

Unless stated otherwise, all abbreviations and defined terms contained in this Abridged Prospectus are defined in the "Definitions" section of this Abridged Prospectus.

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

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS ABRIDGED PROSPECTUS. IF IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, PLEASE CONSULT A PROFESSIONAL ADVISER IMMEDIATELY. All enquiries concerning the Rights Issue with Warrants, which is the subject matter of this Abridged Prospectus, should be addressed to our Share Registrar, ShareWorks Sdn Bhd at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (Tel: +603 - 6201 1120).

This Abridged Prospectus, together with the NPA and RSF (collectively, the "**Documents**"), will be despatched only to our Entitled Shareholders whose names appear on our Record of Depositors as at 5.00 p.m. on 5 May 2021 at their registered address in Malaysia or who have provided our Share Registrar with a registered address in Malaysia in writing by 5.00 p.m. on 5 May 2021. The Documents are not intended to (and will not be made to) comply with the laws of any country or jurisdiction other than Malaysia and are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia. No action has been or will be taken to ensure that the Rights Issue with Warrants complies with the laws of any country or jurisdiction other than the laws of Malaysia. Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal adviser and other professional advisers as to whether the acceptance or renunciation (as the case may be) of their entitlements to the Rights Issue with Warrants, application for Excess Rights Shares with Warrants D, or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue with Warrants would result in the contravention of any law of such countries or jurisdictions. We, Mercury Securities and/or the advisers named herein shall not accept any responsibility or liability in the event that any acceptance and/or renunciation (as the case may be) of entitlements, application for Excess Rights Shares with Warrants D or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue with Warrants made by any Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) are residents.

This Abridged Prospectus has been registered by the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue with Warrants or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Abridged Prospectus. The SC has not, in any way, considered the merits of this Rights Issue with Warrants. A copy of this Abridged Prospectus, together with the NPA and RSF, has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

Approval for the Rights Issue with Warrants has been obtained from our shareholders at our EGM convened on 2 April 2021. Approval has been obtained from Bursa Securities via its letter dated 8 March 2021 for the admission of the Warrants D to the Official List as well as the listing and quotation of the Rights Shares, Warrants D and the new Shares to be issued upon exercise of the Warrants D on the ACE Market of Bursa Securities (subject to the conditions specified in the said letter), which will commence after, among others, receipt of confirmation from Bursa Depository that all the CDS Accounts of successful Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) have been duly credited with the Rights Shares and Warrants D allotted to them and notices of allotment have been despatched to them. However, such admission and the listing and quotation are not an indication that Bursa Securities recommends the Rights Issue with Warrants and are not to be taken as an indication of the merits of the Rights Issue with Warrants.

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

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" AS SET OUT IN SECTION 7 OF THIS ABRIDGED PROSPECTUS.

mTouche[®]

MTOUCHE TECHNOLOGY BERHAD

Registration No. 200401017892 (656395-X)

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

RENOUNCEABLE RIGHTS ISSUE OF UP TO 794,374,098 NEW ORDINARY SHARES IN MTOUCHE TECHNOLOGY BERHAD ("MTOUCHE" OR THE "COMPANY") ("MTOUCHE SHARES" OR "SHARES") ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE TOGETHER WITH UP TO 397,187,049 FREE DETACHABLE WARRANTS IN MTOUCHE ("WARRANTS D") ON THE BASIS OF 6 RIGHTS SHARES TOGETHER WITH 3 FREE WARRANTS D FOR EVERY 1 EXISTING SHARE HELD BY THE ENTITLED SHAREHOLDERS OF THE COMPANY AT 5.00 P.M. ON 5 MAY 2021

Principal Adviser



MERCURY SECURITIES SDN BHD

[Registration No. 198401000672 (113193-W)]

(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIMES

Entitlement Date	:	Wednesday, 5 May 2021 at 5.00 p.m.
Last date and time for:		
Sale of Provisional Allotments	:	Monday, 17 May 2021 at 5.00 p.m.
Transfer of Provisional Allotments	:	Wednesday, 19 May 2021 at 4.30 p.m.
Acceptance and payment	:	Tuesday, 25 May 2021 at 5.00 p.m.
Excess Rights Shares with Warrants D Application and payment	:	Tuesday, 25 May 2021 at 5.00 p.m.

This Abridged Prospectus is dated 5 May 2021

ALL ABBREVIATIONS AND DEFINED TERMS CONTAINED IN THIS ABRIDGED PROSPECTUS ARE DEFINED IN THE "DEFINITIONS" SECTION OF THIS ABRIDGED PROSPECTUS UNLESS STATED OTHERWISE.

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

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

SHAREHOLDERS / INVESTORS SHOULD RELY ON THEIR 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.

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

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

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

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

DEFINITIONS

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

Abridged Prospectus	- This abridged prospectus dated 5 May 2021 in relation to the Rights Issue with Warrants
Act	- Companies Act, 2016 of Malaysia, as amended from time to time and any re-enactment thereof
Bloomberg	- Bloomberg Finance Singapore L.P. and its affiliates
BNM	- Bank Negara Malaysia
Board	- The Board of Directors of the Company
Bursa Depository	- Bursa Malaysia Depository Sdn Bhd
Bursa Securities	- Bursa Malaysia Securities Berhad
CDS	- Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
CDS Account	- Securities account established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of deposits of securities and dealings in such securities by the depositor
Circular	- Circular to the Shareholders dated 18 March 2021 in relation to the Corporate Exercises
Closing Date	- 25 May 2021 at 5.00 p.m., being the last date and time for the acceptance of and payment for the Rights Shares with Warrants D
CMSA	- Capital Markets and Services Act, 2007 of Malaysia as amended from time to time and any re-enactment thereof
Code	- Malaysian Code on Take-Overs and Mergers, 2016 as amended from time to time
Consolidated Shares	- New Shares after the Share Consolidation
Constitution	- Constitution of the Company
Corporate Exercises	- Collectively, the Diversification, the Share Consolidation, the Rights Issue with Warrants and the Extension of Time
COVID-19	- Coronavirus disease 2019
COVID-19 Test Kits	- Test kits for the COVID-19
Deed Poll D	- Deed Poll constituting the Warrants D dated 19 April 2021
Digital Healthcare Ecosystem	- A digital healthcare platform to be developed by the Group that is IoT-enabled, allowing its customers to continuously monitor and record their health statistics and share them with their healthcare provider. Further details are set out in Section 5.3 of this Abridged Prospectus

DEFINITIONS (CONT'D)

Directors	- The directors of the Company
Distribution and Sale of Test Kits Business	- Business involving the distribution and sale of COVID-19 Test Kits
Diversification	- Diversification of the existing business of the Group to include the businesses relating to the healthcare industry, which has been approved by the Shareholders on 2 April 2021
e-RSF	- Electronic submission of RSF
EGM	- Extraordinary general meeting of the Company
Entitled Shareholders	- Shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date in order to be entitled to the Rights Issue with Warrants
Entitlement Date	- 5 May 2021, at the close of business at 5.00 p.m., on which the names of Shareholders must appear in the Record of Depositors in order to be entitled to participate in the Rights Issue with Warrants
EPS	- Earnings per Share
ESOS	- Employees' share option scheme of the Company which took effect on 13 November 2017 for a period of 5 years
ESOS Options	- Options granted or which may be granted under the ESOS pursuant to the by-laws governing the ESOS, where each holder of the ESOS Options can subscribe for 1 new Share for every 1 ESOS Option held
Excess Rights Shares with Warrants D	- The Rights Shares with Warrants D which are not taken up or not validly taken up by the Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) prior to the Closing Date
Excess Rights Shares with Warrants D Application	- Application for additional Rights Shares with Warrants D in excess of the Provisional Allotments by the Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable)
Exercise Period	- Any time within a period of 3 years commencing from and including the date of issue of the Warrants D to the close of business at 5.00 p.m. on the Market Day immediately preceding the date which is the 3rd anniversary from the date of issue of the Warrants D. Any Warrants D not exercised during the Exercise Period will thereafter lapse and cease to be valid
Exercise Price	- RM0.10, being the price at which 1 Warrant D is exercisable into 1 new Share, subject to adjustments in accordance with the provisions of the Deed Poll D
Extension of Time	- Extension of timeframe for the utilisation of the remaining proceeds raised from the Rights Issue 2017

DEFINITIONS (CONT'D)

Foreign-Addressed Shareholders	- Shareholders who have not provided to the Company a registered address or an address in Malaysia by the Entitlement Date for the service of documents which will be issued in connection with the Rights Issue with Warrants
FPE	- Financial period ended
FYE	- Financial year ended / ending 30 June, as the case may be
GDP	- Gross domestic product
Government	- Government of Malaysia
GP	- Gross profit
Health Studio	- A one-stop health and wellness studio which comprises a wellness studio, a recovery studio and a fitness studio proposed to be established and operated by the Group pursuant to the Diversification
Healthcare Business	- Collectively, the Distribution and Sale of Test Kits Business and the Wellness Business
ICT	- Information, communication and technology
IMR Report	- The independent market research report dated 14 April 2021 prepared by Smith Zander
IoT	- Internet-of-Things
LAT	- Loss after taxation
LBT	- Loss before taxation
Listing Requirements	- ACE Market Listing Requirements of Bursa Securities, as amended from time to time
LPD	- 6 April 2021, being the latest practicable date prior to the printing of this Abridged Prospectus
LPS	- Loss per Share
LTD	- 16 April 2021, being the last trading day prior to the date of fixing the issue price of the Rights Shares and Exercise Price
Market Day(s)	- Any day on which Bursa Securities is open for trading in securities
Maximum Scenario	- Assuming all the Entitled Shareholders and/or their transferee(s) and/or their renounees(s) (if applicable) fully subscribe for their respective entitlements under the Rights Issue with Warrants
MCO	- Movement control order issued by the Government under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
MDA	- Medical Device Authority

DEFINITIONS (CONT'D)

MDEP	- Mobile digital ecosystem platform that is tailored for smartphone, and comprises a social networking platform, an entertainment-related mobile platform, and a mobile payment platform through an open application program interface which allows third-party content providers, developers and programmers to customise and build mobile applications for the platform
Mercury Securities or the Principal Adviser	- Mercury Securities Sdn Bhd
Minimum Scenario	- Assuming that the Rights Issue with Warrants is undertaken based on the Minimum Subscription Level
Minimum Subscription Level	- Minimum subscription level of 100,000,000 Rights Shares together with 50,000,000 Warrants D based on an issue price of RM0.10 per Rights Share to arrive at RM10.0 million
MISB	- mTouche International Sdn Bhd, a wholly-owned subsidiary of the Company
Mobile Value-Added Services	- Mobile value-added services for smartphones, such as the development of mobile content, mobile messaging technologies, billing platforms and interactive media solutions
MOH	- Ministry of Health Malaysia
mTouche or the Company	- mTouche Technology Berhad
mTouche Group or the Group	- Collectively, mTouche and its subsidiaries
mTouche Shares or Shares	- Ordinary shares in the Company
NA	- Net assets
NGS	- Network Global Solutions Pty Ltd
NPA	- Notice of provisional allotment in relation to the Rights Issue with Warrants
Official List	- A list specifying all securities which have been admitted for listing on the ACE Market of Bursa Securities and not removed
PAT	- Profit after taxation
PBT	- Profit before taxation
Premier Diagnostics	- Premier Diagnostics Sdn Bhd
Private Placement January 2021	- Private placement exercise of 116,498,000 Shares, which was completed on 15 January 2021
Private Placement July 2020	- Private placement exercise of 70,690,327 Shares, which was completed on 10 July 2020
Private Placement September 2020	- Private placement exercise of 243,759,500 Shares, which was completed on 23 September 2020

DEFINITIONS (CONT'D)

Provisional Allotments	- The Rights Shares with Warrants D provisionally allotted to Entitled Shareholders
Record of Depositors	- A record of securities holders provided by Bursa Depository under the Rules of Bursa Depository
Required Permits	- The certificate of conformity by any conformity assessment body registered with MDA and the establishment licence by MDA
Rights Issue with Warrants	- Renounceable rights issue of up to 794,374,098 Rights Shares together with up to 397,187,049 free detachable Warrants D on the basis of 6 Rights Shares together with 3 free Warrants D for every 1 existing Share held by the Entitled Shareholders on the Entitlement Date
Rights Issue 2017	- Rights issue exercise of 381,215,956 Shares at an issue price of RM0.20 together with 190,607,977 free warrants on the basis of 6 Shares for every 3 free warrants for every 2 then existing Shares, that was completed on 9 November 2017
Rights Shares	- Up to 794,374,098 new Shares to be allotted and issued pursuant to the Rights Issue with Warrants
RM and sen	- Ringgit Malaysia and sen respectively
RSF	- Rights subscription form in relation to the Rights Issue with Warrants
RT-PCR	- Reverse Transcription Polymerase Chain Reaction
Rules of Bursa Depository	- The Rules of Bursa Depository as issued pursuant to the SICDA as amended from time to time
Rules on Take-Overs, Mergers and Compulsory Acquisitions	- Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the SC pursuant to Section 377 of the CMSA, as amended from time to time
SC	- Securities Commission Malaysia
Share Consolidation	- Consolidation of every 10 Shares into 1 Share, which was completed on 22 April 2021
Share Registrar	- ShareWorks Sdn Bhd
Shareholders	- Registered holders of the Shares
SICDA	- Securities Industry (Central Depositories) Act, 1991 of Malaysia, as amended from time to time
Smith Zander or the Independent Market Researcher	- Smith Zander International Sdn Bhd, an independent market researcher
SMS	- Short message service
TEAP	- Theoretical ex-all price

DEFINITIONS (CONT'D)

Undertakings	- The written undertakings from the Undertaking Shareholders dated 15 January 2021 pursuant to which the Undertaking Shareholders have irrevocably undertaken, amongst others, to apply and subscribe in full for their entitlement of Rights Shares and additional Rights Shares not taken up by other Entitled Shareholders by way of Excess Rights Shares with Warrants D Application, to the extent such that the aggregate subscription proceeds of the Rights Shares received by the Company arising from the subscription by all Entitled Shareholders and/or their renounee(s) amount to not less than RM10.0 million, details of which are set out in Section 3 of this Abridged Prospectus
Undertaking Shareholders	- Collectively, Mr Tang Boon Koon and Mr Chen Huei Ping, both the Executive Directors of mTouche
VWAP	- Volume-weighted average market price
Warrants D	- Up to 397,187,049 free detachable warrants in mTouche to be allotted and issued pursuant to the Rights Issue with Warrants
Wellness Business	- Business involving the establishment and operation of the Health Studio which is supported by the usage of the Digital Healthcare Ecosystem by customers to guide their activities, choices and lifestyles to achieve a state of holistic wellness
WHO	- World Health Organisation

In this Abridged Prospectus, all references to “the Company” are to mTouche and references to “we”, “us”, “our” and “ourselves” are to the Company and, where the context otherwise requires, the subsidiaries of the Company. All references to “you” in this Abridged Prospectus are to the Entitled Shareholders.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. Reference to persons shall include corporations, unless otherwise specified.

Any reference in this Abridged Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any discrepancies in the tables included in this Abridged Prospectus between the amounts listed, actual figures and the totals thereof are due to rounding.

Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise stated.

Certain statements in this Abridged Prospectus may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Abridged Prospectus should not be regarded as a representation or warranty that the Company’s plans and objectives will be achieved.

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ADVISERS' DIRECTORY

COMPANY SECRETARIES : Ng Sally (MAICSA 7060343 & SSM PC No. 202008002702)
Teo Mee Hui (MAICSA 7050642 & SSM PC No. 202008001081)
10th Floor, Menara Hap Seng
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50250 Kuala Lumpur
Wilayah Persekutuan
Tel : +603 - 2382 4288
Fax : +603 - 2382 4170

PRINCIPAL ADVISER : Mercury Securities Sdn Bhd
L-7-2, No 2, Jalan Solaris
Solaris Mont' Kiara
50480 Kuala Lumpur
Wilayah Persekutuan
Tel : +603 - 6203 7227
Fax : +603 - 6203 7117

SOLICITORS FOR THE RIGHTS ISSUE WITH WARRANTS : Messrs Gary Teh & Ngiam
Advocates & Solicitors
Unit 1608, 16th Floor
Block A, Damansara Intan
No. 1, Jalan SS 20/27
47400 Petaling Jaya
Selangor
Tel : +603 - 7732 9323
Fax : +603 - 7733 5326

SHARE REGISTRAR : ShareWorks Sdn Bhd
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan
Tel : +603 - 6201 1120
Fax : +603 - 6201 3121

REPORTING ACCOUNTANTS : Grant Thornton Malaysia PLT
(Member of Grant Thornton International Ltd.)
Chartered Accountants (AF 0737)
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Wilayah Persekutuan
Tel : +603 - 2692 4022
Fax : +603 - 2732 5119

INDEPENDENT MARKET RESEARCHER : Smith Zander International Sdn Bhd
15-01, Level 15, Menara MBMR
1, Jalan Syed Putra
58000 Kuala Lumpur
Wilayah Persekutuan
Tel : +603 - 2732 7537

Managing Partner: Dennis Tan Tze Wen
(Bachelor of Science from the Memorial University of
Newfoundland, Canada)

STOCK EXCHANGE LISTING : ACE Market of Bursa Securities

SUMMARY OF THE RIGHTS ISSUE WITH WARRANTS

This summary of the Rights Issue with Warrants only highlights the key information from other parts of the Abridged Prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Abridged Prospectus.

