable or void in any countries or jurisdictions in which the Entitled Shareholder and/or his renounee/transferee (if applicable) is a resident.

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

Our shareholders have approved the Rights Issue of Shares with Warrants at the Extraordinary General Meeting held on 13 June 2016. Bursa Malaysia Securities Berhad (“Bursa Securities”) had vide its letter dated 4 May 2016 approved the admission of the Warrants (as defined herein) to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for the Rights Shares (as defined herein), Warrants and the new MQ Shares (as defined herein) to be issued upon the exercise of the Warrants on the ACE Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue of Shares with Warrants. Admission of the Warrants to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for the Rights Shares, Warrants and new MQ Shares to be issued upon exercise of the Warrants on the ACE Market of Bursa Securities are in no way reflective of the merits of the Rights Issue of Shares with Warrants. Neither Bursa Securities nor the SC takes any responsibility for the correctness of any statement made or opinions expressed in the Documents. The listing of and quotation for the Rights Shares and Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the Central Depository System accounts of the Entitled Shareholders and/or their renounees/transferees (if applicable) have been duly credited and notices of allotment have been despatched to the Entitled Shareholders and/or their renounees/transferees (if applicable).

Our Board of Directors (“Board”) has seen and approved all the documentation relating to this Rights Issue of Shares with Warrants. Our Board collectively and individually accepts full responsibility for the accuracy of the information given and confirms that, after having made all reasonable inquiries, and to the best of our Board’s knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in these Documents false or misleading.

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

**FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE REFER TO “RISK FACTORS” AS SET OUT IN SECTION 6 HEREIN.**

# MQ

TECHNOLOGY BERHAD

**MQ TECHNOLOGY BERHAD**

(Company No. 635804-H)

(Incorporated in Malaysia under the Companies Act, 1965)

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 418,470,537 NEW ORDINARY SHARES OF RM0.10 EACH IN MQ (“MQ SHARES”) (“RIGHTS SHARES”) ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY ONE (1) EXISTING MQ SHARE HELD AS AT 5.00 P.M. ON 28 OCTOBER 2016 AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE, TOGETHER WITH UP TO 278,980,358 FREE DETACHABLE WARRANTS (“WARRANTS”) ON THE BASIS OF TWO (2) WARRANTS FOR EVERY THREE (3) RIGHTS SHARES SUBSCRIBED FOR**

*Adviser*

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

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

**IMPORTANT RELEVANT DATES AND TIME**

Entitlement date	: Friday, 28 October 2016 at 5.00 p.m.
<b>Last date and time for:</b>	
Sale of provisional allotment of rights	: Friday, 4 November 2016 at 5.00 p.m.
Transfer of provisional allotment of rights	: Wednesday, 9 November 2016 at 4.00 p.m.
Acceptance and payment	: Monday, 14 November 2016 at 5.00 p.m.
Excess application and payment	: Monday, 14 November 2016 at 5.00 p.m.

**This Abridged Prospectus is dated 28 October 2016**

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

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

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

**YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

**THE INCLUSION OF THE VALUATION CERTIFICATE IN THIS AP SHOULD NOT BE CONSTRUED AS AN ENDORSEMENT BY THE SC ON THE VALUE OF THE LAND.**

**YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS AP ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT 2007 ("CMSA").**

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

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

[The rest of this page is intentionally left blank]

**DEFINITIONS**

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

“5D-VWAP”	: Five (5)-day volume weighted average market price
“Act”	: Companies Act, 1965
“Agreed Shareholdings Proportion”	: The agreed shareholdings in CSPSB of SASB and CSSB as set out in the SSA
“Announcement”	: The announcement of the Corporate Exercises dated 19 January 2016
“AP”	: This Abridged Prospectus issued by our Company dated 28 October 2016
“ATM”	: Automated teller machine within Malaysia
“Authorised Nominee”	: A person who is authorised to act as a nominee as defined under the Rules of Bursa Depository
“Bank Financing”	: Financing from banks or financial institutions on such terms as agreed by the Board of Directors of CSPSB
“Bank Security”	: Bank Financing secured by guarantees furnished or procured by one (1) or both shareholders or secured by such other security or financial support or comfort provided or procured by one (1) or both shareholders severally and in proportion to their respective shareholdings held in CSPSB at the relevant time
“BNM”	: Bank Negara Malaysia
“Board”	: Our Board of Directors
“Bursa Depository”	: Bursa Malaysia Depository Sdn Bhd
“Bursa Securities”	: Bursa Malaysia Securities Berhad
“CAGR”	: Compound annual growth rate
“CDS”	: Central Depository System
“CNC”	: Computer numerical control
“Code”	: Malaysian Code on Take-Overs and Mergers 2016
“Conditions Precedent”	: Conditions precedent as set out in the SSA
“Corporate Exercises”	: Investment, Diversification, Par Value Reduction, Share Consolidation, Rights Issue of Shares with Warrants, SIS, Increase in Authorised Share Capital and MOA Amendment, collectively
“CSPSB” or “JVCo”	: Cash Support Property Sdn Bhd
“CSPSB Shares”	: Ordinary shares of RM1.00 each in CSPSB
“CSSB”	: Cash Support Sdn Bhd
“CSSB Shares”	: Ordinary shares of RM1.00 each in CSSB
“Deed Poll”	: The document constituting the Warrants dated 14 October 2016

**DEFINITIONS (CONT'D)**

“Director”	:	A natural person who holds a directorship in our Company, whether in an executive or non-executive capacity, and shall have the meaning given in Section 4 of the Act and Section 2(1) of the Capital Markets and Services Act 2007
“Diversification”	:	Diversification of the existing business of our Group to include the development and business of theme park which has been approved by our shareholders at the EGM
“DTZ”	:	DTZ Nawawi Tie Leung Property Consultants Sdn Bhd, an independent firm of registered valuers
“E&E”	:	Electrical and electronics
“EBITDA”	:	Earnings before interest, taxation, depreciation and amortisation
“EGM”	:	Extraordinary general meeting of our Company held on 13 June 2016
“Electronic Application”	:	Application for the Rights Shares with Warrants through the ATMs of Participating Financial Institution
“Eligible Person”	:	An employee or a Director who meets the criteria of eligibility for participation in the SIS
“Entitled Shareholders”	:	Our shareholders whose names appear in our Company’s Record of Depositors on the Entitlement Date
“Entitlement Date”	:	28 October 2016 at 5.00 p.m. being the date and time on which our shareholders must be registered on the Record of Depositors in order to be entitled to the Rights Issue of Shares with Warrants
“EPS”	:	Earnings per MQ Share
“Excluded Properties”	:	An excluded part of the Project Land which consists of eighteen (18) units of two (2) and three (3)-storey shoplots which are legally and/or beneficially owned or constructed by CSSB
“Existing Business”	:	Existing business of our Group which includes manufacturing of moulds, tools, dies, jigs and fixtures for use in the manufacture of hard disk drives, manufacture of car spare parts, plastic moulds, metal moulds and blowing moulds for plastic products, tooling, jigs and fixtures for electronic and semiconductor products as well as designs, develops and manufactures advanced suspension tooling, progressive tooling and semiconductor cavity/encapsulation moulds for application in hard disk drives and semiconductor industries, advanced automation modules/assemblies for digital data storage, medical instrument systems/devices and optoelectronics applications and related components
“FYE”	:	Financial year ended / financial year ending, as the case may be
“GBS”	:	Goh Boon Soon @ Goh Yang Eng
“GDP”	:	Gross domestic product
“GP”	:	Gross profit
“GST”	:	Goods and services tax
“HKD”	:	Hong Kong dollar

**DEFINITIONS (CONT'D)**

“Increase in Authorised Share Capital”	:	Increase in the authorised share capital of our Company from RM50,000,000 comprising 500,000,000 MQ Shares to RM200,000,000 comprising 2,000,000,000 MQ Shares which took effect on 13 June 2016
“Independent Market Research Report”	:	Independent Market Research Report on the Theme Park Industry in Malaysia dated October 2016 by Smith Zander
“Internet Application”	:	Application for the Rights Shares with Warrants within Malaysia through an Internet Participating Financial Institution
“Internet Participating Financial Institution”	:	Participating financial institution for the Internet Applications as referred to in Section 3.5.3 of this AP
“Investment”	:	Joint venture between SASB and CSSB to develop and carry on the business of theme park as approved by our shareholders at the EGM
“IP”	:	Intellectual property
“Issue Price”	:	The issue price pursuant to the Rights Issue of Shares with Warrants of RM0.10 per Rights Share
“LAT”	:	Loss after taxation
“LBT”	:	Loss before taxation
“Letter”	:	A letter dated 6 May 2016 executed between SASB, CSSB and CSPSB which is supplemental to the terms of the SSA
“Listing Requirements”	:	ACE Market Listing Requirements of Bursa Securities
“LPD”	:	10 October 2016, being the latest practicable date prior to the registration of this AP
“LPS”	:	Loss per Share
“Market Day”	:	A day on which Bursa Securities is open for the trading of securities
“Maximum Scenario”	:	A scenario assuming all Entitled Shareholders fully subscribe for their entitlements of the Rights Shares with Warrants
“MFRS-2”	:	Malaysian Financial Reporting Standard 2 – Share-based Payment
“MGO”	:	Mandatory general offer for all the remaining MQ Shares and convertible securities in our Company not already held by such Undertaking Shareholder and the PAC
“Minimum Scenario”	:	Assuming only the Minimum Subscription Level of 180,470,000 Rights Shares together with 120,313,333 Warrants subscribed by the Undertaking Shareholders
“Minimum Subscription Level”	:	Minimum level of subscription of 180,470,000 Rights Shares together with 120,313,333 Warrants
“MOA Amendment”	:	Amendment to the Memorandum of Association of our Company which took effect on 13 June 2016
“MOU”	:	Memorandum of understanding dated 26 November 2015 entered into between SASB and Sanderson to collaborate on the development of a theme park on the Project Land
“MQ” or “Company”	:	MQ Technology Berhad
“MQ Group” or “Group”	:	MQ and our subsidiaries, collectively

**DEFINITIONS (CONT'D)**

“MQ Shares” or “Shares”	:	Ordinary shares of RM0.10 each in our Company
“NA”	:	Net assets attributable to ordinary equity holders of our Company
“NPA”	:	Notice of Provisional Allotment in relation to the Rights Issue of Shares with Warrants
“NRS”	:	Nominee Rights Subscription service offered by Bursa Depository, at the request of our Company, to Authorised Nominees for electronic subscription of Rights Shares with Warrants through Bursa Depository’s existing network facility with the Authorised Nominees
“NTA”	:	Net tangible assets
“Official List”	:	A list specifying all securities listed which have been admitted for listing on the ACE Market of Bursa Securities and not removed
“PAC”	:	Party or parties acting in concert
“Par Value Reduction”	:	Reduction of the issued and paid-up share capital of our Company via the cancellation of RM0.05 of the par value of the ordinary share of RM0.10 each to RM0.05 each in our Company pursuant to Section 64 of the Act, as completed on 22 August 2016
“Participating Financial Institution”	:	Participating financial institution for Electronic Applications as referred to in Section 3.5.2 of this AP
“PAT”	:	Profit after taxation
“PBT”	:	Profit before taxation
“Penang Factory”	:	Our existing factory cum office located at Plot 86-B, Lintang Bayan Lepas 9, Bayan Lepas Industrial Park 4, 11900 Bayan Lepas, Penang
“Price-Fixing Date”	:	14 October 2016, being the date on which the issue price of the Rights Shares and the exercise price of the Warrants were determined as announced
“Project Land”	:	A parcel of 99-year leasehold land held under H.S.(D) 80529, No. PT 146, Pekan Klebang Seksyen II, District of Melaka Tengah, State of Melaka measuring approximately 9.16 acres (excluding the Excluded Properties)
“Purchase Consideration”	:	Purchase consideration of RM28,300,000 to acquire the Project Land
“R&D”	:	Research and development
“Record of Depositors”	:	A record of securities holders provided by Bursa Depository under the Rules of Bursa Depository
“Rights Issue Entitlement File”	:	An electronic file forwarded by Bursa Depository to an Authorised Nominee who has subscribed for NRS, containing information of such Authorised Nominee’s entitlements under the Rights Issue of Shares with Warrants as at the Entitlement Date
“Rights Issue of Shares with Warrants”	:	Renounceable rights issue of up to 418,470,537 Rights Shares on the basis of three (3) Rights Shares for every one (1) existing MQ Share held on the Entitlement Date, together with up to 278,980,358 Warrants on the basis of two (2) Warrants for every three (3) Rights Shares subscribed for

**DEFINITIONS (CONT'D)**

“Rights Shares”	:	Up to 418,470,537 new MQ Shares to be issued pursuant to the Rights Issue of Shares with Warrants
“Rights Shares Subscription File”	:	An electronic file submitted by an Authorised Nominee who has subscribed for NRS, to Bursa Depository containing information pertaining to such Authorised Nominee’s subscription of the Rights Shares with Warrants
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“RSF”	:	Rights Subscription Form in relation to the Rights Issue of Shares with Warrants
“Rules”	:	Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the SC pursuant to Section 377 of the Capital Markets and Services Act 2007
“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
“Sanderson”	:	Sanderson Group Operational HQ Sdn Bhd
“Sanderson Group”	:	Sanderson Group International Pty Ltd
“SASB”	:	Star Acres Sdn Bhd, our wholly-owned subsidiary
“SASB Shares”	:	Ordinary shares of RM1.00 each in SASB
“SC”	:	Securities Commission Malaysia
“Security Interests”	:	Charges, liens, claims, equities or other encumbrances
“Share Consolidation”	:	Share consolidation of every two (2) ordinary shares of RM0.05 each into one (1) ordinary share of RM0.10 each in our Company after the Par Value Reduction, as completed on 14 September 2016
“Share Registrar”	:	Tricor Investor & Issuing House Services Sdn Bhd
“SICDA”	:	Securities Industry (Central Depositories) Act, 1991
“SIS”	:	Share issuance scheme of up to thirty percent (30%) of the issued and paid-up share capital of our Company (excluding treasury shares, if any) at any one (1) time during the duration of the scheme for the Eligible Persons to be established after the completion of the Rights Issue of Shares with Warrants
“SIS Options”	:	Options to be issued pursuant to the SIS
“SIS Shares”	:	New MQ Shares to be offered and issued under the SIS
“Smith Zander”	:	Smith Zander International Sdn Bhd
“SPA”	:	A sale and purchase agreement dated 19 January 2016 executed between CSSB and JVCo wherein CSSB agrees to sell the Project Land to the JVCo for the purchase consideration of RM28,300,000
“SPA Completion”	:	The completion of the sale and purchase of the Project Land by the performance by the parties of their respective obligations in the SPA
“SPA Cut-Off Date”	:	Cut-off date of the SPA which has been extended to 19 January 2017 for the parties to obtain, fulfil or waive the conditions precedent pursuant to the SPA

**DEFINITIONS (CONT'D)**

“Specified Termination Event”	:	The termination of the SPA arising from the non-registration of the Transfer of the Project Land in the circumstances as set out under the “Non-Registration of Transfer” clause as set out in Section 2.5.1.3.6(vi) of this AP
“SSA”	:	A subscription and shareholders’ agreement dated 19 January 2016 entered into between SASB and CSSB to regulate their rights as shareholders of CSPSB following their subscription of new CSPSB Shares which will function as the joint venture company in relation to the Investment
“SSA Cut-Off Date”	:	Cut-off date of the SSA which has been extended to 19 January 2017 for the parties to obtain/fulfil conditions precedent pursuant to the SSA
“Stamp Duty Advance”	:	Advance made by SASB to CSPSB amounting to RM843,000
“State Authority”	:	The governmental authority, body or agency empowered and having jurisdiction to grant the approval required in respect of the transfer by CSSB to CSPSB of the Project Land pursuant to the provisions of the National Land Code (Act 56 of 1965)
“Subscription Consideration”	:	An amount of RM15,900,000 for SASB’s subscription of 13,566,000 Subscription Shares
“Subscription Price”	:	The price at which the grantee is entitled to subscribe for the SIS Shares
“Subscription Shares”	:	13,566,000 and 13,033,900 new CSPSB Shares to be subscribed by SASB and CSSB, respectively
“Subsequent Events”	:	The Par Value Reduction and Share Consolidation which were completed on 22 August 2016 and 14 September 2016, respectively
“Surrender Date”	:	A period of fifty (50) years from the date upon which vacant possession of the Project Land is delivered in accordance with the SPA
“TA Securities” or the “Adviser”	:	TA Securities Holdings Berhad
“TEAP”	:	Theoretical ex-all price of MQ Shares
“TEH”	:	Teh Eng Huat
“TERP”	:	Theoretical ex-rights price of MQ Shares
“Transfer”	:	A valid and registrable memorandum of transfer in Form 14A of the National Land Code (Act 56 of 1965) or such other prescribed statutory form, in respect of the Project Land, duly completed and executed by CSSB in favour of CSPSB
“Transfer Documents”	:	Transfer documents means: <ul style="list-style-type: none"> <li>(a) the Transfer;</li> <li>(b) the original issue document of title for the Project Land;</li> <li>(c) the quit rent and assessment receipts in respect of the Project Land for the current year; and</li> <li>(d) all other documents which is incumbent upon CSSB to produce as documents necessary to enable registration of the Transfer to be effected in favour of CSPSB free from encumbrances in accordance with the provisions of the SPA</li> </ul>



**DEFINITIONS (CONT'D)**

“Undertakings”	:	Irrevocable and unconditional written undertakings dated 19 January 2016 from the Undertaking Shareholders that they will fully subscribe for their respective entitlements totalled 70,470,000 Rights Shares with 46,980,000 Warrants as well as additional 110,000,000 Rights Shares with 73,333,333 Warrants, and also that they will not dispose any of their MQ Shares following the Announcement up to the Entitlement Date
“Undertaking Shareholders”	:	Collectively, TEH and GBS
“USD”	:	United States dollar
“Valuation Report”	:	A valuation report of DTZ dated 30 December 2015 valuing the Project Land
“Warrants”	:	Up to 278,980,358 free detachable warrants to be issued pursuant to the Rights Issue of Shares with Warrants

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

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

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

[The rest of this page is intentionally left blank]

**TABLE OF CONTENTS**

	<b>PAGE</b>
<b>CORPORATE DIRECTORY</b>	<b>1</b>
<b>LETTER TO OUR ENTITLED SHAREHOLDERS CONTAINING:</b>	
<b>1. INTRODUCTION</b>	<b>4</b>
<b>2. DETAILS OF THE RIGHTS ISSUE OF SHARES WITH WARRANTS</b>	<b>5</b>
2.1 Basis of determining the Issue Price of the Rights Shares and exercise price of the Warrants	6
2.2 Ranking of the Rights Shares and the new MQ Shares arising from the exercise of the Warrants	8
2.3 Salient terms of the Warrants	8
2.4 Minimum Subscription Level and undertakings	11
2.5 Details of other corporate exercises	12
<b>3. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS</b>	<b>41</b>
3.1 General	41
3.2 NPA	42
3.3 Last date and time for acceptance and payment	42
3.4 Methods of application	42
3.5 Procedure for full acceptance and payment by Entitled Shareholders and acceptance by renounees/transferees	42
3.6 Procedure for part acceptance by Entitled Shareholders	56
3.7 Procedure for sale/transfer of provisional Rights Shares with Warrants	57
3.8 Procedure for application of excess Rights Shares with Warrants	57
3.9 Notice of allotment	59
3.10 Form of issuance	60
3.11 Laws of foreign jurisdictions	60
<b>4. RATIONALE FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS</b>	<b>62</b>
<b>5. UTILISATION OF PROCEEDS</b>	<b>63</b>
<b>6. RISK FACTORS</b>	<b>66</b>
6.1 Risks relating to our manufacturing business and industry	66
6.2 Risks relating to our theme park business and industry	67
6.3 Risks relating to the Rights Issue of Shares with Warrants	69
<b>7. INDUSTRY OUTLOOK AND FUTURE PROSPECTS OF OUR GROUP</b>	<b>71</b>
7.1 Overview and outlook of the Malaysian economy	71
7.2 Overview and outlook of the manufacturing industry in Malaysia	72
7.3 Overview of the theme park industry in Malaysia	73
7.4 Overview of the theme park industry in Melaka	74
7.5 Prospects of our Group	75
<b>8. EFFECTS OF THE RIGHTS ISSUE OF SHARES WITH WARRANTS</b>	<b>77</b>
8.1 Issued and paid-up share capital	77
8.2 NA, NTA and gearing	78

**TABLE OF CONTENTS (CONT'D)**

	8.3	Earnings and EPS	80
<b>9</b>		<b>WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS</b>	<b>82</b>
	9.1	Working capital	82
	9.2	Borrowings	82
	9.3	Contingent liabilities	82
	9.4	Material commitments	83
<b>10.</b>		<b>TERMS AND CONDITIONS</b>	<b>83</b>
<b>11.</b>		<b>FURTHER INFORMATION</b>	<b>83</b>
 <b>APPENDICES</b>			
APPENDIX I		CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE OF SHARES WITH WARRANTS PASSED AT OUR EGM HELD ON 13 JUNE 2016	84
APPENDIX II		INFORMATION ON OUR COMPANY	95
APPENDIX III		PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON	106
APPENDIX IV		AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON	116
APPENDIX V		UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE SIX (6)-MONTH PERIOD ENDED 30 JUNE 2016	182
APPENDIX VI		INFORMATION ON CSPSB	192
APPENDIX VII		ACCOUNTANTS' REPORT ON CSPSB	195
APPENDIX VIII		DIRECTORS' REPORT	209
APPENDIX IX		VALUATION CERTIFICATE PREPARED BY DTZ	210
APPENDIX X		ADDITIONAL INFORMATION	218

**CORPORATE DIRECTORY****BOARD OF DIRECTORS**

<b>Name</b>	<b>Address</b>	<b>Age</b>	<b>Nationality</b>	<b>Profession</b>
Dr. Ch'ng Huck Khoon <i>(Chairman / Independent Non-Executive Director)</i>	No. 28 Jalan Deva Pada 10400 Penang	46	Malaysian	Consultant
Teh Eng Huat <i>(Executive Director)</i>	No. 1 Jalan Bayan Mutiara 2 11700 Bayan Lepas Penang	47	Malaysian	Director
Khoo Hun Sniah <i>(Executive Director)</i>	No. 11 Lorong Nipah Dua Sungai Dua 11900 Gelugor Penang	46	Malaysian	Director
Lim Soon Seng <i>(Executive Director)</i>	No. 1-2-7 Mawar Apartment Jalan Bukit Kecil Satu Sungai Nibong 11900 Bayan Lepas Penang	57	Malaysian	Director
Na Chiang Seng <i>(Independent Non-Executive Director)</i>	No. 175B Jalan Aminuddin Baki Taman Tun Dr. Ismail 60000 Kuala Lumpur	40	Malaysian	Director
Dato' Lim Char Boo <i>(Independent Non-Executive Director)</i>	No. 49, Jalan SS 23/3 Taman SEA 47400 Petaling Jaya Selangor Darul Ehsan	61	Malaysian	Director
Mohd Anuar Bin Mohd Hanadzlah <i>(Independent Non-Executive Director)</i>	No. 10, Jalan Tampoi Sungai Rokam 31350 Ipoh Perak Darul Ridzuan	58	Malaysian	Director

**AUDIT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Dr. Ch'ng Huck Khoon	Chairman	Chairman / Independent Non-Executive Director
Na Chiang Seng	Member	Independent Non-Executive Director
Mohd Anuar Bin Mohd Hanadzlah	Member	Independent Non-Executive Director

**CORPORATE DIRECTORY (CONT'D)**

<b>COMPANY SECRETARIES</b>	:	Datuk Tan Leh Kiah (MAICSA 719692) Ooi Yoong Yoong (MAICSA 7020753) 39, Salween Road 10050 Penang Tel. no. : 04-210 9828 Fax. no. : 04-210 9827
<b>REGISTERED OFFICE</b>	:	39, Salween Road 10050 Penang Tel. no. : 04-210 9828 Fax. no. : 04-210 9827
<b>HEAD/MANAGEMENT OFFICE/ PRINCIPAL PLACE OF BUSINESS</b>	:	Plot 86-B, Lintang Bayan Lepas 9 Bayan Lepas Industrial Park 4 11900 Bayan Lepas Penang Tel. no. : 04-646 5888 Fax. no. : 04-644 6888 Website : <a href="http://www.mqtech.com.my">www.mqtech.com.my</a> E-mail address : <a href="mailto:info@mqtech.com.my">info@mqtech.com.my</a>
<b>SHARE REGISTRAR</b>	:	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 Tel. no. : 03-2783 9299 Fax. no. : 03-2783 9222
<b>AUDITORS AND REPORTING ACCOUNTANTS</b>	:	Messrs. SJ Grant Thornton Chartered Accountants 51-8-A, Menara BHL Bank Jalan Sultan Ahmad Shah 10050 Penang Tel. no. : 04-228 7828 Fax. no. : 04-227 9828
<b>SOLICITORS FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS</b>	:	Mah-Kamariyah & Philip Koh 3A07, Block B, Phileo Damansara II 15 Jalan 16/11, Off Jalan Damansara 46350 Petaling Jaya Selangor Darul Ehsan Tel. no. : 03 7956 8686 Fax. no. : 03-7956 2208
<b>INDEPENDENT MARKET RESEARCHER</b>	:	Smith Zander International Sdn Bhd Suite 23-3, Level 23, Office Suite Menara 1MK 1, Jalan Kiara Mont Kiara 50480 Kuala Lumpur Tel. no. : 03-6211 2121

---

**CORPORATE DIRECTORY (CONT'D)**

---

<b>PRINCIPAL BANKER</b>	:	Hong Leong Bank Berhad Penang Business Centre No. 1, Light Street Georgetown 10200 Penang Tel. no. : 04-262 5114 Fax. no. : 04-264 3034
<b>ADVISER FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS</b>	:	TA Securities Holdings Berhad 32 <sup>nd</sup> Floor, Menara TA One 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel. no. : 03-2072 1277 Fax. no. : 03-2026 0127
<b>INDEPENDENT REGISTERED VALUER</b>	:	DTZ Nawawi Tie Leung Property Consultants Sdn Bhd Suite 34.01 Level 34 Menara Citibank 165 Jalan Ampang 50450 Kuala Lumpur Tel. no. : 03-2161 7228 Fax. no. : 03-2161 1633
<b>STOCK EXCHANGE LISTING</b>	:	ACE Market of Bursa Securities

[The rest of this page is intentionally left blank]



TECHNOLOGY BERHAD

**MQ TECHNOLOGY BERHAD**  
(Company No. 635804-H)  
(Incorporated in Malaysia under the Companies Act, 1965)

**Registered Office:**

39, Salween Road  
10050 Penang

28 October 2016

**Our Board of Directors:**

Dr. Ch'ng Huck Khoon (*Chairman/Independent Non-Executive Director*)  
Teh Eng Huat (*Executive Director*)  
Khoo Hun Sniah (*Executive Director*)  
Lim Soon Seng (*Executive Director*)  
Na Chiang Seng (*Independent Non-Executive Director*)  
Dato' Lim Char Boo (*Independent Non-Executive Director*)  
Mohd Anuar Bin Mohd Hanadzlah (*Independent Non-Executive Director*)

**To: Our Entitled Shareholders**

Dear Sir/Madam,

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 418,470,537 RIGHTS SHARES ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY ONE (1) EXISTING MQ SHARE HELD AS AT 5.00 P.M. ON 28 OCTOBER 2016 AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE, TOGETHER WITH UP TO 278,980,358 WARRANTS ON THE BASIS OF TWO (2) WARRANTS FOR EVERY THREE (3) RIGHTS SHARES SUBSCRIBED FOR**

---

**1. INTRODUCTION**

Our shareholders had, at the EGM held on 13 June 2016 approved the Rights Issue of Shares with Warrants.

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

Bursa Securities has vide its letter dated 4 May 2016 approved the following:

- (i) admission of the Warrants to the Official List and the listing of and quotation for the Warrants;
- (ii) listing of and quotation for the Rights Shares, SIS Shares and new MQ Shares pursuant to the exercise of the Warrants,

on the ACE Market of Bursa Securities.

[The rest of this page is intentionally left blank]

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

	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 Issue of Shares with Warrants;	To be complied
(ii)	Our Company and TA Securities to inform Bursa Securities upon the completion of the Rights Issue of Shares with Warrants;	To be complied
(iii)	Our Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue of Shares with Warrants is completed; and	To be complied
(iv)	Our Company to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the exercise of the Warrants as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

On 14 October 2016, TA Securities had announced on our behalf that our Board has fixed the issue price of the Rights Shares at RM0.10 each and the exercise price of the Warrants at RM0.10 each.

On 14 October 2016, TA Securities had announced on our behalf the fixing of the Entitlement Date as 28 October 2016 at 5.00 p.m. together with the other relevant dates pertaining to the Rights Issue of Shares with Warrants.

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

**If you are in any doubt as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.**

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

The Rights Issue of Shares with Warrants entails the issuance of up to 418,470,537 Rights Shares on the basis of three (3) Rights Shares for every one (1) existing MQ Share held, together with up to 278,980,358 Warrants on the basis of two (2) Warrants for every three (3) Rights Shares subscribed by the Entitled Shareholders at an issue price of RM0.10 per Rights Share.

For information purposes only, our issued and paid-up share capital as at the LPD was RM13,949,017.90 comprising 139,490,179 MQ Shares. The Rights Issue of Shares with Warrants will raise between approximately RM18.05 million and RM41.85 million at the Issue Price.

The Rights Shares with Warrants which are not taken up or validly taken up shall be made available for excess applications by the Entitled Shareholders and/or their renounees/transferees (if applicable). It is the intention of our Board to allocate the excess Rights Shares in a fair and equitable basis specified under Section 3.8 herein. The entitlements for the Rights Shares with Warrants are renounceable in full or in part. The Warrants will be immediately detached from the Rights Shares upon issuance and will be separately traded. The renunciation of Rights Shares by the Entitled Shareholders will accordingly entail the renunciation of the Warrants to be issued together with the Rights Shares pursuant to the Rights Issue of Shares with Warrants. However, if the Entitled Shareholders decide to accept only part of their Rights Shares entitlements, they shall be entitled to the Warrants in the proportion of their Rights Shares entitlements. Any unsubscribed Rights Shares with the attached Warrants shall be offered to other Entitled Shareholders and/or their renounees/transferees (if applicable) under the excess Rights Shares with Warrants application.