Key information	Summary																																							
(i) Number of Rights Shares to be issued and basis of allotment	Basis: 6 Rights Shares together with 3 free Warrants D for every 1 existing Share held by the Entitled Shareholders. Please refer to Section 2.1 of this Abridged Prospectus for further information.																																							
			Minimum Scenario		Maximum Scenario																																			
	Number of Rights Shares to be issued		100,000,000		794,374,098																																			
		Number of Warrants D attached		50,000,000		397,187,049																																		
<p>The Rights Shares with Warrants D which are not taken up or not validly taken up by the Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) prior to the Closing Date shall be made available for Excess Rights Shares with Warrants D Applications. It is the intention of the Board to allot the Excess Rights Shares with Warrants D, if any, in a fair and equitable manner in the following priority:-</p> <p>(a) firstly, to minimise the incidence of odd lots;</p> <p>(b) secondly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for Excess Rights Shares with Warrants D, taking into consideration their respective shareholdings in the Company as at the Entitlement Date;</p> <p>(c) thirdly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for Excess Rights Shares with Warrants D, taking into consideration the quantum of their respective Excess Rights Shares with Warrants D Applications; and</p> <p>(d) finally, on a pro-rata basis and in board lots, to the transferee(s) and/or renounee(s) who have applied for Excess Rights Shares with Warrants D, taking into consideration the quantum of their respective Excess Rights Shares with Warrants D Applications.</p> <p>The Excess Rights Shares with Warrants D will firstly be allocated to minimise the odd lots (if any) held by each applicant of Excess Rights Shares with Warrants D. Thereafter, the allocation process will perform items (b), (c) and (d) in succession. Any remaining balance of Excess Rights Shares with Warrants D will be allocated by performing the same sequence of allocation i.e. items (b), (c) and (d) again in succession until all Excess Rights Shares with Warrants D are allotted. Please refer to Section 11.8 of this Abridged Prospectus for further information.</p>																																								
(ii) Issue price of the Rights Shares and the Exercise Price	<p>Issue price of the Rights Shares: RM0.10 per Rights Share Exercise Price of the Warrants D: RM0.10 per Warrant D</p> <p>Please refer to Section 2.2 of this Abridged Prospectus for further information.</p>																																							
(iii) Undertakings	<p>Undertaking Shareholders : • Tang Boon Koon (Executive Director of mTouche): RM5.0 million and undertaking amount • Chen Huei Ping (Executive Director of mTouche): RM5.0 million</p> <p>Minimum Rights Shares to be subscribed for pursuant to the Undertakings : 100,000,000 Rights Shares (representing 12.6% of the total number of 794,374,098 Rights Shares available for subscription under the Maximum Scenario)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2" style="background-color: #cccccc;">Undertaking Shareholders</th> <th colspan="2" style="background-color: #cccccc;">As at the LPD</th> <th colspan="2" style="background-color: #cccccc;">After the Share Consolidation</th> <th colspan="2" style="background-color: #cccccc;">Minimum Scenario</th> </tr> <tr> <th style="background-color: #cccccc;">No. of Shares</th> <th style="background-color: #cccccc;">%</th> <th style="background-color: #cccccc;">No. of Shares</th> <th style="background-color: #cccccc;">%</th> <th style="background-color: #cccccc;">No. of Shares</th> <th style="background-color: #cccccc;">%</th> </tr> </thead> <tbody> <tr> <td>Tang Boon Koon</td> <td style="text-align: center;">500,000</td> <td style="text-align: center;">0.04</td> <td style="text-align: center;">50,000</td> <td style="text-align: center;">0.04</td> <td style="text-align: center;">50,050,000</td> <td style="text-align: center;">21.54</td> </tr> <tr> <td>Chen Huei Ping</td> <td style="text-align: center;">500,000</td> <td style="text-align: center;">0.04</td> <td style="text-align: center;">50,000</td> <td style="text-align: center;">0.04</td> <td style="text-align: center;">50,050,000</td> <td style="text-align: center;">21.54</td> </tr> <tr> <td>Total issued Shares</td> <td style="text-align: center;">1,323,956,839</td> <td style="text-align: center;">100.00</td> <td style="text-align: center;">132,395,683</td> <td style="text-align: center;">100.00</td> <td style="text-align: center;">232,395,683</td> <td style="text-align: center;">100.00</td> </tr> </tbody> </table> <p>Please refer to Section 3 of this Abridged Prospectus for further information.</p>						Undertaking Shareholders	As at the LPD		After the Share Consolidation		Minimum Scenario		No. of Shares	%	No. of Shares	%	No. of Shares	%	Tang Boon Koon	500,000	0.04	50,000	0.04	50,050,000	21.54	Chen Huei Ping	500,000	0.04	50,000	0.04	50,050,000	21.54	Total issued Shares	1,323,956,839	100.00	132,395,683	100.00	232,395,683	100.00
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SUMMARY OF THE RIGHTS ISSUE WITH WARRANTS (CONT'D)

Key information	Summary																								
(iv) Rationale for the Rights Issue with Warrants	<p>(a) To raise funds and channel them towards the utilisation as set out in Section 6 of this Abridged Prospectus.</p> <p>(b) To raise the requisite funds without incurring additional interest expense from borrowings, thereby minimising any potential cash outflow in respect of interest servicing costs.</p> <p>(c) The free Warrants D provides Entitled Shareholders with an opportunity to increase their equity participation in the Company at a pre-determined exercise price during the tenure of the Warrants D and to further participate in the future growth of the Company through the exercise of the Warrants D.</p> <p>Please refer to Section 4 of this Abridged Prospectus for further information.</p>																								
(v) Utilisation of proceeds	<p>The gross proceeds to be raised from the Rights Issue with Warrants will be utilised in the following manner:-</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Utilisation of proceeds</th> <th style="text-align: center;">Expected timeframe for utilisation from completion of Rights Issue with Warrants</th> <th style="text-align: center;">Minimum Scenario (RM'000)</th> <th style="text-align: center;">Maximum Scenario (RM'000)</th> </tr> </thead> <tbody> <tr> <td>(i) Expansion of the Distribution and Sale of Test Kits Business</td> <td style="text-align: center;">Within 12 months</td> <td style="text-align: center;">5,000</td> <td style="text-align: center;">10,000</td> </tr> <tr> <td>(ii) Funding for the Wellness Business</td> <td style="text-align: center;">Within 36 months</td> <td style="text-align: center;">5,000</td> <td style="text-align: center;">56,000</td> </tr> <tr> <td>(iii) Working capital</td> <td style="text-align: center;">Within 24 months</td> <td style="text-align: center;">-</td> <td style="text-align: center;">12,437</td> </tr> <tr> <td>(iv) Estimated expenses for the Corporate Exercises</td> <td style="text-align: center;">Immediate</td> <td style="text-align: center;">-</td> <td style="text-align: center;">1,000</td> </tr> <tr> <td>Total</td> <td></td> <td style="text-align: center;">10,000</td> <td style="text-align: center;">79,437</td> </tr> </tbody> </table> <p>Please refer to Section 6 of this Abridged Prospectus for further information.</p>	Utilisation of proceeds	Expected timeframe for utilisation from completion of Rights Issue with Warrants	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)	(i) Expansion of the Distribution and Sale of Test Kits Business	Within 12 months	5,000	10,000	(ii) Funding for the Wellness Business	Within 36 months	5,000	56,000	(iii) Working capital	Within 24 months	-	12,437	(iv) Estimated expenses for the Corporate Exercises	Immediate	-	1,000	Total		10,000	79,437
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Total		10,000	79,437																						
(vi) Risk factors	<p>You should consider the following risk factors before subscribing for or investing in the Rights Issue with Warrants:-</p> <p>(a) risks relating to the new Healthcare Business, of which the Company is exposed to, including business diversification risks which may expose the Group to risks inherent to the healthcare industry, delay / failure in obtaining the necessary regulatory certifications which is needed for the Group's diversification into the Healthcare Business and no prior experience in Healthcare Business;</p> <p>(b) risks relating to the Group's existing business, of which the Company is exposed to, including risks inherent to the ICT industry, competition from similar service providers, the Group's products and services are subject to rapid technology changes risk and cyber security exposure risk;</p> <p>(c) risks relating to the impact of COVID-19 on the Group's businesses such as impact on the financial performance of the Group; and</p> <p>(d) risks relating to the Rights Issue with Warrants, including failure or delay in the completion of the Rights Issue with Warrants and capital market risk and other information contained in this Abridged Prospectus.</p> <p>Please refer to Section 7 of this Abridged Prospectus for further information.</p>																								
(vii) Procedures for acceptance and payment	<p>Acceptance of and payment for the Provisional Allotments allotted to you and application for the Excess Rights Shares with Warrants D may be made on the RSF issued together with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained therein or by way of electronic submission of RSF via the Share Registrar's Investor Portal at https://www.shareworks.com.my. The last day, date and time for acceptance of and payment for the Provisional Allotments and the Excess Rights Shares with Warrants D is on Tuesday, 25 May 2021 at 5.00 p.m.</p> <p>Please refer to Section 11 of this Abridged Prospectus for further information.</p>																								

mTouche®

MTOUCHE TECHNOLOGY BERHAD

Registration No. 200401017892 (656395-X)

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

Registered Office

10th Floor, Menara Hap Seng
No. 1 & 3, Jalan P. Ramlee
50250 Kuala Lumpur
Wilayah Persekutuan

5 May 2021

Board of Directors:-

Y. M. Raja Hizad Bin Raja Kamarulzaman (*Independent Non-Executive Director/Chairman*)

Tang Boon Koon (*Executive Director*)

Chen Huei Ping (*Executive Director*)

Kunamony A/P S. Kandiah (*Senior Independent Non-Executive Director*)

To: Entitled Shareholders

Dear Sir / Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 794,374,098 RIGHTS SHARES AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE TOGETHER WITH UP TO 397,187,049 FREE DETACHABLE WARRANTS D ON THE BASIS OF 6 RIGHTS SHARES TOGETHER WITH 3 FREE WARRANTS D FOR EVERY 1 EXISTING SHARE HELD BY THE ENTITLED SHAREHOLDERS AT 5.00 P.M. ON 5 MAY 2021

1. INTRODUCTION

On 5 February 2021, Mercury Securities had, on behalf of the Board, announced that the Company proposes to undertake the Corporate Exercises.

On 8 March 2021, Mercury Securities had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 8 March 2021, granted its approval for the following:-

- (i) Share Consolidation;
- (ii) admission to the Official List and the initial listing and quotation of up to 397,187,049 Warrants D to be issued pursuant to the Rights Issue with Warrants;
- (iii) listing and quotation of up to 794,374,098 Rights Shares to be issued pursuant to the Rights Issue with Warrants; and
- (iv) listing and quotation of up to 397,187,049 new Shares to be issued arising from the exercise of the Warrants D.

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

Condition	Status of compliance
(i) mTouche and Mercury Securities are required to make the relevant announcements pursuant to Rule 13.20(2) of the Listing Requirements for the Share Consolidation;	Complied
(ii) mTouche and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Share Consolidation and Rights Issue with Warrants;	To be complied
(iii) mTouche and Mercury Securities to inform Bursa Securities upon the completion of the Share Consolidation and Rights Issue with Warrants;	To be complied
(iv) mTouche to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Share Consolidation and Rights Issue with Warrants are completed; and	To be complied
(v) mTouche to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the exercise of Warrants D as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

The Board is pleased to inform that the Shareholders had, during the EGM held on 2 April 2021, approved the Corporate Exercises.

On 19 April 2021, Mercury Securities had, on behalf of the Board, announced that the Board had on even date resolved to fix the issue price of the Rights Shares at RM0.10 per Rights Share as well as the Exercise Price at RM0.10 per Warrant D.

On 20 April 2021, Mercury Securities had, on behalf of the Board, announced that the Entitlement Date for the Rights Issue with Warrants has been fixed at 5.00 p.m. on 5 May 2021.

On 22 April 2021, Mercury Securities had, on behalf of the Board, announced that the Share Consolidation has been completed.

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

YOU ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS WHICH SETS OUT THE DETAILS OF THE RIGHTS ISSUE WITH WARRANTS AND RISK FACTORS ASSOCIATED WITH THE RIGHTS ISSUE WITH WARRANTS. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. PARTICULARS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Details of the Rights Issue with Warrants

The Rights Issue with Warrants entails a provisional allotment of up to 794,374,098 Rights Shares together with up to 397,187,049 free detachable Warrants D on a renounceable basis of 6 Rights Shares together with 3 free Warrants D for every 1 existing Share held by the Entitled Shareholders on the Entitlement Date, at an issue price of RM0.10 per Rights Share.

The actual number of Rights Shares and Warrants D to be issued will depend on the eventual subscription level for the Rights Issue with Warrants. As at the LPD, the issued share capital of the Company comprises 1,323,956,839 Shares and the Company does not have any outstanding convertible securities. In conjunction with the Corporate Exercises, the Company has undertaken not to grant any ESOS Options until the completion of the Corporate Exercises.

As the Rights Shares and Warrants D are prescribed securities, the respective CDS Accounts of the Entitled Shareholders will be duly credited with the number of Provisional Allotments they are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. Entitled Shareholders will find the NPA as enclosed in this Abridged Prospectus, notifying Entitled Shareholders of the crediting of such securities into their respective CDS Accounts, and the RSF as enclosed in this Abridged Prospectus, enabling Entitled Shareholders to subscribe for the Provisional Allotments as well as to apply for Excess Rights Shares with Warrants D if Entitled Shareholders so choose to.

However, only Entitled Shareholders who have an address in Malaysia as stated in the Record of Depositors or who have provided the Share Registrar with an address in Malaysia in writing by the Entitlement Date will receive this Abridged Prospectus together with the NPA and RSF.

The Warrants D are attached to the Rights Shares without any cost and will be issued only to Entitled Shareholders and/or their transferee(s) and/or their renounee(s) who subscribe for the Rights Shares. The Warrants D are exercisable into new Shares and each Warrant D will entitle its holder to subscribe for 1 new Share at the Exercise Price. The Warrants D will be immediately detached from the Rights Shares upon issuance and traded separately. The Warrants D will be issued in registered form and constituted by the Deed Poll D. The salient terms of the Warrants D are set out in Section 2.5 of this Abridged Prospectus.

Any dealings in the Company's securities will be subject to, amongst others, the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, the Rights Shares, Warrants D and new Shares to be issued arising from the exercise of the Warrants D will be credited directly into the respective CDS Accounts of successful applicants and holders of Rights Shares who exercise their Warrants D (as the case may be). No physical certificates will be issued to the successful applicants of the Rights Shares with Warrants D, nor will any physical share certificates be issued for the new Shares to be issued arising from the exercise of the Warrants D.

The Rights Issue with Warrants is renounceable in full or in part. Accordingly, the Entitled Shareholders may fully or partially renounce their entitlements under the Rights Issue with Warrants. However, the Rights Shares and Warrants D cannot be renounced separately. As such, the Entitled Shareholders who renounce all of their Rights Shares entitlements will not be entitled to the Warrants D. If the Entitled Shareholders accept only part of their Rights Shares entitlements, they shall be entitled to the Warrants D in proportion to their acceptance of the Rights Shares entitlements.

The Rights Shares and Warrants D which are not taken up or not validly taken up by Entitled Shareholders and/or their transferee(s) and/or their renounee(s), if applicable, shall be made available for Excess Rights Shares with Warrants D Applications.

Fractional entitlements arising from the Rights Issue with Warrants, if any, will be disregarded and dealt with by the Board in such manner and on such terms and conditions as the Board in its absolute discretion may deem fit or expedient and in the best interests of the Company.

Notices of allotment will be despatched to the successful applicants of the Rights Shares with Warrants D within 8 Market Days from the last date for acceptance and payment of the Rights Shares with Warrants D or such other period as may be prescribed by Bursa Securities.

The Warrants D will be admitted to the Official List and the listing and quotation of Warrants D will commence 2 Market Days upon the receipt by Bursa Securities of an application for quotation for these securities as specified under the Listing Requirements, which will include amongst others, confirmation that all notices of allotment have been despatched to the successful applicants, and after receipt of confirmation from Bursa Depository that all CDS Accounts of successful applicants have been duly credited with the Rights Shares and Warrants D.

2.2 Basis of determining the issue price of the Rights Shares and the Exercise Price

Issue price of the Rights Shares

The Board had fixed the issue price of the Rights Shares at RM0.10 per Rights Share after taking into consideration, amongst others, the following:-

- (i) the funding requirements of the Group as set out in Section 6 of this Abridged Prospectus;
- (ii) the reference share price of the Shares (after the Share Consolidation);
- (iii) the TEAP⁽¹⁾ of mTouche Shares of RM0.1165, calculated based on the 5-day VWAP of mTouche Shares up to and including the LTD of RM0.0265 and after adjusting for the effects of the Share Consolidation; and
- (iv) the rationale for the Rights Issue with Warrants, as set out in Section 4 of this Abridged Prospectus.

The issue price of RM0.10 per Rights Share represents a discount of approximately 14.2% to the TEAP of mTouche Shares of RM0.1165, calculated based on the 5-day VWAP of mTouche Shares up to and including the LTD of RM0.0265 and after adjusting for the effects of the Share Consolidation.

Note:-

- (1) TEAP is computed as follows:-

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

where:-

- A = Number of Rights Shares
- B = Number of Warrants D
- C = Number of existing Shares
- X = Issue price of the Rights Shares
- Y = Exercise Price

Z = 5-day VWAP of mTouche Shares up to and including the LTD of RM0.0265 multiplying by 10* to arrive at RM0.265

* *to include adjustments pursuant to the Share Consolidation of every 10 Shares held at 5.00 p.m. on 21 April 2021 into 1 Share*

and the ratio of A:B:C is 6:3:1, in accordance with the entitlement basis of 6 Rights Shares together with 3 free Warrants D for every 1 existing Share held.

Exercise Price

The Board had fixed the Exercise Price at RM0.10 per Warrant D after taking into consideration the following:-

- (i) the TEAP of mTouche Shares of RM0.1165, calculated based on the 5-day VWAP of mTouche Shares up to and including the LTD of RM0.0265 and after adjusting for the effects of the Share Consolidation;
- (ii) the future prospects of the Group, further details of which are set out in Section 8.5 of this Abridged Prospectus; and
- (iii) to fix an exercise price that makes the Warrants D attractive for the purposes of enhancing the subscription level of the Rights Shares.

The Exercise Price per Warrant D represents a discount of approximately 14.2% to the TEAP of mTouche Shares of RM0.1165, calculated based on the 5-day VWAP of mTouche Shares up to and including the LTD of RM0.0265 and after adjusting for the effects of the Share Consolidation.

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

(i) Rights Shares

The Rights Shares shall, upon allotment, issuance and full payment of the issue price of the Rights Shares, rank *pari passu* in all respects with the then existing issued Shares, save and except that the holders of such Rights Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment of such Rights Shares.