In determining our shareholders' entitlements to the Rights Shares with Warrants under the Rights Issue of Shares with Warrants, fractional entitlements, if any, will be disregarded and dealt with by our Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of our Company.

As you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisional allotted Rights Shares with Warrants, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue of Shares with Warrants. You (other than an Authorised Nominee who has subscribed for NRS) 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.

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository, an electronic copy of this AP and the Rights Issue Entitlement File will be transmitted to you electronically by Bursa Depository through its existing network facility with the Authorised Nominees. Please refer to Sections 3.5.4 and 3.8.4 of this AP for the procedures for acceptance as well as to apply for excess Rights Shares with Warrants, if you choose to do so.

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

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

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

Our Board has fixed the issue price for the Rights Shares at RM0.10 per Rights Share after taking into consideration the following:

- (a) the TEAP<sup>(1)</sup> of MQ Shares of RM0.1024 based on 5D-VWAP of MQ Shares up to and including 13 October 2016 (being the last trading date immediately preceding the Price-Fixing Date) of RM0.1141;
- (b) the par value of MQ Shares of RM0.10 each; and
- (c) the funding requirements of our Group, details of which are set out in Section 5 of this AP.

The issue price of RM0.10 per Rights Share represents a discount of RM0.0024 or 2.34% to the above TEAP of MQ Shares of RM0.1024.

**[The rest of this page is intentionally left blank]**

*Note:*

(1) *TEAP is computed as follows:*

$$TEAP = \frac{(A \times X) + (B \times Y) + (C \times Z)}{A + B + C}$$

*where:*

*A = Number of Rights Shares*

*B = Number of Warrants*

*C = Number of existing MQ Shares*

*X = Issue price of the Rights Shares*

*Y = Exercise price of the Warrants*

*Z = 5D-VWAP of MQ Shares up to and including the Price-Fixing Date*

*and the ratio of A:B:C is 3:2:1, in accordance with the entitlement basis of three (3) Rights Shares together with two (2) Warrants for every one (1) existing MQ Share held.*

**(ii) Warrants**

The Warrants will be issued only to the Entitled Shareholders who successfully subscribe for the Rights Shares.

Our Board has fixed the exercise price of the Warrants at RM0.10 each after taking into consideration, amongst others, the following:

- (a) the TERP<sup>(1)</sup> of MQ Shares of RM0.1035 based on the 5D-VWAP of MQ Shares up to and including 13 October 2016 (being the last trading date immediately preceding the Price-Fixing Date) of RM0.1141; and
- (b) the par value of MQ Shares of RM0.10 each.

The exercise price of RM0.10 per Warrant represents a discount of RM0.0035 or 3.38% to the above TERP of MQ Shares of RM0.1035.

*Note:*

(1) *TERP is computed as follows:*

$$TERP = \frac{(A \times X) + (B \times Y)}{A + B}$$

*where:*

*A = Number of Rights Shares*

*B = Number of existing MQ Shares*

*X = Issue price of the Rights Shares*

*Y = 5D-VWAP of MQ Shares up to and including the Price-Fixing Date*

*and the ratio of A:B is 3:1, in accordance with the entitlement basis of three (3) Rights Shares for every one (1) existing MQ Share held.*

## 2.2 Ranking of the Rights Shares and the new MQ Shares arising from the exercise of the Warrants

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

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

## 2.3 Salient terms of the Warrants

The salient terms of the Warrants are as follows:

<b>Terms</b>	<b>Details</b>
Issue size	: Up to 278,980,358 Warrants.
Board lot	: For the purpose of trading on Bursa Securities, a board lot of Warrants shall be 100 units of the Warrants.
Expiry date	: A date being five (5) years from and including the date of issuance of the Warrants, provided that if such day falls on a day which is not a market day, then on the preceding market day.
Exercise period	: The Warrants may be exercised at any time commencing on and including the date of issuance of the Warrants until 5.00 p.m. on the expiry date.
Exercise price	: The exercise price of the Warrants is RM0.10 each.
Exercise rights	: Each Warrant carries the entitlement, at any time during the exercise period, to subscribe for one (1) new MQ Share at the exercise price, subject to adjustments in accordance with the provisions of the Deed Poll.
Forms and denomination	: The Warrants will be issued in the registered form and will be constituted by the Deed Poll.
Adjustments to the exercise price and/or the number of Warrants	: The exercise price and/or number of unexercised Warrants shall be adjusted in accordance with the provisions of the Deed Poll.

[The rest of this page is intentionally left blank]

- Provision for changes in the terms of the Warrants : Our Company may, from time to time, without the consent or sanction of the Warrants holders but in accordance with the Deed Poll, modify the Deed Poll, if such modification made is required to correct any typographical errors or relate purely to administrative matters or is made to comply with the prevailing laws or regulations of Malaysia the Listing Requirements, rules issued by Bursa Securities or any other relevant guidelines or in the opinion of the Directors of our Company, such modification does not unduly or materially prejudice the interests of the Warrant holders.
- Any modification to the Deed Poll (including the form and content of the warrant certificate) may be effected only by Deed Poll, executed by our Company and expressed to be supplemental to the Deed Poll, and only if all other relevant requirements of the Deed Poll has been complied with. Any modification shall however be subject to the approval of Bursa Securities (if so required) and save and except as expressly provided for in the Deed Poll, must be sanctioned by special resolution of the holders of the Warrants.
- Rights of the Warrants : The new MQ Shares arising from the exercise of the Warrants are not entitled to any dividend, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment and issuance of the new MQ Shares upon the exercise of Warrants. The Warrants 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 Warrants holders exercise their Warrants into new MQ Shares.
- Rights in the event of winding up, liquidation, compromise and/or arrangement : Where a resolution has been passed by our Company for a members' voluntary winding-up or there is compromise or arrangement, whether or not for the purpose of or in connection with scheme for the reconstruction of our Company or the amalgamation of our Company with one or more companies:
- (a) for the purposes of such winding-up, compromise or arrangement (other than consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the holders of the Warrants or some persons designated by them for such purposes by special resolution, shall be party, the terms of such winding-up, compromise or arrangement shall be binding on all the holders of the Warrants; and

- (b) in any other case, every holder of the Warrants shall be entitled at any time within six (6) weeks after the passing of such resolution or the granting of the court order, by irrevocable surrender of his Warrants together with payment of the relevant subscription moneys to elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the subscription rights represented by such Warrants and be entitled to receive out of the assets which would be available in liquidation if he had on such date been the holder of the new MQ Shares to which he would have become entitled pursuant to such exercise and the liquidator of our Company shall give effect to such election accordingly.

- Listing : 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 Bursa Securities as well as the listing of and quotation for the Warrants and the new MQ Shares to be issued pursuant to the exercise of Warrants on the ACE Market of Bursa Securities.
- Governing law : The laws of Malaysia.

**[The rest of this page is intentionally left blank]**

#### 2.4 Minimum Subscription Level and undertakings

The Rights Issue of Shares with Warrants will be implemented on the Minimum Subscription Level, for gross proceeds of approximately RM18.05 million at the issue price of RM0.10 for each Rights Share. The Minimum Subscription Level was determined by our Board after considering our Group's funding requirements as set out in Section 5 of this AP, among other factors.

In order to achieve the Minimum Subscription Level, our Company has obtained written unconditional and irrevocable undertakings from the Undertaking Shareholders on 19 January 2016 that they will fully subscribe for their entitlements of the Rights Shares with Warrants as well as additional Rights Shares with Warrants as set out in the table below, and also that they will not dispose any of their MQ Shares following the Announcement up to the Entitlement Date.

Details of the Undertakings based on the Minimum Subscription Level are as follows:

	As at the LPD			Own entitlements		
	No. of MQ Shares	% <sup>(1)</sup>	No. of Rights Shares	% <sup>(2)</sup>	No. of Warrants	% <sup>(3)</sup>
Undertaking Shareholders						
GBS	15,750,000	11.29	47,250,000	26.18	31,500,000	26.18
TEH	7,740,000	5.55	23,220,000	12.87	15,480,000	12.87
<b>Total</b>	<b>23,490,000</b>	<b>16.84</b>	<b>70,470,000</b>	<b>39.05</b>	<b>46,980,000</b>	<b>39.05</b>
	Excess			Total Undertakings		
	No. of MQ Shares	% <sup>(2)</sup>	No. of Warrants	% <sup>(3)</sup>	No. of MQ Shares	% <sup>(2)</sup>
Undertaking Shareholders						
GBS	40,000,000	22.16	26,666,666	22.16	87,250,000	48.35
TEH	70,000,000	38.79	46,666,667	38.79	93,220,000	51.65
<b>Total</b>	<b>110,000,000</b>	<b>60.95</b>	<b>73,333,333</b>	<b>60.95</b>	<b>180,470,000</b>	<b>100.00</b>
					<b>120,313,333</b>	<b>100.00</b>

Notes:

- (1) Based on our issued and paid-up share capital as at the LPD of RM13,949,017.90 comprising 139,490,179 MQ Shares.
- (2) Percentages are calculated based on 180,470,000 Rights Shares available for subscription under the Minimum Subscription Level.
- (3) Percentages are calculated based on 120,313,333 Warrants available for subscription under the Minimum Subscription Level.

The Undertaking Shareholders have confirmed that they have sufficient financial resources to fulfil their Undertakings. As the adviser for the Rights Issue of Shares with Warrants, TA Securities has verified the confirmations made by the Undertaking Shareholders. For information purposes only, disclosure has been made in Section 4 of Appendix X in this AP in relation to the litigation that one of the Undertaking Shareholders, namely TEH, is currently involved in. TEH has provided a confirmation dated 27 October 2016 to our Company that his full Undertaking amounts will be deposited into the respective accounts set up in relation to the Rights Issue of Shares with Warrants by 4 November 2016.

No underwriting will be arranged for the Rights Shares with Warrants since the Rights Issue of Shares with Warrants will be implemented on a minimum subscription basis.

The Undertaking Shareholders are not expected to trigger any MGO obligation in accordance with the Code and Rules pursuant to their Undertakings immediately after the completion of the Rights Issue of Shares with Warrants.

As at the LPD, GBS and TEH respectively holds 15,750,000 and 7,740,000 MQ Shares, representing approximately 11.29% and 5.55% of the total issued and paid-up share capital of our Company. As such, if either one of the Undertaking Shareholders exercises his Warrants and such exercise results in the shareholdings of such Undertaking Shareholders and PAC with him in our Company increasing to above thirty-three percent (33%), such Undertaking Shareholder will be obliged to undertake the MGO after the exercise of the Warrants, as required under the Code and Rules.

The Undertaking Shareholders do not intend to undertake any MGO. Hence, the Undertaking Shareholders will monitor closely the number of MQ Shares held and/or to be held by them (i.e., including those arising from the exercise of Warrants). If necessary, the Undertaking Shareholders will seek relevant exemptions from the SC under the Code and Rules prior to any increase in their shareholdings.

Further, in the event that the Undertaking Shareholders subscribe for their Undertakings and no other entitled shareholders subscribe for their entitlements under the Rights Issue of Shares with Warrants, our public shareholding spread is not expected to fall below the minimum shareholding spread requirement of 25.00% pursuant to the Rule 8.02(1) of the Listing Requirements.

## **2.5 Details of other corporate exercises**

As at the LPD, save as disclosed below and for the Rights Issue of Shares with Warrants, there is no outstanding corporate proposal which has been announced but pending completion:

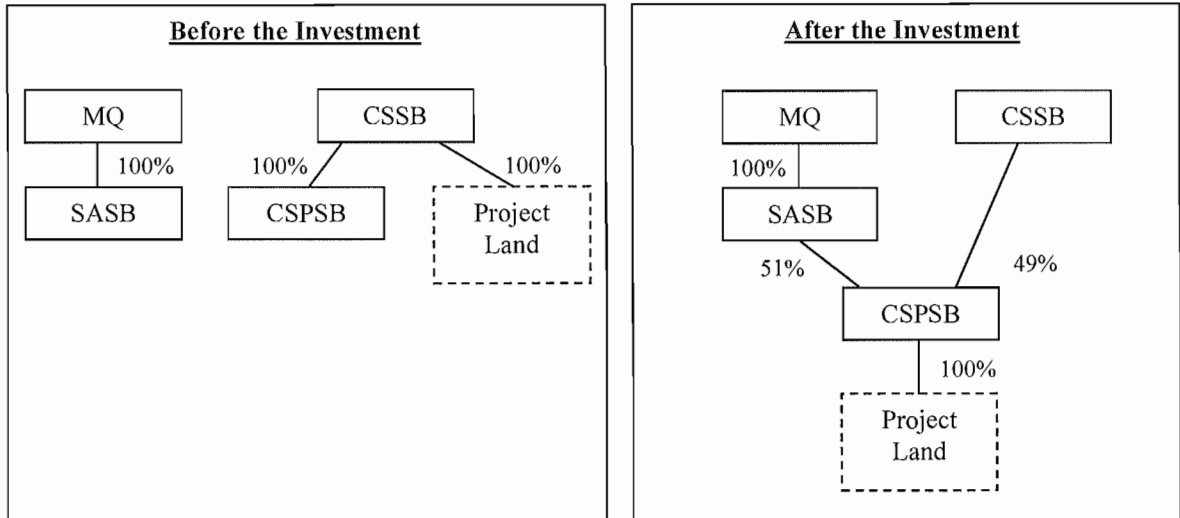
### **2.5.1 Investment**

Our Company had on 27 February 2015, 27 April 2015, 27 July 2015 and 27 October 2015 made announcements on the Heads of Agreement dated 27 February 2015 between our Company and CSSB to form a joint venture in relation to the development of a theme park on the Project Land.

On 19 January 2016, SASB entered into the SSA with CSSB to regulate their rights as shareholders of C PSPS B following their subscriptions of new C PSPS B Shares which will function as the joint venture company in relation to the Investment. In accordance with the terms of the SSA, the SPA was executed between CSSB and C PSPS B on the same date wherein CSSB agrees to sell the Project Land to C PSPS B for a purchase consideration of RM28,300,000 for the development of a theme park.

SASB and CSSB will subscribe to an aggregate of 26,599,900 new C PSPS B Shares, such that SASB holds 51% (comprising 13,566,000 C PSPS B Shares) and CSSB holds 49% equity interests (comprising 13,033,900 C PSPS B Shares) respectively in the JVCo. SASB will fully satisfy its Subscription Consideration of RM15,900,000 by cash payment. CSSB will fully satisfy its subscription amount of RM13,033,900 by offsetting it against part of the Purchase Consideration due from the JVCo. The balance of the Purchase Consideration of RM15,266,100 will be satisfied by C PSPS B by a single lump-sum cash payment via the Subscription Consideration to be received from SASB, which in turn will be financed through the proceeds from the Rights Issue of Shares with Warrants. Such balance shall be paid by C PSPS B on or before the day falling three (3) months after the date upon which the SPA becomes unconditional and will not be paid on a deferred basis. The SPA is expected to be completed in the first (1<sup>st</sup>) quarter of 2017.

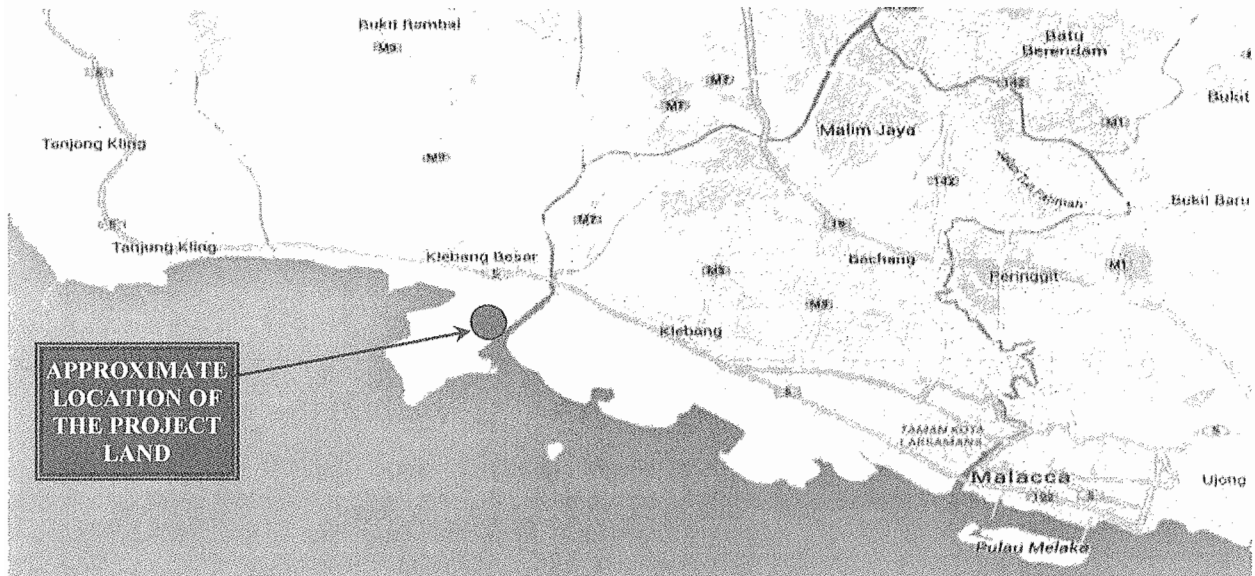
The structure of our Company and CSSB in relation to the Investment is depicted in the following diagram:



**2.5.1.1 Details of the Project Land**

The Project Land is reclaimed land measuring 9.16 acres, after excluding the Excluded Properties, within a larger parcel of land (measuring approximately 10.73 acres) identified as H.S.(D) 80529, No. PT 146, Pekan Klebang Seksyen II, District of Melaka Tengah, State of Melaka. The Excluded Properties will not form part of the theme park.

The location of the Project Land is depicted in the following diagram:





The Project Land has the following details:

Title No.	H.S.(D) 80529
Lot No.	PT 146
Tenure	Fifty (50)-year interest in the Project Land <sup>(1)</sup>
Land area <sup>(2)</sup>	9.16 acres (or 398,997 ft <sup>2</sup> )
Registered proprietor	CSSB
Category of land use	<i>Bangunan</i> (Building)
Express condition	<i>Untuk bangunan perniagaan sahaja</i> (For commercial building only)
Restriction-in-interest	<i>Tanah ini tidak boleh dipindahmilik atau dipajak kecuali dengan kebenaran Pihak Berkuasa Negeri</i> (The land cannot be transferred or leased except with the approval of the Melaka State Authority)
Existing and proposed use	Mixed development, comprising primarily a theme park, with hotel and shoplots <sup>(3)</sup>
Net book value as at 31 December 2015 (audited)	RM29,086,188
Market value of the Project Land <sup>(4)</sup>	RM32,000,000
Encumbrances <sup>(5)</sup>	Nil

Notes:

- (1) The tenure of the Project Land is 99-year leasehold, expiring on 13 July 2114. However, only fifty (50)-year interest in the Project Land was taken into consideration in arriving at the market value of the Project Land in view that the JVCo shall re-transfer the Project Land to CSSB upon the expiry of a period of fifty (50) years from the date upon which vacant possession of the Project Land is delivered pursuant to the SPA, the details of which are set out in Section 2.5.1.3.4 of this AP.
- (2) Only the Project Land area of 9.16 acres (out of the total land area of 10.73 acres) was taken into consideration in arriving at the market value of the Project Land.
- (3) The theme park may comprise hotel and shoplots of which the details have not been finalised as at the LPD.
- (4) Based on the valuation certificate dated 29 August 2016 valuing the Project Land at a market value of RM32,000,000 (comprising RM14,762,889 for the 50-year interest in the Project Land and RM17,157,369 for improvements to the Project Land inclusive of an arena stage with a gross floor area of 40,128 ft<sup>2</sup> erected thereon).

The market value of RM32,000,000 is derived by DTZ via comparison method. This method is based on the principle that the market value of the property would be in line with the market values of similar properties in the same locality as the Project Land, with the values being indicated through sales transactions of these properties. Adjustments are then made for differences in time, location, shape, land size and other factors in order to arrive at a common basis for comparison.

- (5) The Project Land is free from any Security Interest as at the LPD. The Project Land will be acquired free from any Security Interests.

The Project Land forms part of a mixed development comprising residential, commercial and recreational amenities known as Malacca Explorer Resort, currently in different phases of development. It is located approximately 120 kilometres due southeast of Kuala Lumpur city centre and approximately 7 kilometres due northwest of Melaka city centre.

Master planning approval for the development of a theme park on the Project Land has been granted by Majlis Bandaraya Melaka Bersejarah through its letter dated 3 June 2015.

The theme park is proposed to be known as Malacca Explorer Resort – Dive Park Zone and its development will be carried out in two (2) phases. The first (1<sup>st</sup>) phase of the theme park consists of an arena stage with an estimated total gross floor area of 40,128 ft<sup>2</sup> which has been completed in September 2015 as well as a pop-up market, being retail space using 40-footer mobile cabin structure which is expected to be completed in the first (1<sup>st</sup>) quarter of 2017. The cost of the arena stage was funded by CSSB while the cost of pop-up market will be funded by CSPSB via the balance of the Subscription Consideration (i.e., after payment by CSPSB to CSSB for the balance of the Purchase Consideration of RM15,266,100). The arena stage will be used for the performance of arts, cultural shows as well as musical fountain and laser shows. The types of shows as well as their production costs will be finalised in the fourth (4<sup>th</sup>) quarter of 2016. As such, the expected revenue to be generated from the first (1<sup>st</sup>) phase of the theme park is yet to be determined as at the LPD. Currently, infrastructure and landscaping works are being carried out at the site and are expected to be completed in the fourth (4<sup>th</sup>) quarter of 2016 while construction of the pop-up market has not commenced as at the LPD. The first (1<sup>st</sup>) phase of the theme park is expected to be launched in the first (1<sup>st</sup>) quarter of 2017, after the completion of the pop-up market.

**[The rest of this page is intentionally left blank]**

A total reclamation cost of RM9.31 million for the entire Project Land was incurred entirely by CSSB. The remaining estimated total development cost for the first (1<sup>st</sup>) phase of the theme park is as follows:

	Estimated development cost (RM million)	Actual development cost incurred (RM million)
Cost incurred for construction of the arena stage together with other improvements <sup>(1)</sup>	16.43	16.43
Estimated cost for other improvements such as infrastructure, landscaping and electrical works <sup>(1)</sup>	2.56	1.98
Estimated cost for pop-up market <sup>(2)</sup>	0.16	-
<b>Total</b>	<b>19.15</b>	<b>18.41</b>

Notes:

- (1) Incurred/to be incurred by CSSB.
- (2) To be incurred by the JVCo which will be funded via the balance of the Subscription Consideration (i.e., after payment by CSPSB to CSSB for the balance of the Purchase Consideration of RM15,266,100).

The second (2<sup>nd</sup>) phase of the theme park is currently at the initial conceptual design and planning stage which is expected to be finalised by the first (1<sup>st</sup>) half of 2017. As such, the details of the second (2<sup>nd</sup>) phase of the theme park, including the layout plan, facilities, estimated total development cost, estimated revenue and expected completion date of such development are yet to be determined as at the LPD. The second (2<sup>nd</sup>) phase of the theme park is expected to comprise hotel, shoplots and various water rides of which the details have not been finalised as at the LPD. As at the LPD, there was no other development cost incurred for the development of the second (2<sup>nd</sup>) phase of the theme park except for the reclamation cost for the entire Project Land which was incurred entirely by CSSB. Any future funding to develop the second (2<sup>nd</sup>) phase of the theme park is expected to be by way of the financing priority as set out in Section 2.5.1.2.10 of this AP.

When finalised, the planning applications of the second (2<sup>nd</sup>) phase of the theme park are expected to be submitted for approval by the relevant authorities in the second (2<sup>nd</sup>) half of 2017 while the development of the second (2<sup>nd</sup>) phase of the theme park is expected to commence within six (6) months after the JVCo has obtained approvals from the relevant authorities. As at the LPD, construction has not commenced on the second (2<sup>nd</sup>) phase of the theme park.

**[The rest of this page is intentionally left blank]**

SASB had on 26 November 2015 entered into the MOU with Sanderson to collaborate on the development of a theme park on the Project Land. Subject to a definitive agreement being entered into, Sanderson will be appointed for the design, project management, procurement, fabrication, installation, construction, testing and commissioning and establishment of operations of a theme park on the Project Land. Sanderson is part of Sanderson Group, an Australian multi-national thematic entertainment design and construction corporation with more than twenty-six (26) years of experience in delivering themed tourism attractions. Sanderson Group, together with its group of companies, provide design development, conceptual planning, master planning as well as construction, operations and maintenance management for well-known theme park projects such as Warner Bros. Movie World, Wet 'n' Wild Water World and Sea World in Australia, Sunway Lagoon in Malaysia, Universal Studios Singapore in Singapore and Ocean Park in Hong Kong.

Notwithstanding the fact that the MOU was entered into between SASB and Sanderson, the definitive agreement for the above is expected to be entered into between the JVCo and Sanderson in the first (1<sup>st</sup>) half of 2017 in view that the theme park on the Project Land will be developed and operated by the JVCo. It is the intention of the JVCo to obtain Sanderson's assistance in managing and operating the second (2<sup>nd</sup>) phase of the theme park for an expected period of three (3) years from the commencement of development of theme park on the Project Land (being the design and planning stage), which is expected to be in the first (1<sup>st</sup>) half of 2017. Notwithstanding that the MOU expired on 25 May 2016, SASB has engaged in subsequent discussions with Sanderson and Sanderson has indicated its continued interest to SASB.

#### 2.5.1.2 Other salient terms of the SSA and Letter

##### 2.5.1.2.1 Subscription shares and agreed proportion

- (i) The initial paid-up capital of CSPSB shall be increased from RM100 to RM26,600,000 following the satisfaction of the Conditions Precedent set out in Section 2.5.1.2.2 of this AP and accordingly SASB and CSSB shall each within thirty (30) business days after the date when all the Conditions Precedent have been obtained/fulfilled or deemed fulfilled or waived or such other date as the parties may agree, subscribe and pay for the Subscription Shares as set out in the table below by paying the relevant subscription moneys in respect of such new CSPSB Shares to CSPSB in cash or as otherwise agreed pursuant to the terms of the SSA and CSPSB shall allot and issue to SASB and CSSB the Subscription Shares subscribed for, such that the Agreed Shareholding Proportion as set out in the table below:

Parties	No. of existing CSPSB Shares held	No. of CSPSB Shares to be subscribed for	Shareholding proportions	Subscription price (RM)	Issue price per CSPSB Share (RM)
SASB	-	13,566,000	51.0%	15,900,000	1.17*
CSSB	100	13,033,900	49.0%	13,033,900	1.00
<b>Total</b>	<b>100</b>	<b>26,599,900</b>	<b>100.0%</b>	<b>28,933,900</b>	<b>-</b>

Note:

\* Approximately RM1.1720 per CSPSB Share.

For the avoidance of doubt, the new CSPSB Shares shall, upon issuance and allotment, rank *pari passu* in all respects with the existing CSPSB Shares.

- (ii) All of the subscription moneys payable by CSSB to CSPSB for its Subscription Shares in the Agreed Shareholding Proportion shall be set-off against part of the Purchase Consideration payable by CSPSB to CSSB under the SPA.

#### 2.5.1.2.2 Conditions precedent

The rights and obligations of the parties set out in the SSA are subject to and conditional upon the following Conditions Precedent being obtained/fulfilled by the SSA Cut-Off Date:

- (i) CSSB obtaining the requisite consent(s) or approval(s) from the relevant authorities for the disposal of the Project Land in favour of CSPSB at its own cost and expense;
- (ii) the conditions precedent under the SPA (to the extent they are not repeated in the SSA, if any) having been obtained/fulfilled in accordance with the terms of the SPA;
- (iii) CSSB obtaining all required regulatory, municipal, authorities, consents and permits required for CSPSB to undertake the Investment at its own cost and expenses;
- (iv) the approval of the board of directors and shareholder(s) of CSSB in respect of the Investment and the terms and conditions of the SSA, the SPA and any other agreements, deeds, letters or documents to be executed by or between CSSB and CSPSB and/or SASB or with any other third parties deemed necessary by CSSB and SASB or our Company to implement the Investment;
- (v) the approval of the board of directors and shareholders of CSPSB in respect of the SPA and any other agreements, deeds, letters or documents to be executed by or between CSSB and CSPSB and/or SASB or with any other third parties deemed necessary by CSSB and SASB or our Company to implement the Investment;
- (vi) the approval of our shareholders at a general meeting to be convened in respect of the Diversification and for the Rights Issue of Shares with Warrants to raise cash to fund the Investment;
- (vii) the approval of the board of directors and shareholders of SASB and our Company at a general meeting to be convened in respect of the Investment in accordance with the terms and conditions of the SSA, the SPA and any other agreements, deeds, letters or documents to be executed by or between SASB and CSSB and/or with any other third parties deemed necessary by SASB and CSSB to implement the Investment;

- (viii) a valuation of the Project Land carried out by an independent valuer appointed by our Company and/or SASB and the results of such valuation being satisfactory to our Company or SASB;
- (ix) a market study on the Investment being carried out by an expert appointed by our Company and/or SASB and the results of such feasibility study being satisfactory to our Company or SASB;
- (x) the approval or consent of the financiers/creditors of CSSB and CSPSB in respect of the Investment, where required;
- (xi) the completion of the transfer and/or carve-out from the Project Land of all rights, title, interest, benefits and proceeds of sale/disposal in and to the Excluded Properties upon terms satisfactory to our Company and/or SASB;
- (xii) our Company and/or SASB being satisfied with the results of the due diligence examination and verification on the Project Land and the Investment and the financial, legal, business and other affairs of CSSB;
- (xiii) CSPSB having registered as a GST registered company with the Royal Malaysian Customs Department;
- (xiv) any other approvals, waivers or consents of any authorities or parties as may be required by law or regulation or deemed necessary by the parties; and
- (xv) the completion of the Rights Issue of Shares with Warrants.