(ii) New Shares to be issued arising from exercise of the Warrants D

The new Shares to be issued pursuant to the exercise of the Warrants D shall, upon allotment, issuance and full payment of the exercise price of the Warrants D, rank *pari passu* in all respects with the then existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment of such new Shares.

2.4 Last date and time for acceptance and payment

The Closing Date is **5.00 p.m. on Tuesday, 25 May 2021**.

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2.5 Salient terms of the Warrants D

The salient terms of the Warrants D to be issued pursuant to the Rights Issue with Warrants are set out below:-

- Issuer : mTouche
- Issue size : Up to 397,187,049 Warrants D
- Form and detachability : The Warrants D will be issued in registered form and constituted by the Deed Poll D. The Warrants D which are to be issued with the Rights Shares will immediately be detached from the Rights Shares upon allotment and issuance and will be traded separately on Bursa Securities.
- Board lot : For the purpose of trading on Bursa Securities, a board lot of Warrants D shall be 100 units of Warrants D, or such other number of units as may be prescribed by Bursa Securities.
- Tenure of the Warrants D : 3 years commencing from and including the date of issuance of the Warrants D.
- Exercise Period : The Warrants D may be exercised at any time within a period of 3 years commencing from and including the date of issuance of the Warrants D to the close of business at 5.00 p.m. (Malaysia time) on the market day immediately preceding the date which is the third (3rd) anniversary from the date of issuance of the Warrants D. Any Warrants D not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.
- Exercise Price : RM0.10 per Warrant D.
- The Exercise Price and/or the number of Warrants D in issue during the Exercise Period shall however be subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll D.
- Subscription rights : Each Warrant D shall entitle its registered holder to subscribe for 1 new Share at any time during the Exercise Period at the Exercise Price, subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll D.
- Mode of exercise : The holders of the Warrants D are required to lodge a subscription form with the Company's registrar, duly completed, signed and stamped or via electronic submission of the subscription form by way of email at ir@shareworks.com.my, together with payment by way of banker's draft or cashier's order drawn on a bank operating in Malaysia or money order or postal order issued by a post office in Malaysia or by way of internet bank transfer to designated bank account for the aggregate of the Exercise Price payable when exercising their Warrants D to subscribe for new Shares. The payment of such fee must be made in Ringgit Malaysia.

- Adjustments to the Exercise Price and/or the number of the Warrants D : Subject to the provisions of the Deed Poll D, the Exercise Price and/or the number of Warrants D in issue may be subject to adjustments by the Board in consultation with an approved adviser appointed by the Company or the auditors in the event of any alteration in the share capital of the Company at any time during the tenure of the Warrants D, whether by way of, amongst others, rights issue, bonus issue, consolidation of shares, subdivision of shares or capital distribution, in accordance with the provisions of the Deed Poll D. Any adjustment to the Exercise Price will be rounded up to the nearest 1 sen.
- Rights of the Warrant D holders : The Warrants D do not confer on their holders any voting rights or any right to participate in any form of distribution and/or offer of further securities in the Company until and unless such holders of Warrants D exercise their Warrants D for new Shares in accordance with the provisions of the Deed Poll D and such new Shares have been allotted and issued to such holders.
- Ranking of the new Shares to be issued pursuant to the exercise of the Warrants D : The new Shares to be issued pursuant to the exercise of the Warrants D in accordance with the provisions of the Deed Poll D shall, upon allotment, issuance and full payment of the Exercise Price of the Warrants D, rank *pari passu* in all respects with the then existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment of such new Shares arising from the exercise of the Warrants D.
- Rights of the Warrants D holders in the event of winding up, liquidation, compromise and/or arrangement : Where a resolution has been passed for a members' voluntary winding-up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with 1 or more companies, then:-
- (i) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the holders of the Warrants D (or some other persons designated by them for such purpose by special resolution) shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the holders of the Warrants D; and

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- (ii) in the event a notice is given by the Company to its Shareholders to convene a general meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind up the Company, and in any other case and subject always to the provisions in the Deed Poll D, every holder of the Warrants D shall be entitled to exercise his Warrants D at any time within 6 weeks after the passing of such resolution for a members' voluntary winding up of the Company or within 6 weeks after the granting of the court order approving the winding-up, compromise or arrangement, whereupon the Company shall allot the relevant new Shares to the holders of the Warrants D credited as fully paid subject to the prevailing laws, and such holder of Warrants D shall be entitled to receive out of the assets of the Company which would be available in liquidation if the holder of the Warrants D would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly. Upon the expiry of the aforesaid 6 weeks, all subscription rights shall lapse and cease to be valid for any purpose.

Modification of rights of Warrants D holders : Save as otherwise provided in the Deed Poll D, a special resolution of the Warrant D holders is required to sanction any modification, alteration or abrogation in respect of the rights of the Warrants D holders.

Modification of the Deed Poll D : Any modification to the terms and conditions of the Deed Poll D may be effected only by a further deed, executed by the Company and expressed to be supplemental to the Deed Poll D. Any of such modification shall however be subject to the approval of Bursa Securities (if so required).

No amendment or addition may be made to the provisions of the Deed Poll D without the sanction of a special resolution unless the amendments or additions are required to correct any typographical errors or relate purely to administrative matters or are required to comply with any provisions of the prevailing laws or regulations of Malaysia or in the opinion of the Company, will not be materially prejudicial to the interests of the Warrants D holders.

Listing status : The Warrants D will be listed and traded on the ACE Market of Bursa Securities. The listing and quotation of the Warrants D on the ACE Market of Bursa Securities is subject to a minimum of 100 holders of Warrants D.

Transferability : The Warrants D shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository.

Governing laws : The Deed Poll D shall be governed by the laws of Malaysia.

2.6 Details of other corporate exercises

As at the date of this Abridged Prospectus, save for the Rights Issue with Warrants, the Board confirmed that there are no other corporate exercises which have been approved by the regulatory authorities but are pending completion.

2.7 Details of past fund-raising exercises undertaken by the Company

(a) Rights Issue 2017

On 9 November 2017, the Company completed a rights issue with warrants exercise involving the issuance of 381,215,956 new Shares and 190,607,977 free warrants, raising a total of approximately RM76.2 million. The status of utilisation of the proceeds as at the LPD is as follows:-

Utilisation of proceeds	Timeframe for utilisation from completion of the Rights Issue 2017	Actual proceeds raised		Amount utilised as at the LPD		Balance available for utilisation	
		RM'000	%	RM'000	%	RM'000	%
(i) Upgrading of existing Mobile Value-Added Services Platform	Within 12 months	2,500	3.3	2,500	3.6	-	-
(ii) Development of a MDEP	Within 18 months	7,500	9.8	7,500	10.9	-	-
(iii) Working capital	Within 24 months	3,035	4.0	3,035	4.4	-	-
(iv) Acquisition of new office premises	(¹)Within 5 years	7,500	9.8	-	-	7,500	100.0
(v) Regional business expansion	Within 24 months	12,000	15.7	12,000	17.5	-	-
(vi) Acquisition and/or investment in other complementary businesses and/or assets	Within 24 months	42,708	56.0	42,708	62.1	-	-
(vii) Expenses in relation to the Rights Issue 2017	Immediate	1,000	1.3	1,000	1.5	-	-
Total		76,243	100.0	68,743	100.0	7,500	100.0

Note:-

(1) The Company was unable to identify suitable properties within the previous timeframe of 24 months from the completion of the Rights Issue 2017, i.e. by 9 November 2019. Pursuant to the approval obtained from the Shareholders for the Extension of Time on 2 April 2021, the Company has been granted additional timeframe to acquire office premises and/or other properties that meet the Group's financial and commercial criteria by taking into consideration the business needs of the Group for a further 36 months from the previous timeframe, i.e. by 9 November 2022.

(b) Private Placement July 2020

On 10 July 2020, the Company completed a private placement exercise involving the issuance of 70,690,327 new Shares (representing 10% of the then existing total number of issued Shares prior to the private placement), raising total proceeds of approximately RM4.2 million. The status of utilisation of the proceeds as at the LPD is as follows:-

Utilisation of proceeds	Timeframe for utilisation from completion of the Private Placement July 2020	Actual proceeds raised		Amount utilised as at the LPD		Balance available for utilisation	
		RM'000	%	RM'000	%	RM'000	%
(i) Business expansion ⁽¹⁾	Within 12 months	3,050	73.5	-	-	3,050	100.0
(ii) General working capital ⁽²⁾	Within 12 months	1,000	24.1	(1,000)	90.9	-	-
(iii) Expenses in relation to the Private Placement July 2020	Immediate	100	2.4	(100)	9.1	-	-
Total		4,150	100.0	(1,100)	100.0	3,050	100.0

Notes:-

- (1) The proceeds earmarked for business expansion will be utilised to develop and promote programmatic marketing ("Programmatic Marketing") for the MDEP. As at the LPD, the Group is in the midst of finalising the award of the contract to a third-party developer. The Group and the third-party developer commenced on the customisation discussion in April 2021 and will commence co-developing and customising the Programmatic Marketing once the third-party developer is appointed. The Group expects the development of the Programmatic Marketing to be completed by December 2021 and shall make necessary announcement to extend the utilisation timeframe for the proceeds allocated for this development beyond its initial timeframe by July 2021.
- (2) The proceeds earmarked for general working capital is intended to partially defray the Group's operational expenses, which include, amongst others, repayment to trade creditors and administrative expenses (e.g. employee salaries and other emoluments, office utilities and office supplies).

(c) Private Placement September 2020

On 23 September 2020, the Company completed a private placement exercise which involved the issuance of 243,759,500 new Shares (representing 30% of the then existing total number of issued Shares prior to the private placement), raising total proceeds of approximately RM14.8 million. The status of utilisation of the proceeds as at the LPD is as follows:-

Utilisation of proceeds	Timeframe for utilisation from completion of the Private Placement September 2020	Actual proceeds raised		Amount utilised as at the LPD		Balance available for utilisation	
		RM'000	%	RM'000	%	RM'000	%
(i) Business expansion ⁽¹⁾	Within 24 months	14,621	98.7	(10,000)	98.0	4,621	100.0
(ii) Expenses in relation to the Private Placement September 2020	Immediate	200	1.3	(200)	2.0	-	-
Total		14,821	100.0	(10,200)	100.0	4,621	100.0

Note:-

(1) The proceeds earmarked for business expansion will be utilised to develop a new over-the-top media platform that features a system of software, including an end-user facing application which delivers video contents such as documentaries, movies, television shows and music videos from third-party video service providers to end-users over the internet, known as OTT Media Platform. As at the LPD, the Group is in the midst of developing the OTT Media Platform and it is currently approximately 60% completed. The development is expected to be completed by September 2021.

(d) Private Placement January 2021

On 15 January 2021, the Company completed a private placement exercise which involved the issuance of 116,498,000 new Shares (representing 10% of the then existing total number of issued Shares prior to the Private Placement January 2021), raising total proceeds of approximately RM7.2 million. The status of utilisation of the proceeds as at the LPD is as follows:-

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Utilisation of proceeds	Timeframe for utilisation from completion of the Private Placement January 2021	Actual proceeds raised		Amount utilised as at the LPD		Balance available for utilisation	
		RM'000	%	RM'000	%	RM'000	%
(i) Purchase of COVID-19 Test Kits and related equipment ⁽¹⁾	Within 6 months	4,400	61.1	-	-	4,400	68.8
(ii) Set up of clean room and cold storage facility ⁽²⁾	Within 12 months	2,000	27.8	-	-	2,000	31.2
(iii) Working capital for the Distribution and Sale of Test Kits Business ⁽³⁾	Within 24 months	400	5.6	(400)	50.0	-	-
(iv) Expenses in relation to the Private Placement January 2021	Immediate	400	5.6	(400)	50.0	-	-
Total		7,200	100.0	(800)	100.0	6,400	100.0

Notes:-

(1) The proceeds earmarked for purchase of COVID-19 Test Kits will be utilised to purchase up to 100,000 COVID-19 Test Kits and 3 sets of specialised equipment and instruments (such as automated nucleic acid extraction systems, real-time polymerase chain reaction systems, biosafety cabinets, centrifuge and vortex mixers, freezers etc). The Group expects to commence the distribution of the approved COVID-19 Test Kits in the second quarter of 2021.

(2) In order to carry out the Distribution and Sale of Test Kits Business without relying on MDA approved distributors, the Group has earmarked RM2.0 million to set up a clean room and cold storage facility, as well as to pay for expenses in relation to the Required Permits application, including application fees, regulatory fees, and advisory fees payable to the Group's appointed consultant. The Group intends to set up a clean room and cold storage facility measuring approximately 10 – 12 square meter within the Company's existing office premise at Lot 11.3, 11th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor.

The cost to set up the clean room and cold storage facility is estimated to be approximately RM1.0 million and these facilities are required to fulfil the criteria for the Required Permits applications. The relevant cost includes the renovation cost, purchase of necessary equipment such as freezers as well as certification fee for the clean room, while the relevant application fees and advisory fees relating to the Required Permits applications are estimated to be approximately RM1.0 million.

The Required Permits are the certificate of conformity by any conformity assessment body registered with MDA and the establishment licence by MDA. Upon submission of application to obtain the certificate of conformity from conformity assessment body which is expected to be by second quarter of 2021, the conformity assessment body will provide the Group with the guidelines required for the set up of the clean room and cold storage facility. Upon setting up of these facilities, the conformity assessment body shall inspect the facilities as part of the criteria to issue the certificate of conformity to the Group. Upon receipt of the certificate of conformity, the Group will apply for the establishment license. The Group expects to set up the clean room and cold storage facility and obtained the Required Permits by the second half of 2021.

- (3) The proceeds earmarked for working capital were utilised for distribution and marketing expenses for the Distribution and Sale of Test Kits Business. The Group had distributed COVID-19 Test Kits as samples to pathology laboratories to create brand awareness of the test kits.

3. MINIMUM SUBSCRIPTION LEVEL AND THE UNDERTAKINGS

The Company intends to raise a minimum of RM10.0 million from the Rights Issue with Warrants to meet the funding requirements of the Group, which will be channelled towards the utilisation as set out in Section 6 of this Abridged Prospectus.

In view of the above, the Board has determined to undertake the Rights Issue with Warrants on the Minimum Subscription Level.

To meet the Minimum Subscription Level, the Company has procured the Undertakings from the Undertaking Shareholders, namely Mr Tang Boon Koon (Executive Director of mTouche) and Mr Chen Huei Ping (Executive Director of mTouche), to apply and subscribe in full for their entitlements of Rights Shares and additional Rights Shares not taken up by other Entitled Shareholders by way of excess Rights Shares application, to the extent such that the aggregate subscription proceeds of the Rights Shares received by the Company arising from the subscription by all Entitled Shareholders and/or their renouncee(s) amount to not less than RM10.0 million. For the avoidance of doubt, the subscription of Rights Shares (including excess Rights Shares, where applicable) by each of the Undertaking Shareholders pursuant to the Undertakings is for an amount of up to RM5.0 million.

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The details of the Undertakings under the Minimum Scenario as at the LPD are as follows:-

Undertaking Shareholders	Existing direct shareholding as at the LPD		Direct shareholding after the Share Consolidation		Subscription pursuant to the Undertakings (based on the issue price of RM0.10 per Rights Share)							
	No. of Shares	(1)%	No. of Shares	(2)%	Entitlement			Excess application				
					No. of Rights Shares	(3)%	No. of Warrants D	(4)%	No. of Rights Shares	(3)%	No. of Warrants D	(4)%
Tang Boon Koon	500,000	0.04	50,000	0.04	300,000	0.30	150,000	0.30	49,700,000	49.70	24,850,000	49.70
Chen Huei Ping	500,000	0.04	50,000	0.04	300,000	0.30	150,000	0.30	49,700,000	49.70	24,850,000	49.70

Undertaking Shareholders	Total Rights Shares with Warrants D to be subscribed pursuant to the Undertakings				Assuming none of the other Entitled Shareholders subscribe for their Rights Shares	
	No. of Rights Shares	(3)%	No. of Warrants D	(4)%	No. of Shares held after the Rights Issue with Warrants	(5)%
Tang Boon Koon	50,000,000	50.00	25,000,000	50.00	50,050,000	21.54
Chen Huei Ping	50,000,000	50.00	25,000,000	50.00	50,050,000	21.54

Notes:-

- (1) Based on the issued share capital of 1,323,956,839 Shares as at the LPD.
- (2) Based on the issued share capital of 132,395,683 Shares after the Share Consolidation which was completed on 22 April 2021.
- (3) Based on the total number of 100,000,000 Rights Shares available for subscription under the Rights Issue with Warrants under the Minimum Scenario.
- (4) Based on the total number of 50,000,000 Warrants D under the Minimum Scenario.
- (5) Based on the enlarged issued share capital of 232,395,683 Shares under the Minimum Scenario.

Pursuant to the Undertakings, the Undertaking Shareholders have:-

- (i) irrevocably and unconditionally warranted that they shall not sell or in any other way dispose of or transfer their existing interest in the Company or any part thereof during the period commencing from the date of the Undertakings up to the Entitlement Date; and

(ii) confirmed that they have sufficient financial means and resources to fulfil their obligations under the Undertakings.

Mercury Securities has verified the sufficiency of financial resources of the Undertaking Shareholders for the purpose of subscribing for the Rights Shares and excess Rights Shares pursuant to the Undertakings.

The Undertaking Shareholders have confirmed that their subscription for the Rights Shares pursuant to the Undertakings will not give rise to any mandatory take-over offer obligation under the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions immediately after the completion of the Rights Issue with Warrants. They further confirmed that they are not person acting concert which shall have the meaning as set out in Section 216 (2) of the CMSA.

In the event that either of the Undertaking Shareholders triggers an obligation to undertake a mandatory take-over offer under the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions pursuant to the Undertakings, a separate announcement will be made.

As the Minimum Subscription Level will be fully satisfied via the Undertakings, the Company will not procure any underwriting arrangement for the remaining Rights Shares not subscribed for by other Entitled Shareholders.

The Undertakings are not expected to result in any breach in the public shareholding spread requirement by the Company under Rule 8.02(1) of the Listing Requirements, which stipulates that a listed corporation must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. As at the LPD, the Company does not hold any treasury shares.