#### 2.5.1.2.3 Responsibilities of the parties

- (i) CSSB will:
  - (a) on behalf of CSPSB, prior to the issuance of the legal document of title of the Project Land to CSPSB, procure the requisite approvals and licences/permits to be issued by the relevant authorities and municipal council(s) required in connection with the Investment in favour of CSPSB; and
  - (b) at the request of SASB or CSPSB, provide all reasonable assistance and doing all such acts and things reasonably necessary to facilitate the carrying out of the business of CSPSB.
- (ii) SASB will:
  - (a) take the lead in the managerial, operational and financial matters of CSPSB in carrying out, implementing and completing the Investment and for CSPSB to carry on the business; and

(b) at the request of CSSB or C PSPS B, provide all reasonable assistance and do all such acts and things reasonably necessary to facilitate the carrying on of the business of C PSPS B.

(iii) Funding of the stamp duty advance by SASB

(a) CSSB and SASB agree that SASB shall advance the Stamp Duty Advance to C PSPS B to pay for the stamp duty incurred by C PSPS B for the purchase of the Project Land under the SPA.

For the avoidance of doubt, the Stamp Duty Advance is repayable on demand by SASB and there is no fixed schedule for repayment. However, the Stamp Duty Advance is expected to be repaid by C PSPS B within three (3) months after the consideration for the Subscription Shares have been paid for by SASB to C PSPS B.

(b) CSSB agrees that if the SPA and/or the SSA is terminated or is rendered void or the conditions precedent under the SPA and/or the SSA are not met by the respective cut-off dates for any reason whatsoever, it shall forthwith either (1) refund the Stamp Duty Advance without set-off or deduction in immediately available funds directly to SASB or (2) refund the Stamp Duty Advance without set-off or deduction in immediately available funds to C PSPS B and thereafter forthwith cause C PSPS B to repay the Stamp Duty Advance to SASB.

(iv) Shareholders of C PSPS B

CSSB and SASB shall procure and cause C PSPS B to:

- (a) carry on and conduct its business and affairs in a proper and efficient manner and for the benefit of C PSPS B;
- (b) carry out the business of C PSPS B pursuant to the policies laid down by the Directors from time to time; and
- (c) use its best endeavours to maintain all the requisite approvals, consents or licences for the carrying on of the Investment and the business of C PSPS B in full force and effect.

2.5.1.2.4 Rights to terminate

If:

- (i) on the expiry of the SSA Cut-Off Date, any of the Conditions Precedent have not been obtained or fulfilled;

- (ii) at any time prior to the expiry of the SSA Cut-Off Date, any of the Conditions Precedent shall have been granted subject to terms and conditions which are not acceptable to our Company and/or SASB, being terms and conditions which affect the rights of CSPSB over the Project Land or any other interests of our Company and/or SASB, and further appeals or representations to the relevant authorities or persons to vary such terms and conditions have not been successful, and our Company and/or SASB is not willing to accept such terms and conditions then imposed by the relevant authorities or persons; or
- (iii) at any time prior to the expiry of the SSA Cut-Off Date, our Company and/or SASB has notified CSSB in writing that it is not satisfied in respect of any part of the results of the due diligence,

then SASB shall be entitled to terminate the SSA by giving a notice of termination to that effect to CSSB and thereafter, the parties shall not have any further rights under the SSA except in respect of:

- (i) any obligation under the SSA which is expressed to apply after the termination of the SSA; and
- (ii) any rights or obligations which have accrued in respect of any breach of any of the provisions of the SSA to either party prior to such termination.

#### 2.5.1.2.5 Unconditional date

The SSA shall become unconditional on the date when all the Conditions Precedent have been obtained/fulfilled or deemed fulfilled or waived.

#### 2.5.1.2.6 Number of Directors

Unless otherwise expressly agreed by SASB and CSSB, the number of Directors will be not more than three (3) in number.

#### 2.5.1.2.7 Appointment of Directors

- (i) Except as otherwise provided in the SSA and subject to item (ii) below:
  - (a) SASB will, while it remains a shareholder in CSPSB holding its Agreed Shareholding Proportion, be entitled to nominate and appoint two (2) Directors; and
  - (b) CSSB will, while it remains a shareholder in CSPSB holding its Agreed Shareholding Proportion, be entitled to nominate and appoint one (1) Director,

and each Director shall hold office for such term as may be determined by that shareholder who appointed him and shall not be subject to retirement by rotation.



- (ii) For the avoidance of doubt, in the event that for any reason whatsoever there is a change in the Agreed Shareholding Proportions, SASB and CSSB shall be entitled to negotiate and agree on a new shareholders' agreement with the remaining shareholders of CSPSB to regulate their rights inter se as shareholders of CSPSB.

2.5.1.2.8 Chairman

- (i) The chairman of the Board of Directors of CSPSB and any shareholders' meetings will be a Director nominated by SASB.
- (ii) The chairman shall chair the meetings of the Board of Directors of CSPSB and any shareholders' meetings and shall not be entitled to exercise any casting vote.

2.5.1.2.9 Chief executive officer

- (i) The chief executive officer of CSPSB will be a Director nominated by SASB.
- (ii) The chief executive officer will be responsible for the day-to-day management of CSPSB and will be entitled to exercise such powers as the Board of Directors of CSPSB may from time to time delegate to him.

2.5.1.2.10 Financing – order of priority

As far as possible, the shareholders agree that the capital expenditure and capital requirements of CSPSB shall be financed from the following sources and unless otherwise mutually agreed by the shareholders, in the following order of priority:

- (i) the existing paid-up capital of CSPSB, which shall be increased to RM26,600,000 upon satisfaction of the Conditions Precedent;
- (ii) Bank Financing which is secured against the assets of CSPSB, without the provision of any financial or security support from the shareholders;
- (iii) Bank Security, provided always that the shareholders shall only provide or procure any such Bank Security if the shareholders agree to do so in writing and only upon request by the bank or financial institution providing the Bank Financing;
- (iv) advances or equity contributions to be made by the shareholders at the relevant time if the shareholders mutually agree in writing; and
- (v) any other sources of financing mutually agreed by the shareholders.

For the avoidance of doubt, unless otherwise agreed by the shareholders, none of the shareholders shall be required to provide any form of security or comfort in respect of any banking or credit facility granted to CSPSB or in relation to or to the business of CSPSB.

2.5.1.2.11 Working capital

Subject to the order of priority in which financing is to be obtained by CSPSB, the shareholders of CSPSB shall discuss and agree on the financial costs, financial commitments, funding arrangement for capital expenditure, working capital sources and requirements for CSPSB to undertake the Investment in good faith and shall use their best endeavours to secure optimum funding for CSPSB on sound commercial principles, for the benefit of CSPSB and to enable CSPSB to meet its obligations for undertaking the Investment.

2.5.1.2.12 External debt financing

Subject always to the order of priority in which financing is to be obtained by CSPSB:

- (i) External debt financing shall be obtained on the most favourable terms possible which the board of directors of CSPSB considers reasonable having regard to prevailing market conditions.
- (ii) Unless the shareholders of CSPSB otherwise agree, CSPSB may only obtain external debt financing on the basis that a prospective financier will not have a right to participate in the share capital of CSPSB as a condition of making available the financing.
- (iii) Any finance for CSPSB will be procured, wherever possible, without any additional security or guarantee being provided by the shareholders.
- (iv) The shareholders of CSPSB will, if requested by a financier for the purpose of CSPSB obtaining external debt financing, enter into agreements required by the relevant financier, including but not limited to subordination agreements in respect of any loans/advances provided to CSPSB.
- (v) Any cost incurred by the shareholders of CSPSB in relation to such external debt financing shall be borne by CSPSB.

2.5.1.2.13 Duration and termination

- (i) Term

The SSA will continue in full force and effect until terminated in accordance with the provisions of this Section 2.5.1.2.13.

(ii) Deemed termination events

The SSA shall be deemed terminated upon occurrence of any of the following events:

- (a) the termination of the SSA by mutual written consent of all the shareholders of CSPSB; or
- (b) all the CSPSB Shares being held by a single shareholder of CSPSB; or
- (c) the winding-up of CSPSB in accordance with Section 2.5.1.2.13(v) below.

(iii) Termination by mutual written consent

- (a) The shareholders of CSPSB may at any time mutually agree to terminate the SSA as of a date certain to be established by the shareholders of CSPSB and the shareholders of CSPSB will agree upon a course of action to implement any arrangements that they may agree upon within three (3) months from the date of such termination.
- (b) If the shareholders of CSPSB shall fail to agree upon a course of action after the termination of the SSA in accordance with the provisions of Section 2.5.1.2.13(iii)(a) above, the shareholders of CSPSB will procure that CSPSB be voluntarily liquidated and the costs thereof borne by CSPSB, with the net proceeds of the liquidation (if any) distributed between the shareholders of CSPSB in accordance with their respective shareholding proportions at the time of such voluntary liquidation, subject to any competing claims arising in law.

(iv) Termination arising from sale of all CSPSB Shares held by a shareholder of CSPSB

If any shareholder of CSPSB shall sell or transfer all its CSPSB Shares to another shareholder of CSPSB or to a third party in accordance with the provisions set out in the SSA, the SSA will terminate only as to that shareholder of CSPSB upon the completion of the sale or transfer of all its CSPSB Shares to the other shareholders of CSPSB or to the relevant third party.

(v) Resolution for winding-up

The SSA will terminate immediately if an effective resolution is passed to wind-up CSPSB or if a liquidator is otherwise appointed, but without prejudice to any rights the shareholders of CSPSB may have against each other arising prior to such termination.

(vi) Termination arising from default

In the event that a shareholder of CSPSB (“**Defaulting Shareholder**”):

- (a) commits any material breach of any of its obligations under the SSA and fails to take appropriate steps to remedy such breach (if capable of remedy) within thirty (30) days after being given notice so to do by the other shareholder of CSPSB;
- (b) assigns, transfers or disposes of its CSPSB Shares in violation of the terms and conditions of the SSA;
- (c) goes into liquidation, whether compulsory or voluntary (except for the purposes of a bona fide reconstruction or amalgamation with the consent of the other shareholder of CSPSB, such consent not to be unreasonably withheld) or becomes a bankrupt; or
- (d) becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as they fall due or enters into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors,

then any other shareholder of CSPSB (other than the Defaulting Shareholder) will be entitled (but not after sixty (60) days of the event in question first coming to the attention of the shareholder of CSPSB entitled to give the notice) to give a notice (“**Default Notice**”) to the Defaulting Shareholder.

(vii) Default Sale Notice

At any time within sixty (60) days of the service of the Default Notice on the Defaulting Shareholder, the other shareholder of CSPSB (other than the Defaulting Shareholder) will be entitled to give written notice (“**Default Sale Notice**”) to the Defaulting Shareholder, and upon service of a Default Sale Notice, the non-defaulting shareholder of CSPSB shall at his discretion be entitled to either:

- (a) require the Defaulting Shareholder to purchase all the CSPSB Shares of the non-defaulting shareholder of CSPSB at a purchase price to be determined by the auditors appointed in accordance with the provisions of the SSA equivalent to 120% of the fair value of such CSPSB Shares, provided that if the fair value of all the CSPSB Shares of the non-defaulting shareholders of CSPSB is zero or a negative amount, the purchase price for all the CSPSB Shares shall be RM1,000,000.00; or

- (b) purchase all the CSPSB Shares of the Defaulting Shareholder in C PSPSB at a purchase price to be determined by the auditors appointed in accordance with the provisions of the SSA equivalent to 80% of the fair value of such C PSPSB Shares, provided that if the fair value of all the C PSPSB Shares of the Defaulting Shareholder is zero or a negative amount, the purchase price for all the C PSPSB Shares shall be RM1,000,000.00.

(viii) Arrangements upon sale and transfer of C PSPSB Shares

- (a) If pursuant to any of the provisions of the SSA a shareholder of C PSPSB shall be obliged to sell and/or transfer any of its C PSPSB Shares, the selling shareholder of C PSPSB will, simultaneously with the payment by purchasing shareholder of C PSPSB, deliver to the purchasing shareholder of C PSPSB:
  - (1) the share transfer form in respect of its C PSPSB Shares, duly completed and executed by the registered holder(s) in favour of the purchasing shareholder of C PSPSB (or as it may direct) and the relevant share certificates, free from all liens, charges and encumbrances and with all rights attaching thereto (including all dividends and distributions declared in respect thereof) with effect from the date of the transfer;
  - (2) a certified true copy of C PSPSB's board of directors resolution approving the transfer of the C PSPSB Shares in favour of the purchasing shareholder of C PSPSB (or as it may direct) and approving the transfer and change of bank signatories; and
  - (3) the resignation of all the directors of C PSPSB who are appointed by the selling shareholder of C PSPSB.
- (e) If any shareholder of C PSPSB who is obliged to sell and transfer its C PSPSB Shares pursuant to any of the provisions of the SSA shall fail or refuse to transfer any C PSPSB Shares in accordance with the provisions in the SSA, the relevant selling shareholder of C PSPSB shall be deemed to have appointed the company secretary as its agent to execute a transfer of the C PSPSB Shares belonging to it in favour of the purchasing shareholder of C PSPSB or its nominee(s), and upon execution of such transfer the company secretary shall cause the purchasing shareholder of C PSPSB to be registered as the holder of the relevant C PSPSB Shares.

(f) The receipt by the company secretary of a bank draft for payment made in favour of the relevant selling shareholder of CSPSB shall be a good discharge to the purchasing shareholder of CSPSB (and the purchasing shareholder of CSPSB shall not be bound to see to the application thereof) and after the purchasing shareholder of CSPSB has been registered as a member of CSPSB in the Register of Members of CSPSB, the validity of the proceedings by CSPSB in this respect shall not be questioned by any person.

(ix) General meeting and board of directors meeting

In respect of any general meeting of the shareholders of CSPSB and a meeting of the board of directors of CSPSB convened to put into effect any of the matters required pursuant to the provisions of this Section 2.5.1.2.13 (notwithstanding anything to the contrary expressed in or implied by the SSA or the articles of association of CSPSB):

- (a) the presence of the Defaulting Shareholder and any director appointed by the Defaulting Shareholder, as the case may be, will not be required for a quorum at such meeting; and
- (b) the Defaulting Shareholder and any director appointed by the Defaulting Shareholder, as the case may be, will not be entitled to any vote at any such meeting.

(x) Resolution for winding-up

The SSA will terminate immediately if an effective resolution is passed to wind-up CSPSB or if a liquidator is otherwise appointed, but without prejudice to any rights the parties may have against each other arising prior to such termination.

(xi) Obligations after termination

Following the termination of the SSA pursuant to any of the provisions of this Section 2.5.1.2.13 none of the parties will have any further rights or obligations under the SSA to the other parties except in respect of:

- (a) any rights or obligations under the SSA which are expressed to apply or continue to be binding after the termination of the SSA; and
- (b) any rights or obligations which have accrued in respect of any breach of any of the provisions of the SSA to any party prior to such termination.

2.5.1.2.14 Return/refund of the Subscription Consideration and Stamp Duty Advance paid by SASB to CSPSB if the SPA terminates due to the Specified Termination Event

- (i) If the SPA terminates by reason of the Specified Termination Event, such termination would occur after SASB has paid CSPSB the Stamp Duty Advance and/or the Subscription Consideration for its Subscription Shares pursuant to its obligations under the SSA.

Accordingly, CSSB and CSPSB mutually agree that notwithstanding anything contained in the provisions of the SSA, the following course of action shall be implemented by CSSB and CSPSB if the SPA terminates by virtue of the Specified Termination Event:

- (a) SASB and CSSB as shareholders of CSPSB shall procure that CSPSB unconditionally returns and refunds to SASB, without any deduction or set-off whatsoever, a sum of RM16,743,000.00, being a sum equal to the aggregate of the Subscription Consideration (of RM15,900,000.00) and the Stamp Duty Advance (of RM843,000.00) previously paid by SASB to CSPSB under the terms of the SSA (“**SASB Entitlement Sum**”), within thirty (30) days following the termination of the SPA; and
- (b) SASB and CSSB shall as soon as practicable after the termination of the SPA procure the voluntary liquidation of CSPSB, and the costs thereof shall be borne and paid by CSPSB.
- (ii) To give effect to the mutual intentions of SASB and CSSB as set out in item (i) above, CSSB confirms and agrees that it has no entitlement whatsoever and/or shall waive, renounce and disclaim all and any entitlement that it may have in the proceeds of the liquidation of CSPSB for a sum equal to the SASB Entitlement Sum. SASB is solely entitled to the SASB Entitlement Sum as CSSB’s settlement of its subscription moneys to subscribe for its Subscription Shares is solely by way of set-off against the Purchase Price for the Project Land.
- (iii) Any remainder of the proceeds of liquidation of CSPSB that is in excess of the SASB Entitlement Sum shall be distributed between SASB and CSSB in accordance with their respective shareholding proportions at the time of such voluntary liquidation, subject to any competing claims arising in law, as contemplated under the provisions of the SSA.

**2.5.1.3 Other salient terms of the SPA**

2.5.1.3.1 Conditions of the sale and purchase

Project Land is sold:

- (i) with all assets subsisting and located on the Project Land as at the date of SPA;

- (ii) free from any encumbrances;
- (iii) with vacant possession;
- (iv) subject to all restrictions in interest and conditions of title, whether express or implied, affecting Project Land;
- (v) subject to the category of land use affecting Project Land; and
- (vi) on the basis that each of CSSB's warranties are true and accurate in all respects,

but (for the avoidance of doubt) without the Excluded Properties.

#### 2.5.1.3.2 Conditions precedent

The completion of the sale and purchase of the Project Land pursuant to the terms and subject to the conditions set out in the SPA will in all respects be conditional upon the following being fulfilled, obtained or waived by the date falling six (6) months after the date of the SPA, or such other extended date as CSPSB may at its absolute discretion decide:

- (i) CSSB having obtained the approval of the State Authority for the sale and transfer of the Project Land, whether unconditionally or subject to conditions acceptable to CSPSB; and
- (ii) the execution and the fulfilment of the Conditions Precedent set out in the SSA (save and except for the condition precedent as set out in clause (b) of Schedule 2 of the SSA referring to the fulfilment of the conditions precedent under the SPA).

#### 2.5.1.3.3 Consideration and payment

- (i) Purchase Consideration

The Purchase Consideration for the Project Land is RM28,300,000.

- (ii) Manner of payment of the Purchase Consideration

The Purchase Consideration shall be paid by CSPSB on or before the date falling three (3) months after the date upon which the SPA becomes unconditional in the following manner:

- (a) Part of the Purchase Consideration shall be deemed paid by CSPSB to CSSB via set-off against the amount of RM13,033,900 payable by CSPSB to CSSB to subscribe for CSPSB Shares pursuant to the terms of SSA.



(b) The remainder of the Purchase Consideration of RM15,266,100 shall be paid by C PSPSB to CSSB in a single lump-sum payment in cash upon receipt by C PSPSB from SASB of the subscription price payable by SASB to C PSPSB to subscribe for C PSPSB Shares within thirty (30) business days from the date the SSA becomes unconditional in accordance with the provisions of the SSA.

(iii) GST

The Purchase Consideration payable by C PSPSB under the SPA shall include any applicable GST. In the event that GST is payable in respect of the Purchase Consideration, the GST shall be paid by CSSB in accordance with the Goods and Services Tax Act 2014 unless payment of such GST has been exempted by the Director General of Customs and Excise.

2.5.1.3.4 Surrender

(i) Surrender

Upon the expiry of the Surrender Date from the date upon which vacant possession of the Project Land is delivered in accordance with the SPA, C PSPSB shall re-transfer the Project Land (together with all assets then located thereon) for a consideration of RM100 only strictly on an “as is where is” basis to CSSB, subject to the prior approval of the approval of the State Authority for the sale and transfer of the Project Land having been obtained on terms and conditions, if any, that are reasonably acceptable to C PSPSB.

In this regard, C PSPSB shall forward to CSSB the executed transfer within fourteen (14) business days from the Surrender Date.

(ii) Option to continue occupation / lease the Project Land after the Surrender Date

CSSB may, on the written request of C PSPSB made one (1) month before the Surrender Date, grant C PSPSB the right to continue to occupy the Project Land and operate the theme park after the Surrender Date and/or if applicable, a lease of the Project Land, after the Surrender Date subject to terms to be mutually agreed between both parties.

For the avoidance of doubt, the joint venture between SASB and CSSB will be terminated in the event the right to continue to occupy the Project Land and operate the theme park and/or a lease of the Project Land after the Surrender Date is not granted by C PSPSB.

(iii) Costs and expenses of the surrender / indemnity

CSSB will indemnify and hold harmless C PSPSB in respect of the following:

- (a) against all taxes (including without limitation, real property gains tax, stamp duty and goods and service tax), assessments, charges, costs, fees, loss or penalties (including late payment penalties) and other obligations and liabilities that are incurred for and in connection with the surrender of the Project Land; and
  - (g) against all quit rent, rates, assessments, charges, taxes and other outgoings payable in respect of the Project Land that are due and payable from the Surrender Date onwards and against all costs, fees, loss or penalties (including late payment penalties) that are incurred in connection therewith.
- (iv) Project Land to be held on trust if State Authority consent to transfer is not obtained

If the State Authority for any reason whatsoever does not grant its approval for CSPSB to sell and/or transfer the Project Land to CSSB or any such approval is subject to terms and conditions that are not acceptable to CSPSB (acting reasonably), subject always to the indemnity set out in the SPA, CSPSB shall hold legal title to the Project Land (together with all assets located thereon) on trust for CSSB as from a date (no earlier than the Surrender Date) to be notified to CSSB by CSPSB and both parties shall discuss and agree on an appropriate means to vest the beneficial interest to the Project Land in the name of CSSB.

- (v) Passing of risk

Notwithstanding the provisions of sub-section 2.5.1.3.4(iii) above, risk with respect to the Project Land (together with all assets then located thereon) shall automatically pass to CSSB on the Surrender Date.

- (vi) Indemnity

CSSB shall indemnify and keep indemnified and defend and render CSPSB harmless on an after tax basis from and against any and all claims, demands, proceedings (including but not limited to any related or consequential actions, suits, claims or legal, administrative or arbitral proceedings, orders, judgments or awards of any governmental body, tribunal or Court against or involving CSPSB), damages, losses, fines, penalties, costs, charges, expenses, payments and liabilities incurred or suffered by CSPSB arising from or in relation to (a) the State Authority's refusal to approve the disposal of the Project Land by CSPSB to CSSB, (b) CSPSB acting as the trustee of legal title to the Project Land on behalf of CSSB and (c) any dealings with or usage of the Project Land by CSSB following the Surrender Date.

2.5.1.3.5 Relevant approvals not obtained

(i) Relevant approvals rejected prior to the SPA Cut-Off Date

CSPSB will be entitled to give notice in writing to CSSB immediately terminating the SPA (in which event the provisions as set out in Sections 2.5.1.3.6(vi) and 2.5.1.3.6(vii) below shall apply *mutatis mutandis*) if, at any time prior to the SPA Cut-Off Date:

- (a) the State Authority has refused to grant the relevant approvals, and CSSB has not lodged an appeal within a period of fourteen (14) business days in accordance with the provisions of the SPA;
- (b) The State Authority has granted the relevant approvals subject to a condition which CSPSB has rejected in accordance with the provisions of the SPA and an appeal lodged in accordance with the provisions of the SPA has been rejected or mutually withdrawn by the parties;
- (c) the State Authority has refused to grant the relevant approvals, and an appeal lodged in accordance with the provisions of the SPA has been rejected or mutually withdrawn by the parties.

(ii) Relevant approvals not obtained

CSPSB will be entitled to give notice in writing to CSSB immediately terminating the SPA (in which event the provisions as set out in Sections 2.5.1.3.6(vi) and 2.5.1.3.6(vii) below shall apply *mutatis mutandis*) if on the SPA Cut-Off Date the State Authority has not for any reasons whatsoever granted the relevant approvals and the relevant approvals have not been issued or remains pending.

(iii) Right to terminate

If a notice in writing has been given by CSPSB in accordance with the provisions as set out in Sections 2.5.1.3.5(i) or 2.5.1.3.5(ii) above, then CSSB shall, within fourteen (14) days of the giving of the notice, return all moneys received by CSSB as part of the Purchase Consideration to CSPSB or to CSPSB's solicitors and thereafter, the parties shall not have any further rights under the SPA except in respect of:

- (a) any obligation under the SPA which is expressed to apply after the termination of the SPA; and
- (b) any rights or obligations which have accrued in respect of any breach of any of the provisions of the SPA to a party prior to such termination.

2.5.1.3.6 Termination and breach

(i) CSSB's right to terminate

If any of CSPSB's warranties at any time prior to the SPA Completion are found to be untrue or incorrect, CSSB will be entitled to terminate the SPA by notice in writing to CSPSB if CSPSB fails within fourteen (14) days of receipt of a notice from CSSB to remedy the breach or the matter.

(ii) CSPSB's right to terminate

CSPSB will be entitled to give notice to CSSB terminating the SPA if, at any time prior to the SPA Completion, any of the following events of default arises:

- (a) any of CSSB's warranties are found at any time to be untrue or incorrect or CSSB in breach of any of CSSB's warranties;
- (b) CSSB fails, neglects or refuses to complete the sale in accordance with the provisions of the SPA;
- (c) CSSB fails, neglects or refuses to perform or comply with any of its obligations under the SPA; or
- (d) the Transfer cannot be presented or registered for any reasons whatsoever for reasons caused by or attributable to any act, default or omission of CSSB,

and CSSB fails within fourteen (14) days of receipt of a notice from CSPSB to remedy the breach or the matter.

(iii) Termination in the event of solvency

Either party will be entitled, at any time prior to the SPA Completion, to give notice to the other party terminating the SPA if the other party is or becomes, or is adjudicated or found to be, wound up or insolvent or had any or winding-up (whether involuntary or voluntary) or insolvency proceedings commenced against it, whereupon the provisions as set out in Sections 2.5.1.3.6(iv) or 2.5.1.3.6(v) below (as the case may be) shall apply.

**[The rest of this page is intentionally left blank]**

(iv) Consequences of termination by CSSB

If a notice terminating the SPA is duly given under section 2.5.1.3.6(i) or 2.5.1.3.6(iii) above by CSSB, then within fourteen (14) days of the giving of the notice:

- (a) CSPSB must return or cause to be returned to CSSB the Transfer and such of the Transfer Documents which are as that date in their possession with CSSB's interest intact, provided that in the event that the Transfer has as at that date been stamped for ad valorem stamp duty in the full amount, C PSPSB's solicitors shall be entitled to forward the duly stamped Transfer to the Collector of Stamp Duty for cancellation and for a refund of the ad valorem stamp duty so paid by C PSPSB and thereafter to forward the cancelled Transfer to CSSB;
- (b) Within fourteen (14) days of the giving of the said notice, C PSPSB shall re-deliver to CSSB vacant possession of the Project Land, if the same has been delivered to C PSPSB, in the same state and condition as at the date of delivery thereof, and remove and withdraw all caveats or other encumbrances entered or caused to be entered by C PSPSB over the Project Land; and
- (c) In exchange for C PSPSB's and where applicable, C PSPSB's solicitors' simultaneous compliance with the provisions as set out in Sections 2.5.1.3.6(iv)(a) and 2.5.1.3.6(iv)(b) above, CSSB must return all other moneys received by them or by C PSPSB's solicitors as part of the Purchase Consideration held by them as at that date, to C PSPSB, free from interest.

(v) Consequences of termination by C PSPSB

If a notice terminating the SPA is duly given under sections 2.5.1.3.6(ii) or 2.5.1.3.6(iii) above by C PSPSB, then within fourteen (14) days of the giving of the notice:

- (a) CSSB must return all moneys received by them as part of the Purchase Consideration and held by them as at that date, to C PSPSB, free from interest;
- (b) In exchange with CSSB's simultaneous compliance with the provisions as set out in Section 2.5.1.3.6(v)(a) above, C PSPSB and C PSPSB's solicitors must return or cause to be returned to CSSB the Transfer and such of the Transfer Documents which are as that date in their possession with CSSB's interest intact, provided that in the event that the Transfer has as at that date been stamped for ad valorem stamp duty in the full amount, C PSPSB or C PSPSB's solicitors shall be entitled to forward the duly stamped Transfer to the Collector of Stamp Duty for cancellation and for a refund of the ad valorem stamp duty so paid by C PSPSB and thereafter to forward the cancelled Transfer to CSSB; and

- (c) CSPSB shall re-deliver to CSSB vacant possession of the Project Land, if the same has been delivered to CSPSB, in the same state and condition as at the date of delivery thereof, and remove and withdraw all caveats or other encumbrances entered or caused to be entered by CSPSB over the Project Land.

(vi) Non-registration of Transfer

In the event the registration of the Transfer is not or cannot be effected for any reason whatsoever not due or attributable to the fault of either CSSB or CSPSB (except minor defects which are capable of being remedied, in which event the relevant party shall forthwith proceed to rectify the defect), then either party shall be entitled to terminate the SPA by notice in writing to the other party, whereupon within fourteen (14) days of the giving of the notice:

- (a) CSPSB and CSPSB's solicitors must return or cause to be returned to CSSB the Transfer and such of the Transfer Documents which are as that date in their possession with CSSB's interest intact, provided that in the event that the Transfer has as at that date been stamped for ad valorem stamp duty in the full amount, CSPSB or CSPSB's solicitors shall be entitled to forward the duly stamped Transfer to the Collector of Stamp Duty for cancellation and for a refund of the ad valorem stamp duty so paid by CSPSB and thereafter to forward the cancelled Transfer to CSSB;
- (b) CSPSB shall re-deliver to CSSB vacant possession of the Project Land, if the same has been delivered to CSPSB, in the same state and condition as at the date of delivery thereof, and remove and withdraw all caveats or other encumbrances entered or caused to be entered by CSPSB over the Project Land;
- (c) In exchange for CSPSB's and CSPSB's solicitors' simultaneous compliance with the provisions as set out in Sections 2.5.1.3.6(vi)(a) and 2.5.1.3.6(vi)(b) above, CSSB must return all moneys received by them or CSPSB's solicitors as part of the Purchase Consideration and held by them as at that date, to CSPSB, free from interest.