The pro forma public shareholding spread under the Minimum Scenario is illustrated as follows:-

Particulars	As at the LPD		(i) After the Share Consolidation		(ii) After the Rights Issue with Warrants		(iii) After (ii) and assuming full exercise of the Warrants D	
	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(3)%	No. of Shares	(4)%
Issued share capital	1,323,956,839	100.0	132,395,683	100.0	232,395,683	100.0	282,395,683	100.0
<u>Less:</u> Directors, substantial shareholders and their associates	1,000,000	0.1	100,000	0.1	100,100,000	43.1	150,100,000	53.2
Shareholders holding less than 100 Shares	12,062	(5)	12,062	(5)	12,062	(5)	12,062	(5)
Public shareholding spread	1,322,944,777	99.9	132,283,621	99.9	132,283,621	56.9	132,283,621	46.8

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Notes:-

- (1) Based on the total number of 1,323,956,839 Shares as at the LPD.
- (2) Based on the issued share capital of 132,395,683 Shares after the Share Consolidation which was completed on 22 April 2021.
- (3) Based on the enlarged total number of 232,395,683 Shares under the Minimum Scenario.
- (4) Based on the enlarged total number of 282,395,683 Shares assuming full exercise of the Warrants D.
- (5) Negligible.

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4. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS

The Rights Issue with Warrants will enable the Company to raise funds and channel them towards the utilisation as set out in Section 6 of this Abridged Prospectus.

After due consideration of the various options available, the Board is of the opinion that the Rights Issue with Warrants is the most suitable means of fund raising for the Company for the following reasons:-

- (i) it will involve the issuance of new Shares without diluting the Entitled Shareholders' shareholdings provided that they subscribe in full for their respective entitlements under the Rights Issue with Warrants and exercise their Warrants D subsequently;
- (ii) it provides an opportunity for the Entitled Shareholders to participate in the equity offering of the Company on a pro-rata basis; and
- (iii) it will enable the Company to raise the requisite funds without incurring additional interest expense from bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing costs.

The free Warrants D which are attached to the Rights Shares are intended to provide an added incentive to Entitled Shareholders to subscribe for the Rights Shares. In addition, the free Warrants D will provide Entitled Shareholders with an opportunity to increase their equity participation in the Company at a pre-determined exercise price during the tenure of the Warrants D and will allow Entitled Shareholders to further participate in the future growth of the Company as and when they are exercised.

The exercise of the Warrants D in the future will allow the Company to obtain additional funds without incurring additional interest expenses from borrowings. Furthermore, should the Company increase its borrowings in the future, the exercise of Warrants D will increase Shareholders' funds and lower the Company's gearing, thereby providing the Company with flexibility in terms of the options available to meet its funding requirements.

5. DETAILS OF THE HEATHCARE BUSINESS

5.1 Existing business of the Group

The Group is principally involved in the provision of mobile value-added services for smartphones, such as the development of mobile content, mobile messaging technologies, billing platforms and interactive media solutions, with operations in Malaysia, Indonesia, Thailand, Hong Kong and Vietnam. Under this segment, the Group is also engaged in the research and development of software and provision of software maintenance and support services, as well as managing computer data, data processing, data storage, systems design and analysis.

The Group currently derives its revenue entirely from the Mobile Value-Added Services segment, which mainly comprises revenue derived from its bulk messaging services, content services and mobile solutions, as well as fees chargeable through its mobile billing platform. The Group has reported losses for the past 2 financial years, i.e. FYEs 2019 and 2020 mainly due to the increasing competition in the Mobile Value-Added Services industries arising from new developments in mobile technologies.

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A summary of the Group's financial performance in the past 3 financial years is shown in the table below:-

	Audited		
	FYE 2018	FYE 2019	FYE 2020
	RM'000	RM'000	RM'000
Revenue PAT / (LAT)	19,589 970	27,004 (20,562)	9,178 (27,015)

Further details on the Group's financial performance are set out in Section 4, Appendix 1 of this Abridged Prospectus.

Given the above, in order to improve its financial performance, the Group has been exploring other business opportunities to diversify the Group's revenue stream. After taking into consideration of the outlook and prospects of the healthcare industry as set out in Sections 8.2 and 8.3 of this Abridged Prospectus, the Company had on 2 April 2021 obtained the Shareholders' approval for the diversification into the Healthcare Business which includes the Distribution and Sale of Test Kits Business and the Wellness Business.

5.2 Details of the Distribution and Sale of Test Kits Business

The healthcare industry plays a prime role in providing treatment for COVID-19 patients since the current outbreak of COVID-19 began in Malaysia in early 2020. Prior to treatment of COVID-19, testing is needed to indicate whether a person is infected with the virus and thus requires immediate treatment as well as isolation to stop the chain of infection. As such, COVID-19 test kits are an essential healthcare product in combatting the spread of COVID-19.

Mass testing for COVID-19 enables early detection of infected persons, especially those who are asymptomatic and may have unknowingly contributed to the spread of the disease. In order to conduct mass testing, COVID-19 Test Kits are required to be supplied in large volumes.

In initiating the Distribution and Sale of Test Kits Business, MISB, a wholly-owned subsidiary of the Company had on 14 April 2020 entered into a supply agreement with NGS to secure the supply of COVID-19 Test Kits and other medical supplies product. NGS, a company registered and incorporated in Australia, is authorised to promote, market, and distribute COVID-19 Test Kits and other medical supplies products by various suppliers from China, South Korea and the United Kingdom to Australia, New Zealand and other parts of Southeast Asia.

Subject to the Group obtaining the necessary approval and license from the relevant authorities, i.e. the certificate of conformity by any conformity assessment body registered with MDA and the establishment licence by MDA ("**Required Permits**"), MISB will commence to purchase and import the COVID-19 Test Kits from the authorised suppliers such as NGS. The Group expects to submit the application for the Required Permits by second quarter of 2021 and expects to obtain the said permits by the second half of 2021.

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In the interim whilst the Group is in the process of applying for the Required Permits, MISB had on 3 July 2020 appointed Premier Diagnostics, a local company which possesses the Required Permits to amongst others, assist the Group to fast track the registration of 5 COVID-19 Test Kits with MDA vide a special access application to enable the COVID-19 Test Kits to be distributable in Malaysian market. Premier Diagnostic has successfully obtained the designated "Recommended for Use" approval from the MDA for 3 out of 5 types of the COVID-19 Test Kits on 11 November 2020.

While waiting for their own Required Permits, MISB has also engaged Premier Diagnostics to import the COVID-19 Test Kits, provide logistic services as well as provide warehousing facilities for storing the COVID-19 Test Kits. MISB will source for customers and upon successfully identifying the customers, MISB will procure Premier Diagnostics to supply the test kits directly to the customers.

Upon successfully obtaining the Required Permits, MISB will undertake the importation and distribution of the COVID-19 Test-Kits independently while the Group plans to continue engaging Premier Diagnostics for its logistic services and warehousing facilities.

MISB had on 19 November 2020 entered into a digital distribution agreement with Mlabs Research Sdn Bhd, a wholly-owned subsidiary of MLABS Systems Berhad ("**MLABS**") to distribute the COVID-19 Test Kits and other equivalent products in Malaysia through MLABS' digital distribution channel.

As the Group intends to expand its distribution of the COVID-19 Test Kit, the Group is also in advanced discussion with another local distributor which possesses the Required Permits to assist the Group with the distribution of the COVID-19 Test Kits.

To kickstart the Group's venture into the Distribution and Sale of Test Kits Business, the Group had undertaken the Private Placement January 2021, raising a total of RM7.2 million to fund the Distribution and Sale of Test Kits Business, mainly for the purchase of approximately 100,000 COVID-19 Test Kits. At this juncture, MISB intends to prioritise and focus on distribution in Malaysia and shall consider the commercial viability to expand the distribution to Southeast Asian markets at a later date. MISB expects to commence the distribution of the approved COVID-19 Test Kits in the second quarter of 2021.

According to the IMR Report, the number of COVID-19 tests conducted in Malaysia increased from 211,816 tests in June 2020 to 1,421,394 tests in March 2021, at a 571.05% growth. Further, as Malaysia has entered the third wave of the COVID-19 pandemic, the number of COVID-19 tests conducted has increased significantly from October 2020 to December 2020, with at least 500,000 tests being conducted each month. From January 2021 to March 2021, the number of COVID-19 tests conducted further increased to at least one million tests each month. Notwithstanding that the reported cases have begun to reduce since February 2021, the overall reported COVID-19 cases remain high in Malaysia with at least 1,000 reported cases almost every day. As such, the number of COVID-19 tests to be conducted is also expected to remain high and COVID-19 test kits are expected to be continuously in demand until the pandemic subsides. Further details on the prospects for the healthcare industry are set out in Sections 8.2, 8.3 and 8.5 of this Abridged Prospectus.

As such, the Group intends to deploy further resources to further expand and grow the Distribution and Sale of Test Kits Business to capitalise on the current boom in demand for the test kits.

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5.3 Details of the Wellness Business

Wellness refers to having a positive multidimensional state of well-being or health which includes physical, occupational, mental, social, intellectual and emotional dimensions. Wellness programmes emphasise health and selfcare thus, acting as preventive healthcare for individuals to avoid illnesses and injuries. Rehabilitation refers to training or therapy which helps a person to recover to healthy conditions, regain strength, relearn skills and optimise functional abilities following an illness, injury, surgery, congenital or declining health conditions. Wellness and rehabilitation programmes are customised according to the needs and goals of an individual and may be provided by specialised centres such as health and wellness studios, or hospitals as inpatient or outpatient treatment.

Smith Zander estimates the healthcare industry in Malaysia to have increased to RM66.77 billion in 2020 at a 3.83% growth from 2019. Due to additional government spending on health for treatment and prevention of COVID-19 cases, public health expenditure in 2020 is expected to have increased by 10.47% from 2019, which drives the growth of the healthcare industry.

The Group is observing an emerging trend whereby consumers are increasingly looking beyond physical fitness in striving for optimal health, taking a more holistic approach to include wellness and lifestyle such as sleep quality, mental health and emotional wellbeing.

As such, the Group proposes to venture into the Wellness Business to establish and operate an all-in-one health and wellness studio in Malaysia, where consumers can seek for their wellness, recovery and fitness needs all under the same roof, i.e. the Health Studio. The Health Studio is envisaged to comprise the following:-

- | | | |
|-----------------|---|---|
| Recovery studio | : | Provides recovery treatment aimed at helping customers in their sports recovery and injury rehabilitation, using advanced technologies such as cryotherapy ⁽¹⁾ , hyperbaric therapy ⁽²⁾ , oxygen capsule therapy ⁽²⁾ , float therapy ⁽³⁾ and compression therapy ⁽⁴⁾ . |
| Wellness studio | : | Provides a wide range of non-invasive aesthetic treatments and services, such as wrinkle reduction, skin tightening and fat reduction. |
| Fitness studio | : | Provides a large, expansive, fully air-conditioned space as well as training programs tailored to meet customer's fitness goals, using the trendy workout equipment such as spin bikes and trampolines which are augmented with cutting-edge virtual reality technologies to offer customers an immersive fitness workout experience. |

Notes:-

- (1) Cryotherapy involves an individual exposing the body to vapours that is below -130 degrees Celsius for 3 minutes. The process triggers the body's survival mechanism, allowing the body to eliminate toxins, boost cell renewal, and quickly repair muscle tears.
- (2) Hyperbaric therapy and oxygen capsule therapy involve an individual breathing pure oxygen in an atmospherically controlled chamber, allowing the body to inhale more oxygen than is possible under normal conditions. The increased oxygen concentration helps speed up the healing of damaged tissues in previously hard to reach or blocked parts of the body.
- (3) Float therapy involves an individual floating in a warm solution of magnesium sulphate within a sensory deprivation tank, which induces the body to enter a state of deep relaxation, offering health benefits such as muscle relaxation and decreased stress levels.

- (4) Compression therapy involves the deliberate application of pressure to an individual's body parts. Key benefits of compression therapy include reduced muscle soreness, improved blood flow and muscle flexibility, as well as reduction in stress hormones.

One of the key differentiating factors of the Health Studio as compared to its peers, is that consumers will be able to seek all their recovery, wellness and fitness needs under one roof. Currently, most recovery studios, wellness studios and fitness studios are standalone studios, focusing on only one aspect of what the Health Studio will be able to provide.

The Group also recognised that over the past few years, consumers are becoming increasingly dependent on mobile applications to organise their life. In addition, advancement in technologies has propelled the growth of on-demand fitness. In particular, the proliferation of wearable health sensor monitors with IoT capabilities, combined with the power of health applications has transformed the way consumers observe and monitor their health statistics to maintain a healthy lifestyle.

As such, the Group plans to also develop a Digital Healthcare Ecosystem, an application platform that will complement the usage of the Health Studio. Using the Digital Healthcare Ecosystem, consumers can monitor and record their health statistics while utilising the recovery, wellness or fitness services at the Health Studio, either through their personal IoT devices or the Health Studio's proprietary IoT devices. Furthermore, the Digital Healthcare Ecosystem will provide customers with unparalleled features and convenience, allowing them to pay for subscription as well as schedule for classes/sessions at the Health Studio.

The Digital Healthcare Ecosystem is also envisaged to function as an electronic health information exchange, allowing customers to share their healthcare statistics with their healthcare providers. This real-time access to health information will allow healthcare providers to provide a more holistic healthcare service. Furthermore, the customers may obtain consultation from their healthcare providers directly via the Digital Healthcare Ecosystem without having to physically visit the clinic/hospital.

The Group expects to establish and launch the Health Studio together with the Digital Healthcare Ecosystem within a period of 36 months from the completion of the Rights Issue with Warrants. As at the LPD, the Group has identified and is currently evaluating a location within Petaling Jaya, Selangor which has a gross built up and net useable area of approximately 42,000 square feet to establish the Health Studio. The finalisation of the rental of the property as well as the renovation of the Health Studio is expected to take approximately 1 – 2 years depending on any enhanced lockdown measures imposed by the Government due to the COVID-19 pandemic. Upon receipt of proceeds from the Rights Issue with Warrants, the Group will finalise the location followed by the proposed interior design to complement with the equipment and machineries to set up the Health Studio. Thereafter, the Group will appoint contractors for the construction of the Health Studio. Please refer to Section 6(ii) of this Abridged Prospectus for further details on the Wellness Business.

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6. UTILISATION OF PROCEEDS

Based on the issue price of RM0.10 per Rights Share, the gross proceeds to be raised from the Rights Issue with Warrants are intended to be utilised in the following manner:-

Utilisation of proceeds		Expected timeframe for utilisation from completion of Rights Issue with Warrants	⁽¹⁾ Minimum Scenario		⁽¹⁾ Maximum Scenario	
			RM'000	%	RM'000	%
(i)	Expansion of the Distribution and Sale of Test Kits Business	Within 12 months	5,000	50.0	10,000	12.6
(ii)	Funding for the Wellness Business	Within 36 months	5,000	50.0	56,000	70.5
(iii)	Working capital	Within 24 months	-	-	12,437	15.7
(iv)	Estimated expenses for the Corporate Exercises	Immediate	⁽²⁾ -	-	⁽²⁾ 1,000	1.2
Total			10,000	100.0	79,437	100.0

Notes:-

(1) The proceeds in excess of the RM10 million are expected to be utilised up to its respective maximum allocations in the following order:-

- (i) estimated expenses for the Corporate Exercises;
- (ii) expansion of the Distribution and Sale of Test Kits Business;
- (iii) funding for the Wellness Business; and
- (iv) working capital.

The actual utilisation of such proceeds is subject to the operational needs at the relevant time and the quantum of proceeds that the Company is able to raise. The Company may fund the deficit for the respective purposes via internally generated funds, bank borrowings and/or future fund-raising exercises to be undertaken. Any surplus of funds in excess of the respective allocations under the Maximum Scenario shall be allocated to the working capital of the Company.

(2) Under the Minimum Scenario, the expenses for the Corporate Exercises shall be funded via internally generated funds.

Under the Maximum Scenario, if the actual expenses incurred are higher than the allocated amount, the deficit will be funded via internally generated funds. Conversely, any surplus of funds following payment of expenses will be utilised in the order as set out in Note (1) above.

Pending the utilisation of proceeds for its earmarked purposes, the unutilised proceeds shall be placed in interest-bearing deposits and/or money market financial instruments.

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(i) Expansion of the Distribution and Sale of Test Kits Business

The Group has started exploring opportunities in the Distribution and Sale of Test Kits Business, as part of its initiatives to diversify its income sources to include the healthcare related business, in light of the ongoing COVID-19 pandemic. The Group had on 15 January 2021 completed the Private Placement January 2021, raising approximately RM7.2 million which will mainly be utilised to fund the Group's venture into the Distribution and Sale of Test Kits Business. As a start, the Group planned to purchase up to 100,000 units of COVID-19 Test Kits using the proceeds from the Private Placement January 2021 ("**First Phase**") to distribute and sell to clinics, hospitals and pathology laboratories in Malaysia. As at the LPD, the Group is in discussions with a potential partner for the distribution of COVID-19 Test Kits. The Company will make relevant announcement in due course if there are any material developments.

Throughout the pandemic, COVID-19 Test Kits have been increasingly used as the number of COVID-19 tests conducted increases. According to the IMR Report, the number of COVID-19 tests conducted in Malaysia increased from 211,816 tests in June 2020 to 1,421,394 tests in March 2021, at a 571.05% growth. As at 7 April 2021, a total of 7,992,575 COVID-19 tests have been conducted in Malaysia. Moving forward, as COVID-19 cases remain high, the Government intends to increase the COVID-19 tests capacity in Malaysia to 150,000 to 200,000 tests per day.

In light of the above and in view that Malaysia is currently facing a high number of COVID-19 cases, the Group is of the view that the demand for COVID-19 Test Kits will exceed its initial projection of 100,000 units under the First Phase (which is to be funded by proceeds raised via the Private Placement January 2021). Hence, subject to the funds available to the Group at the relevant time, the Group intends to expand the Distribution and Sale of Test Kits Business by purchasing between 500,000 and 1,500,000 additional units of COVID-19 Test Kits to distribute and sell to clinics, hospitals and pathology laboratories in Malaysia.