(vii) Parties' obligations after termination

Following the giving of a notice under the provisions of the SPA, neither party will have any further obligation under the SPA to the other party, save in respect of:

- (a) their respective obligations as set out in Sections 2.5.1.3.6(iv), 2.5.1.3.6(v) and 2.5.1.3.6(vi) above as the case may be;
- (b) any obligation under the SPA which is expressed to apply after the termination of the SPA; and

- (c) any rights or obligations which have accrued in respect of the provisions of the SPA to either party prior to such termination.

(viii) Specific performance

Notwithstanding the foregoing provisions as set out in this Section 2.5.1.3.6, CSPSB will be at liberty to take such action in law as may be necessary to compel CSSB by way of specific performance to complete the sale of the Project Land in accordance with the provisions of the SPA (in which respect the alternative remedy of monetary compensation will not be regarded as compensation or sufficient compensation for any default of CSSB in the performance of the terms and conditions of the SPA) and for damages for CSSB's breach of the SPA.

(ix) Interest on late refund or payment

In the event that CSSB shall fail, neglect or refuse to refund or pay any moneys required to be refunded or paid to CSPSB within the time stipulated for refund or payment under the SPA, CSSB shall be additionally liable to pay to CSPSB interest at the rate of 8% per annum calculated on a daily basis from the due date for refund or payment, as the case may be, until the date of actual receipt of full refund or payment, provided always that nothing contained herein shall prejudice any other rights or remedies which may be available to CSPSB under the SPA or at law or in equity.

#### 2.5.1.4 Information on SASB (Company no. 1119688-A)

SASB was incorporated on 25 November 2014 as a private limited company under the Act. As at the LPD, SASB is principally involved in developing and carrying on the business of theme park (via CSPSB and/or any other ways as and when opportunity arises).

SASB has an authorised share capital of RM5,000,000 comprising 5,000,000 SASB Shares, of which RM3,000,000.00 comprising 3,000,000 SASB Shares have been issued and fully paid-up.

As at the LPD, SASB is our wholly-owned subsidiary, with the following directors:

Directors	Direct		Indirect	
	No. of SASB Shares	%	No. of SASB Shares	%
TEH	-	-	-	-
Khoo Hun Sniah	-	-	-	-

#### 2.5.1.5 Information on CSSB (Company no. 530775-M)

CSSB was incorporated in Malaysia on 2 November 2000 as a private limited company under the Act. CSSB is principally a property development company.

As at the LPD, CSSB has an authorised share capital of RM5,000,000 comprising 5,000,000 CSSB Shares, of which all have been issued and fully paid-up.

As at the LPD, the shareholders of CSSB are as follows:

Shareholders	Direct		Indirect	
	No. of CSSB Shares	%	No. of CSSB Shares	%
Dato' Sri Dr Teh Chee Teong	4,979,999	99.60	-	-
Director General of Insolvency ("DGI") <sup>(1)</sup>	20,000	0.40	-	-
Quah Eng Hock	1	Neg	-	-

As at LPD, the directors of CSSB are as follows:

Directors	Direct		Indirect	
	No. of CSSB Shares	%	No. of CSSB Shares	%
Dato' Sri Dr Teh Chee Teong	4,979,999	99.60	-	-
Datin Sri Wai Ai Fan	-	-	4,979,999 <sup>(2)</sup>	99.60
Quah Eng Hock	1	Neg	-	-

Notes:

Neg Negligible

(1) CSSB Shares are vested in the DGI pursuant to section 24(4) of the Bankruptcy Act 1967 as the original shareholder of these shares, Y.M. Tengku Shamsulbhari B. Tengku Azman Shah, has been adjudged bankrupt and remains an undischarged bankrupt according to the records of the Insolvency Department as at 13 October 2016.

(2) Deemed interested by virtue of her spouse's equity interest in CSSB.

#### 2.5.1.6 Information on CSPSB (Company no. 1141980-V)

CSPSB was incorporated on 24 April 2015 as a private limited company under the Act. As at the LPD, CSPSB is dormant and has yet to commence business operations. The intended principal activity of CSPSB is to develop and carry on the business of theme park.

As at the LPD, CSPSB has an authorised share capital of RM400,000 comprising 400,000 CSPSB Shares, of which RM100 comprising 100 CSPSB Shares have been issued and fully paid-up.

As at the LPD, CSPSB is a wholly-owned subsidiary of CSSB, with the following directors:

Directors	Direct		Indirect	
	No. of CSPSB Shares	%	No. of CSPSB Shares	%
Dato' Sri Dr Teh Chee Teong	-	-	100 <sup>(1)</sup>	100
Datin Sri Wai Ai Fan	-	-	100 <sup>(2)</sup>	100

Notes:

(1) Deemed interested by virtue of his equity interest in CSSB pursuant to Section 6A of the Act.

(2) Deemed interested by virtue of her spouse's equity interest in CSSB pursuant to Section 6A of the Act.



Further details of CSPSB are set out in **Appendix VI** of this AP.

### 2.5.1.7 Basis and justification for the Purchase Consideration

CSSB views the disposal of the Project Land to CSPSB as an inter-company transaction, as CSPSB is its wholly-owned subsidiary at the point in time when the SPA was entered into. The Purchase Consideration of RM28,300,000 was therefore arrived at after taking into consideration the following costs incurred and/or to be incurred by CSSB for the Project Land:

	<b>RM million</b>
Cost incurred for reclamation	9.31
Cost incurred for construction of the arena stage together with other improvements	16.43
Estimated cost for other improvements such as infrastructure, landscaping and electrical works	2.56 <sup>(1)</sup>
<b>Total</b>	<b>28.30</b>

*Note:*

(1) *The Purchase Consideration will not vary in the event of any additional/lesser actual cost incurred by CSSB for other improvements such as infrastructure, landscaping and electrical works.*

For information purposes, the Purchase Consideration is at a discount of approximately 11.56% to the market value of the Project Land of RM32,000,000 as appraised by DTZ in the valuation certificate dated 29 August 2016.

### 2.5.1.8 Basis and justification for the Subscription Consideration

The Subscription Consideration of RM15,900,000 for 51% equity interest in the JVCo was arrived at on a willing-buyer willing-seller basis after taking into consideration the market value of the Project Land of RM31,188,258 as appraised by DTZ in the Valuation Report dated 30 December 2015. The Subscription Consideration approximates 51% of the Project Land's market value at that point in time, i.e. RM15,906,012, with a slight discount of 0.04% due to rounding down.

### 2.5.1.9 Basis and justification for the issue price of Subscription Shares to SASB

The issue price of Subscription Shares of approximately RM1.17 each was arrived at on a willing buyer-willing seller basis, after commercial negotiations between SASB and CSSB, and taking into consideration of the following:

(a) the estimated fair value of CSPSB as set out below:

	<b>Valuation (RM)</b>
Market value of the Project Land as appraised by DTZ in the Valuation Report dated 30 December 2015	31,188,258
Add: Estimated cost to be incurred by CSSB for other improvements such as infrastructure, landscaping and electrical works on the Project Land <sup>(1)</sup> prior to the issuance of new CSPSB Shares in relation to the Investment	2,560,000 <sup>(2)</sup>
<b>Estimated fair value of CSPSB</b>	<b>33,748,258</b>
<b>Estimated fair value per CSPSB Share<sup>(3)</sup></b>	<b>1.27</b>

*Notes:*

- (1) *CSSB viewed the subscription of new CSPSB Shares as an inter-company transaction, as CSPSB was its wholly-owned subsidiary at the point in time when the SSA was entered into. Therefore, as set out in the SSA, CSSB will subscribe for 13,033,900 new CSPSB Shares for RM13,033,900 (i.e., at an issue price of RM1.00 each).*

*Notwithstanding the above, CSSB is expected to incur estimated additional costs of RM2.56 million for other improvements such as infrastructure, landscaping and electrical works on the Project Land prior to the issuance of new CSPSB Shares in relation to the Investment, as set out in Section 2.5.1.7 of this AP.*

*In this respect, the total capital outlay of CSSB in CSPSB is expected to be RM15.59 million (i.e., RM13,033,900 + RM2,560,000) or RM1.20 per CSPSB Share<sup>(3)</sup>.*

*The improvements on the Project Land will be completed by CSSB prior to the issuance of new CSPSB Shares in relation to the Investment.*

- (2) *Any additional cost (in excess of the estimated RM2.56 million) for other improvements such as infrastructure, landscaping and electrical works on the Project Land will be funded by CSSB.*
- (3) *Based on CSPSB's enlarged issued and paid-up share capital of RM26,600,000 comprising 26,600,000 CSPSB Shares after the Investment.*

The issue price of the Subscription Shares of approximately RM1.17 each therefore represents a discount of 7.87% to the estimated fair value per CSPSB Share of RM1.27;

- (b) the development potential and prospects of the Project Land as set out in Section 7.5 of this AP; and
- (c) the opportunity for our Group to diversify into the theme park business by utilising the existing master planning approval granted by Majlis Bandaraya Melaka Bersejarah through its letter dated 3 June 2015.

Premised on the above, our Board is of the opinion that the issue price of RM1.17 each for the CSPSB Shares to be subscribed by SASB is commercially reasonable.

#### **2.5.1.10 Basis for the Surrender Date**

The Surrender Date as set out in Section 2.5.1.3.4(i) of this AP was arrived at based on the understanding negotiated between CSSB and CSPSB that the ownership of the Project Land (together with all assets then located thereon, including the theme park) will be transferred back to CSSB strictly on an "as is where is" basis after a period of fifty (50) years for a consideration of RM100 only payable by CSSB to CSPSB, after taking into consideration of the following:

- (i) CSSB's willingness to relinquish its ownership of the Project Land for a period not exceeding fifty (50) years;
- (ii) the opportunity for our Group to diversify into the theme park business by utilising the existing master planning approval granted by Majlis Bandaraya Melaka Bersejarah through its letter dated 3 June 2015;

- (iii) the overview of the theme park industry and prospects of the Project Land as stated in Sections 7.3 and 7.5 of this AP, respectively; and
- (iv) potential additional source of income for our Group to be generated from the operation of the theme park over a period of fifty (50) years.

The Surrender Date was not set in response to any existing law.

Nevertheless, CSPSB may continue to occupy the Project Land and operate the theme park after the Surrender Date if granted the right to do so by CSSB, subject to mutual agreement, as set out in Section 2.5.1.3.4(ii) of this AP.

#### **2.5.1.11 Rationale for the Investment**

Our Group is of the view that the manufacturing industry in which we operate is becoming increasingly competitive, and has therefore identified the Investment as a new business opportunity for us to diversify the Existing Business. The Investment will enable our Group to participate in the development and business of a theme park.

The theme park business is expected to provide an additional source of income for our Group after taking into consideration the prospects and outlook of the theme park industry.

Our Board believes that our Group will have the capacity, capabilities and resources to diversify into the development and business of theme park business by capitalising on the expertise of Sanderson as set out in Section 2.5.1.1 of this AP. While Sanderson will be involved in the design, project management, procurement, fabrication, installation, construction, testing and commissioning and establishment of operations of a theme park on the Project Land, our Board had previously planned to appoint the late Wong Yu Sun, an Executive Director of our Company and a Director of SASB, as a Director of CSPSB to provide advice on the strategic direction and oversee the operations of CSPSB as well as the theme park business. However, following the demise of the late Wong Yu Sun on 15 October 2016, our Board plans to recruit other management personnel with relevant experience to assume the abovementioned responsibilities of the late Wong Yu Sun.

The collaboration between SASB and Sanderson pursuant to the MOU is expected to be for a period of three (3) years from the commencement of development of the second (2<sup>nd</sup>) phase of the theme park on the Project Land. With the assistance of Sanderson in managing and operating the second (2<sup>nd</sup>) phase of the theme park during this period, CSPSB plans to recruit a management team with members who are experienced in the theme park business to drive its theme park business moving forward. The recruitment of the management team comprising a project director, a theme park operations manager and a project manager is expected to commence in the first (1<sup>st</sup>) half of 2017. In addition, CSPSB plans to employ eight (8) to ten (10) operations staff in the first (1<sup>st</sup>) half of 2017 to operate the theme park.

Notwithstanding that there is no provision for extension of duration for the collaboration between SASB and Sanderson in the MOU, CSPSB and Sanderson may consider to extend such collaboration upon its expiry depending on the future performance and growth of the theme park business. In the event such collaboration is not extended, our management does not expect any non-extension to have any material adverse impact on the operations of the theme park or the development of the second (2<sup>nd</sup>) phase of the theme park in view that the abovementioned new management team is expected to be in place by then. In addition, other operators may be appointed to manage and operate the theme park should the need arise in future.

The Investment is expected to be completed within three (3) months from the completion of the Rights Issue of Shares with Warrants.

### 2.5.2 SIS

The SIS, which was approved by our shareholders at our Company's EGM held on 13 June 2016, involves the establishment of a share issuance scheme of up to thirty percent (30%) of the issued and paid-up share capital of our Company (excluding treasury shares) at any one time during the duration of the scheme for the Eligible Persons.

Subject to any adjustments in accordance with the by-laws, the Subscription Price shall be the higher of the following:

- (i) the 5D-VWAP of MQ Shares immediately preceding the date of offer of the SIS Options, as quoted on Bursa Securities, with a discount of not more than ten percent (10%) or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the scheme; or
- (ii) the par value of MQ Shares.

Nevertheless, the SIS will only be implemented after the Entitlement Date.

## 3 INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS

### 3.1 General

As you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisional Rights Shares with Warrants which you are entitled to subscribe for in full or in part, under the terms of the Rights Issue of Shares with Warrants. You (other than an Authorised Nominee who has subscribed for NRS) 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 excess Rights Shares with Warrants if you choose to do so.

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository, an electronic copy of this AP and the Rights Issue Entitlement File will be transmitted to you electronically by Bursa Depository through its existing network facility with the Authorised Nominees. Please refer to Sections 3.5.4 and 3.8.4 of this AP for the procedures for acceptance as well as to apply for excess Rights Shares with Warrants, if you choose to do so.

**3.2 NPA**

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

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

The last date and time for acceptance and payment for the provisional Rights Shares with Warrants is at **5.00 p.m. on 14 November 2016**.

**3.4 Methods of application**

You may subscribe for such number of Rights Shares with Warrants that you have been provisionally allotted as well as to apply for excess Rights Shares with Warrants, if you so choose, using either of the following methods:

<b>Method of application</b>	<b>Category of Entitled Shareholders</b>
RSF <sup>(1)</sup>	All Entitled Shareholders
Electronic Application <sup>(2)</sup> or Internet Application <sup>(3)</sup>	All Entitled Shareholders
NRS	Authorised Nominee who has subscribed for NRS

*Notes:*

- (1) *A copy of the RSF is enclosed together with this AP. The RSF is also available on the website of Bursa Securities (<http://www.bursamalaysia.com>).*
- (2) *The following surcharge per Electronic Application will be charged by the Participating Financial Institutions:*
  - *Public Bank Berhad – RM4.24 (inclusive of 6% GST); and*
  - *Affin Bank Berhad – RM4.24 (inclusive of 6% GST);*
- (3) *The following processing fee per Internet Application will be charged by the respective Internet Participating Financial Institutions:*
  - *Public Bank Berhad (<http://www.pbepbank.com>) – RM4.24 (inclusive of 6% GST); and*
  - *Affin Bank Berhad (<https://www.affinbank.com.my>) – RM4.24 (inclusive of 6% GST).*

**3.5 Procedure for full acceptance and payment by Entitled Shareholders and acceptance by renounees/transferees****3.5.1 By way of RSF**

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

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

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

**FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES WITH WARRANTS, EXCESS APPLICATION FOR THE RIGHTS SHARES WITH WARRANTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL/TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS AP AND THE ACCOMPANYING RSF. YOU AND/OR YOUR RENOUNCEES/TRANSFEREES (IF APPLICABLE) ARE ADVISED TO READ THIS AP, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.**

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

**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

OR

**Tricor Customer Service Centre**

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

Tel. no.: 03-2783 9299

Fax no.: 03-2783 9222

so as to arrive **not later than 5.00 p.m. on 14 November 2016**, being the last time and date for acceptance and payment.

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

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

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

If acceptance of and payment for the provisional Rights Shares with Warrants is not received by our Share Registrar by **5.00 p.m. on 14 November 2016**, being the last time and date for acceptance of and payment for the provisional Rights Shares with Warrants, 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 are not fully taken up by such applicants, our Board will then have the right to allot such Rights Shares with Warrants to the applicants who have applied for the excess Rights Shares with Warrants in the manner as set out in Section 3.8 of this AP. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar. Our Board reserves the right not to accept any application or to accept any application in part only without providing any reason.

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

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

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

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

**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 FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN ON BURSA DEPOSITORY'S RECORD OF DEPOSITORS AT THE APPLICANTS' OWN RISK.

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

### 3.5.2 By way of Electronic Application

Only individuals who are entitled shareholders may apply for the Rights Shares with Warrants by way of Electronic Application.

Please read carefully and follow the terms of this AP, the procedures, terms and conditions for Electronic Application and the procedures set out at the ATMs of the Participating Financial Institution before making an Electronic Application.

#### (i) Steps for Electronic Applications through a Participating Financial Institution's ATM within Malaysia

The procedures for Electronic Applications at the ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions ("**Steps**"). For illustration purposes, the procedures for Electronic Applications at ATMs are set out below. The Steps set out the actions that you must take at the ATM to complete an Electronic Application. Please read carefully the terms of this AP, the Steps and the Terms and Conditions for Electronic Applications set out below before making an Electronic Application.

- (a) You must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account. An ATM card issued by one of the Participating Financial Institution cannot be used to apply for the Rights Share at an ATM belonging to other Participating Financial Institutions;
- (b) You are advised to read and understand this AP **BEFORE** making the application; and
- (c) You shall apply for the Rights Shares with Warrants via the ATM of the Participating Financial Institution by choosing the Electronic Application option. Mandatory statements required in the application are as set out in "**Terms and conditions for Electronic Applications**" (please refer to Section 3.5.2(iii) below). You shall enter at least the following information through the ATM when the instructions on the ATM screen requires you to do so:
  - Personal Identification Number ("**PIN**");
  - Select MQ Rights Issue;
  - CDS Account number;
  - Number of Rights Shares with Warrants applied for and/or the RM amount to be debited from the account;
  - Current contact number (for e.g. your mobile phone number); and
  - Confirmation of several mandatory statements.



Upon the completion of your Electronic Application transaction, you will receive a computer-generated transaction slip (“**Transaction Record**”), confirming the details of your Electronic Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Application or any data relating to such an Electronic Application by our Company or the Share Registrar. The Transaction Record is for your record and is not required to be submitted with your application.

**YOU MUST ENSURE THAT YOU USE THE NUMBER OF THE CDS ACCOUNT HELD IN YOUR NAME WHEN MAKING AN ELECTRONIC APPLICATION. IF YOU OPERATE A JOINT BANK ACCOUNT WITH ANY OF THE PARTICIPATING FINANCIAL INSTITUTION, YOU MUST ENSURE THAT YOU ENTER THE NUMBER OF THE CDS ACCOUNT HELD IN YOUR NAME WHEN USING AN ATM CARD ISSUED TO YOU IN YOUR NAME. YOUR APPLICATION WILL BE REJECTED IF YOU FAIL TO COMPLY WITH THE FOREGOING.**

**(ii) Participating Financial Institution**

Electronic Applications may be made through an ATM of the following Participating Financial Institutions and their branches within Malaysia:

- Public Bank Berhad
- Affin Bank Berhad

**(iii) Terms and conditions of Electronic Applications**

The Electronic Application shall be made on, and subject to, the terms of this AP, as well as the terms and conditions of the Participating Financial Institutions and those appearing herein:

- (a) You are required to confirm the following statements (by pressing pre-designated keys or buttons on the ATM keyboard) and undertake that the following information given are true and correct:
- (i) You have attained 18 years of age as at the last day for application and payment;
  - (ii) You have read the relevant AP and understood and agreed with the terms and conditions of the application; and
  - (iii) You hereby give consent to our Company, Bursa Depository, our Share Registrar, the relevant Participating Financial Institutions, their respective agents and any third party involved in facilitating the application/refund, to disclose information pertaining to yourself and your account with the Participating Financial Institutions and Bursa Depository to the relevant authorities and any person as may be necessary or expedient to facilitate the making of the application/refund.

Your application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the steps required by the Participating Financial Institutions. By doing so, you shall have confirmed each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 134 of the Financial Services Act, 2013 and Section 45(1)(a) of the SICDA, to the disclosures as described above.

- (b) You confirm that you are not applying for the Rights Shares with Warrants as a nominee of any other person and that any Electronic Application that you make is made by you as the beneficial owner.
- (c) You must have sufficient funds in your account with the relevant Participating Financial Institutions at the time you make your Electronic Application, failing which your Electronic Application will not be completed. Any Electronic Application, which does not strictly conform to the instructions set out on the screen of the ATM through which the Electronic Application is being made, will be rejected.
- (d) You agree and undertake to subscribe for or purchase and to accept the number of Rights Shares applied for as stated on the Transaction Record in respect of your Electronic Application. Your confirmation (by your action of pressing the pre-designated keys (or buttons) on the ATM) of the number of Rights Shares with Warrants applied for shall signify, and shall be treated as, your acceptance of the number of Rights Shares with Warrants that may be allotted to you.

Should you encounter any problems in your Electronic Application, please refer to the Participating Financial Institutions.

- (e) By making and completing your Electronic Application, you, if successful, requests and authorises our Company to credit the Rights Shares with Warrants allotted to you into your CDS Account.
- (f) You acknowledge that your Electronic Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our Share Registrar, the Participating Financial Institutions or Bursa Depository and irrevocably agrees that if:
  - (i) Our Company, our Share Registrar or Bursa Depository does not receive your Electronic Application; or
  - (ii) Data relating to your Electronic Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our Share Registrar or Bursa Depository,

you shall be deemed not to have made an Electronic Application and you shall not make any claim whatsoever against our Company, our Share Registrar, the Participating Financial Institutions or Bursa Depository for the Rights Shares with Warrants applied for or for any compensation, loss or damage relating to the application for the Rights Shares with Warrants.

- (g) All of your particulars, including your nationality and place of residence, in the records of the relevant Participating Financial Institution at the time you make your Electronic Application shall be true and correct, and our Company, our Share Registrar, the relevant Participating Financial Institution and Bursa Depository shall be entitled to rely on the accuracy thereof.
- (h) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institution are correct and identical. Otherwise, your Electronic Application will be rejected. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to your correspondence address last maintained with Bursa Depository.

- (i) By making and completing an Electronic Application, you agree that:
- (i) In consideration of our Company agreeing to allow and accept your application for the Rights Shares with Warrants via the Electronic Application facility established by the Participating Financial Institution at their respective ATMs, your Electronic Application is irrevocable and cannot be subsequently withdrawn;
  - (ii) Our Company, the Participating Financial Institutions, Bursa Depository and our Share Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;
  - (iii) Notwithstanding the receipt of any payment by or on behalf of our Company, the notice of successful allocation for prescribed securities issued in respect of the Rights Shares with Warrants for which your Electronic Application has been successfully completed is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Rights Shares with Warrants; and
  - (iv) You agree that in relation to any legal action, proceedings or dispute arising out of or in relation with the contract between the parties and/or the Electronic Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (j) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.
- (k) Notification on the outcome of your application for the Rights Shares with Warrants will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:
- (i) successful application – a notice of allotment will be despatched within eight (8) Market Days from the last day for application and payment for the Rights Shares with Warrants; or
  - (ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the Rights Shares with Warrants.

The refund will be credited directly into your bank account from which your Electronic Application was made. Kindly take note of the terms and conditions as stated in Section 3.5.2(iii) of this AP and the required consent in making your Electronic Application.

If the crediting of the refund into your bank account from which your Electronic Application was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

### 3.5.3 By way of Internet Application

All entitled shareholders may apply for the Rights Shares with Warrant by way of Internet Application.

Please read carefully and follow the terms of this AP, the procedures, terms and conditions for Internet Application and the procedures set out on the internet financial services website of the Internet Participating Financial Institution before making an Internet Application.

**(i) Step 1: Set up of account**

Before making an application by way of Internet Application, you **must have all** of the following:

- (a) an existing account with access to internet financial services with **Public Bank Berhad** at <http://www.pbebank.com> or **Affin Bank Berhad** at <http://www.affinbank.com.my>. Accordingly, you will need to have your user identification and PIN/password for the internet financial services facility; and
- (b) a CDS Account held in your name.

**(ii) Step 2: Read the AP**

You are advised to read and understand this AP **BEFORE** making your application.

**(iii) Step 3: Apply through Internet**

While we will attempt to provide you with assistance in your application for the Rights Shares with Warrants through Internet Applications, please note that the actual steps for Internet Applications through the internet financial services website of a particular Internet Participating Financial Institution may differ from the steps outlined below. The possible steps set out below are purely for illustration purposes only.

- (a) Connect to the internet financial services website of the Internet Participating Financial Institution with which you have an bank account;
- (b) Log in to the internet financial services facility by entering your user identification and PIN/password;
- (c) Navigate to the section of the website on applications in respect of the Rights Shares with Warrants;
- (d) Select the counter in respect of the Rights Shares with Warrants to launch the terms and conditions of the Internet Application;
- (e) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions;
- (f) At the next screen, complete the online application form;

- (g) Check that the information contained in your online application form, such as the share counter (in this case, MQ Rights Issue Account), your current contact number (for e.g. your mobile phone number), your CDS Account number, number of Rights Shares with Warrants applied for, the amount of payment of subscription monies, the payment of bank charges and the account number to debit are correct. Then select confirm and submit the online application form;
- (h) As soon as the transaction is completed, a message from the Authorised Financial Institution (as defined below) with details of your application appear on the screen of the website; and
- (i) You are advised to print out the confirmation screen for your reference and record.

**(iv) Terms and conditions of Internet Applications**

The Internet Application shall be made on, and subject to, the terms of this AP, as well as the terms and conditions of the Internet Participating Financial Institution and those appearing herein:

- (a) After selecting the designated hyperlink on the screen, you are required to confirm and undertake that the following information given are true and correct:
  - (i) You have attained 18 years of age as at the last day for application and payment;
  - (ii) You have, prior to making the Internet Application, received and/or have had access to a printed/electronic copy of this AP, the contents of which you have read and understood;
  - (iii) You agree to all the terms and conditions of the Internet Application as set out in this AP and have carefully considered the risk factors set out in this AP, in addition to all other information contained in this AP, before making the Internet Application;
  - (iv) You authorise the financial institution with which you have a bank account to deduct the full amount payable for the Rights Shares with Warrants (including the processing fee as mentioned in Section 3.4 (Note 3) of this AP) from your bank account with the said financial institution (“**Authorised Financial Institution**”); and
  - (v) You hereby give consent in accordance with the relevant laws of Malaysia (including Section 134 of the Financial Services Act, 2013 and Section 45(1)(a) of the SICDA) for the disclosure by our Company, Bursa Depository, our Share Registrar, the relevant Internet Participating Financial Institution, their respective agents and any third party involved in facilitating the application/refund, of information pertaining to yourself, the Internet Application made by you, your account with the Internet Participating Financial Institutions and/or the Authorised Financial Institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the application/refund.
- (b) You confirm that you are not applying for the Rights Shares with Warrants as a nominee of any other person and that the Internet Application is made in your own name, as beneficial owner and subject to the risks referred to in this AP.

- (c) You agree and undertake to subscribe for or purchase and to accept the number of Rights Shares with Warrants applied for as stated on the Confirmation Screen in respect of your Internet Application. Your confirmation of the number of Rights Shares with Warrants applied for shall signify, and shall be treated as, your acceptance of the number of Rights Shares with Warrants that may be allotted to you.

Should you encounter any problems in your Internet Application, please refer to the Internet Participating Financial Institution.

- (d) By making and completing your Internet Application, you, if successful, requests and authorises our Company to credit the Rights Shares with Warrants allotted to you into your CDS Account.
- (e) You acknowledge that your Internet Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our Share Registrar, the Internet Participating Financial Institutions or Bursa Depository and irrevocably agrees that if:
- (i) Our Company, our Share Registrar or Bursa Depository does not receive your Internet Application; or
- (ii) Data relating to your Internet Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our Share Registrar or Bursa Depository,

you shall be deemed not to have made an Internet Application and you shall not make any claim whatsoever against our Company, our Share Registrar, the Internet Participating Financial Institutions or Bursa Depository for the Rights Shares with Warrants applied for or for any compensation, loss or damage relating to the application for the Rights Shares with Warrants.

- (f) All of your particulars, including your nationality and place of residence, in the records of the relevant Internet Participating Financial Institution at the time you make your Internet Application shall be true and correct, and our Company, our Share Registrar, the relevant Internet Participating Financial Institution and Bursa Depository shall be entitled to rely on the accuracy thereof.
- (g) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Internet Participating Financial Institution are correct and identical. Otherwise, your Internet Application will be rejected. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to your correspondence address last maintained with Bursa Depository.
- (h) By making and completing an Internet Application, you agree that:
- (i) In consideration of our Company agreeing to allow and accept your application for the Rights Shares with Warrants via the Internet Application facility established by the Internet Participating Financial Institutions at their respective internet financial services website, your Internet Application is irrevocable and cannot be subsequently withdrawn;

- (ii) Our Company, the Internet Participating Financial Institutions, Bursa Depository and our Share Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Internet Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;
  - (iii) Notwithstanding the receipt of any payment by or on behalf of our Company, the notice of successful allocation for prescribed securities issued in respect of the Rights Shares with Warrants for which your Internet Application has been successfully completed is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Rights Shares with Warrants; and
  - (iv) You agree that in relation to any legal action, proceedings or dispute arising out of or in relation with the contract between the parties and/or the Internet Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submits to the jurisdiction of the Courts of Malaysia.
- (i) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.
  - (j) Notification on the outcome of your application for the Rights Shares with Warrants will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:
    - (i) successful application – a notice of allotment will be despatched within eight (8) Market Days from the last day for application and payment for the Rights Shares with Warrants; or
    - (ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the Rights Shares with Warrants.
- The refund will be credited directly into your bank account with the Authorised Financial Institution from which payment of your subscription monies was made. Kindly take note of the terms and conditions as stated in Section 3.5.3(iv) of this AP and the required consent in making your Internet Application.
- If the crediting of the refund into your bank account with the Authorised Financial Institution from which payment of your subscription monies was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.
- (k) A surcharge is imposed on each Internet Application which will be charged by the Internet Participating Financial Institution as mentioned in Section 3.4 (Note 3) of this AP.

- (l) You authorise the Internet Participating Financial Institutions to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, Bursa Securities or other relevant parties in connection with the Rights Issue of Shares with Warrants, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institutions, necessary for the provision of the Internet Application services or if such disclosure is requested or required in connection with the Rights Issue of Shares with Warrants. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information furnished by you to the Internet Participating Financial Institutions in connection with the use of the Internet Application services.

#### 3.5.4 By way of NRS

Our Company has appointed Bursa Depository to provide NRS to our shareholders who are Authorised Nominees. Only our Entitled Shareholders who are Authorised Nominees and who have subscribed for NRS with Bursa Depository may apply via NRS.

Please read carefully and follow the terms of this AP, the procedures, terms and conditions for application via NRS and Bursa Depository's terms and conditions for NRS and User Guide for NRS (which are made available to all Authorised Nominees who have subscribed for NRS with Bursa Depository) before making the application.

##### (i) Steps for applications via NRS

- (a) If you are an Entitled Shareholder, and who is an Authorised Nominee who has subscribed for NRS with Bursa Depository, you will not be receiving this AP, the RSF nor the NPA by post.
- (b) Instead, this AP and a Rights Issue Entitlement File will be transmitted electronically to you by Bursa Depository through Bursa Depository's existing network facility with the Authorised Nominees in the manner as set out in Bursa Depository's User Guide for NRS, on the next business day after the Entitlement Date.
- (c) A notification of the delivery of the AP and the Rights Issue Entitlement File will also be sent to you via email using the details you have provided to Bursa Depository when you subscribed for NRS with Bursa Depository.
- (d) You are advised to read carefully, understand and follow the terms of this AP, **BEFORE** making the application.
- (e) You may accept, on behalf of your client, partially or fully, their respective allocation under the Rights Issue of Shares with Warrants.
- (f) To apply for the Rights Shares with Warrants, you will be required to submit your subscription information via a Rights Shares Subscription File which is to be prepared based on the format as set out in Bursa Depository's User Guide for NRS.
- (g) Once completed, you will need to submit the Rights Share Subscription File to Bursa Depository at any time daily before 5.00 p.m., but in any event no later than the last day and time for acceptance and payment.
- (h) Together with the Rights Shares Subscription File, you will also need to submit a confirmation to Bursa Depository of the following information:



- (i) Confirmation that you have, prior to making the application via NRS, received and/or had access to the electronic copy of this AP, the contents of which you have read, understood and agreed; and
  - (ii) Consent to the disclosure of your information to facilitate electronic refunds where applicable.
- (i) With regards to payment for the Rights Shares with Warrants which you have applied for, you must transfer the amount payable directly to our bank account, the details of which are as follows:

Bank: **RHB Bank Berhad**  
Account Name: **MQ RIGHTS ISSUE ACCOUNT**  
Bank Account No.: **21412900282498**

prior to submitting the Rights Shares Subscription File to Bursa Depository.

- (j) Upon completion of the transfer/payment, you may receive a transaction slip ("**Transaction Record**") from the transacting financial institution confirming the details of your transfer/payment. The Transaction Record is only a record of the completed transaction and not a record of the receipt of the application via NRS or any data relating to such an application by our Company or Bursa Depository. The Transaction Record is for your record and is not required to be submitted with your application via NRS.
- (k) You will be notified on the outcome of your application for the Rights Shares with Warrants electronically within the timelines as stated below. No physical notice of allotment will be mailed to you.
  - (i) successful application – an electronic notification will be sent to you within eight (8) Market Days from the last day for application and payment for the Rights Shares with Warrants; or
  - (ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the Rights Shares with Warrants.

The refund will be credited directly into your bank account(s) from which payment of your subscription monies were made. Kindly take note of the terms and conditions as stated in Section 3.5.4(ii)(a) of this AP and the required consent in making the application via NRS.

If the crediting of the refund into your bank account(s) (as provided by you in the Rights Shares Subscription File) from which payment of your subscription monies were made is unsuccessful, the refund will then be made via cheque(s) which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

- (l) Upon crediting of the Rights Shares with Warrants allotted to you into your CDS account(s), you will also receive an electronic confirmation of the crediting from Bursa Depository.
- (m) You should note that all applications made for the Rights Shares with Warrants submitted under NRS will be irrevocable upon submission of the Rights Shares Subscription File to Bursa Depository and cannot be subsequently withdrawn.

**(ii) Terms and conditions for applications via NRS**

The application via NRS shall be made on, and subject to, the terms of this AP, Bursa Depository's terms and conditions for NRS and Bursa Depository's User Guide for NRS as well as the terms and conditions appearing herein:

- (a) For purposes of making the electronic refund, you hereby give consent in accordance with the relevant laws of Malaysia, including Section 134 of the Financial Services Act, 2013 and Section 45(1)(a) of the SICDA, to the disclosure by our Company, Bursa Depository, our Share Registrar, the relevant financial institution, their respective agents and any third party involved in facilitating the payment of refunds to you as the case may be, of information pertaining to yourself and your account with the relevant financial institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the making of refunds or for any other purpose in connection with such payments. You will be required to provide confirmation of your consent in the manner prescribed in Bursa Depository's terms and conditions for NRS.
- (b) You agree and undertake to subscribe for or purchase and to accept the number of Rights Shares with Warrants applied for as stated on your Rights Shares Subscription File in respect of your application via NRS. Your application shall signify, and shall be treated as, your acceptance of the number of Rights Shares with Warrants that may be allotted to you.
- (c) You acknowledge that by completing and submitting the Rights Shares Subscription File to Bursa Depository, you, if successful, requests and authorises our Company to credit the Rights Shares with Warrants allotted to you into the respective CDS Account(s) as indicated in the Rights Shares Subscription File.
- (d) You acknowledge that your application via NRS is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our Share Registrar, the relevant financial institution or Bursa Depository, and irrevocably agree that if:
  - (i) our Company, our Share Registrar or Bursa Depository does not receive your application via NRS; or
  - (ii) the data relating to your application via NRS is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our Share Registrar or Bursa Depository,

you shall be deemed not to have made your application and you shall not make any claim whatsoever against our Company, Bursa Depository, our Share Registrar or the relevant financial institution for the Rights Shares with Warrants applied for or for any compensation, loss or damage relating to the application for the Rights Shares with Warrants.
- (e) By completing and submitting the Rights Shares Subscription File to Bursa Depository, you agree that:
  - (i) In consideration of our Company agreeing to allow and accept your application for the Rights Shares with Warrants via the NRS facility established by Bursa Depository, your application via NRS is irrevocable and cannot be subsequently withdrawn;

- (ii) Our Company, the relevant financial institutions, Bursa Depository and our Share Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your application via NRS due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;
- (iii) Notwithstanding the receipt of any payment by or on behalf of our Company, the electronic notification of allotment in respect of the Rights Shares with Warrants issued is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Rights Shares with Warrants; and
- (iv) You agree that in relation to any legal action, proceedings or dispute arising out of or in relation to with the contract between the parties and/or the application via NRS and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (f) Our Share Registrar and Bursa Depository, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.

### **3.6 Procedure for part acceptance by Entitled Shareholders**

#### **3.6.1 By way of RSF**

You must complete both Part I(A) of the RSF by specifying the number of the Rights Shares with Warrants which you are accepting and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the manner set out in Section 3.5.1 of this AP.

#### **3.6.2 By way of Electronic Application and Internet Application**

If you are an individual who is an Entitled Shareholder and wish to accept part of your provisional Rights Shares with Warrants via Electronic Application or Internet Application, you may do so by following the same steps as set out in Sections 3.5.2 and 3.5.3, respectively of this AP.

#### **3.6.3 By way of NRS**

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository who is an Entitled Shareholder and wish to accept part of your provisional Rights Shares with Warrants, you may do so by following the same steps as set out in Section 3.5.4 of this AP.

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

### 3.7 Procedure for sale/transfer of provisional Rights Shares with Warrants

As the provisional Rights Shares with Warrants are prescribed securities, you may dispose of or transfer all or part of your entitlement to the Rights Shares with Warrants to one (1) or more person(s) through your stockbrokers without first having to request for a split of the provisional Rights Shares with Warrants standing to the credit of your CDS Accounts. To dispose or transfer all or part of your entitlement to the provisional Rights Shares with Warrants, you may sell such entitlement in the open market or transfer such entitlement to such persons as may be allowed pursuant to the Rules of Bursa Depository. If you have sold or transferred only part of the provisional Rights Shares with Warrants, you may still accept the balance of the provisional Rights Shares with Warrants by completing Parts I(A) and II of the RSF. Please refer to Section 3.5 of this AP for the procedure, acceptance and payment.

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

### 3.8 Procedure for application of excess Rights Shares with Warrants

#### 3.8.1 By way of RSF

You and/or your renounees/transferees (if applicable) who accepted the provisional Rights Shares with Warrants may apply for excess Rights Shares with Warrants by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forward it (together with a **separate remittance** for the full amount payable in respect of the excess Rights Shares with Warrants applied for) to our Share Registrar **not later than 5.00 p.m. on 14 November 2016**, being the last time and date for acceptance and payment.

**PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS APPLIED FOR SHOULD BE MADE IN THE SAME MANNER AS DESCRIBED IN SECTION 3.5.1 OF THIS AP, WHERE THE BANKER'S DRAFT(S)/CASHIER'S ORDER(S)/MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "MQ EXCESS RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, CONTACT NUMBER AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR.**

It is the intention of our Board to allot the excess Rights Shares with Warrants in the following priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, to the Entitled Shareholders who have applied for excess Rights Shares with Warrants, on a pro-rata basis and in board lots, calculated based on their respective shareholdings in our Company on the Entitlement Date;
- (iii) thirdly, to the Entitled Shareholders who have applied for excess Rights Shares with Warrants, on a pro-rata basis and in board lots, calculated based on the quantum of excess Rights Shares with Warrants applied for; and
- (iv) finally, to transferee(s)/renounee(s) who have applied for the excess Rights Shares with Warrants, on a pro-rata basis and in board lots, based on the quantum of excess Rights Shares with Warrants applied for.

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

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

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

**IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES WITH ADDITIONAL WARRANTS APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, WILL BE REFUNDED WITHOUT INTEREST WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE OF AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH ADDITIONAL WARRANTS. IF YOU HAVE PROVIDED YOUR BANK ACCOUNT INFORMATION TO BURSA DEPOSITORY FOR PURPOSES OF CASH DIVIDEND/DISTRIBUTION, THE REFUND WILL BE CREDITED INTO THAT BANK ACCOUNT. IF THE CREDITING OF THE REFUND IS UNSUCCESSFUL. THE REFUND WILL THEN BE MADE BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT THE APPLICANTS' OWN RISK.**

### **3.8.2 By way of Electronic Application**

If you are an individual who is an Entitled Shareholder and/or a renounee and/or a transferee and/or if you have purchased any provisional Rights Shares with Warrants, and wish to apply for additional Rights Shares with Warrants via Electronic Application in excess of your entitlement, you may do so by following the same steps as set out in Section 3.5.2 of this AP save and except that you shall proceed with the option for Excess Rights Shares Application and the amount payable to be directed to "**MQ EXCESS RIGHTS ISSUE ACCOUNT**" for the excess Rights Shares with Warrants applied.

It is the intention of our Board to allot the excess Rights Shares with Warrants, if any, on a fair and equitable basis as set out in Section 3.8.1 of this AP.

The Electronic Application for excess Rights Shares with Warrants shall be made on, and subject to, the same terms and conditions appearing in Section 3.5.2 of this AP.

### 3.8.3 By way of Internet Application

If you are an Entitled Shareholder and/or a renounee and/or a transferee and/or if you have purchased any provisional Rights Shares with Warrants, and wish to apply for additional Rights Shares with Warrants via Internet Application in excess of your entitlement, you may do so by following the same steps as set out in Section 3.5.3 of this AP save and except that you shall proceed with the option for Excess Rights Shares Application and the amount payable to be directed to “**MQ EXCESS RIGHTS ISSUE ACCOUNT**” for the excess Rights Shares with Warrants applied.

It is the intention of our Board to allot the excess Rights Shares with Warrants, if any, on a fair and equitable basis as set out in Section 3.8.1 of this AP.

The Internet Application for excess Rights Shares with Warrants shall be made on, and subject to, the same terms and conditions appearing in Section 3.5.3 of this AP.

### 3.8.4 By way of NRS

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository who is an Entitled Shareholder and/or a renounee and/or a transferee and/or if you have purchased any provisional Rights Shares with Warrants, and wish to apply for additional Rights Shares with Warrants via NRS in excess of your entitlement, you may do so by following the same steps as set out in Section 3.5.4 of this AP save and except for the amount payable to be directed to “**MQ EXCESS RIGHTS ISSUE ACCOUNT**” (Bank Account No. 21412900282501 with RHB Bank Berhad) for the excess Rights Shares with Warrants applied and also that you should complete the details for excess rights application at the designated fields for excess applications in the Rights Shares Subscription File.

It is the intention of our Board to allot the excess Rights Shares with Warrants, if any, on a fair and equitable basis as set out in Section 3.8.1 of this AP.

The Application for excess Rights Shares with Warrants via NRS shall be made on, and subject to, the same terms and conditions appearing in Section 3.5.4 of this AP, Bursa Depository’s terms and conditions for NRS and User Guide for NRS (which are made available to all Authorised Nominees who wish to register for NRS).

## 3.9 Notice of allotment

Upon allotment of the Rights Shares with Warrants in respect of your acceptance and/or your renounee’s/transferee’s acceptance (if applicable) and excess Rights Shares with Warrants application (if any), the Rights Shares with Warrants shall be credited directly into the respective CDS Account. No physical share certificates and warrant certificates will be issued in respect of the Rights Shares with Warrants. However, a notice of allotment will be despatched to you and/or your renounees/transferees (who are not an Authorised Nominee who has subscribed for NRS) (if applicable), by ordinary post within eight (8) Market Days from the last date of acceptance and payment for the Rights Shares with Warrants and excess Rights Shares with Warrants application, or such other period as may be prescribed or allowed by Bursa Securities, at the address shown on the Record of Depositors at your own risk.

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository, an electronic notification will be sent to you within eight (8) Market Days from the last day for application and payment for the Rights Shares with Warrants and excess Rights Shares with Warrants application, or such other period as may be prescribed or allowed by Bursa Securities through Bursa Depository’s existing network facility with the Authorised Nominees in the manner as set out in Bursa Depository’s User Guide for NRS.

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

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

### **3.10 Form of issuance**

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

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 shall mean your consent to receiving such Rights Shares with Warrants as deposited securities which will be credited directly into your CDS Account. No physical share certificate or warrant certificate will be issued to you under the Rights Issue of Shares with Warrants. Instead, the Rights Shares with Warrants will be credited directly into your CDS Accounts, and notices of allotment will be sent to you in the manner as stated in Section 3.9.

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

The excess Rights Shares with Warrants, if allotted to the successful applicant who applies for excess Rights Shares with Warrants, will be credited directly as prescribed securities into the CDS Account of the successful applicant. The allocation of the excess Rights Shares with Warrants will be made on a fair and equitable basis as disclosed in Section 3.8 of this AP.

### **3.11 Laws of foreign jurisdictions**

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

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

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

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

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

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

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



Persons receiving this AP, 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 from any such application by foreign Entitled Shareholders and/or their renounees/transferees (if applicable) in any jurisdiction other than Malaysia.

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

#### **4 RATIONALE FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS**

After considering the various available methods to raise funds, our Board is of the opinion that the Rights Issue of Shares with Warrants is an appropriate option as:

- (i) our Company would be able to raise funds without incurring interest costs as opposed to other means of financing, such as bank borrowings or the issuance of debt instruments;
- (ii) it will enhance our Group's cash flows and fund our capital expenditure and working capital requirements, leading to positive contributions to future earnings and better financial performance;
- (iii) new MQ Shares can be issued without the dilution of our existing shareholders' equity interests, assuming all Entitled Shareholders fully subscribe for their respective entitlements and exercise their Warrants subsequently. The Undertakings by the Undertaking Shareholders are evidence of their support for the Rights Issue of Shares with Warrants and will facilitate our fund-raising initiative;
- (iv) our existing shareholders would have the opportunity to increase their equity participation in our Company, by subscribing to the Rights Shares with Warrants;
- (v) the Warrants will increase the attractiveness of the Rights Shares by providing an incentive to our shareholders to subscribe for their entitlements and provide them with potential capital appreciation arising from the exercise of the Warrants, depending on the future price performance of the MQ Shares; and
- (vi) the Warrants, if exercised, will provide a source of funds for our Company from the equity market and simultaneously provide our shareholders with the opportunity to increase their equity participation in our Company at a fixed price over the tenure of the Warrants.

## 5 UTILISATION OF PROCEEDS

At an issue price of RM0.10 per Rights Share, the Rights Issue of Shares with Warrants will raise between approximately RM18.05 million and RM41.85 million, with the following intended utilisation:

Description	Notes	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)	Expected time frame for utilisation of proceeds under both Minimum Scenario and Maximum Scenario (from the date of listing of the Rights Shares)	
Payment for Subscription Shares	(1)	15,900	15,900	Within 3 months	Within 3 months
Extension to existing factory	(2)	-	12,500	-	Within 12 months
Purchase of equipment and machineries	(3)	-	9,600	-	Within 12 months
Working capital	(4)	987	2,687	Within 3 months	Within 18 months
Estimated expenses in relation to the Corporate Exercises	(5)	1,160	1,160	Within 2 weeks	Within 2 weeks
<b>Total</b>		<b>18,047</b>	<b>41,847</b>		

Notes:

- (1) Our Group intends to utilise RM15.90 million to fully subscribe to the Subscription Shares in relation to the Investment, as detailed in Section 2.5.1 of this AP.
- (2) Our Group is principally involved in the Existing Business.

As part of our plan to increase sales, our Group is making efforts to reduce our existing reliance on the hard disk drive industry, by producing fabricated precision products (e.g. tooling and dies) and components used in medical and other industries such as electronics as well as automation equipment. In this respect, our Group intends to extend the built-up area of our Penang Factory from the existing 30,181 ft<sup>2</sup> to 41,995 ft<sup>2</sup> to cater for the expansion of its production capacity to produce larger precision parts and fabricate precision products and components used in medical and other industries such as electronics as well as automation equipment.

Currently, our Group is only able to fabricate smaller precision parts and components as our present facilities are optimised for the fabrication of precision tooling and dies for the hard disk drive industry. After the planned expansion, our Group will be able to secure more sales orders from manufacturers in medical and other industries such as electronics for the fabrication of larger precision parts and components as well as automation equipment, thereby increasing our revenue and profits.

The construction of the extension to the Penang Factory is expected to commence in the first (1<sup>st</sup>) quarter of 2017 and be completed within eight (8) months.

The detailed breakdown for the entire estimated extension costs for the Penang Factory is as follows:

Description	Notes	Maximum Scenario (RM'000)
Foundation and structural works	(a)	9,650
Mechanical and electrical works	(b)	1,800
Architectural and civil works	(c)	650
Professional fees	(d)	400
<b>Total</b>		<b>12,500</b>

Notes:

- (a) Including foundation works, piling and setting up of the structure of the factory.
- (b) Including the purchase, wiring and installation of electrical and electronic equipment, air-conditioning and mechanical ventilation systems, sprinklers and firefighting equipment as well as cranes and lifts.
- (c) Including payment for furniture, fittings and equipment as well as infrastructure such as roads, water supply system and drainage system.
- (d) Including professional fees of architects, engineers, surveyors and contractors.

Under the Minimum Scenario, the entire estimated extension cost is expected to be funded via bank borrowings and/or internally-generated funds (if any).

- (3) Under the Maximum Scenario, our Group intends to utilise RM9.60 million to purchase the following equipment and machineries for the Penang Factory:

Equipment and machineries	Notes	Units	RM'000
Five (5)-axes CNC machine	(a)	4	6,000
Vertical CNC milling machine	(b)	4	1,200
CNC turn mill	(c)	1	800
Profile grinder	(d)	2	1,600
<b>Total</b>			<b>9,600</b>

Notes:

- (a) The five (5)-axes CNC machines will be used to fabricate parts with more complicated profiles (e.g. three (3) dimensional profiles) for metal parts used in medical and measurement equipment. The four (4) units of five (5)-axes CNC machines are expected to enlarge billable capacity\* from nil to approximately RM2.50 million per annum.
- (b) The vertical CNC milling machines will be used to fabricate tools, spare parts and dies components with higher accuracy for the Existing Business. The four (4) units of vertical CNC machines are expected to enlarge billable capacity\* from approximately RM3.13 million per annum to approximately RM3.98 million per annum.
- (c) The CNC turn mill will be used to fabricate custom-designed shafts, pins, screws and bolts for the Existing Business. It is expected to enlarge billable capacity\* from nil to approximately RM0.50 million per annum.

- (d) The profile grinders will be used to maintain high surface quality finishing of smaller metal parts with higher accuracy of shapes and dimensions.

Under the Minimum Scenario, these equipment and machineries will be purchased using bank borrowings and/or our internally-generated funds (if any).

*Note:*

\* *The production capacities of the machines vary according to the complexity of design and size of production for each sales order, as requested by each customer. The quantity of production is therefore dependent on the specific design. As such, only billable capacity in terms of RM can be calculated. The products of billable capacity for the machines may refer to tools, spare parts and/or dies components.*

- (4) Our Group intends to utilise up to approximately RM2.69 million of the proceeds for our day-to-day operations in Malaysia, as follows:

Description	Notes	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
Payment to trade creditors	(a)	480	1,450
Upkeep and maintenance of machineries	(b)	147	277
Staff costs	(c)	360	960
<b>Total</b>		<b>987</b>	<b>2,687</b>

- (a) Comprising payment to trade creditors for the purchase of raw materials such as aluminium and steel plates to fabricate jigs and dies used for manufacture of hard disk drives, semiconductor and medical equipment components, the purchase of consumables used in operations such as wires and milling tools/drill bits, modules and electronics components for manufacture of automation equipment. Based on our unaudited consolidated financial results for the six (6)-month period ended 30 June 2016, the total amount owing to trade creditors was approximately RM3.46 million.
- (b) Comprising expenses in relation to the upkeep and maintenance of our equipment and machineries.
- (c) Comprising wages to factory workers, salaries to staff, staff remuneration such as allowances and bonuses as well as welfare such as Employees Provident Fund and social security contributions.
- (5) The estimated expenses consist of professional fees, fees payable to relevant authorities, expenses to convene the EGM and other ancillary expenses. Any surplus or shortfall for such expenses will be adjusted accordingly against the amount allocated for the working capital of our Group.

The actual proceeds to be raised from the Rights Issue of Shares with Warrants are dependent on the subscription level of the Rights Issue of Shares with Warrants. Actual proceeds raised in excess of the RM18.05 million under the Minimum Scenario would be targeted by our Company for utilisation in the following priority order:

- (i) extension to existing factory;
- (ii) purchase of equipment and machineries; and
- (iii) working capital of our Group.

Prior to being utilised, the proceeds will be placed in deposits with financial institutions or short-term money market instruments, as decided by our Board. The resulting interest income will be used for our Group's working capital.

The actual proceeds to be raised from the exercise of the Warrants are dependent on the total number of Warrants exercised during the tenure of the Warrants. Such proceeds will be utilised for the working capital of our Group such as purchase of raw materials, payment to trade creditors, upkeep and maintenance of machineries as well as staff costs, with the timing and breakdown to be determined at a later date.

## 6 RISK FACTORS

You and/or your renounees/transferees (if applicable) should consider carefully the following risk factors (which may not be exhaustive) which may have an impact on the future performance of our Group, in addition to other information contained elsewhere in this AP, before subscribing for or investing in the Rights Issue of Shares with Warrants.

### 6.1 Risks relating to our manufacturing business and industry

#### (i) Business risks

Our Group is principally involved in the Existing Business. As such, our Group is subject to risks inherent to the manufacturing business which include, inter-alia, general downturn in global, regional and national economy, entry of new players, shortage of skilled workforce, increase in cost of labour, shortage and fluctuations in cost of raw materials and changes in government policies affecting the manufacturing industry.

There is no assurance that any changes in these risks will not have a material adverse effect on our business and earnings in the future.

#### (ii) Competition

Our Group's products are exposed to competition from various quarters including local and overseas companies particularly those which operate in countries which enjoy lower labour cost *vis-à-vis* Malaysia. Besides cost, quality and punctuality delivery are important requisites of the manufacturing and fabrication of precision parts and precision products (e.g. tooling and dies) as well as components used in medical and other industries such as electronics as well as automation equipment.

Should our Group fail to manage the competition aspect as mentioned above, this may result in loss of revenue which will in turn affect the financial position of our Group.

#### (iii) Foreign exchange risk

Our Group is exposed to foreign exchange risk through the import and export of raw materials and finished products. Our Group supplies our products domestically (15.8% revenue for FYE 2015) as well as to overseas markets such as the United States of America, Thailand and other Asia Pacific countries (46.3%, 29.6% and 8.3% of revenue for FYE 2015, respectively). In addition, our Group's business operation in Thailand through our wholly-owned subsidiary, MPT Solution Co, Ltd, uses Thai Baht for its local sales and for defraying its operating expenses. As such, any fluctuation in foreign exchange rate would have an impact on our Group's profitability and financial performance.

**(iv) Licensing risk**

Our Group's business operations are administered by jurisdiction of the relevant authorities in Malaysia and Thailand with respect to licensing and regulatory matters such as manufacturing and export licenses. The exportation of our Group's products to certain countries is subject to meeting custom's clearance requirements which relate to the exportation of these finished products. There is no assurance that any future changes to the present regulations or introduction of new regulations by the relevant authorities will not have a material impact on our Group's business operations and financial performance.

**(v) Dependency on key personnel**

Our Group's future performance depends, to a significant extent, on the continued efforts and abilities of our Directors and senior management. Accordingly, the loss of any of these individuals without any timely replacement or the inability of our Group to attract new skilled personnel could adversely affect our Group's operations and consequently, our revenue and profitability.

**(vi) Political, economic, regulatory and social conditions**

Any adverse developments in political, economic, regulatory and social conditions in Malaysia and Thailand as well as countries such as the United States of America and other Asia Pacific countries where our Group has business dealings with may materially affect our financial and business prospects. Such uncertainties that could unfavourably affect us include changes in political leadership, war, economic downturn, financial crisis, expropriation, nationalisation, re-negotiation or nullification of existing contracts, changes in interest rates and methods of taxation.

**6.2 Risks relating to our theme park business and industry**

Pursuant to the implementation of the Investment, our Group will be exposed to risks as follows:

**(i) Business risk**

Our Group is subject to risks inherent to the theme park business which includes, inter-alia, the following:

**(a) Changes in consumer preferences and purchasing behaviour for entertainment, leisure and recreational activities may impact the revenue and profitability of theme park operators and/or owners**

Theme parks are tourist attractions, and as such, are heavily dependent on consumer interest, enjoyment and satisfaction to attract new and repeat customers. Consumer preferences may vary according to current popular and trending themes in the entertainment industry. In addition, the age group of the target market for theme parks impacts changes in consumer tastes and preferences. Understanding consumer preferences and purchasing dispositions can have an impact for marketers and provide a longer term advantage for brand and product strategies. Theme park brands and product portfolios can be crafted for specific markets based on consumer spending patterns.

- (b) **Incidents or adverse publicity concerning specific theme parks or the theme park industry in general could harm theme park brands or reputation as well as negatively impact the revenues and profitability of operators and/or owners**

The brand and reputation of a theme park as well as its operators and/or owners are important assets. The ability to attract and retain customers depends, in part, upon the external perceptions of the operators and/or owners, the quality of their theme parks and services and their corporate and management integrity. The operation of theme parks involves the risk of accidents, illnesses, environmental incidents and other incidents which may negatively affect the perception of guest and employee safety, health, security and guest satisfaction and which could negatively impact theme park brands or reputation and business and results of operations. An accident or an injury at any of the theme parks managed by a specific operator and/or owner, or theme parks operated by competitors, particularly accidents or injuries involving the safety of guests and employees, and the media coverage thereof, may harm other theme park brands or reputation, cause a loss of consumer confidence, reduce attendance at theme parks and negatively impact the results of operations.

The considerable expansion in the use of social media over recent years has also compounded the potential scope of the negative publicity that could be generated by such incidents. If any such incident occurs during a time of high seasonal demand, the effect could disproportionately impact the results of operations for the year.

- (c) **Operating costs incurred for the operations and management of theme parks may impact the financial performance of theme park operators and/or owners**

The costs of theme park operations are relatively fixed as the costs for depreciation, full-time employees, maintenance, energy, utilities, advertising and insurance do not vary significantly with theme park attendance. Furthermore, theme park operators are required to comply with stringent safety measures. These safety measures ensure that the equipment used in theme parks are properly designed, installed, maintained, modified and operated according to accepted international standards. The Department of Occupational Safety and Health provides a set of guidelines on the safety management of theme park devices. Testing is to be carried out on all amusement devices, and preventive maintenance programmes and inspection routines are implemented to ensure the safety of the rides, visitors and operators. In addition, the Department of Occupational Safety and Health recommends that a log book is kept, with daily records which includes conditions of the weather, lighting, safety features, structure and mechanical device/ride. These safety measures would result in an increase in the cost of operations for theme parks, which may further impact the profitability of theme parks, should the park be unable to sustain a certain volume of visitor arrival and spend over the long term.

- (d) **Competition may impact revenue and profitability of theme park operators and/or owners**

Successful theme parks focus on product, experience and people in order to remain relevant as well as boost visitor arrivals and revenue. Competitiveness in the industry is dependent on the ability of theme park operators to provide attractive themes, experiences, rides, activities and exhibits that meet consumer demand. The theme park industry is competitive owing to the large pool of theme parks in Malaysia where each theme park offers various experiences, activities, rides and attractions at different price points to target various target markets and differing consumer preferences. The growing supply of theme parks has resulted in increasingly discriminating consumer demands for new and exciting innovations in these attractions.

Any changes to the abovementioned risks may have an adverse effect on our Group's business operations and financial performance.