The Group intends to fund the procurement of up to 1,500,000 units of COVID-19 Test Kits through funds raised from the Rights Issue with Warrants (breakdown as below), bank borrowings to be obtained, internally generated funds and/or any other fund-raising alternatives. As at the LPD, the Group's cash and bank balances stood at RM34.1 million (inclusive of remaining proceeds of RM21.6 million from the past fund-raising exercises undertaken by the Group which have been earmarked for specific purposes, as set out in Section 2.7 of this Abridged Prospectus).

The purchase of COVID-19 Test Kits shall include transportation costs, handling and storage costs under the respective scenarios as follows:-

Breakdown of utilisation	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
Purchase of COVID-19 Test Kits	3,300 (160,000 units)	6,600 (320,000 units)
Transportation costs ⁽¹⁾	1,000	2,000
Transportation ⁽²⁾ , handling and storage costs	700	1,400
Total	5,000	10,000

Notes:-

- (1) Refers to the overseas transportation cost for the shipping of the COVID-19 Test Kits from the manufacturers in overseas to Premier Diagnostics.

- (2) Refers to the local transportation costs for the delivery of the COVID-19 Test Kits from Premier Diagnostics' warehouse/storage facilities to the customers in Malaysia.

At this juncture, the aforesaid quantities of the COVID-19 Test Kits and its related costs are based on estimations and may change based on prevailing market demands and the on-going negotiations with the COVID-19 Test Kit manufacturers and the Group's appointed distributors.

In relation to the relevant licenses required, 3 out of 5 COVID-19 Test Kits that were submitted to the MDA under the special access application have been approved and designated "Recommended for Use" by the MDA. As at the LPD, the Group is also in the midst of applying for the Required Permits, which will allow the Group to independently import and distribute medical devices such as COVID-19 Test Kits in Malaysia without relying on an approved third-party importer or distributor. The Group expects to obtain the Required Permits by the second half of 2021.

(ii) Funding for the Wellness Business

The Group plans to venture into the Wellness Business through the establishment of a Health Studio that comprises the recovery studio, wellness studio and fitness studio. The Group also plans to develop a complementary application platform to the Health Studio, namely the Digital Healthcare Ecosystem.

The Group expects to establish and launch the Health Studio together with the Digital Healthcare Ecosystem within a period of 36 months from the completion of the Rights Issue with Warrants. At this juncture, the Group estimates that the total cost required to fund the Wellness Business to be approximately RM56.0 million.

The proceeds will be allocated in the following manner:-

Breakdown of utilisation	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
1. Renovation costs ⁽¹⁾	3,000	38,000
2. Purchase of equipment and machineries for the Health Studio ⁽²⁾	2,000	15,000
3. Development of the Digital Healthcare Ecosystem ⁽³⁾	-	3,000
Total	5,000	56,000

Notes:-

- (1) The total cost to set up the Health Studio is RM38.0 million, which comprises RM10.0 million each for the setting up of the recovery studio, wellness studio and fitness studio (i.e. total of RM30.0 million), as well as RM8.0 million for the setting up of other common areas such as reception, lounge, cafeteria and office (collectively, the "**Common Areas**") at the Health Studio. The Health Studio shall occupy approximately 3-storeys of an office building. As at the LPD, the Group has identified and is currently evaluating a location within Petaling Jaya, Selangor which has a gross built up and net useable area of approximately 42,000 square feet to establish the Health Studio. The finalisation of the rental of the property as well as the renovation of the Health Studio is expected to take approximately 1 – 2 years depending on any enhanced lockdown measures imposed by the Government due to the COVID-19 pandemic.

Under the Minimum Scenario, the Group will only set up the recovery studio as the initial phase of the Health Studio establishment. The deficit of funds required for the set up of the wellness studio, fitness studio and the Common Areas will be funded via internally generated funds, bank borrowings and/or future fund-raising exercises to be undertaken (if required). However, the funding breakdown cannot be determined at this juncture as it will depend on, amongst others, the cash position of the Group as well as the availability and suitability of other funding alternatives at the relevant time.

Under the Maximum Scenario, the Group will utilise the proceeds of RM38.0 million to fully set up the recovery studio, wellness studio, fitness studio, as well as the Common Areas at the Health Studio.

- (2) The total cost required to fully fit the recovery studio, wellness studio and fitness studio with their respective equipment and machineries is RM15.0 million, with breakdown as follows:-

Purchase of equipment and machineries for the Health Studio	Total estimated cost (RM'000)
a. Recovery studio - 3 sets of equipment each for cryotherapy, hyperbaric therapy, oxygen capsule therapy, float therapy, compression therapy as well as 3 infrared sauna, 3 wet sauna, hydro magnesium, 3 hot & cold magnesium pools and 3 massage spas	5,000
b. Wellness studio – comprising 3 sets of equipment and machineries mainly for non-invasive aesthetic treatments such as skin rejuvenation, wrinkle reduction and fat reduction	5,000
c. Fitness studio - 50 trampoline sets and 100 spin bikes, as well as ancillary equipment such as screen projectors, sound systems and lighting systems	5,000
Total	15,000

Under the Minimum Scenario, the Group can only set up the recovery studio, being the initial phase of the Health Studio establishment. Hence, the Group had allocated proceeds of RM2.0 million to fund the purchase of equipment required for the recovery studio. The deficit of funds for this purpose will be funded via internally generated funds, bank borrowings and/or future fund-raising exercises to be undertaken (if required). However, the funding breakdown cannot be determined at this juncture as it will depend on, amongst others, the cash position of the Group as well as the availability and suitability of other funding alternatives at the relevant time.

Under the Maximum Scenario, the total cost required for the equipment and machineries purchase of RM15.0 million will be funded entirely by the proceeds.

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- (3) The Digital Healthcare Ecosystem will provide customers with unparalleled features and convenience, allowing them to pay for subscription as well as schedule for classes/sessions at the Health Studio. It is also envisaged to function as an electronic health information exchange, allowing customers to share their healthcare statistics with their healthcare providers. This real-time access to health information will allow healthcare providers to provide a more holistic healthcare service. Furthermore, the customers may obtain consultation from their healthcare providers (e.g. personal physicians, clinics and hospitals) directly via the Digital Healthcare Ecosystem without having to physically visit the clinic/hospital.

The development cost of the Digital Healthcare Ecosystem will consist of in-house and third-party development of necessary software components and the purchase, installation, testing and commissioning of the necessary hardware to support the Digital Healthcare Ecosystem.

Under the Minimum Scenario, the Group will spend approximately RM0.3 million to develop a basic mobile application with features such as user registration module, online booking module, invoicing and billing module for customers that will be used for the Health Studio. The development cost shall be funded by via the Group's internally generated funds and/or bank borrowings. However, the funding breakdown cannot be determined at this juncture as it will depend on, amongst others, the cash position of the Group as well as the availability and suitability of other funding alternatives at the relevant time.

Under the Maximum Scenario, the total cost required for the development of the Digital Healthcare Ecosystem is RM3.0 million, which shall be funded entirely by the proceeds.

If the actual costs for the above are higher than estimated, the Company may fund the deficit for the respective purposes via internally generated funds, bank borrowings and/or future fund-raising exercises to be undertaken. Conversely, if the actual costs are lower than budgeted, such surplus will be used for working capital purposes. However, the funding breakdown cannot be determined at this juncture as it will depend on, amongst others, the cash position of the Group as well as the availability and suitability of other funding alternatives at the relevant time.

(iii) Working capital

As at the LPD, the Group's cash and bank balances stood at RM34.1 million. This includes the remaining proceeds of RM21.6 million from the past fund-raising exercises. Please refer to Section 2.7 of this Abridged Prospectus for further details on status of the past fund-raising exercises.

Notwithstanding the above, the Group will require additional funds for working capital in view of the Group's expansion plans as set out above. The working capital will be utilised to fund these business' day-to-day operations and is expected to be able to provide more flexibility to the Group in terms of cash flow management during the COVID-19 pandemic.

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The breakdown of the working capital is as follows:-

Working capital⁽¹⁾	Percentage allocation (%)	Maximum Scenario (RM'000)
Operating expenses and administrative expenses such as utilities, rental costs, marketing expenses ⁽²⁾ and other miscellaneous items	80.0	9,950
Staff costs ⁽³⁾	20.0	2,487
Total	100.0	12,437

Notes:-

- (1) The actual breakdown of these expenses, save for the monthly rental of approximately RM17,935.00 for the Group's office premise, cannot be determined at this juncture as it will depend on the actual operating and administrative requirements of the Group at the relevant time.
- (2) The Group intends to implement various marketing initiatives to promote the Wellness Business. The expenses comprise digital advertising, as well as the setting up of a referral program for user acquisition.
- (3) The Group plans to hire up to 6 employees that comprises consultants and administrative staff for each of the recovery, wellness and healthcare studios to operate the Health Studio. These employees are expected to be hired in stages within 1 year upon completion of the Rights Issue with Warrants, i.e. by the first half of 2022.

(iv) Estimated expenses for the Corporate Exercises

The breakdown of the estimated expenses for the Corporate Exercises is illustrated below:-

Estimated expenses	RM'000
Professional fees ⁽¹⁾	800
Fees to the relevant authorities	97
Printing, despatch, advertising and meeting expenses	98
Miscellaneous charges	5
Total	1,000

Note:-

- (1) Comprises estimated professional fees payable to the Principal Adviser, company secretaries, share registrar, solicitors, Independent Market Researcher and reporting accountants for the Corporate Exercises.

The actual gross proceeds to be raised from the Rights Issue with Warrants will depend on the actual number of Rights Shares that will be issued as well as the issue price of the Rights Shares, which shall be determined in due course.

The exact quantum of proceeds that may be raised by the Company from the exercise of the Warrants D would depend on the actual number of Warrants D exercised and the exercise price of the Warrants D. The proceeds from the exercise of the Warrants D will be received on an "as and when basis" over the tenure of the Warrants D.

Strictly for illustrative purposes, based on the Exercise Price of RM0.10 per Warrant D, the Company will raise gross proceeds of up to approximately RM39.7 million upon full exercise of the Warrants D under the Maximum Scenario. Any proceeds arising from the exercise of the Warrants D in the future will be used to finance future working capital requirements including the utilities, rental costs, marketing expenses and other miscellaneous items. The exact breakdown and timeframe cannot be determined at this juncture and would be dependent on the actual requirements at the relevant time.

7. RISK FACTORS

You should carefully consider, in addition to the other information contained in this Abridged Prospectus, the following risk factors before subscribing for or investing in the Rights Issue with Warrants:-

7.1 Risks relating to the Group

7.1.1 Risks relating to the new Healthcare Business

(i) Business diversification risks

The Company had obtained the Shareholders' approval for the Diversification during an EGM on 2 April 2021. Pursuant to the Diversification, the Group plans to diversify its income sources to include the Distribution and Sale of Test Kits Business and the Wellness Business, both are operating in the healthcare industry. The Diversification may expose the Group to risks inherent to the healthcare industry, in which the Group has not been participating in the past, such as in marketing and distribution of COVID-19 Test Kits and also in operating the Wellness Studio. The inherent risks to the healthcare industry include, amongst others, competition from existing players which have experience in the distribution of the COVID-19 Test Kits and have secured long term contracts with the pathology laboratories, clinics and hospitals to distribute the test kits and changes in the legal and environmental framework within which the healthcare industry operates which may impact the import and distribution of the test kits and changes in consumer preferences or demand of healthcare products/services whereby most population may have been vaccinated and vaccines may be proved to be effective such that the demand for the test kits may be lower in future.

Any one, or a combination of the abovementioned factors, could adversely affect the Group's new Healthcare Business and subsequently may also affect the Group's financial performance. In addition, there can be no assurance that the Diversification will be successful and that the anticipated benefits of the Diversification will be realised.

Additionally, the Group intends to fund its expansion of the Distribution and Sale of Test Kits Business as well as the new Wellness Business through a combination of proceeds to be raised from the Rights Issue with Warrants, internally generated funds, bank borrowings and/or future fund-raising exercises to be undertaken (if required). There is no assurance that the Group is able to generate sufficient funds through the Rights Issue with Warrants, its existing operations and/or obtain funding from financial institutions or alternative means to carry out the Group's diversification plans.

(ii) Licensing risk

Pursuant to the Medical Device Act, 2012, all medical devices manufactured, imported, exported or placed in the Malaysian market are required to be registered with the MDA and a person shall only import, export or place in the market of any registered medical device with an establishment licence from MDA.

As a pre-requisite for the application of an establishment licence, such person shall first obtain a certificate of conformity from any conformity assessment body registered with MDA. As such, it is paramount that the necessary licences or approvals be obtained and/or renewed in order for the Group or its authorised representative(s) to carry out its Distribution and Sale of Test Kits Business. If the Group or its authorised representative(s) fails to obtain, retain and/or renew any of these licenses in a timely manner, or that in event of any non-compliance of terms and conditions resulting in the revocation of such licences, the operations and financial result of the Distribution and Sale of Test Kits Business may be adversely affected.

At this juncture, the Group have collaborated with Premier Diagnostics, a local company which possesses the Required Permits, to amongst others, carry out the import of the COVID-19 Test Kits from the authorised suppliers, provide logistic services as well as provide warehousing facilities for storing the COVID-19 Test Kits.

The Group is also in the midst of applying for the certificate of conformity and MDA establishment license, which will allow the Group to independently import and distribute medical devices such as COVID-19 Test Kits in Malaysia without relying on an approved third-party importer or distributor. The Group expects to obtain the relevant licenses by the second half of 2021.

In the event that the Group is unable to obtain the Required Permits, the Group will need to rely on its partnership with Premier Diagnostics for the Distribution and Sale of Test Kits Business. There is no assurance that Premier Diagnostics will continue its partnership with the Group or that any disputes will not arise and that such disputes will not materially affect the Group's Distribution and Sale of Test Kits Business. In addition, if such event occurs and the Group has not obtained its own Required Permits, this may affect the Group's Distribution and Sale of Test Kits Business.

(iii) No prior experience in the Healthcare Business

The Group is principally involved in the provision of Mobile Value-Added Services. The Group does not have any prior experience in the Healthcare Business. In particular, the regulatory requirements, distribution processes and marketing strategies that may be required for the success of the Healthcare Business is relatively unique and distinct from the Group's existing business. Any failure to address such risks and uncertainties appropriately may adversely affect our operation and financial performance.

The Group will face competition from both new entrants and established players in the healthcare industry. The Group may also face disadvantages as a new entrant in the industry as it lacks the relevant track record as compared to the existing players in the Healthcare Business whom enjoy the privilege of their established reputation in the industry.

The Group's competitiveness will depend on its ability to continuously develop its technical expertise and industry know-how, marketing strategy for the Distribution and Sale of Test Kits Business and ability to provide the suitable services to meet the needs of the target markets. There is no assurance that the Group will be able to respond to the changes in market demands for the test kits distributions and consumer preferences for the services provided by the Wellness Studio in a timely manner, as compared to other existing competitors that may have more experiences and resources.

Even though the Group is of the view that there is a sufficient pool of talent with suitable technical expertise that can be recruited from the labour market in Malaysia, there can be no assurance that the Group will be able to recruit, assemble and retain a team with the relevant expertise. In such an event, this may affect the smooth running of the Healthcare Business.

There is also no guarantee that the Healthcare Business can contribute sufficiently to the future earnings of the Group to offset the associated investment costs. As such, the Group may not be able to turnaround its loss-making financial performance in the near juncture.

7.1.2 Risks relating to the Group's existing business

(i) Business risks

The Group is principally involved in the provision of mobile value-added services. It is subject to the risks inherent to the ICT industry. These include, amongst others, rapid changes in technology, low barriers to entry, changes in laws and regulations applicable to the ICT industry, availability of skilled personnel, diverse consumer preferences, introduction of new technological products and services as well as slowdown in growth in certain segments of the telecommunication industry in countries that the Group operate in.

There can be no assurance that any material changes to these factors will not have a material adverse effect on the business operations of the Group.

(ii) Competition from other similar service providers

The Group's ICT business via its mobile applications as well as wireless and multimedia related services segments operates in a highly competitive environment that is inherent to the business risks as described above in Section 7.1.2(i). In particular, the Group's bulk SMS messaging platform and premium mobile content platform faces competition from other similar service providers in terms of pricing, speed and quality of service, amongst others.

As such, there is no assurance that the Group's existing products and services will be able to retain or grow its market share. In order to stay ahead of the competition, the Group may need to incur additional costs to run marketing, advertising and promotional activities for the continuous acquisition of consumers to use its products and services. Over the past 3 financial years, the Group had spent a total of RM0.5 million on marketing, advertising and promotional activities, thereby impacting the Group's profitability and financial performance.

(iii) Rapid changes in technology

The Group provides bulk messaging services which is heavily reliant on the usage of SMS. While the usage of SMS may remain popular in some developing countries, it may not be as popular in more developed countries where the usage of messaging applications such as WhatsApp and WeChat are more prevalent. This would be more so for countries with higher smartphone and broadband penetration rates as well as more developed broadband cellular network technology such as 5G infrastructure. As mobile data becomes cheaper, messaging applications are likely to be used more widely since they can support bigger content and more features as compared to conventional SMS.

In this regard, the Group's bulk messaging services may be affected by technological obsolescence. Some of the Group's clients engage this service to send push advertisements and marketing content to existing or prospective customers to promote their products and services. There is no assurance that the Group's bulk messaging services can continue to remain relevant and useful for these clients as they may eventually prefer to use messaging applications as a more modern way of connecting with their audience.

In this context, the Group's performance in the ICT business is dependent on its ability to continuously innovate and upgrade its systems, software and infrastructure to ensure that its services remain relevant in the current technological landscape. This would then allow the Group to compete effectively against other service providers moving forward.

While the Group intends to constantly upgrade its product features and development, there is no assurance that these upgrades will allow the Group to remain relevant in future technological landscapes given the potential for rapid technological advancements. It should be noted that the development of technological products is a complex and uncertain process. To that end, the Group may experience design, marketing and operational difficulties that could delay or prevent the development of the product. In addition, the Group may not be able to successfully commercialise the new products developed.