**(ii) Dependence on theme park operators and our key management personnel**

Our Group's theme park business will be dependent on the abilities, skills, experience, competency and continued efforts of the personnel to be assigned by Sanderson towards the theme park development, management and operations as well as CSPSB maintaining a good working relationship with Sanderson or any other operator appointed to manage and operate the theme park. Accordingly, the loss of any of these personnel without suitable and timely replacement could adversely affect our Group's business operations and consequently, its revenue and profitability.

**(iii) Financing risk**

The Investment and the associated development costs for the theme park will be funded through a combination of proceeds raised from the Rights Issue of Shares with Warrants, bank borrowings and/or internally-generated funds (if any). As at the LPD, our Group has outstanding borrowings amounting to approximately RM9.17 million with various financial institutions.

Additional bank borrowings, if secured, will increase the gearing level and interest expenses to be incurred by our Group. Any adverse movement in the interest rates may have a significant impact on the project costs which would adversely affect our Group's financial performance in the future.

**(iv) Risk of non-obtainment of operating licenses and/or approvals**

Our Group's operation of theme park on the Project Land is subject to the obtainment of various licenses, certificates and permits from authorities. Neither CSSB nor the JVCo has obtained any of the relevant licenses, certificates and permits as at the LPD as applications for the same will only submitted to the relevant authorities after the completion of the respective phases of the theme park. There can be no assurance that the said applications will be approved by authorities. Any failure to obtain such licenses, certificates and permits will have an adverse impact on our ability to operate the theme park and hence will affect our financial performance.

**(v) Risk of delay in or non-completion of the SSA and/or SPA**

Despite the execution of the SSA and SPA, there can be no assurance that the parties to the SSA and/or SPA will fulfil all the conditions stated therein and therefore, the Investment may not be completed. Any delay in or non-completion of the SSA and/or SPA may result in our Group not being able to enjoy the potential benefits arising from the theme park business.

**6.3 Risks relating to the Rights Issue of Shares with Warrants**

**(i) Investment and capital market risk**

The market price of the Rights Shares is influenced by, amongst others, the prevailing market sentiments, the volatility of equity markets, the liquidity of MQ Shares, the outlook for the manufacturing and theme park industries, changes in regulatory requirements or market conditions, the financial performance and fluctuations in our Group's operating results. In addition, the performance of the local stock market (where our Shares are listed) is dependent on the economic and political 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 will trade above the Issue Price for the Rights Shares or TEAP upon or subsequent to the listing of and quotation for the Rights Shares on the ACE Market of Bursa Securities.



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

**(ii) Delay in or failure of the Rights Issue of Shares with Warrants**

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

In this respect, all proceeds arising from the Rights Issue of Shares with Warrants will be refunded without interest to the Entitled Shareholders and/or their renounees/transferees (if applicable) in the event the Rights Issue of Shares with Warrants is aborted and if such monies are not repaid within fourteen (14) days after our Company becomes liable, we will repay such monies with interest at the rate of ten percent (10%) per annum or such other rate as may be prescribed by the SC in accordance with Section 243(2) of the Capital Markets and Services Act 2007. Notwithstanding the above, our Company will exercise our best endeavor to ensure the successful implementation of the Rights Issue of Shares with Warrants. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or abortion of the Rights Issue of Shares with Warrants.

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

**(iii) Potential dilution**

The Entitled Shareholders who do not or are not able to accept their provisional offer of the Rights Shares will have their proportionate ownership and voting interest in our Company reduced and the percentage of our enlarged issued and paid-up share capital represented by their shareholdings in our Company will also be reduced accordingly.

**(iv) Forward-looking statements**

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

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

## 7 INDUSTRY OUTLOOK AND FUTURE PROSPECTS OF OUR GROUP

### 7.1 Overview and outlook of the Malaysian economy

The Malaysian economy grew by 5.0% in 2015 (2014: 6.0%), supported by the continued expansion of domestic demand (2015: 5.1%, 2014: 5.9%). Domestic demand was primarily driven by the private sector. Modest improvements in external demand in the second (2<sup>nd</sup>) half of the year also provided additional impetus to economic growth.

Private consumption continued to expand, albeit at a more moderate pace as households adjusted their spending to the higher cost of living arising from the implementation of GST, adjustments in administrative prices, and the depreciation in the ringgit. Nevertheless, households received some support from the higher cash transfers under the Bantuan Rakyat 1Malaysia scheme, the reduction in individual income tax rates for the 2015 assessment year and savings derived from lower domestic fuel prices during the year. Household spending was also supported by continued income growth and stable labour market conditions. Public consumption recorded a sustained growth of 4.3% in 2015 (2014: 4.4%), reflecting the continued efforts by the Government to provide support to growth, while remaining committed to the steady reduction in the fiscal deficit.

On the supply side, all major economic sectors registered more moderate growth, with the exception of the mining sector. The moderation reflected the slower expansion of activity in industries catering to domestic demand. However, export-oriented manufacturing and trade-related services benefited from the modest improvement in external demand.

Overall, the Malaysian economy is expected to grow by 4 – 4.5% in 2016 (2015: 5.0%). Domestic demand will continue to be the principal driver of growth, sustained primarily by private sector spending. The pace of expansion in domestic demand, however, is expected to be more moderate amid ongoing adjustments by consumers and investors to the challenging economic environment. Private consumption growth is projected to trend below its long-term average, as households continue to make expenditure adjustments in response to the lingering effects of the GST implementation, and changes in administered prices. Household spending will also be affected by weaker consumer sentiments due to the uncertain conditions in the labour and financial markets. These moderating effects, however, will be partially offset by continued growth in income, employment and some support from Government measures targeted at enhancing households' disposable income. In an environment of prolonged uncertainty and cautious business sentiments, private investment growth is projected to be less buoyant compared to its performance over the past five years, when it registered an average growth of 12.2%. Private sector capital spending is expected to be underpinned by the implementation of ongoing and new investment projects in the manufacturing and services sectors.

*(Source: BNM Annual Report 2015, BNM)*

The Malaysian economy registered a growth of 4.0% in the second quarter of 2016 (1Q 2016: 4.2%). Despite the stronger expansion in domestic demand, growth was weighed down by the continued decline in net exports and a significant drawdown in stocks. On the supply side, growth continued to be driven by the major economic sectors. On a quarter-on-quarter seasonally-adjusted basis, the economy recorded a growth of 0.7% (1Q 2016: 1.0%).

*(Source: Economic and Financial Developments in the Malaysian Economy in the Second (2<sup>nd</sup>) Quarter of 2016, BNM)*

## 7.2 Overview and outlook of the manufacturing industry in Malaysia

The manufacturing sector expanded by 4.9% in 2015 (2014: 6.2%), attributable mainly to the continued strength of the export-oriented industries. The performance of the export-oriented industries was primarily driven by strong production growth in the E&E cluster, particularly in the consumer-based electrical segment and selected semiconductor components. Growth was further supported by the primary-related cluster due mainly to sustained regional demand for chemical products. The domestic-oriented industries, however, moderated mainly as a result of slower growth in the consumer-related cluster.

Growth in the manufacturing sector is expected to moderate in 2016 mainly due to slower expansion in the export-oriented industries. While the E&E cluster will remain supportive of growth, the weakening demand from emerging market economies and the strength of the USD is likely to weight down on global demand for electronic goods.

With the modest growth in demand from the advanced economies, investment in the manufacturing sector is expected to be driven by the expansion of capacity in the export-oriented manufacturing industries such as E&E and resource-based manufacturers. Furthermore, manufacturers are also expected to increase their capital spending to support the adoption of automation in order to increase efficiency and productivity, given the more competitive business environment.

*(Source: BNM Annual Report 2015, BNM)*

The manufacturing sector expanded by 4.1% in the second quarter (1Q 2016: 4.5%). Growth in the export-oriented industries benefited mainly from the higher production of semiconductors and petrochemical-related products. The domestic-oriented industries were supported by sustained production of food and beverages and construction-related materials. Motor vehicle output, on the other hand, remained weak

*(Source: Economic and Financial Developments in the Malaysian Economy in the Second (2<sup>nd</sup>) Quarter of 2016, BNM)*

The manufacturing sector is expected to grow by 4.1% in 2016 (2015: 4.9%).

*(Source: Fiscal and Economic Data, Real Sector – Gross Domestic Product by Sector (updated as at May 2016), Ministry of Finance Malaysia)*

In the Eleventh (11<sup>th</sup>) Malaysia Plan, the manufacturing sector will transition towards more high-value, diverse and complex products, driven by three (3) catalytic subsectors, namely chemicals, electrical and electronic (E&E) and machinery & equipment (M&E) as well as industries with high potential growth such as medical devices and aerospace. These subsectors have strong interlinkages to other manufacturing subsectors and have demonstrated capabilities and potential to deliver more complex and high value added products. The manufacturing sector is expected to grow at 5.1% per annum, contributing 22.1% to gross domestic product and 18.2% of total employment in 2020.

*(Source: Eleventh (11<sup>th</sup>) Malaysia Plan, Economic Planning Unit, Prime Minister's Department)*

### 7.3 Overview of the theme park industry in Malaysia

Theme parks in Malaysia are of varying themes, and include parks with rides, activities, attractions and games purely for entertainment and/or for educational entertainment purposes, or edutainment. These theme parks may be indoors, outdoors or a combination of both, and may be a land-based theme park, a water-based theme park, or a combination of both. Generally, a single admission fee is charged for all rides and attractions. These parks may either be standalone parks or integrated parks, where the latter is operated as a resort with accommodation facilities, thereby allowing integrated parks to attract excursionists and overnight visitors. In Malaysia, theme parks are largely concentrated in Peninsular Malaysia.

Malaysia is becoming an increasingly popular theme park destination in the Southeast Asia region, with upcoming theme parks due for completion over the next few years. Theme parks in Malaysia are predominantly located in the states of Johor, Malacca, Penang and Selangor. In addition to the new and upcoming theme parks, several established theme park operators have collaborated with international networks, thus attracting tourists and boosting the growth of the theme park industry in Malaysia.

The theme park industry in Malaysia, based on the total revenue of theme parks in the country, has increased from RM184.0 million in 2010 to RM450.9 million in 2015 at a CAGR of 19.6%. These theme parks are primarily located in Peninsular Malaysia, with revenue comprising income from entrance/admission fees, food and beverages, accommodation and the sales of merchandise. Growth in the theme park industry in Malaysia during the period of 2010 and 2014 was driven by the launching of new theme parks and the expansion of existing theme parks in the country. The theme park industry witnessed its greatest growth in 2012 where it registered a year-on-year growth rate of 40.5%, largely due to the opening of LEGOLAND Malaysia, the first LEGOLAND theme park to open in Asia.

#### Tourism industry in Malaysia – total revenue of theme park operators and/or owners in Malaysia

Year	Total revenue of theme park operators and/or owners (RM million)
2010	184.0
2011	248.9
2012	349.6
2013	471.7
2014	446.4
2015	450.9
CAGR	19.6%

Source: Companies Commission of Malaysia

Theme parks are an important component of Malaysia's tourism industry, where it is classified as a cultural, sports and recreation activities establishment carrying out tourism-related activities for visitors. Between 2010 and 2014, tourism expenditure for cultural, sports and recreational services in Malaysia increased from RM2.2 billion to RM2.6 billion at a CAGR of 4.5%, where growth was largely driven by the increase in domestic tourism expenditure which rose from RM383.2 million to RM928.6 million at a CAGR of 24.8%. Inbound tourism refers to activities by a non-resident visitor within Malaysia on an inbound trip while domestic tourism refers to activities by a resident visitor within Malaysia either as part of a domestic trip or part of an outbound trip. Collectively, inbound tourism and domestic tourism are also known as internal tourism.

The volume of inbound visitor arrivals in Malaysia increased from 32.7 million in 2010 to 35.7 million in 2013 at a CAGR of 3.0%. During the same period, foreign tourist arrivals faced a similar upward trend, growing from 24.6 million to 25.7 million at a CAGR of 1.5%, while inbound excursionist arrivals increased from 8.1 million to 10.0 million in 2013 at a CAGR of 7.3%. Foreign tourist arrivals formed approximately 72.0% of total inbound visitor arrivals in Malaysia in 2013, while inbound excursionist arrivals comprised the remaining 28.0%. In 2014, foreign tourist arrivals further increased to 27.4 million, before experiencing a dip in 2015 to 25.7 million. Malaysia's tourism sector faced a challenging period in 2014 and 2015 arising from aviation incidents, security concerns, natural disasters (namely flooding and earthquake) as well as the challenging external economic environment, which collectively affected tourist arrivals in 2015.

#### Tourism industry in Malaysia – foreign visitor arrivals in Malaysia <sup>a</sup>

Year	Foreign visitor arrivals ('000)		
	Tourist arrivals ('000)	Excursionist arrivals ('000)	Total ('000)
2010	24,577.2	8,092.0	32,669.2
2011	24,714.3	8,048.5	32,762.8
2012	25,032.7	8,685.9	33,718.6
2013	25,715.5	9,988.5	35,704.0
2014	27,437.3	Not available	Not available
2015	25,721.3	Not available	Not available
<b>CAGR 2010 - 2013</b>	<b>1.5%</b>	<b>7.3%</b>	<b>3.0%</b>

<sup>a</sup> Latest available data as at 14 October 2016

Source: Department of Statistics Malaysia

While Malaysia is a destination which is visited by tourists from various regions, a large majority of its tourist arrivals are from the surrounding Asia region, comprising approximately 90.8% of the nation's tourist arrivals in 2015. In the same year, tourist arrivals from neighbouring country Singapore were the highest among all countries at 12.9 million arrivals or approximately 50.3% of total tourist arrivals in Malaysia. This was followed by Indonesia with 2.8 million tourist arrivals, People's Republic of China (including Hong Kong and Macau) with 1.7 million, Thailand with 1.3 million, and Brunei Darussalam with 1.1 million.

(Source: Independent Market Research Report, Smith Zander)

#### 7.4 Overview of the theme park industry in Melaka

The state of Melaka which has an area of approximately 1,650 square miles, is located in the southern region of Malaysia. In 2008, Melaka was designated as a UNESCO World Heritage site due to its culture, history and mostly preserved early architecture, thereby making Melaka one (1) of the top tourist destinations in Malaysia. As such, tourist arrivals in Melaka has been on an upward trend, growing at a CAGR of 8.6% from 10.4 million in 2010 to 15.7 million in 2015.

Melaka serves as a popular destination for foreign and domestic tourists, with many domestic tourists visiting Melaka for a day trip or a weekend trip duration. While tourists to Melaka are predominantly domestic tourists, the number of foreign tourists to this state has been increasing. Between 2010 and 2015, foreign tourist arrivals more than doubled from 2.2 million to 4.5 million at a CAGR of 15.4%, while domestic tourist arrivals increased from 8.2 million to 11.3 million at a CAGR of 6.6%. Foreign tourists formed approximately 28.0% of tourist arrivals in Melaka in 2015, while domestic tourists comprised the remaining 72.0%.

A large proportion of tourist arrivals to Melaka, comprising domestic and foreign tourists, are from the Asia region that collectively formed approximately 95.5% (15.0 million tourists) of the state's tourist arrivals in 2015. Foreign tourists that visited Melaka during this period were primarily from Singapore, People's Republic of China, Indonesia, Taiwan and Japan. In 2015, Melaka recorded 1.5 million tourist arrivals from Singapore, 0.9 million from People's Republic of China, 0.6 million from Indonesia and 0.1 million each from Taiwan and Japan. These countries contributed approximately 9.6%, 5.7%, 3.8%, 0.6% and 0.6% of total tourist arrivals in Melaka respectively. In line with the growth in visitor arrivals, Melaka's tourism receipts witnessed an increase from RM6.3 million in 2010 to RM12.0 million in 2014 at a CAGR of 17.5%. In 2015, Malacca's tourism receipts further increased to RM16.8 million in 2015, registering a CAGR of 21.7% for the period 2010 to 2015.

Tourism expenditure in Melaka is derived from tourism-related activities in eight (8) segments, namely accommodation, food and beverage; shopping; transportation; entertainment/organised tour; domestic affairs; sightseeing; and others. The entertainment/organised tour segment, which also includes expenditure on theme parks, witnessed an increase in tourism expenditure from approximately RM395,110 in 2010 to approximately RM444,490 in 2014 at a CAGR of 3.0%.

#### Tourism industry in Melaka – tourism expenditure in Melaka <sup>a</sup>

Year	Total tourism expenditure (RM million)	Expenditure on entertainment/organised tour (RM '000) <sup>#</sup>
2010	6.3	395.1
2011	7.6	474.5
2012	9.1	273.2
2013	11.0	340.9
2014	12.0	444.5
2015	16.8	Not available
<b>CAGR</b>	<b>17.5%</b>	<b>3.0%</b>

<sup>a</sup> Latest available data as at 14 October 2016

<sup>#</sup> Includes expenditure on theme parks

Source: Melaka Tourism Promotion Division

(Source: Independent Market Research Report, Smith Zander)

## 7.5 Prospects of our Group

Our Group recorded LAT of approximately RM7.03 million (audited) and RM1.52 million (audited) for the FYEs 2014 and 2015 respectively, as detailed in Appendix II, Section 7 of this AP. Taking cognisance of this, our Group is taking the following measures to improve our financial position:

### (i) Securing more orders from existing and new customers to sustain our Group's business and future profitability

As part of our Group's plan to increase sales, our Group is making efforts to reduce our existing reliance on the hard disk drive industry, by producing components used for medical industries and other industries such as electronics as well as automation equipment.

As at the LPD, our Group has also secured sales orders from the following customers:

Description	Sales orders secured for the FYE 2016 (up to the LPD) (RM'000)
Production of components for medical industries for customers based in Malaysia	998
Production of dies, tooling and precision components in relation to non-hard disk drive sector for customers based outside Malaysia	2,969

In addition, our Group is also presently negotiating to manufacture automation equipment for a potential customer (a multinational manufacturer with local and overseas operations), with the outcome to be decided.

Furthermore, as stated in Section 5 of this AP, our Group intends to extend the Penang Factory as well as purchase more equipment and machineries to cater for the expansion of its production capacity to produce larger precision parts and fabricate precision products and components to be used in medical and other industries in line with our plan to increase sales.

**(ii) Improvement to the operating cost and efficiency of our Group**

Our Group has implemented several measures to cut costs, including the reduction of headcount to support current levels of operations, reducing outsourcing and instead utilising more of our internal production capacity and reviewing the manufacturing process flow to improve delivery times and reduce labour hours. These measures are intended to improve the operating cost and efficiency of our Group to enable us to achieve the necessary competitive edge in the market.

**(iii) Business diversification to include the development and business of theme park**

On 19 January 2016, TA Securities announced the Investment and Diversification on behalf of our Board.

The Investment and Diversification will enable our Group to participate in the development and business of a theme park which is expected to provide an additional source of income for our Group after taking into consideration the prospects and outlook of the theme park industry in Malaysia and specifically Melaka as set out in Sections 7.3 and 7.4 of this AP respectively as well as the prospects of the Project Land as set out below.

Prospects of the Project Land

The Project Land is easily accessible from several towns and city centres i.e. Kuala Lumpur and Seremban via the North-South Highway bound, to Melaka town centre.

The neighbourhood is generally residential and commercial in character comprising individually-designed detached houses, semi-permanent village dwellings, condominiums and terraced shop-houses.

Notable landmarks located to the west of the Project Land are Klebang Beach Resort, Ocean Palms Condominium, Everly Resort and Melaka Club. Located to the east are Kondominium Klebang Delima, Selat Horizon Condominium and Oriental Melaka Straits Medical Centre.

*(Source: Valuation Report)*

In addition, our Group has observed that the tourism industry growth in Malaysia and particularly Melaka offers sustainable and long term growth opportunities for our Group's proposed theme park business due to the rising income levels and affluence of the population; growth in Malaysia's tourism industry, and initiatives by the Government of Malaysia to boost the tourism industry, including the theme park industry.

After taking into consideration the steps taken by our Group as detailed in items (i) and (ii) above as well as the prospects and outlook of the manufacturing industry in Malaysia as set out in Section 7.2 of this AP, the financial performance and position of our Group are expected to improve. In addition, premised on the steps taken by our Group as detailed in item (iii) above, our Board is of the view that the prospects of the Project Land and the proposed theme park business are favourable.

## 8 EFFECTS OF THE RIGHTS ISSUE OF SHARES WITH WARRANTS

### 8.1 Issued and paid-up share capital

The Investment will not have any effect on our Company's issued and paid-up share capital.

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

Issued and paid-up MQ Shares	Minimum Scenario		Maximum Scenario	
	No. of MQ Shares	RM	No. of MQ Shares	RM
As at the LPD	139,490,179	13,949,018	139,490,179	13,949,018
Rights Shares issued	180,470,000	18,047,000	418,470,537	41,847,054
Shares issued upon full exercise of Warrants	319,960,179	31,996,018	557,960,716	55,796,072
	120,313,333	12,031,333	278,980,358	27,898,036
SIS Shares issued	440,273,512	44,027,351	836,941,074	83,694,108
	132,082,053	13,208,205	251,082,322	25,108,232
<b>Enlarged</b>	<b>572,355,565</b>	<b>57,235,556</b>	<b>1,088,023,396</b>	<b>108,802,340</b>

The SIS is not expected to have any immediate effect on our Company's issued and paid-up share capital, which will increase depending on the number of new MQ Shares to be issued if and when the SIS Options are exercised.

[The rest of this page is intentionally left blank]



## 8.2 NA, NTA and gearing

The Investment will not have any effect on our Group's NA, NTA and gearing.

The pro forma effects of the Rights Issue of Shares with Warrants and SIS on the NA, NTA and gearing of our Group based on the audited consolidated financial statements of our Company as at 31 December 2015 are as follows:

### Minimum Scenario

	(Audited) As at 31 December 2015 (RM)	(I) After Subsequent Events <sup>(2)</sup> (RM)	(II) After (I) and the Rights Issue of Shares with Warrants (RM)	(III) After (II) and assuming full exercise of the Warrants <sup>(6)</sup> (RM)
Share capital	27,898,071	13,949,018	31,996,018	44,027,351
Share premium	8,257,853	8,257,853	7,097,853 <sup>(3)</sup>	7,097,853
Currency translation reserve	971,200	971,200	971,200	971,200
Asset valuation reserve	6,315,268	6,315,268	6,315,268	6,315,268
Warrant reserve	-	-	5,430,071 <sup>(4)</sup>	-
Other reserve	-	-	(5,430,071) <sup>(5)</sup>	-
Accumulated losses	(16,750,042)	(2,800,989)	(2,800,989)	(2,800,989)
<b>Shareholders' funds / NA</b>	<b>26,692,350</b>	<b>26,692,350</b>	<b>43,579,350</b>	<b>55,610,683</b>
No. of MQ Shares in issue	278,980,707	139,490,179	319,960,179	440,273,512
NA per MQ Share (RM)	0.10	0.19	0.14	0.13
NTA per MQ Share (RM)	0.10	0.19	0.14	0.13
Total borrowings	5,299,778	5,299,778	5,299,778	5,299,778
Gearing <sup>(1)</sup> (times)	0.20	0.20	0.12	0.10

Notes:

- (1) Being the total borrowings divided by shareholders' funds / NA.
- (2) Taking into consideration of the completion of the Par Value Reduction and Share Consolidation on 22 August 2016 and 14 September 2016 respectively.
- (3) Based on the issue price of Rights Shares of RM0.10 each and after the deduction of RM1,160,000 as the estimated expenses relating to the Corporate Exercises.
- (4) With the issuance of 120,313,333 Warrants at a fair value of RM0.066 each, computed using the Black Scholes Model and proportionately adjusted to the TEAP of the Rights Share of RM0.1027 on the basis of two (2) Warrants for every three (3) Rights Shares.
- (5) Other reserve is created as the corresponding entry to the warrant reserve. The warrant reserve amount will be reversed against the other reserve upon the exercise or expiry of the Warrants.
- (6) Assuming the full exercise of 120,313,333 Warrants into 120,313,333 new MQ Shares at an exercise price of RM0.10 each.

**Maximum Scenario**

	(Audited) As at 31 December 2015 (RM)	(I) After Subsequent Events <sup>(2)</sup> (RM)	(II) After (I) and Rights Issue of Shares with Warrants (RM)	(III) After (II) and assuming full exercise of the Warrants <sup>(6)</sup> (RM)
Share capital	27,898,071	13,949,018	55,796,072	83,694,108
Share premium	8,257,853	8,257,853	7,097,853 <sup>(3)</sup>	7,097,853
Currency translation reserve	971,200	971,200	971,200	971,200
Asset valuation reserve	6,315,268	6,315,268	6,315,268	6,315,268
Warrant reserve	-	-	12,591,149 <sup>(4)</sup>	-
Other reserve	-	-	(12,591,149) <sup>(5)</sup>	-
Accumulated losses	(16,750,042)	(2,800,989)	(2,800,989)	(2,800,989)
Shareholders' funds / NA	<b>26,692,350</b>	<b>26,692,350</b>	<b>67,379,404</b>	<b>95,277,440</b>
No. of MQ Shares in issue	278,980,707	139,490,179	557,960,716	836,941,074
NA per MQ Share (RM)	0.10	0.19	0.12	0.11
NTA per MQ Share (RM)	0.10	0.19	0.12	0.11
Total borrowings	5,299,778	5,299,778	5,299,778	5,299,778
Gearing <sup>(1)</sup> (times)	0.20	0.20	0.08	0.06

Notes:

- (1) Being the total borrowings divided by shareholders' funds / NA.
- (2) Taking into consideration of the completion of the Par Value Reduction and Share Consolidation on 22 August 2016 and 14 September 2016 respectively.
- (3) Based on the issue price of Rights Shares of RM0.10 each and after the deduction of RM1,160,000 as the estimated expenses relating to the Corporate Exercises.
- (4) With the issuance of 278,980,358 Warrants at a fair value of RM0.066 each, computed using the Black Scholes Model and proportionately adjusted to the TEAP of the Rights Share of RM0.1027 on the basis of two (2) Warrants for every three (3) Rights Shares.
- (5) Other reserve is created as the corresponding entry to the warrant reserve. The warrant reserve amount will be reversed against the other reserve upon the exercise or expiry of the Warrants.
- (6) Assuming the full exercise of 278,980,358 Warrants into 278,980,358 new MQ Shares at an exercise price of RM0.10 each.

The effects of the SIS on our Group's NA would depend on factors such as the number of SIS Options granted and the fair value of the SIS Options after taking into account, *inter alia*, the Subscription Price as well as any vesting conditions. Whilst the granting of the SIS Options under the SIS is expected to result in recognition of a charge in the statement of comprehensive income of our Group pursuant to the MFRS-2 as issued by the Malaysian Accounting Standards Board, the recognition of such MFRS-2 charge would not affect the NA of our Group as the corresponding amount will be classified as an equity compensation reserve which forms part of the shareholders' equity.

If none of the granted SIS Options are exercised within the duration of the SIS, the amount outstanding in the said equity reserve would be transferred into our Company's retained earnings/accumulated losses. On the other hand, if the granted SIS Options are exercised, the amount outstanding in the said equity reserve would be transferred into the share premium account of our Company.

The SIS will not have any immediate effect on the consolidated NA per MQ Share until such time when the SIS Options granted under the SIS are exercised. The consolidated NA per MQ Share following the exercise of the SIS Options will increase if the Subscription Price exceeds the consolidated NA per MQ Share at the point of exercise of the SIS Options and conversely will decrease if the Subscription Price is below the consolidated NA per MQ Share at the point of the exercise of the SIS Options.

The SIS is not expected to have an immediate effect on our Group's gearing level until such time when the SIS Options granted are exercised. The effect on the gearing will depend on the change in the NA, which in turn will depend on the actual number of SIS Shares to be issued as well as the Subscription Price payable upon the exercise of the SIS Options.

### **8.3 Earnings and EPS**

As the theme park is expected to contribute to our Group's future earnings only after its planned commencement of operations in the first (1<sup>st</sup>) quarter of 2017, the Investment will not have any material effect on the consolidated earnings of our Group for the FYE 31 December 2016.

The Rights Issue of Shares with Warrants will not have any immediate material effect on the earnings and EPS of our Group for the FYE 2016 as the proceeds raised will only be utilised between three (3) to eighteen (18) months after the listing of the Rights Shares. Once the benefits from the utilisation of the proceeds are realised, positive contribution to the earnings of our Group are expected in the coming financial years.

The SIS is not expected to have any immediate material effect on the earnings of our Group for the FYE 2016, save for the possible impact of the MFRS-2 upon granting of the SIS Options. However, any potential effect on the EPS of our Group in the future would depend on the impact of MFRS-2, the number of SIS Options exercised as well as the utilisation of the proceeds arising therefrom.

Under the MFRS-2, the potential cost arising from the issuance of the SIS Options, which is measured by the fair value of the SIS Options after taking into account, *inter-alia*, the number of SIS Options granted and vested and the Subscription Price, will need to be measured at the grant date and to be recognised as an expense over the vesting period, and therefore may affect the future earnings of our Group, the quantum of which can be determined only at the grant date. However, the estimated cost does not represent a cash outflow by our Company as it is merely an accounting treatment.

Our Company has taken note of the potential impact of MFRS-2 on our Group's future earnings and shall take into consideration such impact in the allocation and granting of the SIS Options to the Eligible Persons.

However, the EPS of our Group will be diluted because of our enlarged issued and paid-up share capital arising from the issuance of Rights Shares and new MQ Shares to be issued if and when the Warrants and SIS Options are exercised in the future.

The effects of any exercise of Warrants and SIS Options on the EPS of the MQ Group would depend on the returns to be generated by the MQ Group from utilisation of the proceeds from the exercise of the Warrants and SIS Options.

For illustration purposes, assuming the Rights Issue of Shares with Warrants is completed on 1 January 2015, being the commencement date for the FYE 31 December 2015, the EPS of our Group shall be as follows:

#### Minimum Scenario

	(Audited) As at 31 December 2015	(I) After Subsequent Events <sup>(1)</sup>	(II) After (I) and the Rights Issue of Shares with Warrants	(III) After (II) and assuming full exercise of the Warrants
LAT attributable to our equity holders (RM)	(1,523,789)	(1,523,789)	(1,523,789)	(1,523,789)
No. of MQ Shares in issue	278,980,707	139,490,179	319,960,179	440,273,512
No. of Warrants in issue	-	-	120,313,333	-
Basic LPS (sen)	(0.58)	(1.09)	(0.48)	(0.35)
Diluted LPS (sen)	N/A <sup>(2)</sup>	N/A <sup>(2)</sup>	N/A <sup>(3)</sup>	N/A <sup>(2)</sup>

Notes:

- (1) Taking into consideration of the completion of the Par Value Reduction and Share Consolidation on 22 August 2016 and 14 September 2016 respectively.
- (2) Not applicable as our Company does not have any dilutive potential ordinary shares.
- (3) Not applicable as the effect arising from the assumed exercise of the Warrants are anti-dilutive on the LPS for the FYE 31 December 2015.

#### Maximum Scenario

	(Audited) As at 31 December 2015	(I) After Subsequent Events <sup>(1)</sup>	(II) After (I) and the Rights Issue of Shares with Warrants	(III) After (II) and assuming full exercise of the Warrants
LAT attributable to our equity holders (RM)	(1,523,789)	(1,523,789)	(1,523,789)	(1,523,789)
No. of MQ Shares in issue	278,980,707	139,490,179	557,960,716	836,941,074
No. of Warrants in issue	-	-	278,980,358	-
Basic LPS (sen)	(0.58)	(1.09)	(0.27)	(0.18)
Diluted LPS (sen)	N/A <sup>(2)</sup>	N/A <sup>(2)</sup>	N/A <sup>(3)</sup>	N/A <sup>(2)</sup>

Notes:

- (1) Taking into consideration of the completion of the Par Value Reduction and Share Consolidation on 22 August 2016 and 14 September 2016 respectively.
- (2) Not applicable as our Company does not have any dilutive potential ordinary shares.
- (3) Not applicable as the effect arising from the assumed exercise of the Warrants are anti-dilutive on the LPS for the FYE 31 December 2015.

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

### 9.1 Working capital

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

### 9.2 Borrowings

As at the LPD, our Group has total outstanding borrowings of RM9.17 million, all of which are interest-bearing and from local financial institutions, details of which are as follows:

	As at the LPD (RM'000)
<b>Short-term borrowings:</b>	
Finance lease liabilities	75
Term loans	6,167
<b>Long-term borrowings:</b>	
Finance lease liabilities	343
Term loans	2,583

There is no non-interest bearing and foreign currency denominated borrowings as at the LPD.

There was no default on payment of either interest or principal sums in respect of any borrowing, throughout the past one (1) FYE 31 December 2015, and the subsequent financial period up to the LPD.

### 9.3 Contingent liabilities

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

Company level	As at the LPD (RM'000)	As at 31 December 2015 (RM'000)
Corporate guarantee given to licensed banks for banking facilities <sup>(1)</sup> granted to our subsidiary, Microlead Precision Technology Sdn Bhd:		
- Limit	13,149	9,595
- Utilisation	9,168	4,614

Note:

(1) The breakdown of the banking facilities is as follows:

Type of banking facilities	Purposes	Amount utilised as at the LPD (RM'000)
Term loans	Working capital such as purchase of raw materials	8,750
Finance lease liabilities	Purchase of machinery and motor vehicles	418
		9,168

**9.4 Material commitments**

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

(RM'000)

Subscription Consideration 15,900

Our Group intends to satisfy the abovementioned material commitment via proceeds from the Rights Issue of Shares with Warrants.

**10. TERMS AND CONDITIONS**

The issuance of the Rights Shares with Warrants pursuant to the Rights Issue of 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.

**11. FURTHER INFORMATION**

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

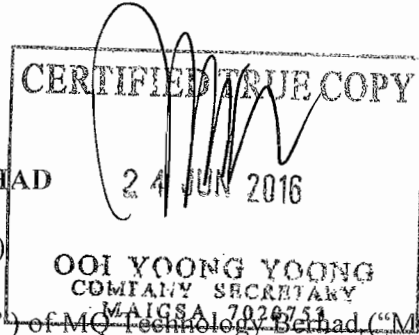
Yours faithfully  
For and behalf of the Board of  
**MQ TECHNOLOGY BERHAD**



**TEH ENG HUAT**  
Executive Director

**CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE OF SHARES WITH WARRANTS PASSED AT OUR EGM HELD ON 13 JUNE 2016**

**MQ TECHNOLOGY BERHAD**  
(Company No. 635804-H)  
(Incorporated in Malaysia)



Extract of Minutes of the Extraordinary General Meeting (“EGM”) of MQ Technology Berhad (“MQ” or “the Company”) held at the Conference Room of MQ, Plot 86-B, Lintang Bayan Lepas 9, Bayan Lepas Industrial Park 4, 11900 Bayan Lepas, Penang on Monday, 13 June 2016 at 10.30 a.m.

**1. SPECIAL RESOLUTION 1**

**PROPOSED REDUCTION OF THE ISSUED AND PAID-UP SHARE CAPITAL OF MQ VIA THE CANCELLATION OF RM0.05 OF THE PAR VALUE OF THE ORDINARY SHARE OF RM0.10 EACH TO RM0.05 EACH IN MQ PURSUANT TO SECTION 64 OF THE COMPANIES ACT, 1965 (“PROPOSED PAR VALUE REDUCTION”)**

The Meeting resolved to pass the following Special Resolution 1 on Proposed Par Value Reduction:

“THAT subject to the passing of Ordinary Resolution 3, the sanction of the High Court of Malaya pursuant to Section 64 of the Companies Act, 1965 and the approvals being obtained from the relevant authorities, if any, approval be and is hereby given to the Company to effect a reduction in the par value of all existing ordinary shares of RM0.10 each in the Company to RM0.05 each in the Company and the credit arising therefrom shall be utilised by the Company to offset against its accumulated losses (at Company level) with the surplus balance to be credited to retained earnings of the Company, for the purposes of being distributed, capitalised or set-off against any future accumulated losses, as will be determined by the Board and as permitted under relevant and applicable laws and the Memorandum and Articles of Association of MQ.

AND THAT the Board of Directors of MQ (“Board”) be and is hereby authorised to do all such acts and things that they may consider necessary or expedient to give effect to the Proposed Par Value Reduction with full power to assent to any term, condition, modification, variation and/or amendment as may be imposed or permitted by the High Court of Malaya and/or as a consequence of any such requirement or as may be deemed fit, necessary, expedient and/or appropriate and in the best interest of our Company.”

**2. SPECIAL RESOLUTION 2**

**PROPOSED AMENDMENT TO THE MEMORANDUM OF ASSOCIATION OF MQ (“PROPOSED MOA AMENDMENT”)**

The Meeting resolved to pass the following Special Resolution 2 on Proposed MOA Amendment:

“THAT subject to the passing of Ordinary Resolutions 4 and 14, approval be and is hereby given to the Company to alter, modify, vary and delete the Memorandum of Association of the Company in the following manner:

**CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE OF SHARES WITH WARRANTS PASSED AT OUR EGM HELD ON 13 JUNE 2016 (CONT'D)**

**MQ TECHNOLOGY BERHAD** (Company No. 635804-H)  
Extract of Minutes of Extraordinary General Meeting held on 13 June 2016

Memorandum of Association		
Clause No	Existing provision	Proposed provision
VI	The share capital of the Company is <u>RM50,000,000/-</u> divided into <u>500,000,000</u> shares of RM0.10 each. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.	The share capital of the Company is <u>RM200,000,000/-</u> divided into <u>2,000,000,000</u> shares of RM0.10 each. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.

AND THAT the Board be and is hereby authorised to do or procure to be done all acts, deeds and things and execute, sign and deliver on behalf of the Company, all such documents as it may deem necessary, expedient and/or appropriate to implement, give full effect of the Proposed MOA Amendment with full power to assent to any term, condition, modification, variation and/or amendment as the Board may deem fit, necessary, expedient, appropriate, and/or as may be required by any relevant authorities in connection with the Proposed MOA Amendment.”

#### 4. ORDINARY RESOLUTION 1

**PROPOSED JOINT VENTURE BETWEEN MQ'S WHOLLY-OWNED SUBSIDIARY, STAR ACRES SDN BHD (“SASB”), AND CASH SUPPORT SDN BHD (“CSSB”) TO DEVELOP AND CARRY ON THE BUSINESS OF THEME PARK (“PROPOSED INVESTMENT”)**

The Meeting resolved to pass the following Ordinary Resolution 1 on Proposed Investment:

“THAT subject to the passing of Special Resolutions 1 and 2, Ordinary Resolutions 2, 3, 4 and 14 and approvals being obtained from the relevant authorities, if required, approval be and is hereby given to SASB to subscribe for 13,566,000 new ordinary shares of RM1.00 each in Cash Support Property Sdn Bhd (“CSPSB”), representing 51% of the enlarged issued and paid-up share capital of CSPSB for a total subscription consideration of RM15,900,000, subject to and upon the terms and conditions set out in the subscription and shareholders’ agreement dated 19 January 2016 entered into between SASB and CSSB in relation to the Proposed Investment.

AND THAT the Board be authorised to do all such acts and things and to execute all necessary documents to give effect to the Proposed Investment with full and discretionary powers to make or assent to any modifications or amendments thereto in any manner they may deem fit, necessary or expedient in order to comply with any conditions or modifications which may be imposed or permitted by the relevant authorities.”



**CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE OF SHARES WITH WARRANTS PASSED AT OUR EGM HELD ON 13 JUNE 2016 (CONT'D)**

**MQ TECHNOLOGY BERHAD** (Company No. 635804-H)

Extract of Minutes of Extraordinary General Meeting held on 13 June 2016

**5. ORDINARY RESOLUTION 2**

**PROPOSED DIVERSIFICATION OF THE EXISTING BUSINESS OF MQ AND ITS SUBSIDIARIES (“MQ GROUP”) TO INCLUDE THE DEVELOPMENT AND BUSINESS OF THEME PARK (“PROPOSED DIVERSIFICATION”)**

The Meeting resolved to pass the following Ordinary Resolution 2 on Proposed Diversification:

“THAT subject to the passing of Special Resolutions 1 and 2, Ordinary Resolutions 1, 3, 4 and 14 and the approvals being obtained from the relevant authorities, if any, approval be and is hereby granted to MQ and its subsidiaries to diversify its principal activities to include the development and business of theme park.

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

**6. ORDINARY RESOLUTION 3**

**PROPOSED SHARE CONSOLIDATION OF EVERY TWO (2) ORDINARY SHARES OF RM0.05 EACH INTO ONE (1) NEW ORDINARY SHARE OF RM0.10 EACH IN MQ (“MQ SHARE” OR “SHARE”) AFTER THE PROPOSED PAR VALUE REDUCTION (“PROPOSED SHARE CONSOLIDATION”)**

The Meeting resolved to pass the following Ordinary Resolution 3 on Proposed Share Consolidation:

“THAT subject to and conditional upon the passing of the Special Resolution 1 and the approvals being obtained from the relevant authorities, if any, approval be and is hereby given to the Company to give effect to the consolidation of every two (2) MQ Shares of RM0.05 each into one (1) new MQ Share of RM0.10 each (“Consolidated Share”) subsequent to the Proposed Par Value Reduction.

THAT the Consolidated Shares shall, upon allotment and issuance, rank pari passu in all respects with one another. Fractional entitlements arising from the Proposed Share Consolidation shall be disregarded and dealt with by the Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of the Company.

AND THAT the Board be and is hereby authorised to do all such acts and things that they may consider necessary or expedient in the best interest of the Company to give effect to the Proposed Share Consolidation with full power to assent to any term, condition, modification, variation and/or amendment as may be imposed or required by the relevant authorities.”

**7. ORDINARY RESOLUTION 4**

**PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 418,471,060 MQ SHARES (“RIGHTS SHARES”) ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY ONE (1) EXISTING MQ SHARE HELD, TOGETHER WITH UP TO 278,980,706 FREE**

**CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE OF SHARES WITH WARRANTS PASSED AT OUR EGM HELD ON 13 JUNE 2016 (CONT'D)****MQ TECHNOLOGY BERHAD** (Company No. 635804-H)

Extract of Minutes of Extraordinary General Meeting held on 13 June 2016

**DETACHABLE WARRANTS (“WARRANTS”) ON THE BASIS OF TWO (2) WARRANTS FOR EVERY THREE (3) RIGHTS SHARES SUBSCRIBED FOR (“PROPOSED RIGHTS ISSUE OF SHARES WITH WARRANTS”)**

The Meeting resolved to pass the following Ordinary Resolution 4 on Proposed Rights Issue of Shares with Warrants:

“THAT subject to and conditional upon the passing of Special Resolutions 1 and 2, Ordinary Resolutions 3 and 14 and the approvals being obtained from the relevant authorities, if any, the Board be and is hereby authorised to:

- (i) provisionally issue and allot by way of a renounceable rights issue of up to 418,471,060 Rights Shares at an issue price to be determined later by the Board on the basis of three (3) Rights Shares for every one (1) existing MQ Share held, together with up to 278,980,706 Warrants on the basis of two (2) Warrants for every three (3) Rights Shares subscribed by the shareholders of MQ whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined later by the Board;
- (ii) determine the final issue price of the Rights Shares after taking into consideration the following:
  - (a) the theoretical ex-all price (“TEAP”) of MQ Shares, based on the five (5)-day volume weighted average price (“5D-VWAP”) of MQ Shares, with a discount to the TEAP if deemed appropriate by the Board prior to the price fixing date to be determined later by the Board;
  - (b) the par value of MQ Shares of RM0.10 each after the Proposed Par Value Reduction and Proposed Share Consolidation;
  - (c) the funding requirements of MQ and its subsidiaries, details of which are set out in Section 2.1.5 of the circular to shareholders dated 20 May 2016 (“Circular”);
- (iii) determine the exercise price of the Warrants after taking into consideration the following:
  - (a) the theoretical ex-rights price (“TERP”) of MQ Shares based on the 5D-VWAP of MQ Shares with a discount to the TERP if deemed appropriate by the Board prior to the price fixing date to be determined later by the Board; and
  - (b) the par value of MQ Shares of RM0.10 each after the Proposed Par Value Reduction and Proposed Share Consolidation.
- (iv) to enter into and execute the deed poll in relation to the Proposed Rights Issue of Shares with Warrants (“Deed Poll”) with powers to do all acts, deeds and things as they may deem fit or expedient in order to implement, finalise and give full effect to the Deed Poll;
- (v) utilise the proceeds to be derived from the Proposed Rights Issue of Shares with Warrants in the manner as set out in Section 2.1.5 of the Circular and the Board be and is hereby

**CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE OF SHARES WITH WARRANTS PASSED AT OUR EGM HELD ON 13 JUNE 2016 (CONT'D)**

**MQ TECHNOLOGY BERHAD** (Company No. 635804-H)

Extract of Minutes of Extraordinary General Meeting held on 13 June 2016

authorised to revise the utilisation of the proceeds as they may deem fit and in the best interest of our Company.

THAT the Board be and is hereby authorised to deal with any fractional entitlements of the Rights Shares with Warrants and unsubscribed Rights Shares with Warrants that may arise from the Proposed Rights Issue of Shares with Warrants, in such manner at their absolute discretion as they may deem fit or expedient or in the best interest of the Company.

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

THAT such Warrants are constituted by the terms and conditions of the Deed Poll.

THAT the Company shall allot and issue such appropriate number of new MQ Shares arising from the exercise by the holders of Warrants in accordance with the provisions of the Deed Poll.

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

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

**8. ORDINARY RESOLUTION 5**

**PROPOSED ESTABLISHMENT OF A NEW SHARE ISSUANCE SCHEME OF UP TO THIRTY PERCENT (30%) OF THE ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY (EXCLUDING TREASURY SHARES, IF ANY) AT ANY ONE TIME DURING THE DURATION OF THE SCHEME FOR THE ELIGIBLE DIRECTORS AND EMPLOYEES OF MQ GROUP (EXCLUDING DORMANT SUBSIDIARIES) (“PROPOSED SIS”)**

The Meeting resolved to pass the following Ordinary Resolution 5 on Proposed SIS:

“THAT subject to the provisions of the Companies Act, 1965, approval be and is hereby given for the Company and the Directors of the Company to:

- (a) establish and administer the Proposed SIS which involves the granting of options (“SIS Options”) to all eligible persons of MQ Group including Directors of MQ Group (excluding

**CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE OF SHARES WITH WARRANTS PASSED AT OUR EGM HELD ON 13 JUNE 2016 (CONT'D)**

**MQ TECHNOLOGY BERHAD** (Company No. 635804-H)

Extract of Minutes of Extraordinary General Meeting held on 13 June 2016

dormant subsidiaries) who meet the criteria of eligibility for participation of the Proposed SIS (“**Eligible Persons**”) as set out in the bylaws, a draft of which is set out in Appendix III of the Circular (“**Bylaws**”);

- (b) allot and issue from time to time such number of new MQ Shares as may be required to be issued pursuant to the exercise of the options under the Proposed SIS (“**SIS Shares**”) provided that the aggregate number of MQ Shares to be allotted and issued shall not exceed thirty percent (30%) of the issued and paid-up share capital of the Company (excluding treasury shares, if any) at any one time during the duration of the scheme;
- (c) make necessary applications, and to do all things necessary at the appropriate time or times, to Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing of and quotation for the new MQ Shares which may from time to time be allotted and issued pursuant to the Proposed SIS and such new MQ Shares will, upon issuance, allotment and full payment, rank *pari passu* in all respects with the then existing issued and paid-up shares of the Company save and except that the new MQ Shares will not be entitled to any dividends, rights, allotments or any other distributions, the entitlement date of which is prior to the date of allotment and issuance of such new MQ Shares; and
- (d) modify and/or amend the Proposed SIS from time to time provided that such modifications and/or amendments are effected in accordance with the Bylaws relating to modifications and/or amendments and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Proposed SIS.

AND THAT the Directors of our Company be and are hereby authorised to give effect to the Proposed SIS with full power to modify and/or amend the Bylaws from time to time as may be required or deemed necessary in accordance with the provisions of the Bylaws relating to amendments and/or modifications and to assent to any condition, variation, modification and/or amendment as may be necessary or expedient and/or imposed by and/or agreed with the relevant authorities.

AND THAT the draft of the Bylaws which is set out in Appendix III of the Circular be and is hereby approved.”

**10. ORDINARY RESOLUTION 6**

**PROPOSED GRANTING OF SIS OPTIONS TO DR. CH’NG HUCK KHOON**

The Meeting resolved to pass the following Ordinary Resolution 6 on Proposed Granting of Options pursuant to the Share Issuance Scheme to Dr. Ch’ng Huck Khoo:

“THAT subject to the passing of Ordinary Resolution 5 above, the Directors of the Company be and are hereby authorised, at any time and from time to time during the existence of the Proposed SIS, to offer and grant to Dr. Ch’ng Huck Khoo, being the Chairman, Independent Non-Executive Director of the Company, options to subscribe for such number of SIS Shares to be issued (as adjusted or modified from time to time pursuant to the Bylaws) pursuant to the Proposed SIS, provided that the allocation to any eligible participant who, either singly or

**CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE OF SHARES WITH WARRANTS PASSED AT OUR EGM HELD ON 13 JUNE 2016 (CONT'D)**

**MQ TECHNOLOGY BERHAD** (Company No. 635804-H)

Extract of Minutes of Extraordinary General Meeting held on 13 June 2016

collectively through person connected with him/her, holds twenty percent (20%) or more of the issued and paid-up share capital of the Company (excluding treasury shares, if any), does not exceed ten per cent (10%) of the SIS Shares, and subject always to such terms and conditions of the Proposed SIS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the Bylaws and the ACE Market Listing Requirements of Bursa Securities (“**Listing Requirements**”), or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.

AND THAT approval be and is hereby given to the Board to allot and issue such number of SIS Shares credited as fully paid-up to Dr. Ch’ng Huck Khoon pursuant to the exercise of such options.”

**11. ORDINARY RESOLUTION 7**

**PROPOSED GRANTING OF SIS OPTIONS TO TEH ENG HUAT**

The Meeting resolved to pass the following Ordinary Resolution 7 on Proposed Granting of Options pursuant to the Share Issuance Scheme to Mr Teh Eng Huat:

“THAT subject to the passing of Ordinary Resolution 5 above, the Directors of the Company be and are hereby authorised, at any time and from time to time during the existence of the Proposed SIS, to offer and grant to Teh Eng Huat, being the Executive Director of the Company, options to subscribe for such number of SIS Shares to be issued (as adjusted or modified from time to time pursuant to the Bylaws) pursuant to the Proposed SIS, provided that the allocation to any eligible participant who, either singly or collectively through person connected with him/her, holds twenty percent (20%) or more of the issued and paid-up share capital of the Company (excluding treasury shares, if any), does not exceed ten per cent (10%) of the SIS Shares, and subject always to such terms and conditions of the Proposed SIS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the Bylaws and the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.

AND THAT approval be and is hereby given to the Board to allot and issue such number of SIS Shares credited as fully paid-up to Teh Eng Huat pursuant to the exercise of such options.”

**12. ORDINARY RESOLUTION 8**

**PROPOSED GRANTING OF SIS OPTIONS TO KHOO HUN SNIAH**

The Meeting resolved to pass the following Ordinary Resolution 8 on Proposed Granting of Options pursuant to the Share Issuance Scheme to Mr Khoo Hun Sniah:

“THAT subject to the passing of Ordinary Resolution 5 above, the Directors of the Company be and are hereby authorised, at any time and from time to time during the existence of the Proposed SIS, to offer and grant to Khoo Hun Sniah, being the Executive Director of the Company, options to subscribe for such number of SIS Shares to be issued (as adjusted or modified from time to time pursuant to the Bylaws) pursuant to the Proposed SIS, provided that the allocation to any eligible participant who, either singly or collectively through person connected with him/her,

**CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE OF SHARES WITH WARRANTS PASSED AT OUR EGM HELD ON 13 JUNE 2016 (CONT'D)**

**MQ TECHNOLOGY BERHAD** (Company No. 635804-H)

Extract of Minutes of Extraordinary General Meeting held on 13 June 2016

holds twenty percent (20%) or more of the issued and paid-up share capital of the Company (excluding treasury shares, if any), does not exceed ten per cent (10%) of the SIS Shares, and subject always to such terms and conditions of the Proposed SIS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the Bylaws and the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.

AND THAT approval be and is hereby given to the Board to allot and issue such number of SIS Shares credited as fully paid-up to Khoo Hun Sniah pursuant to the exercise of such options.”

**13. ORDINARY RESOLUTION 9**

**PROPOSED GRANTING OF SIS OPTIONS TO WONG YU SUN**

The Meeting resolved to pass the following Ordinary Resolution 9 on Proposed Granting of Options pursuant to the Share Issuance Scheme to Mr Wong Yu Sun:

“THAT subject to the passing of Ordinary Resolution 5 above, the Directors of the Company be and are hereby authorised, at any time and from time to time during the existence of the Proposed SIS, to offer and grant to Wong Yu Sun, being the Executive Director of the Company, options to subscribe for such number of SIS Shares to be issued (as adjusted or modified from time to time pursuant to the Bylaws) pursuant to the Proposed SIS, provided that the allocation to any eligible participant who, either singly or collectively through person connected with him/her, holds twenty percent (20%) or more of the issued and paid-up share capital of the Company (excluding treasury shares, if any), does not exceed ten per cent (10%) of the SIS Shares, and subject always to such terms and conditions of the Proposed SIS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the Bylaws and the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.

AND THAT approval be and is hereby given to the Board to allot and issue such number of SIS Shares credited as fully paid-up to Wong Yu Sun pursuant to the exercise of such options.”

**14. ORDINARY RESOLUTION 10**

**PROPOSED GRANTING OF SIS OPTIONS TO LIM SOON SENG**

The Meeting resolved to pass the following Ordinary Resolution 10 on Proposed Granting of Options pursuant to the Share Issuance Scheme to Mr Lim Soon Seng:

“THAT subject to the passing of Ordinary Resolution 5 above, the Directors of the Company be and are hereby authorised, at any time and from time to time during the existence of the Proposed SIS, to offer and grant to Lim Soon Seng, being the Executive Director of the Company, options to subscribe for such number of SIS Shares to be issued (as adjusted or modified from time to time pursuant to the Bylaws) pursuant to the Proposed SIS, provided that the allocation to any eligible participant who, either singly or collectively through person connected with him/her, holds twenty percent (20%) or more of the issued and paid-up share capital of the Company (excluding treasury shares, if any), does not exceed ten per cent (10%) of the SIS Shares, and

**CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE OF SHARES WITH WARRANTS PASSED AT OUR EGM HELD ON 13 JUNE 2016 (CONT'D)**

**MQ TECHNOLOGY BERHAD** (Company No. 635804-H)

Extract of Minutes of Extraordinary General Meeting held on 13 June 2016

subject always to such terms and conditions of the Proposed SIS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the Bylaws and the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.

AND THAT approval be and is hereby given to the Board to allot and issue such number of SIS Shares credited as fully paid-up to Lim Soon Seng pursuant to the exercise of such options.”

**15. ORDINARY RESOLUTION 11**

**PROPOSED GRANTING OF SIS OPTIONS TO DATO' LIM CHAR BOO**

The Meeting resolved to pass the following Ordinary Resolution 11 on Proposed Granting of Options pursuant to the Share Issuance Scheme to Dato' Lim Char Boo.

“THAT subject to the passing of Ordinary Resolution 5 above, the Directors of the Company be and are hereby authorised, at any time and from time to time during the existence of the Proposed SIS, to offer and grant to Dato' Lim Char Boo, being the Independent Non-Executive Director of the Company, options to subscribe for such number of SIS Shares to be issued (as adjusted or modified from time to time pursuant to the Bylaws) pursuant to the Proposed SIS, provided that the allocation to any eligible participant who, either singly or collectively through person connected with him/her, holds twenty percent (20%) or more of the issued and paid-up share capital of the Company (excluding treasury shares, if any), does not exceed ten per cent (10%) of the SIS Shares, and subject always to such terms and conditions of the Proposed SIS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the Bylaws and the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.

AND THAT approval be and is hereby given to the Board to allot and issue such number of SIS Shares credited as fully paid-up to Dato' Lim Char Boo pursuant to the exercise of such options.”

**16. ORDINARY RESOLUTION 12**

**PROPOSED GRANTING OF SIS OPTIONS TO NA CHIANG SENG**

The Meeting resolved to pass the following Ordinary Resolution 12 on Proposed Granting of Options pursuant to the Share Issuance Scheme to Mr Na Chiang Seng:

“THAT subject to the passing of Ordinary Resolution 5 above, the Directors of the Company be and are hereby authorised, at any time and from time to time during the existence of the Proposed SIS, to offer and grant to Na Chiang Seng, being the Independent Non-Executive Director of the Company, options to subscribe for such number of SIS Shares to be issued (as adjusted or modified from time to time pursuant to the Bylaws) pursuant to the Proposed SIS, provided that the allocation to any eligible participant who, either singly or collectively through person connected with him/her, holds twenty percent (20%) or more of the issued and paid-up share capital of the Company (excluding treasury shares, if any), does not exceed ten per cent (10%) of the SIS Shares, and subject always to such terms and conditions of the Proposed SIS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the Bylaws

**CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE OF SHARES WITH WARRANTS PASSED AT OUR EGM HELD ON 13 JUNE 2016 (CONT'D)**

**MQ TECHNOLOGY BERHAD** (Company No. 635804-H)

Extract of Minutes of Extraordinary General Meeting held on 13 June 2016

and the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.

AND THAT approval be and is hereby given to the Board to allot and issue such number of SIS Shares credited as fully paid-up to Na Chiang Seng pursuant to the exercise of such options.”

**17. ORDINARY RESOLUTION 13**

**PROPOSED GRANTING OF SIS OPTIONS TO MOHD ANUAR BIN MOHD HANADZLAH**

The Meeting resolved to pass the following Ordinary Resolution 13 on Proposed Granting of Options pursuant to the Share Issuance Scheme to Encik Mohd Anuar Bin Mohd Hanadzlah:

“THAT subject to the passing of Ordinary Resolution 5 above, the Directors of the Company be and are hereby authorised, at any time and from time to time during the existence of the Proposed SIS, to offer and grant to Mohd Anuar Bin Mohd Hanadzlah, being the Independent Non-Executive Director of the Company, options to subscribe for such number of SIS Shares to be issued (as adjusted or modified from time to time pursuant to the Bylaws) pursuant to the Proposed SIS, provided that the allocation to any eligible participant who, either singly or collectively through person connected with him/her, holds twenty percent (20%) or more of the issued and paid-up share capital of the Company (excluding treasury shares, if any), does not exceed ten per cent (10%) of the SIS Shares, and subject always to such terms and conditions of the Proposed SIS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the Bylaws and the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.

AND THAT approval be and is hereby given to the Board to allot and issue such number of SIS Shares credited as fully paid-up to Mohd Anuar Bin Mohd Hanadzlah pursuant to the exercise of such options.”

**18. ORDINARY RESOLUTION 14**

**PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL OF MQ FROM RM50,000,000 COMPRISING 500,000,000 MQ SHARES TO RM200,000,000 COMPRISING 2,000,000,000 MQ SHARES (“PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL”)**

The Meeting resolved to pass the following Ordinary Resolution 14 on Proposed Increase in Authorised Share Capital:

“THAT subject to the passing of Special Resolution 2 and Ordinary Resolution 4, approval be and is hereby given for the authorised share capital of the Company to be increased from RM50,000,000 comprising 500,000,000 ordinary shares of RM0.10 each to RM200,000,000 comprising 2,000,000,000 ordinary shares of RM0.10 each by the creation of 1,500,000,000 new ordinary shares of RM0.10 each and such new shares shall *pari passu* in all respects with the then existing ordinary shares in the capital of the Company.”



**CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE OF SHARES WITH WARRANTS PASSED AT OUR EGM HELD ON 13 JUNE 2016 (CONT'D)**

**MQ TECHNOLOGY BERHAD** (Company No. 635804-H)

Extract of Minutes of Extraordinary General Meeting held on 13 June 2016

CERTIFIED TRUE EXTRACT



DR CH'NG HUCK KHOON  
CHAIRMAN

---

**INFORMATION ON OUR COMPANY**


---

**1. HISTORY AND BUSINESS**

Our Company was incorporated in Malaysia under the Act on 2 December 2003 as a private limited company under the name MQ Technology Sdn Bhd. Subsequently, MQ was converted to a public listed company on 13 February 2004 and listed on the MESDAQ Market (*now known as ACE Market*) of Bursa Securities on 26 January 2005.