(iv) Cyber security risk

The Group's products and services are exposed to cyber security risk as they may be susceptible to data breaches, malware attack and phishing activities, amongst others.

Cyber threats can have a cascading impact across the internal systems as well as those of the customers. The impact on security breach compromises the confidentiality, integrity or availability of confidential information. A security breach can disrupt the systems, impact the ability to provide services to the customers and protect the privacy of their data. Although the Group has put in place security measures to protect against cyber-attacks, there is no assurance that these measures are sufficient to prevent the occurrence of any cyber-attacks on the Group's mobile applications in the future which would compromise the security of the users' data.

The occurrence of such incidences may, amongst others, hinder the Group's ability to attract and retain customers, materially damage the Group's reputation and potentially expose the Group to litigation.

Consequently, the Group may be required to devote a significant amount of resources to recover from cyber-attacks and strengthen the security measures which may then have an adverse effect to the businesses and financial performance.

As at the LPD, the Group has not encountered any cyber security breaches.

7.1.3 Risks relating to the impact of COVID-19 on the Group's businesses

Over the last few months, the COVID-19 pandemic has spread across the world resulting in lockdown or similar measures imposed by governments worldwide to curb the spread of the virus. These have had an adverse impact to the performance of the world's economies including Malaysia. Even if such lockdown measures are gradually relaxed over time, consumer sentiment is expected to remain dampened in the near future as consumers stay cautious in their spending. Until a vaccine and/or a cure can be mass-distributed to the general population, the dampening effects of the COVID-19 pandemic on consumer spending and the economy as a whole is expected to remain in the foreseeable future.

The Group's Mobile Value-Added Services business faced disruptions mainly due to the weakened demand in view that the spending by corporations and customers on SMS bulk services and content services may not be a priority over their respective working capital requirements and staff welfare requirements during the COVID-19 pandemic. Further, some customers are in the industries that are being affected by the implementation of lockdown measures by the government and not able to operate during the period, hence does not require the services from the Group. As a result, the Group recorded a decrease in revenue by RM3.9 million or 61.9% based on the revenue for 6-month FPE 31 December 2020 and 6-month FPE 31 December 2019 of RM2.4 million and RM6.4 million respectively. Please refer to Section 4(i), Appendix I of this Abridged Prospectus for further details on the Group's financial performance for the 6-month FPE 31 December 2020.

The Group recorded LAT of approximately RM27.0 million for the FYE 2020 which represents an increase of approximately RM6.4 million or 31.4% as compared to the LAT of RM20.6 million for the preceding financial year. The increase in LAT is primarily due to impairment losses on receivables of approximately RM31.8 million for FYE 2020 due to collection issues and adoption of Malaysian Financial Reporting Standard 9. The management has adopted a prudent approach to impair the receivables which are outstanding beyond its credit term and is deemed irrecoverable in view of the COVID-19 pandemic.

7.2 Risks relating to the Rights Issue with Warrants

(i) Failure or delay in the completion of the Rights Issue with Warrants

The Rights Issue with Warrants is exposed to the risk that it may be terminated or delayed in the event of a material adverse change of events or circumstances (such as force majeure events including without limitation, acts of government, natural disasters including without limitation the occurrence of a tsunami and/or earthquakes, acts of terrorism, strikes, national disorder, declaration of a state of war or accidents, or any change in law, regulation, policy or ruling), which is beyond the control of the Group and the Principal Adviser, arising prior to the completion of the Rights Issue with Warrants.

There can be no assurance that the abovementioned factors or events will not cause a failure or delay in the completion of the Rights Issue with Warrants. In the event the Rights Shares and Warrants D have been allotted to the successful Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) and/or their transferee(s), if applicable, and the Rights Issue with Warrants is subsequently cancelled or terminated other than due to a stop order issued by the SC pursuant to Section 245 of the CMSA, a return of monies to the successful applicants can only be achieved by way of cancellation of share capital under the Act.

Such cancellation may require the approval of the Shareholders by way of a special resolution in a general meeting, consent of the Company's creditors (where applicable) and either the confirmation of the High Court of Malaya or a solvency statement by the Board. There can be no assurance that such monies can be returned within a short period of time under such circumstances.

In the event the Rights Issue with Warrants cannot be implemented or completed for any reason, the Company will undertake the necessary procedures to ensure the refund of monies is made in full without interest in respect of any application for the subscription of the Rights Shares with Warrants D including the Excess Rights Shares with Warrants D within 14 days after the Company becomes liable to do so, in accordance with the relevant provisions of the CMSA. If such monies are not repaid within 14 days after the Company becomes liable to do so, the Company will repay such monies in accordance with Section 245(7) of the CMSA.

(ii) Capital market risk

The market price of the new securities arising from the Rights Issue with Warrants, like all listed securities traded on Bursa Securities, is subject to fluctuation. The respective price of the Company's securities is influenced by, amongst others, the prevailing market sentiments, the volatility of the stock market, movements in interest rates and the outlook of the industry in which the Company operates in.

In view of the above, there can be no assurance that the Rights Shares (together with any new Shares issued pursuant to the exercise of the Warrants D) will trade at or above the TEAP disclosed in Section 2.2 of this Abridged Prospectus after the completion of the Rights Issue with Warrants.

The Warrants D are new instruments issued by the Company. Therefore, there can be no assurance that an active market for the Warrants D will develop upon listing on Bursa Securities, or if developed, will be sustainable. In addition, there is no assurance that the Warrants D will be "in-the-money" during the Exercise Period.

Accordingly, there is no assurance that the market price of the Warrants D will be at a level that meets the specific investment objectives or targets of any subscriber of the Warrants D.

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8. INDUSTRY OVERVIEW AND PROSPECTS

8.1 Malaysian economy

The Malaysian economy recorded a negative growth of 3.4% in the fourth quarter (Third quarter ("3Q") 2020: -2.6%), largely attributable to the imposition of the conditional MCO on a number of states since mid-October. The restrictions on mobility, especially on inter-district and inter-state travel, weighed on economic activity. Nevertheless, the continued improvement in external demand provided support to growth. Consequently, except for manufacturing, all economic sectors continued to record negative growth. On the expenditure side, moderating private consumption and public investment activities weighed on domestic demand. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a decline of 0.3% (3Q 2020: +18.2%).

For Malaysia, the momentum in economic recovery was affected by the resurgence in COVID-19 cases and the introduction of targeted containment measures in several states in the fourth quarter. While there were minimal restrictions on production capacity, the movement restrictions implemented in selected states partly affected domestic demand during the quarter.

For 2021, while near-term growth will be affected by the re-introduction of stricter containment measures, the impact, however, will be less severe than that experienced in 2020. The growth trajectory is projected to improve from the second quarter onwards. The improvement will be driven by the recovery in global demand, turnaround in public and private sector expenditure amid continued support from policy measures including PENJANA, KITA PRIHATIN, 2021 Budget and PERMAI, and higher production from existing and new facilities in the manufacturing and mining sectors. The vaccine rollout from February onwards is also expected to lift sentiments.

The balance of risks remains tilted to the downside, stemming mainly from ongoing uncertainties surrounding the dynamics of the pandemic and potential challenges that might affect the rollout of vaccines both globally and domestically.

(Source: Economic and Financial Developments in the Malaysia in the Fourth Quarter of 2020, BNM)

Reinforced by the reopening of the economy in phases, growth is expected to improve gradually during the second half of the year, cushioning the significant contraction in the first half. Thus, Malaysia's gross domestic product is expected to contract by 4.5% in 2020, before rebounding between 6.5% and 7.5% in 2021. After a dismal economic performance in 2020 due to the COVID-19 pandemic, the Malaysian economy is expected to rebound firmly in 2021, in line with the expectation of a more synchronised global recovery. At the same time, domestic demand is projected to record a steady growth, supported by improvements in labour market conditions, low inflation and favourable financing conditions as well as the revival of major infrastructure projects. All sectors in the economy are expected to turnaround, with services and manufacturing sectors continuing to spearhead growth.

Nevertheless, downside risks to the growth outlook remain, arising from the resurgence of COVID-19 cases and the duration of containment measures domestically and globally. Geopolitical tensions, volatility in financial and commodity markets as well as prolonged trade and tech war may dampen the recovery pace. Against this background, the Government will continue to promote resilient and sustainable economic growth, while safeguarding the welfare of the people. Efforts will be enhanced to accelerate the shift to digitalisation, skilled workforce, quality foreign direct investments and strengthening environmental, social and governance principles to ensure sustainable and inclusive growth.

(Source: Economic Outlook 2021, Ministry of Finance Malaysia)

8.2 Overview and outlook of the healthcare industry in Malaysia

The healthcare industry comprises healthcare service providers and healthcare product manufacturers/suppliers. Healthcare service providers are involved in the provision of healthcare services for the prevention or treatment of diseases, ailments, injuries or other physical and psychological health conditions through consultation, diagnostic, patient care and medication services; and wellness and rehabilitation services and programmes. Healthcare services are provided in healthcare facilities such as hospitals, medical clinics and other health/treatment centres such as health and wellness studios, rehabilitation centres, nursing homes and haemodialysis centres. Healthcare services also include other ancillary healthcare services such as ambulance services, blood banks and standalone medical laboratories.

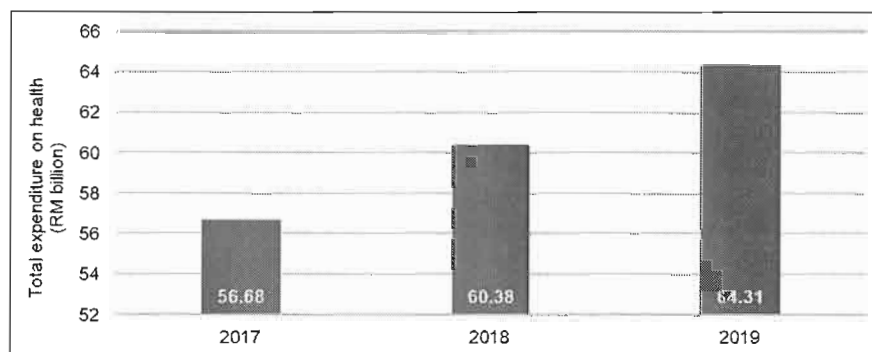
Healthcare services in Malaysia comprise public healthcare sector (i.e. healthcare services provided by the Government) and private healthcare sector (i.e. healthcare services provided by businesses and not-for-profit organisations).

Meanwhile, healthcare product manufacturers / suppliers include manufacturers / suppliers of pharmaceutical products; hospital furniture and equipment; other medical products including personal protective equipment ("PPE") and test kits for the current COVID-19; and digital healthcare products.

The healthcare industry plays a prime role in providing treatment for COVID-19 patients since the current outbreak of COVID-19 began in Malaysia in early 2020. Prior to treatment of COVID-19, testing is needed to indicate whether a person is infected with the virus and thus requires immediate treatment as well as isolation to stop the chain of infection. As such, COVID-19 test kits are an essential healthcare product in combatting the spread of COVID-19.

The healthcare industry in Malaysia, represented by the total expenditure on health which comprises public health expenditure and private health expenditure, grew from RM56.68 billion in 2017 to RM64.31 billion in 2019 at a compound annual growth rate of 6.52%. Smith Zander estimates the healthcare industry in Malaysia to have increased to RM66.77 billion in 2020 at a 3.83% growth from 2019. Due to additional government spending on health for treatment and prevention of COVID-19 cases, public health expenditure in 2020 is expected to have increased by 10.47% from 2019, which drives the growth of the healthcare industry.

Healthcare industry in Malaysia, 2017-2019



However, private health expenditure in 2020 is expected to have decreased by 3.49% from 2019, mainly contributed by decreasing out-of-pocket expenditure by households, as adverse economic conditions due to the COVID-19 pandemic affected business, employment and household income. As a result, patients seeking treatment at private healthcare institutions are expected to have reduced their expenditure on non-critical healthcare services and products. Further, private health expenditure may have also decreased as individuals avoid going to hospitals and clinics to minimise the possibility of being infected with the virus.

Nevertheless, Smith Zander forecasts the healthcare industry in Malaysia to increase to RM72.83 billion in 2021 at a 9.08% growth from 2020. The anticipated growth in the healthcare industry in 2021 is expected to be attributed to the increase in public health expenditure by 12.53% due to the on-going preventive measures undertaken and treatment provided by the Government pursuant to the COVID-19 pandemic. Further, the growth in healthcare industry is expected to be supported by the recovery in private healthcare sector, whereby the private health expenditure is expected to recover by 4.71% due to the expected revival of economic activities and the commencement of National COVID-19 Immunisations Programme leading to the subsidence of the COVID-19 pandemic. Moving forward, the healthcare industry is expected to be further driven by the key drivers described in Section 8.3 of this Abridged Prospectus.

8.3 Key drivers for the healthcare industry in Malaysia

Moving forward, the following factors are expected to lead to greater demand for healthcare services and products:-

- (i) **rising prevalence of chronic and contagious diseases lead to greater demand for healthcare services and products.** There are increasing incidences of chronic diseases mainly attributable to more stressful lifestyles, consumption of processed foods which generally have higher saturated fat content and lower nutritional values, and a more sedentary lifestyle with lack of regular exercise. As a result, there has been an increase in chronic diseases such as ischaemic heart diseases, hypertensive diseases, stroke, asthma, and cancer. In Malaysia, the principal cause of death is ischaemic heart diseases, representing 15.00% of total deaths in 2019.

In addition, over the years, pandemics and epidemics have occurred where there have been outbreaks of contagious diseases worldwide or across large geographical areas. Such pandemics and epidemics include Severe Acute Respiratory Syndrome ("**SARS**"), various strains of influenza (H5N1, H1N1 and H7N9 amongst others), Middle East Respiratory Syndrome ("**MERS**"), Ebola virus disease ("**Ebola**") and COVID-19, which can spread quickly by air, physical contact or through body fluids. These influenzas evolve and mutate over time and may cause future pandemics and epidemics, as they may appear suddenly in populations that may have no immunity against it and which no existing vaccines may confer protection. Based on historical patterns, influenza pandemics can be expected to occur, on average, 3 to 4 times each century.

As with other countries, Malaysia is also impacted by pandemics and epidemics including the current COVID-19 pandemic. The COVID-19 pandemic has urged the government to ramp up on public health expenditure to cater to the heightened demand for healthcare facilities, healthcare professionals and necessary healthcare products and equipment including COVID-19 test kits. In 2020, the government has allocated a total of RM1.80 billion for the implementation of the movement control to curb the spread of the virus and for public health expenditure related to COVID-19 including purchase of PPE, reagents and consumables.

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Additionally, under Budget 2021, the government will allocate an additional RM1.00 billion to stem the third wave of COVID-19, covering purchase of reagents, COVID-19 test kits and consumables for MOH's usage; PPE and hand sanitisers for front-liners; and equipment, laboratory test supplies, and medicine for university hospitals, amongst others. Since the last quarter of 2020 up to January 2021, daily reported COVID-19 cases in Malaysia have remained high. Notwithstanding that the reported COVID-19 cases have begun to reduce since February 2021, the overall reported COVID-19 cases in Malaysia have remained high with at least 1,000 reported cases almost every day, resulting in a total of 354,468 confirmed COVID-19 cases in Malaysia as at 7 April 2021. As such, healthcare expenditure is expected to further increase to address the need for COVID-19 prevention and treatment in the country.

On 24 February 2021, the National COVID-19 Immunisation Programme commenced in Malaysia with a target to vaccinate at least 80.00% of Malaysia's adult population gradually. As at 7 April 2021, 8,235,692 individuals have registered for vaccinations and 346,270 individuals have received second dose of vaccines. Further, several companies in the private sector have also entered into agreements with vaccine suppliers for the commercialisation and distribution of vaccines in Malaysia. All of these are expected to further increase both public and private healthcare expenditure in addition to the expenditure for the purchase of COVID-19 test kits, PPE, reagents and consumables, amongst others.

As such, the on-going or any future virus outbreaks and contagious diseases will continuously spur demand for healthcare services and products, thus driving the healthcare industry.

- (ii) **rising population and growing ageing population create more demand for healthcare services and products.** Malaysia's population in 2020 stands at 32.66 million and is projected to reach 38.06 million in 2030. As the population of Malaysia increases, increasing healthcare services and products are required to maintain the health and well-being of the population. Therefore, healthcare industry is expected to experience continuous growth over the long term as the Malaysia's population increases.

In addition, Malaysia's population of 60 years old and above increased from 3.23 million in 2018 to 3.50 million in 2020, at a compound annual growth rate of 4.10%. An ageing population is expected to lead to an increase in the demand for healthcare services and products due to higher occurrence of chronic diseases; higher requirement for diagnosis, inpatient and outpatient treatment and rehabilitation; and longer duration of care.

As the population of Malaysia increases and continues to comprise a growing ageing population group, the healthcare industry is expected to benefit from more demand for healthcare services and products.

- (iii) **increasing accessibility to healthcare services and products due to growth in income continues to drive the healthcare industry.** Malaysia is an upper-middle income developing country whereby its gross national income ("GNI") per capita increased from RM41,647.00 in 2017 to RM45,212.00 in 2019 at a compound annual growth rate of 4.19%. The increasing GNI per capita indicates a more affluent population with greater propensity to spend and better standard of living, making healthcare services and products more attainable. Therefore, the increasing affordability of healthcare services and products creates more demand for the healthcare industry.

However, the economic contraction due to the COVID-19 pandemic has negatively affected the disposable income of individuals who have experienced pay cuts or loss of employment. In 2020, Malaysia's economy, measured by GDP, declined by 5.59%; and GNI per capita declined by 5.93% to RM42,531.00. Nevertheless, the economic conditions of Malaysia are expected to eventually recover as the uncertainties caused by the impact of the COVID-19 pandemic subside. The government projects Malaysia's GDP growth to be between 6.50% and 7.50% in 2021. Therefore, the expected economic recovery and growth of Malaysia will thus contribute to increasing wealth and disposable income of the population. As the economy is expected to recover, the increasing economic affluence thus drives more demand for necessities, including products and services for healthcare and well-being.

Despite the anticipated lower private health expenditure as a result of economic contraction due to the COVID-19 pandemic that has negatively affected the disposable income of some individuals in 2020, the demand for healthcare services and products in 2021 may be supported by several tax reliefs on health expenditure introduced by the Government under Budget 2021. Examples of the tax reliefs introduced are:-

- (a) increase in tax relief from RM5,000 to RM8,000 for cost incurred for medical treatment, special needs and parental care, including treatment in clinics, hospitals and nursing homes, dental treatment except cosmetics dental treatment, and treatment and care at home, day care centres and home care centres;
- (b) increase in tax relief from RM6,000 to RM8,000 for medical expenses for serious diseases for tax payers, spouse and children; and fertility treatment for tax payers or spouse;
- (c) expansion of the scope of tax relief which is capped at RM1,000 for medical treatment expenses, to include vaccination for tax payers, spouse and children, whereby the vaccines eligible for tax reliefs include Pneumococcal, Human Papillomavirus (HPV), Influenza, Varicella and COVID-19 which is subject to the availability of vaccine; and
- (d) increase in tax relief limit from RM500 to RM1,000 for expenses on full medical check-up. Further, under the Economic and Rakyat's Protection (PERMAI) assistance package announced by the government, the scope of this tax relief has expanded to include COVID-19 tests.

The tax reliefs introduced are aimed to improve public health by reducing the financial burden of tax payers and increasing the accessibility to healthcare services and products among the public. This is expected to create demand for healthcare services and products, thereby supporting the healthcare industry as a whole.

(Source: IMR Report)

8.4 ICT industry in Malaysia

The services sector expanded by 6.1% in 2019 (2018: 6.8%), as growth normalised following a robust performance in 2018, when the tax holiday period encouraged greater consumer spending. Growth in the ICT subsector moderated (2019: 6.6%), following the one-off price reduction in fixed broadband prices under the Mandatory Standard Access Pricing regulation in 2018.

(Source: Economic and Monetary Review 2019, BNM)

The services sector registered a larger contraction of 4.9% in the fourth quarter of 2020 (3Q 2020: -4.0%), as tighter restrictions on mobility and stricter standard operating procedures affected domestic-oriented activities. However, this was partially offset by the growth in the information and communication sub-sector which has improved, amid higher demand for data communication services, particularly broadband.

(Source: Economic and Financial Developments in Malaysia in the Fourth Quarter of 2020, BNM)

The Government will create the necessary infrastructure to construct a Digital Malaysia by implementing the National Fiberisation & Connectivity Plan (“**NFCP**”) over the next 5 years which will provide comprehensive coverage of high speed and quality digital connectivity nationwide including rural areas. The NFCP will adopt a public private partnership approach involving a total investment of RM21.6 billion. The Government, through Malaysian Communications and Multimedia Commission (“**MCMC**”), will finance at least half of the required investment with corresponding investments by the private sector telecommunications players via a matching grant mechanism.

As part of NFCP, the Government will improve connectivity in remote areas of Malaysia, especially in Sabah and Sarawak, to ensure that no one is left behind in Malaysia’s digital drive. MCMC will allocate RM250 million to leverage on various technologies, including via satellite broadband connectivity.

In addition, the Government will allocate RM210 million to accelerate the deployment of new digital infrastructure for public buildings particularly schools and also high impact areas such as industrial parks. Priority will be given to locations within states that are able to facilitate and expedite the implementation of the NFCP.

The vigorous rollout of the NFCP will be key to bringing fifth-generation cellular network (“**5G**”) technology and services to the Malaysian public. To seed technological developments by Malaysian companies to ride the global 5G wave, which is 100 times faster than 4G, the Government will introduce a 5G Ecosystem Development Grant worth RM50 million.

Digital content creates economic value. For instance, the global video gaming industry today has revenue upward of USD150 billion, higher than both the music and movie industries combined. Therefore, the Government will allocate RM20 million to Malaysian Digital Economy Corporation to grow local champions in creating digital content, especially in e-Gamer, animation and digital arts.

To build a Digital Malaysia, the private sector must come onboard. More Malaysian small medium enterprises (“**SME**”) need to adopt digitalisation measures for their business operations, including electronic POS system, Enterprise Resource Planning and electronic payroll system. The Government will provide a 50% matching grant of up to RM5,000 per company for the subscription of the above services. This matching grant will be worth RM500 million over 5 years, limited to the first 100,000 SMEs applying to upgrade their systems.

(Source: Budget 2020, Ministry of Finance)

Telecommunication networks now can be categorised as a third utility. In the new norm, virtual services are becoming more common. The development of infrastructure and upgrading of basic telecommunications networks is necessary to meet the needs of a digital lifestyle.

Therefore, the Government will allocate 500 million ringgit to implement the National Digital Network initiative, JENDELA to ensure the connectivity of 430 schools throughout Malaysia covering all states. At the same time, Malaysian Communications and Multimedia Commission will allocate 7.4 billion ringgit for year 2021 and 2022 to build and upgrade broadband services.

(Source: Budget 2021, Ministry of Finance)

8.5 Prospects and future plans of the Group

The Group is principally involved in the Mobile Value-Added Services industry. Over the past few years, the Group has been facing challenges in its Mobile Value-Added Services business, mainly due to increasing competition within the industry arising from new development in mobile technologies and recently, the weakened demand pursuant to the impact of the COVID-19 pandemic.

Nevertheless, the Group believes that the industry outlook for Mobile Value-Added Services continues to be favourable in view of the on-going developments in smart devices and high-speed internet, including but not limited to the anticipated introduction of 5G networks in Malaysia. Furthermore, with the outbreak of COVID-19, consumers are expected to consume more digital products, which will benefit the Mobile Value-Added Services industry. As such, the Group will continue to allocate resources to enhance and expand its Mobile Value-Added Services offerings, which in turn may drive revenue growth for the Group.

Meanwhile, the Diversification into the Distribution and Sale of Test Kits Business represents an opportunity for the Group to capitalise on the surge in demand for COVID-19 Test Kits resulting from the COVID-19 pandemic. In the interim whilst the Group is in the process of applying for the Required Permits, MISB had on 3 July 2020 appointed Premier Diagnostics, a local company which possesses the Required Permits to amongst others, assist the Group to fast track the registration of 5 COVID-19 Test Kits with MDA vide a special access application to enable the COVID-19 Test Kits to be distributable in Malaysian market. Premier Diagnostics has successfully obtained the designated "Recommended for Use" approval from the MDA for 3 out of 5 types of the COVID-19 Test Kits on 11 November 2020. Upon successfully obtaining the Required Permits, MISB will undertake the importation and distribution of the COVID-19 Test-Kits independently while the Group plans to continue engaging Premier Diagnostics for its logistic services and warehousing facilities. The Group expects to commence generating additional income stream from the Distribution and Sale of Test Kits Business within FYE 2021.

Despite the anticipated lower private health expenditure as a result of economic contraction due to the COVID-19 pandemic that has negatively affected the disposable income of some individuals in 2020, the demand for healthcare services and products in 2021 may be supported by several tax reliefs on health expenditure introduced by the Government under Budget 2021. Further, the growth in healthcare industry is expected to be supported by the recovery in private healthcare sector, whereby the private health expenditure is expected to recover by 4.71% due to the expected revival of economic activities and the commencement of National COVID-19 Immunisations Programme leading to the subsidence of the COVID-19 pandemic. As such, the Group believes that the outlook for the Wellness Business in which the Group is planning to diversify into is positive and will be driven by the rising awareness and demand for preventive healthcare programmes and key drivers to the industry, as set out in Section 8.3 of this Abridged Prospectus. Furthermore, the Health Studio that the Group intends to establish offers several competitive advantage. This includes offering recovery, wellness and fitness programs all under one roof, being equipped with the latest and trendiest technology, as well as offering customers innovative digital convenience via the Digital Healthcare Ecosystem, which will allow them to schedule bookings, record health statistics, as well as share such health statistics with their healthcare providers.

The Group expects to be benefit from the subscription by the consumers of the Health Studio and the Digital Healthcare Ecosystem.
In view of the foregoing, the management is positive about the Group's prospects and expects continued growth of its business operations and financial performance.

9. EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

9.1 Share capital

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

	Minimum Scenario		Maximum Scenario	
	No. of Shares	Share capital (RM)	No. of Shares	Share capital (RM)
Issued share capital as at the LPD	1,323,956,839	161,058,328	1,323,956,839	161,058,328
After the Share Consolidation ⁽¹⁾	132,395,683	161,058,328	132,395,683	161,058,328
New Shares to be issued pursuant to the Rights Issue with Warrants	100,000,000	⁽²⁾ 10,000,000	794,374,098	⁽²⁾ 79,437,410
Enlarged issued share capital after the Rights Issue with Warrants	232,395,683	171,058,328	926,769,781	240,495,738
New Shares to be issued assuming full exercise of the Warrants D	50,000,000	⁽³⁾ 5,000,000	397,187,049	⁽³⁾ 39,718,705
Enlarged issued share capital	282,395,683	176,058,328	1,323,956,830	280,214,443

Notes:-

- (1) The Share Consolidation was completed on 22 April 2021.
- (2) Based on the issue price of RM0.10 per Rights Share.
- (3) Assuming full exercise of the Warrants D based on the Exercise Price of RM0.10 each.

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9.2 NA and gearing

As at the LPD, there are no material transactions which may have a material effect on the operations, financial position and results of the Group since the Group's latest unaudited 6-month FPE 31 December 2020.

The pro forma effects of the Rights Issue with Warrants on the NA and gearing of the Group are as follows:-

Minimum Scenario

Group level	Unaudited as at 31 December 2020 (RM'000)	(i) After adjusting for subsequent events ⁽¹⁾ (RM'000)	(ii) After (i) and Share Consolidation ⁽²⁾ (RM'000)	(iii) After (ii) and Rights Issue with Warrants ⁽³⁾⁽⁴⁾ (RM'000)	(iv) After (iii) and assuming full exercise of Warrants D ⁽⁵⁾ (RM'000)
Share capital	150,121	161,058	161,058	171,058	176,058
Foreign currency translation reserve	(3,367)	(3,367)	(3,367)	(3,367)	(3,367)
Warrant reserve	-	-	-	4,845	-
Discount on shares	-	-	-	(4,845)	-
Other capital reserve	1,465	1,465	1,465	1,465	1,465
Accumulated losses	(62,640)	(63,829)	(63,829)	(69,829)	(69,829)
Shareholders' equity / NA	85,579	95,327	95,327	99,327	104,327
Non-controlling interest	(1,676)	(1,676)	(1,676)	(1,676)	(1,676)
Total equity	83,903	93,651	93,651	97,651	102,651
No. of Shares in issue ('000)	1,164,384	1,323,957	132,396	232,396	282,396
NA per Share (RM)	0.07	0.07	0.71	0.42	0.36
Total borrowings (RM'000)	-	-	-	-	-
Gearing ratio (times)	-	-	-	-	-

Notes:-

- (1) After accounting for the following subsequent events up to the LPD:-
 (i) granting of 42,474,481 ESOS Options on 22 January 2021;

- (ii) issuance of 42,474,481 new Shares at an issue price of RM0.06 per Share pursuant to the exercise of ESOS Options on 27 January 2021; and
- (iii) issuance of 116,498,000 new Shares at an issue price of RM0.0618 per Share on 14 January 2021 pursuant to the Private Placement January 2021.
- (2) After adjusting for the consolidation of every 10 Shares into 1 Consolidated Share pursuant to the Share Consolidation.
- (3) Based on the issuance of 100,000,000 Rights Shares at an issue price of RM0.10 each together with 50,000,000 Warrants D.
- (4) After accounting for the creation of warrant reserve based on the issuance of 50,000,000 Warrants D at an allocated fair value of RM0.0969 per Warrant D (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and estimated expenses incidental to the Corporate Exercises of approximately RM1.0 million.
- (5) Based on the Exercise Price of RM0.10 per Warrant D.

Maximum Scenario

Group level	Unaudited as at 31 December 2020 (RM'000)	(i) After adjusting for subsequent events ⁽¹⁾ (RM'000)	(ii) After (i) and Share Consolidation ⁽²⁾ (RM'000)	(iii) After (ii) and Rights Issue with Warrants ⁽³⁾⁽⁴⁾ (RM'000)	(iv) After (iii) and assuming full exercise of Warrants D ⁽⁵⁾ (RM'000)
Share capital	150,121	161,058	161,058	240,496	280,214
Foreign currency translation reserve	(3,367)	(3,367)	(3,367)	(3,367)	(3,367)
Warrant reserve	-	-	-	38,487	-
Discount on shares	-	-	-	(38,487)	-
Other capital reserve	1,465	1,465	1,465	1,465	1,465
Accumulated losses	(62,640)	(63,829)	(63,829)	(74,829)	(74,829)
Shareholders' equity / NA	85,579	95,327	95,327	163,765	203,483
Non-controlling interest	(1,676)	(1,676)	(1,676)	(1,676)	(1,676)
Total equity	83,903	93,651	93,651	162,089	201,807
No. of Shares in issue ('000)	1,164,384	1,323,957	132,396	926,770	1,323,957
NA per Share (RM)	0.07	0.07	0.71	0.17	0.15
Total borrowings (RM'000)	-	-	-	-	-
Gearing ratio (times)	-	-	-	-	-

Notes:-

- (1) After accounting for the following subsequent events up to the LPD:-
 - (i) granting of 42,474,481 ESOS Options on 22 January 2021;
 - (ii) issuance of 42,474,481 new Shares at an issue price of RM0.06 per Share pursuant to the exercise of ESOS Options on 27 January 2021; and
 - (iii) issuance of 116,498,000 new Shares at an issue price of RM0.0618 per Share on 14 January 2021 pursuant to the Private Placement January 2021.
- (2) After adjusting for the consolidation of every 10 Shares into 1 Consolidated Share pursuant to the Share Consolidation.
- (3) Based on the issuance of 794,374,098 Rights Shares at an issue price of RM0.10 each together with 397,187,049 Warrants D.
- (4) After accounting for the creation of warrant reserve based on the issuance of 397,187,049 Warrants D at an allocated fair value of RM0.0969 per Warrant D (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and estimated expenses incidental to the Corporate Exercises of approximately RM1.0 million.
- (5) Based on the Exercise Price of RM0.10 per Warrant D.

9.3 Substantial Shareholders' shareholdings

As at the LPD, the Company does not have any substantial Shareholders. Under the Maximum Scenario, the Undertaking Shareholders will not become substantial Shareholders. For illustration purposes, the pro forma effects of the Rights Issue with Warrants on the Undertaking Shareholders' shareholdings are set out as follows:-

Minimum Scenario

Shareholders	As at the LPD				(i) After the Share Consolidation			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
Tang Boon Koon	500,000	0.04	-	-	50,000	0.04	-	-
Chen Huei Ping	500,000	0.04	-	-	50,000	0.04	-	-

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Shareholders	(ii) After (i) and the Rights Issue with Warrants				(iii) After (ii) and assuming full exercise of the Warrants D			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% ⁽³⁾	No. of Shares	% ⁽³⁾	No. of Shares	% ⁽⁴⁾	No. of Shares	% ⁽⁴⁾
Tang Boon Koon	50,050,000	21.54	-	-	75,050,000	26.58	-	-
Chen Hwei Ping	50,050,000	21.54	-	-	75,050,000	26.58	-	-

Notes:-

- (1) Based on the issued share capital of 1,323,956,839 Shares as at the LPD.
- (2) Based on the issued share capital of 132,395,683 Shares after the Share Consolidation which was completed on 22 April 2021.
- (3) Based on the enlarged issued share capital of 232,395,683 Shares.
- (4) Based on the enlarged issued share capital of 282,395,683 Shares.

Maximum Scenario

Shareholders	(i) As at the LPD				(ii) After the Share Consolidation			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
Tang Boon Koon	500,000	0.04	-	-	50,000	0.04	-	-
Chen Hwei Ping	500,000	0.04	-	-	50,000	0.04	-	-

Shareholders	(ii) After (i) and the Rights Issue with Warrants				(iii) After (ii) and assuming full exercise of the Warrants D			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% ⁽³⁾	No. of Shares	% ⁽³⁾	No. of Shares	% ⁽⁴⁾	No. of Shares	% ⁽⁴⁾
Tang Boon Koon	350,000	0.04	-	-	500,000	0.04	-	-
Chen Hwei Ping	350,000	0.04	-	-	500,000	0.04	-	-

Notes:-

- (1) Based on the issued share capital of 1,323,956,839 Shares as at the LPD.
- (2) Based on the issued share capital of 132,395,683 Shares after the Share Consolidation which was completed on 22 April 2021.
- (3) Based on the enlarged issued share capital of 926,769,781 Shares.
- (4) Based on the enlarged issued share capital of 1,323,956,830 Shares.

9.4 Losses and LPS

The potential effects of the Rights Issue with Warrants on the consolidated earnings / losses of the Company moving forward will depend on, amongst others, the number of Rights Shares to be issued and the level of returns generated from the utilisation of the proceeds to be raised from the Rights Issue with Warrants.

However, assuming that the consolidated earnings of the Company remain unchanged, the LPS of the Company will be diluted as a result of the increase in the number of Shares in issue following the issuance of the Rights Shares and the new Shares arising from the exercise of the Warrants D.

For illustration purposes, the pro forma effects of the Rights Issue with Warrants on the consolidated losses and LPS of the Company would be as follows:-

	Unaudited 6-month FPE 31 December 2020	(I) After the Share Consolidation ⁽¹⁾		(II) After (I) and the Rights Issue with Warrants		(III) After (II) and assuming full exercise of the Warrants D	
		Minimum Scenario	Maximum Scenario	Minimum Scenario	Maximum Scenario	Minimum Scenario	Maximum Scenario
LAT attributable to owners of the Company (RM'000)	(4,332)	(4,332)	(4,332)	(4,332)	(4,332)	(4,332)	(4,332)
Weighted average number of Shares ('000)	845,754	84,575	878,949	184,575	878,949	234,575	1,276,137
LPS (sen)	(0.51)	(5.12)	(0.49)	(2.35)	(0.49)	(1.85)	(0.34)

Note:-

- (1) Adjusted pursuant to the Share Consolidation which was completed on 22 April 2021.

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

10.1 Working capital and sources of liquidity

The Group's working capital is funded by cash generated from operating activities, the Group's existing cash and bank balances and proceeds from the issuance of equity securities. As at the LPD, the Group's cash and bank balances stood at approximately RM34.1 million.