Our Company is principally engaged in the business of investment holding, while our subsidiary companies are principally involved in the Existing Business as well as the development and business of theme park.

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

**2. SHARE CAPITAL**

Our share capital as at the LPD are as follows:

Share Capital	No. of MQ Shares	Par value RM	Total RM
Authorised	2,000,000,000	0.10	200,000,000.00
Issued and paid-up	139,490,179	0.10	13,949,017.90

The changes in our issued and paid-up share capital for the past three (3) years up to the LPD are as follows:

Date of allotment	No. of Shares allotted	Par value (RM)	Description	Cumulative issued and paid-up share capital (RM)
23 June 2014	23,056,000	0.10	Cash (from private placement)	25,361,890.70
28 September 2015	25,361,800	0.10	Cash (from private placement)	27,898,070.70
22 August 2016	-	0.05	Par value reduction from RM0.10 to RM0.05	13,949,035.35
13 September 2016	(139,490,528)	0.10	Consolidation of every two (2) ordinary shares of RM0.05 each into one (1) Share	13,949,017.90

**3. BOARD DIRECTORS**

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

[The rest of this page is intentionally left blank]

**INFORMATION ON OUR COMPANY (CONT'D)**
**4. DIRECTORS' SHAREHOLDINGS**

Until such time when the SIS Options are exercised into SIS Shares, the SIS is not expected to have any immediate effect on the shareholdings of our Directors. Dilution of the shareholdings of our Directors arising from the SIS will depend on the number of SIS Options granted and exercised by eligible Directors at any point in time throughout the duration of the SIS.

The Investment will not have any effect on our Directors' shareholdings.

The pro forma effects of the Rights Issue of Shares with Warrants and SIS on the shareholdings of our Directors based on their shareholdings as at the LPD are as follows:

**Minimum Scenario**

Name	As at the LPD				(I) After the Rights Issue of Shares with Warrants				(II) After (I) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of MQ Shares	%	No. of MQ Shares	%	No. of MQ Shares	%	No. of MQ Shares	%	No. of MQ Shares	%	No. of MQ Shares	%
Dr. Ch'ng Huck Khoon	-	-	-	-	-	-	-	-	-	-	-	-
TEH	7,740,000	5.55	-	-	100,960,000	31.55	-	-	163,106,666	37.05	-	-
Khoo Hun Sniah	250,000	0.18	40,000 <sup>(1)</sup>	0.03	250,000	0.08	40,000 <sup>(1)</sup>	0.01	250,000	0.06	40,000 <sup>(1)</sup>	0.01
Lim Soon Seng	-	-	-	-	-	-	-	-	-	-	-	-
Na Chiang Seng	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Lim Char Boo	-	-	-	-	-	-	-	-	-	-	-	-
Mohd Anuar Bin Mohd Hanadzlah	-	-	-	-	-	-	-	-	-	-	-	-

## INFORMATION ON OUR COMPANY (CONT'D)

Name	(III) After (II) and assuming full grant and exercise of the SIS Options <sup>(2)</sup>			
	Direct		Indirect	
	No. of MQ Shares	%	No. of MQ Shares	%
Dr. Ch'ng Huck Khoon TEH	-	-	-	-
Khoo Hun Sniah	163,106,666	28.50	-	-
Lim Soon Seng	250,000	0.04	40,000 <sup>(1)</sup>	Neg
Na Chiang Seng	-	-	-	-
Dato' Lim Char Boo	-	-	-	-
Mohd Anuar Bin Mohd Hanadzlah	-	-	-	-

Notes:

Neg Negligible

(1) Deemed interested through the shareholdings of his spouse pursuant to Section 134 (12) (c) of the Act.

(2) Assuming no provision has been made for the allotment of SIS Options to our Directors as our Board has yet to decide on the quantum of SIS Options to be allocated to our Directors.

[The rest of this page is intentionally left blank]

## INFORMATION ON OUR COMPANY (CONT'D)

Maximum Scenario

Name	As at the LPD				(I) After the Rights Issue of Shares with Warrants				(II) After (I) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of MQ Shares	%	No. of MQ Shares	%	No. of MQ Shares	%	No. of MQ Shares	%	No. of MQ Shares	%	No. of MQ Shares	%
Dr. Ch'ng Huck Khoon TEH	-	-	-	-	-	-	-	-	-	-	-	-
	7,740,000	5.55	-	-	30,960,000	5.55	-	-	46,440,000	5.55	-	-
Khoo Hun Sniah	250,000	0.18	40,000 <sup>(1)</sup>	0.03	1,000,000	0.18	160,000 <sup>(1)</sup>	0.03	1,500,000	0.18	240,000 <sup>(1)</sup>	0.03
Lim Soon Seng	-	-	-	-	-	-	-	-	-	-	-	-
Na Chiang Seng	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Lim Char Boo	-	-	-	-	-	-	-	-	-	-	-	-
Mohd Anuar Bin Mohd Hanadzlah	-	-	-	-	-	-	-	-	-	-	-	-

Name	(III) After (II) and assuming full grant and exercise of the SIS Options <sup>(2)</sup>			
	Direct		Indirect	
	No. of MQ Shares	%	No. of MQ Shares	%
Dr. Ch'ng Huck Khoon TEH	-	-	-	-
	46,440,000	4.27	-	-
Khoo Hun Sniah	1,500,000	0.14	240,000 <sup>(1)</sup>	0.02
Lim Soon Seng	-	-	-	-
Na Chiang Seng	-	-	-	-
Dato' Lim Char Boo	-	-	-	-
Mohd Anuar Bin Mohd Hanadzlah	-	-	-	-

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

- (1) *Deemed interested through the shareholdings of his spouse pursuant to Section 134 (12) (c) of the Act.*
- (2) *Assuming no provision has been made for the allotment of SIS Options to our Directors as our Board has yet to decide on the quantum of SIS Options to be allocated to our Directors.*

**5. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS**

Until such time when the SIS Options are exercised into SIS Shares, the SIS is not expected to have any immediate effect on the shareholdings of the substantial shareholders of our Company. Dilution of the shareholdings of the substantial shareholders of our Company arising from the SIS will depend on the number of SIS Options granted and exercised by eligible Director cum substantial shareholder of our Company at any point in time throughout the duration of the SIS.

The Investment will not have any effect on our substantial shareholders' shareholdings.

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

**Minimum Scenario**

Name	As at the LPD				(I) After the Rights Issue of Shares with Warrants				(II) After (I) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of MQ Shares	%	No. of MQ Shares	%	No. of MQ Shares	%	No. of MQ Shares	%	No. of MQ Shares	%	No. of MQ Shares	%
GBS	15,750,000	11.29	-	-	103,000,000	32.19	-	-	161,166,666	36.61	-	-
TEH <sup>(1)</sup>	7,740,000	5.55	-	-	100,960,000	31.55	-	-	163,106,666	37.05	-	-
	<b>(III) After (II) and assuming full grant and exercise of the SIS Options<sup>(2)</sup></b>											
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of MQ Shares	%	No. of MQ Shares	%	No. of MQ Shares	%	No. of MQ Shares	%	No. of MQ Shares	%	No. of MQ Shares	%
GBS	161,166,666	28.16	-	-	-	-	-	-	-	-	-	-
TEH <sup>(1)</sup>	163,106,666	28.50	-	-	-	-	-	-	-	-	-	-

## INFORMATION ON OUR COMPANY (CONT'D)

Notes:

- (1) Our Executive Director.
- (2) Assuming no provision has been made for the allotment of SIS Options to TEH as our Board has yet to decide on the quantum of SIS Options to be allocated to our Directors.

Maximum Scenario

Name	As at the LPD				(I) After the Rights Issue of Shares with Warrants				(II) After (I) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of MQ Shares	%	No. of MQ Shares	%	No. of MQ Shares	%	No. of MQ Shares	%	No. of MQ Shares	%	No. of MQ Shares	%
GBS	15,750,000	11.29	-	-	63,000,000	11.29	-	-	94,500,000	11.29	-	-
TEH <sup>(1)</sup>	7,740,000	5.55	-	-	30,960,000	5.55	-	-	46,440,000	5.55	-	-

Name	(III) After (II) and assuming full grant and exercise of the SIS Options <sup>(2)</sup>			
	Direct		Indirect	
	No. of MQ Shares	%	No. of MQ Shares	%
GBS	94,500,000	11.29	-	-
TEH <sup>(1)</sup>	46,440,000	5.55	-	-

Notes:

- (1) Our Executive Director.
- (2) Assuming no provision has been made for the allotment of SIS Options to TEH as our Board has yet to decide on the quantum of SIS Options to be allocated to our Directors.

---

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


---

**6. SUBSIDIARY AND ASSOCIATED COMPANIES**

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

<b>Company</b>	<b>Date and place of incorporation</b>	<b>Principal activities</b>	<b>Issued and paid-up share capital (RM)</b>	<b>Effective equity interest (%)</b>
Microlead Precision Technology Sdn Bhd	12 December 1995, Malaysia	(i) Manufacture of moulds, tools, dies, jigs and fixtures mainly for use in the manufacture of hard disk drives;  (ii) Design, development and manufacture of advanced suspension tooling, progressive tooling, semiconductor cavity/encapsulation moulds for application in hard disk drives and semiconductor industries; and  (iii) Design, development and manufacture of advanced automation modules/assemblies for digital data storage, medical instrument systems/devices and optoelectronics applications and related components.	1,000,000	100.00
SASB	25 November 2014, Malaysia	Development and operation of theme park business.	3,000,000	100.00
MPT Solution Co, Ltd	29 March 2004, Thailand	Manufacture of car spare parts, plastic moulds, metal moulds and blowing moulds for plastic products, tooling, jigs and fixtures for electronic and semiconductor.	THB22,500,000	99.99 <sup>(1)</sup>

Note:

(1) The remaining 0.001% equity interest in MPT Solution Co, Ltd is owned by TEH (0.0005%), our Executive Director and Ong Sze Hue (0.0005%), a third party.

We do not have any associated companies as at the LPD.



---

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


---

**7. PROFIT AND DIVIDEND RECORDS**

Our Group's profit and dividend records based on its audited consolidated financial statements from the FYE 31 December 2013 to FYE 31 December 2015 and the unaudited consolidated financial results for the six (6)-month periods ended 30 June 2015 and 30 June 2016 are as follows:

	← Unaudited →		← Audited →		
	Six (6)-month period ended 30 June 2016 (RM'000)	Six (6)-month period ended 30 June 2015 (RM'000)	FYE 31 December 2015 (RM'000)	FYE 31 December 2014 (RM'000)	FYE 31 December 2013 (RM'000)
Revenue	7,717	9,138	17,950	13,832	20,554
GP / (Gross loss)	1,426	1,501	2,795	(2,166)	(2,599)
Other income	62	95	998	424	1,725
Administrative and general expenses	(2,986)	(2,182)	(4,496)	(4,714)	(6,173)
Selling and distribution expenses	(106)	(109)	(458)	(301)	(829)
Finance costs	(170)	(206)	(404)	(284)	(281)
<b>LBT</b>	<b>(1774)</b>	<b>(900)</b>	<b>(1,565)</b>	<b>(7,041)</b>	<b>(8,158)</b>
Income tax income / (expense)	-	-	41	10	(1)
<b>LAT</b>	<b>(1774)</b>	<b>(900)</b>	<b>(1,524)</b>	<b>(7,031)</b>	<b>(8,159)</b>
Loss attributable to:					
Owners of our Company	(1,774)	(900)	(1,524)	(7,031)	(8,159)
Non-controlling interests	-	-	-	-	-
<b>Net loss for the financial year</b>	<b>(1,774)</b>	<b>(900)</b>	<b>(1,524)</b>	<b>(7,031)</b>	<b>(8,159)</b>
EBITDA	150	856	1,917	(2,472)	(2,584)
Weighted average number of Shares in issue	278,980,707	253,618,907	260,914,767	240,250,146	223,021,221
Basic LPS <sup>(1)</sup> (sen)	(0.64)	(0.35)	(0.58)	(2.93)	(3.66)
GP / (Gross loss) margin (%)	18.48	16.43	15.57	(15.66)	(12.64)
LBT margin (%)	(22.99)	(9.85)	(8.72)	(50.90)	(39.69)
LAT margin (%)	(22.99)	(9.85)	(8.49)	(50.83)	(39.70)

Note:

N/A Not applicable

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

**(a) Six (6)-month period ended 30 June 2016 vs. six (6)-month period ended 30 June 2015**

Our Group's revenue decreased by 15.55% from approximately RM9.14 million in the six (6)-month period ended 30 June 2015 to approximately RM7.72 million in the six (6)-month period ended 30 June 2016, mainly due to decrease in sales volume as a result of:

- (a) decrease in sales to the United States of America to approximately RM2.19 million in the six (6)-month period ended 30 June 2016 from approximately RM4.34 million in the six (6)-month period ended 30 June 2015 due to a decrease in sales of major die sets orders as a result of lesser purchase orders made by one (1) of our customers in United States of America; and

---

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


---

- (b) decrease in sales to Thailand to approximately RM2.99 million in the six (6)-month period ended 30 June 2016 from approximately RM3.34 million in the six (6)-month period ended 30 June 2015 mainly due to decrease in tooling sales as our Thailand subsidiary, MPT Solution Co, Ltd decided to accept less orders for complex and unprofitable tooling orders.

Our Group's GP margin improved to 18.48% in the six (6)-month period ended 30 June 2016 from 16.43% in the six (6)-month period ended 30 June 2015 mainly due to reduction in unprofitable tooling orders and substantial reduction in subcontracting which resulted in increased usage of internal capacity.

Other income for the six (6)-month period ended 30 June 2016 of approximately RM0.06 million comprised mainly provident fund refund from MPT Solution Co, Ltd of approximately RM0.02 million compared to the six (6)-month period ended 30 June 2015 of approximately RM0.10 million which comprised mainly a gain on disposal of property, plant and equipment of RM0.04 million and provident fund refund from MPT Solution Co, Ltd of approximately RM0.01 million.

Our Group's LAT of approximately RM0.90 million for the six (6)-month period ended 30 June 2015 narrowed by 97.11% to approximately RM1.77 million in the six (6)-month period ended 30 June 2016 mainly due to decrease in our Group's revenue as mentioned above and increase in depreciation of property, plant and equipment from RM1.55 million in the six (6)-month period ended 30 June 2015 to RM1.76 million in the six (6)-month period ended 30 June 2016.

**(b) FYE 31 December 2015 vs. FYE 31 December 2014**

Our Group's revenue increased by 29.77% from approximately RM13.83 million in the FYE 31 December 2014 to approximately RM17.95 million in the FYE 31 December 2015, mainly due to increase in sales volume as a result of :

- (a) increase in sales in the local market to approximately RM2.83 million in the FYE 31 December 2015 from approximately RM1.47 million in the FYE 31 December 2014 as a result of higher sales of precision components for automation segment from existing and new customers;
- (b) increase in sales to Thailand to approximately RM5.32 million in the FYE 31 December 2015 from approximately RM4.85 million in the FYE 31 December 2014 as a result of higher export sales of precision components and automation equipment from existing and new customers as well as the weakening of RM against USD; and
- (c) increase in sales to the United States of America to approximately RM8.31 million in the FYE 31 December 2015 from approximately RM6.83 million in the FYE 31 December 2014 as a result of an increase in sales by approximately RM1.25 million to one of our customers in the United States of America as well as the weakening of RM against USD.

Our Group's GP margin improved to 15.57% in the FYE 31 December 2015 as opposed to gross loss margin of 15.66% in the FYE 31 December 2014 mainly due to weakening of RM against USD and effective cost control undertaken by our management such as reduction of headcount to support current levels of operations, reducing outsourcing and instead utilising more of our internal production capacity and reviewing the manufacturing process flow to improve delivery times and reduce labour hours.

---

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

---

Other income for the FYE 31 December 2015 of approximately RM1.00 million comprised mainly a gain on disposal of property, plant and equipment of approximately RM0.14 million and a realised gain on foreign exchange of approximately RM0.72 million compared to the FYE 31 December 2014 of approximately RM0.43 million which comprised mainly a gain on disposal of property, plant and equipment of approximately RM0.13 million, a realised gain on foreign exchange of approximately RM0.25 million and an interest income of approximately RM0.02 million.

Our Group's LAT of approximately RM7.03 million for the FYE 31 December 2014 narrowed by 78.32% to approximately RM1.52 million in the FYE 31 December 2015 mainly due to the increase in our Group's revenue as mentioned above and cost cutting measures implemented by our Group such as the increased utilisation of our internal production capacity with less outsourcing.

**(c) FYE 31 December 2014 vs. FYE 31 December 2013**

Our Group's revenue decreased by 32.7% from approximately RM20.55 million in the FYE 2013 to approximately RM13.83 million in the FYE 31 December 2014, mainly due to reduction in sales volume as a result of:

- (a) prolonged unfavourable market conditions that continued to plague the hard disk drives and semi-conductor sectors in which our Group operates; and
- (b) disruptions in the global manufacturing supply chain stemming from the 2011 disaster (i.e., earthquake and tsunami) in Japan resulting in a more cautionary approach adopted by global manufacturers, hence also affecting the demand for design and fabrication of dies and tooling.

Our Group's gross loss margin widened from 12.65% in the FYE 31 December 2013 to 15.66% in the FYE 31 December 2014 mainly due to decrease in revenue as mentioned above which was insufficient to cover our Group's overhead costs.

Other income for the FYE 31 December 2014 of approximately RM0.43 million which comprised mainly a gain on disposal of property, plant and equipment of approximately RM0.13 million, a realised gain on foreign exchange of approximately RM0.25 million and an interest income of approximately RM0.02 million compared to the FYE 31 December 2013 of approximately RM1.73 million which comprised mainly a gain on disposal of property, plant and equipment of approximately RM0.23 million, a realised gain on foreign exchange of approximately RM0.30 million, an interest income of approximately RM0.15 million and recovery of cash previously embezzled of approximately RM1.03 million.

Our Group's LAT of approximately RM8.16 million for the FYE 2013 narrowed by 13.83% to approximately RM7.03 million in the FYE 31 December 2014 mainly attributable to cost cutting measures implemented by our Group such as the reduction of headcount to be in line with prevailing levels of operation and the increased utilisation of our internal production capacity with less outsourcing.

[The rest of this page is intentionally left blank]

---

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


---

**8. HISTORICAL PRICES OF MQ SHARES**

The monthly highest and lowest transacted market prices of MQ Shares for the past twelve (12) months are as follows:

	<b>Highest (RM)</b>	<b>Lowest (RM)</b>
<b>2015</b>		
October	0.150	0.095
November	0.105	0.085
December	0.095	0.080
<b>2016</b>		
January	0.090	0.065
February	0.090	0.080
March	0.080	0.070
April	0.090	0.070
May	0.090	0.060
June	0.070	0.050
July	0.060	0.050
August	0.060	0.050
September <sup>(1)</sup>	0.100	0.120

*Note:*

(1) *The Share Consolidation was completed with effect from 14 September 2016.*

The last transacted market price on 18 January 2016 (being the last trading date prior to the Announcement) was RM0.08 per MQ Share.

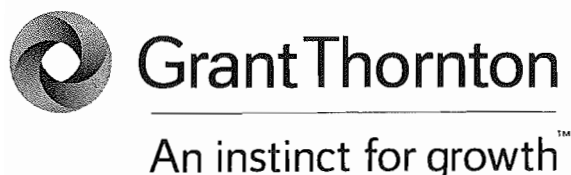
The last transacted market price on 10 October 2016 (being the LPD prior to printing of this AP) was RM0.115 per MQ Share.

The last transacted market price on 25 October 2016 (being the last day on which MQ Shares were traded prior to the ex-date of the Rights Issue of Shares with Warrants) was RM0.12 per MQ Share.

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

**[The rest of this page is intentionally left blank]**

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON



**REPORTING ACCOUNTANTS' LETTER ON THE COMPILATION OF  
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

18 OCT 2016

**The Board of Directors  
MQ Technology Berhad  
Plot 86-B, Lintang Bayan Lepas 9  
Bayan Lepas Industrial Park 4  
11900 Bayan Lepas  
Penang**

**SJ Grant Thornton** (AF:0737)

Level 11 Sheraton Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur, Malaysia

T +603 2692 4022  
F +603 2691 5229  
www.gt.com.my

Dear Sirs,

**MQ TECHNOLOGY BERHAD AND ITS SUBSIDIARIES  
REPORT ON THE COMPILATION OF PROFORMA CONSOLIDATED  
STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015**

We have completed our assurance engagement to report on the proforma consolidated statements of financial position of MQ Technology Berhad ("MQ" or the "Company") and its subsidiaries (collectively defined as the "Group") as at 31 December 2015, in relation to the renounceable rights issue of up to 418,470,537 ordinary shares of RM0.10 each in MQ ("MQ Shares") ("Rights Shares") at an issue price of RM0.10 per Rights Share on the basis of three (3) Rights Shares for every one (1) existing MQ Share held, together with up to 278,980,358 free detachable warrants ("Warrants") on the basis of two (2) Warrants for every three (3) Rights Shares ("Rights Issue of Shares with Warrants").

The proforma consolidated statements of financial position which are set out in the accompanying notes (which we have stamped for the purpose of identification), have been compiled by the Directors for the purposes of inclusion in the Abridged Prospectus of MQ ("Abridged Prospectus") in connection with the Rights Issue of Shares with Warrants.

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

The Directors are responsible for compiling the proforma consolidated statements of financial position as at 31 December 2015 on the basis as described in the accompanying notes.

---

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (*CONT'D*)

---



### Reporting Accountants' Responsibilities

Our responsibility is to express an opinion about whether the proforma consolidated statements of financial position have been compiled by the Directors on the basis as described in the accompanying notes.

We conducted our engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3420, *Assurance Engagements to Report on the Compilation of Proforma Financial Information in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the proforma consolidated statements of financial position on the basis as described in the accompanying notes.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the proforma consolidated statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the proforma consolidated statements of financial position.

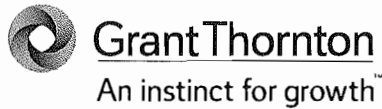
The purpose of the proforma consolidated statements of financial position is solely to illustrate the impact as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

A reasonable assurance engagement to report on whether the proforma consolidated statements of financial position have been compiled on the basis as described in the accompanying notes involves performing procedures to assess whether the basis as described in the accompanying notes used by the Directors in the compilation of proforma consolidated statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related proforma adjustments give appropriate effect to those criteria; and
- The proforma consolidated statements of financial position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the proforma consolidated statements of financial position have been compiled, and other relevant engagement circumstances.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)



The engagement also involves evaluation of the overall presentation of the proforma consolidated statements of financial position.

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

**Opinion**


In our opinion,


- (a) the proforma consolidated statements of financial position have been properly compiled in accordance with the basis as described in the accompanying notes using financial statements prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and in a manner consistent with both the format of the financial statements and the accounting policies of the Group; and
- (b) each material adjustment made to the information used in the preparation of the proforma consolidated statements of financial position is appropriate for the purposes of preparing the proforma consolidated statements of financial position.

**Other matters**

This letter has been prepared at your request for inclusion in the Abridged Prospectus in connection with the Rights Issue of Shares with Warrants. It is not intended to be used for any other purposes. We do not assume responsibility to any other person for the content of this letter.

Yours faithfully,

  
SJ Grant Thornton  
No. AF: 0737  
Chartered Accountants

  
John Lau Tiang Hua, DJN  
No. 1107/03/18 (J)  
Chartered Accountant

**Penang**

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)**

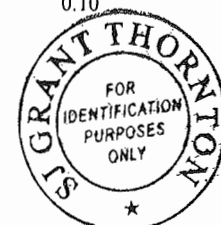
**MQ TECHNOLOGY BERHAD**  
**Company No. 635804-H**  
(Incorporated in Malaysia)

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2015**

The proforma consolidated statements of financial position of the Group as at 31 December 2015 as set out below have been prepared solely for illustrative purposes only to show the effects of the Rights Issue of Shares with Warrants on the assumption that these transactions have been effected on 31 December 2015 and should be read in conjunction with the accompanying notes:

**Minimum Scenario**

		<b>Audited as at</b>			
		<b>31.12.2015</b>	<b>Proforma I</b>	<b>Proforma II</b>	<b>Proforma III</b>
	<b>Note</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	3	26,125,526	26,125,526	54,425,526	54,425,526
<b>CURRENT ASSETS</b>					
Inventories		1,163,322	1,163,322	1,163,322	1,163,322
Trade and other receivables		7,901,089	7,901,089	7,901,089	7,901,089
Current tax assets		433,339	433,339	433,339	433,339
Cash and bank balances	4	2,136,266	2,136,266	3,757,266	15,788,599
		<u>11,634,016</u>	<u>11,634,016</u>	<u>13,255,016</u>	<u>25,286,349</u>
<b>CURRENT LIABILITIES</b>					
Trade and other payables		3,868,196	3,868,196	3,868,196	3,868,196
Borrowings		1,692,366	1,692,366	1,692,366	1,692,366
		<u>5,560,562</u>	<u>5,560,562</u>	<u>5,560,562</u>	<u>5,560,562</u>
<b>NET CURRENT ASSETS</b>		6,073,454	6,073,454	7,694,454	19,725,787
<b>NON-CURRENT LIABILITIES</b>					
Borrowings		3,607,412	3,607,412	3,607,412	3,607,412
Deferred tax liabilities		1,899,218	1,899,218	1,899,218	1,899,218
		<u>5,506,630</u>	<u>5,506,630</u>	<u>5,506,630</u>	<u>5,506,630</u>
<b>NET ASSETS</b>		<u>26,692,350</u>	<u>26,692,350</u>	<u>56,613,350</u>	<u>68,644,683</u>
<b>EQUITY</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	5	27,898,071	13,949,018	31,996,018	44,027,351
Share premium	5	8,257,853	8,257,853	7,097,853	7,097,853
Currency translation reserve		971,200	971,200	971,200	971,200
Asset revaluation reserve		6,315,268	6,315,268	6,315,268	6,315,268
Warrant reserve	5	-	-	5,430,071	-
Other reserve	5	-	-	(5,430,071)	-
Accumulated losses	5	(16,750,042)	(2,800,989)	(2,800,989)	(2,800,989)
		<u>26,692,350</u>	<u>26,692,350</u>	<u>43,579,350</u>	<u>55,610,683</u>
Non-controlling interest	6	-	-	13,034,000	13,034,000
<b>TOTAL EQUITY</b>		<u>26,692,350</u>	<u>26,692,350</u>	<u>56,613,350</u>	<u>68,644,683</u>
Number of MQ Shares		278,980,707	139,490,179	319,960,179	440,273,512
Net Assets per MQ Share (RM)		0.10	0.19	0.14	0.13
Net Tangible Assets per MQ Share (RM)		0.10	0.19	0.14	0.13
Borrowings (RM)		5,299,778	5,299,778	5,299,778	5,299,778
Gearing (times)					
- excluding non-controlling interest		0.20	0.20	0.12	0.10





**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)**

**MQ TECHNOLOGY BERHAD**

**Company No. 635804-H**

(Incorporated in Malaysia)

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2015**

The proforma consolidated statements of financial position of the Group as at 31 December 2015 as set out below have been prepared solely for illustrative purposes only to show the effects of the Rights Issue of Shares with Warrants on the assumption that these transactions have been effected on 31 December 2015 and should be read in conjunction with the accompanying notes:

**Maximum Scenario**

	Note	Audited as at			
		31.12.2015 RM	Proforma I RM	Proforma II RM	Proforma III RM
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	3	26,125,526	26,125,526	76,525,526	76,525,526
<b>CURRENT ASSETS</b>					
Inventories		1,163,322	1,163,322	1,163,322	1,163,322
Trade and other receivables		7,901,089	7,901,089	7,901,089	7,901,089
Current tax assets		433,339	433,339	433,339	433,339
Cash and bank balances	4	2,136,266	2,136,266	5,457,320	33,355,356
		11,634,016	11,634,016	14,955,070	42,853,106
<b>CURRENT LIABILITIES</b>					
Trade and other payables		3,868,196	3,868,196	3,868,196	3,868,196
Borrowings		1,692,366	1,692,366	1,692,366	1,692,366
		5,560,562	5,560,562	5,560,562	5,560,562
<b>NET CURRENT ASSETS</b>		6,073,454	6,073,454	9,394,508	37,292,544
<b>NON-CURRENT LIABILITIES</b>					
Borrowings		3,607,412	3,607,412	3,607,412	3,607,412
Deferred tax liabilities		1,899,218	1,899,218	1,899,218	1,899,218
		5,506,630	5,506,630	5,506,630	5,506,630
<b>NET ASSETS</b>		<b>26,692,350</b>	<b>26,692,350</b>	<b>80,413,404</b>	<b>108,311,440</b>
<b>EQUITY</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	5	27,898,071	13,949,018	55,796,072	83,694,108
Share premium	5	8,257,853	8,257,853	7,097,853	7,097,853
Currency translation reserve		971,200	971,200	971,200	971,200
Asset revaluation reserve		6,315,268	6,315,268	6,315,268	6,315,268
Warrant reserve	5	-	-	12,591,149	-
Other reserve	5	-	-	(12,591,149)	-
Accumulated losses	5	(16,750,042)	(2,800,989)	(2,800,989)	(2,800,989)
		26,692,350	26,692,350	67,379,404	95,277,440
Non-controlling interest	6	-	-	13,034,000	13,034,000
<b>TOTAL EQUITY</b>		<b>26,692,350</b>	<b>26,692,350</b>	<b>80,413,404</b>	<b>108,311,440</b>
Number of MQ Shares		278,980,707	139,490,179	557,960,716	836,941,074
Net Assets per MQ Share (RM)		0.10	0.19	0.12	0.11
Net Tangible Assets per MQ Share (RM)		0.10	0.19	0.12	0.11
Borrowings (RM)		5,299,778	5,299,778	5,299,778	5,299,778
Gearing (times)					
- excluding non-controlling interest		0.20	0.20	0.08	0.06