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

The Board confirmed that, after taking into consideration the funds generated from the Company's operations and proceeds to be raised from the Rights Issue with Warrants, the Group will have sufficient working capital available for a period of 12 months from the date of this Abridged Prospectus.

10.2 Borrowings

As at the LPD, the Board confirmed that there are no borrowings incurred or known to be incurred by the Group.

10.3 Contingent liabilities

Save as disclosed in Section 8 of Appendix I, as at the LPD, the Board confirmed that there are no contingent liabilities incurred or known to be incurred by the Group which, upon becoming due or enforceable, may have a material impact on the financial results or position of the Group.

10.4 Material commitments

As at the LPD, the Board confirmed that there are no material commitments incurred or known to be incurred by the Group.

11. INSTRUCTIONS FOR ACCEPTANCE AND PAYMENT

Full instructions for the acceptance of and payment for the Provisional Allotments as well as Excess Rights Shares with Warrants D Applications and the procedures to be followed should you and/or your transferee(s) and/or your renounee(s) (if applicable) wish to sell or transfer all or any part of your/his rights entitlement are set out in this Abridged Prospectus and the RSF. You and/or your transferee(s) and/or your renounee(s) (if applicable) are advised to read this Abridged Prospectus, the RSF and the notes and instructions printed therein carefully. In accordance with Section 232(2) of the CMSA, the RSF must not be circulated unless accompanied by this Abridged Prospectus.

Acceptance of and/or payment for the Provisional Allotments which do not conform strictly to the terms of this Abridged Prospectus, the RSF or the notes and instructions printed therein or which are illegible may be rejected at the absolute discretion of the Board.

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11.1 General

As an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Allotments that you are entitled to subscribe for in full or in part under the terms and conditions of the Rights Issue with Warrants. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Allotments into your CDS Account and the RSF to enable you to subscribe for such Rights Shares with Warrants D that you have been provisionally allotted as well as to apply for Excess Rights Shares with Warrants D if you choose to do so. This Abridged Prospectus and the RSF are also available at the registered office of the Company, the Share Registrar's website at <https://www.shareworks.com.my> or on Bursa Securities' website at <https://www.bursamalaysia.com>.

11.2 NPA

The Provisional Allotments are prescribed securities under Section 14(5) of the SICDA and therefore, all dealings in the NPA will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. As an Entitled Shareholder, you and/or your transferee(s) and/or your renouncee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making the applications.

11.3 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the Rights Shares with Warrants D and the Excess Rights Shares with Warrants D Application is **5.00 p.m. Tuesday, 25 May 2021**. Within 5 Market Days after the Closing Date, the Company will make the relevant announcements in relation to the subscription rate of the Rights Issue with Warrants.

11.4 Methods of acceptance and application

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

<u>Method</u>	<u>Category of Entitled Shareholders</u>
RSF	All Entitled Shareholders
Electronic submission of RSF	All Individual Entitled Shareholders

11.5 Procedures for acceptance and payment

11.5.1 By way of RSF

Acceptance of and payment for the Provisional Allotments allotted to you must be made on the RSF issued together with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained therein. Acceptances which do not strictly conform to the terms and conditions of this Abridged Prospectus, the RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of the Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF. YOU ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY.

If you wish to accept all or part of your entitlement to the Provisional Allotments, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF with the relevant payment must be despatched by ORDINARY POST, COURIER or DELIVERED BY HAND (at your own risk) to the Share Registrar, ShareWorks Sdn Bhd, at the following address:-

ShareWorks Sdn Bhd
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan
Tel : +603 - 6201 1120
Fax : +603 - 6201 3121

so as to arrive not later than **5.00 p.m. Tuesday, 25 May 2021**, being the last date and time for the acceptance and payment for the Rights Shares with Warrants D.

If you lose, misplace or for any other reason require another copy of the RSF, you may obtain additional copies from the registered office of the Company, the Share Registrar's website at <https://www.shareworks.com.my> or Bursa Securities' website <https://www.bursamalaysia.com>.

1 RSF must be used for acceptance of the Provisional Allotments standing to the credit of 1 CDS Account. Separate RSFs must be used for the acceptance of Provisional Allotments standing to the credit of more than 1 CDS Account. The Rights Shares with Warrants D accepted by you will be credited into the CDS Account(s) where the Provisional Allotments are standing to the credit.

Successful applicants to the Rights Shares with Warrants D will be given the Warrants D on the basis of 1 Warrant D for every 2 Rights Shares successfully subscribed for. The minimum number of Rights Shares that can be subscribed or accepted is 1 Rights Share. However, you should take note that a trading board lot comprises 100 Rights Shares and 100 Warrants D respectively. Fractions of a Rights Share and/or Warrant arising from the Rights Issue with Warrants will be disregarded and the aggregate of such fractions shall be dealt with as the Board may at its absolute discretion deem fit and expedient and in the best interest of the Company. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar.

In the event that the Rights Shares with Warrants D are not fully taken up by such applicants, the Board will then have the right to allot such Rights Shares with Warrants D to the applicants who have applied for the Excess Rights Shares with Warrants D in the manner as set out in Section 11.8 of this Abridged Prospectus. The Board reserves the right to accept any applicant in full or in part only without assigning any reasons.

An Abridged Prospectus together with the NPA and RSF will be sent to all Entitled Shareholders on the date of the issuance of the Abridged Prospectus. If you wish to obtain a copy of this Abridged Prospectus and/or accompanying RSF, you can request the same from the registered office of the Company, the Share Registrar's website at <https://www.shareworks.com.my> or Bursa Securities' website at <https://www.bursamalaysia.com>. You may also request for a copy of the printed Abridged Prospectus from the Share Registrar at the following address:-

ShareWorks Sdn Bhd
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan
Tel : +603 - 6201 1120
Fax : +603 - 6201 3121

However, only Entitled Shareholders who have an address in Malaysia as stated in the Record of Depositors or who have provided the Share Registrar with an address in Malaysia in writing by the Entitlement Date will receive this Abridged Prospectus together with the NPA and RSF.

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

Each completed RSF must be accompanied by the appropriate remittance in RM for the full amount payable for the Rights Shares accepted in the form of a banker's draft or cashier's order or money order or postal order drawn on a bank or post office in Malaysia and which must be made payable to **"MTOUCHE RIGHTS SHARES ACCOUNT"**, crossed **"ACCOUNT PAYEE ONLY"** and endorsed on the reverse side with your name in block letters, your contact number, your address and your CDS Account number, and must be received by the Share Registrar by **5.00 p.m. Tuesday, 25 May 2021**. The payment must be made for the exact amount payable for the Rights Shares accepted. Any excess or insufficient payment may be rejected at the absolute discretion of the Board. Cheques or other mode(s) of payment not prescribed herein are not acceptable.

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

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU AND/OR YOUR TRANSFEREE(S) AND/OR YOUR RENOUNCEE(S) BY ORDINARY POST TO THE ADDRESS AS SHOWN ON THE RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 8 MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

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

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

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ACCEPTANCE AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES MUST BE MADE IN ACCORDANCE WITH THE RSF ENCLOSED WITH THIS ABRIDGED PROSPECTUS AND MUST BE COMPLETED STRICTLY IN ACCORDANCE WITH THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. ACCEPTANCES AND/ OR PAYMENTS WHICH DO NOT CONFORM WITH THE TERMS AND CONDITIONS OF THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF OR WHICH ARE ILLEGIBLE MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF THE BOARD.

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

11.5.2 By way of electronic submission of the e-RSF

The electronic submission of the e-RSF is available to you upon your login to the Share Registrar's Investor Portal at <https://www.shareworks.com.my>. You are advised to read the instructions as well as the terms and conditions of the electronic submission of the e-RSF.

The electronic submission of the e-RSF is only available to individual Entitled Shareholders. Non-individual Entitled Shareholders are advised to complete and submit the application for the Rights Issue with Warrants as set out in Section 11.5.1 above.

Individual Entitled Shareholders who wish to subscribe for the Rights Shares with Warrants D and apply for the Excess Rights Shares with Warrants D by way of electronic submission of the e-RSF, shall take note of the following:-

- (a) the electronic submission of the e-RSF will be closed at **5.00 p.m. Tuesday, 25 May 2021**. All valid electronic submission of the e-RSF received by the Share Registrar is irrevocable and cannot be subsequently withdrawn;
- (b) the electronic submission of the e-RSF must be made in accordance with the procedures and terms and conditions of the electronic submission of the e-RSF, this Abridged Prospectus and the notes and conditions contained in the RSF. Any incomplete or incorrectly completed e-RSF submitted via our Share Registrar's Investor Portal may or may not be accepted at the absolute discretion of our Board.
- (c) your application for the Rights Shares with Warrants D and Excess Rights Shares with Warrants D must be accompanied by the remittance in RM via internet bank transfer, the bank account details as follows:-

Name of bank:	Malayan Banking Berhad
Name of account:	MTOUCHE RIGHTS SHARES ACCOUNT
Bank account No.:	514244583367

You are required to pay an **additional fee of RM15.00** being the stamp duty and handling fee for each electronic submission of the e-RSF.

(d) All individual Entitled Shareholders who wish to submit by way of electronic submission of the e-RSF are required to follow the procedures and read the terms and conditions as stated below:-

(i) Procedures

Procedures		Action
User registration		
1.	Register as a user with the Investor Portal	<ul style="list-style-type: none"> • Access the website at https://www.shareworks.com.my. Click Investor Portal. Refer to the online help tutorial for assistance. • Read and agree to the terms and conditions and confirm the declaration. • Upon submission of your registration, your account will be activated within one working day. • If you have already registered an account with Investor Portal, you are not required to register again.
Electronic submission of e-RSF		
2.	Sign in to Investor Portal	<ul style="list-style-type: none"> • Login with your user ID and password for electronic submission of the e-RSF before the Closing Date.
3.	Complete the submission of e-RSF	<ul style="list-style-type: none"> • Open the corporate exercise "RIGHTS ISSUE FOR MTOUCHE TECHNOLOGY BERHAD". • Key in your full name, CDS account number, contact number, the number of units for acceptance of your Rights Shares with Warrants D and Excess Rights Shares with Warrants D (if you choose to apply for additional Rights Shares with Warrants D). • Upload the proof of payment(s) and print your e-RSF for your reference and record. • Ensure all information in the form is accurate and then submit the form.

If you encounter any problems during the registration or submission, please email the Share Registrar at support@shareworks.com.my for assistance.

(ii) Terms and conditions of the electronic submission of the e-RSF

By submitting your acceptance of the Rights Shares with Warrants D and application of the Excess Rights Shares with Warrants D (if applicable) by way of electronic submission of the e-RSF:-

- (A) You acknowledge that your submission by way of electronic submission of the e-RSF 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 the Company or the Share Registrar and irrevocably agree that if:-
- (i) the Company or the Share Registrar does not receive your submission of the e-RSF; or
 - (ii) data on the e-RSF is wholly or partially lost, corrupted or inaccessible, or not transmitted,
- your submission of the e-RSF will be deemed as failed and not to have been made. The Company and the Share Registrar will not be held liable for any delays, failures or inaccuracies in the processing of your electronic submission of the e-RSF due to the above reasons and you further agree that you may not make any claims whatsoever against the Company or the Share Registrar for any loss, compensation or damage in relation to the unsuccessful or failure of your electronic submission of the e-RSF.
- (B) You will ensure that all information provided by you in the e-RSF is identical with the information in the records of Bursa Depository and further agree and confirm that in the event the said information differs from the records of Bursa Depository, your application by way of electronic submission of the e-RSF may be rejected at the absolute discretion of the Board without assigning any reason.
- (C) You agree that your application shall not be deemed to have been accepted by reason of the remittance have been made.
- (D) You agree that all the Rights Shares and Warrants D to be issued pursuant to the Rights Issue with Warrants will be allotted by way of crediting the Rights Shares and Warrants D into your CDS account. No physical share or warrant certificates will be issued.
- (E) You agree that the Company and the Share Registrar reserve the right to reject your application which does not conform to these terms and conditions.
- (F) If your application is successful, a notice of allotment will be issued and despatched by ordinary post to the address as shown in the Record of Depositors provided by Bursa Depository at your own risk within 8 Market Days from the last date of acceptance and payment for the Rights Issue with Warrants.

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- (G) Where your application is not accepted or accepted only in part, the full amount or the balance of the application monies, as the case may be, shall be refunded without interest by banker's cheque within 15 Market Days from the last date of acceptance and payment for the Rights Issue with Warrants and will be despatched by ordinary post to the address as shown in the Record of Depositors provided by Bursa Depository at your own risk.

11.6 Procedures for part acceptance

If you do not wish to accept the Rights Shares with Warrants D provisionally allotted to you in full, you are entitled to accept part of your entitlements that can be subscribed / applied for. The minimum number of Rights Shares that may be subscribed or accepted is 1 Rights Share. Fractions of a Rights Shares and/or Warrant D arising from the Rights Issue with Warrants will be disregarded and the aggregate of such fractions shall be dealt with as the Board may at its absolute discretion deem fit and expedient and in the best interests of the Company. Applicants should take note that a trading board lot comprises 100 Rights Shares and 100 Warrants D respectively.

You must complete both Part I(A) of the RSF by specifying the number of Rights Shares with Warrants D which you are accepting and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to the Share Registrar in the same manner as set out in Section 11.5 of this Abridged Prospectus.

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

11.7 Procedures for sale or transfer of Provisional Allotments

As the Provisional Allotments are prescribed securities, should you wish to sell or transfer all or part of your entitlement to the Provisional Allotments to 1 or more persons, you may do so through your stockbroker during the period up to the last date and time for sale or transfer of the Provisional Allotments (in accordance with the Rules of Bursa Depository) without first having to request for a split of the Provisional Allotments standing to the credit of your CDS Account. To sell or transfer all or part of your entitlement to the Provisional Allotments, you may sell such entitlement on the open market during the period up to the last date and time for sale or transfer of the Provisional Allotments (in accordance with the Rules of Bursa Depository) or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository during period up to the last date and time for transfer of the Provisional Allotments (in accordance with the Rules of Bursa Depository).

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. IN SELLING OR TRANSFERRING ALL OR PART OF YOUR PROVISIONAL ALLOTMENTS, YOU ARE NOT REQUIRED TO DELIVER ANY DOCUMENT TO YOUR STOCKBROKER. YOU ARE HOWEVER ADVISED TO ENSURE THAT YOU HAVE SUFFICIENT NUMBER OF PROVISIONAL ALLOTMENTS STANDING TO THE CREDIT OF YOUR CDS ACCOUNT BEFORE SELLING OR TRANSFERRING.

If you have sold or transferred only part of the Provisional Allotments, you may still accept the balance of the Provisional Allotments by completing Parts I(A) and II of the RSF and delivering the RSF together with the full amount payable on the balance of the Rights Shares with Warrants D applied for to the Share Registrar. Please refer to Section 11.5 of this Abridged Prospectus for the procedures for acceptance and payment.

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

11.8 Procedures for the Excess Rights Shares with Warrants D Application

If you wish to apply for additional Rights Shares with Warrants D in excess of your entitlement, you may do so by completing Part I(B) of the RSF (in addition to Parts I(A) and II). The remittance for the Excess Rights Shares with Warrants D can be made together with the remittance for your entitlements as mentioned in Section 11.5.1 of this Abridged Prospectus. The completed RSF together with the payment must be received by the Share Registrar no later than **5.00 p.m. Tuesday, 25 May 2021**, being the last time and date for Excess Rights Shares with Warrants D Applications and payment.

The payment must be made for the exact amount payable for the Excess Rights Shares with Warrants D Applications. Any excess or insufficient payment may be rejected at the absolute discretion of the Board. Cheques or other mode(s) of payment not prescribed herein are not acceptable.

It is the intention of the Board to allot the Excess Rights Shares with Warrants D, if any, in a fair and equitable manner in the following priority:-

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for Excess Rights Shares with Warrants D, taking into consideration their respective shareholdings in the Company as at the Rights Entitlement Date;
- (iii) thirdly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for Excess Rights Shares with Warrants D, taking into consideration the quantum of their respective Excess Rights Shares with Warrants D Applications; and
- (iv) finally, on a pro-rata basis and in board lots, to the transferee(s) and/or renounee(s) who have applied for Excess Rights Shares with Warrants D, taking into consideration the quantum of their respective Excess Rights Shares with Warrants D Applications.

The Excess Rights Shares with Warrants D will firstly be allocated to minimise the odd lots (if any) held by each applicant of Excess Rights Shares with Warrants D. Thereafter, the allocation process will perform items (ii), (iii) and (iv) in succession. Any remaining balance of Excess Rights Shares with Warrants D will be allocated by performing the same sequence of allocation i.e. items (ii), (iii) and (iv) again in succession until all Excess Rights Shares with Warrants D are allotted.

Notwithstanding the foregoing, the Board reserves the right to allot any Excess Rights Shares with Warrants D applied for under Part I(B) of the RSF in such manner as it deems fit and expedient and in the best interests of the Company subject always to such allocation being made on a fair and equitable basis, and that the intention of the Board as set out in items (i), (ii), (iii) and (iv) above is achieved. The Board also reserves the right at its absolute discretion not to accept any application for Excess Rights Shares with Warrants D, in full or in part, without assigning any reason thereof.

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

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE EXCESS RIGHTS SHARES WITH WARRANTS D APPLICATION OR APPLICATION MONIES IN RESPECT THEREOF. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN ON THE RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 8 MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

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

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES WITH WARRANTS F APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST. THE REFUND WILL BE MADE BY ISSUANCE OF CHEQUE AND SHALL BE DESPATCHED BY ORDINARY POST TO THE ADDRESS AS SHOWN ON THE RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.

11.9 Procedures to be followed by transferee(s) and/or renounee(s)

As a transferee and/or renounee, the procedures for acceptance, selling or transferring of Provisional Allotments, applying for the Excess Rights Shares with Warrants D and/or payment is the same as that which is applicable to the Entitled Shareholders as described in Sections 11.3 to 11.8 of this Abridged Prospectus. Please refer to the relevant sections for the procedures to be followed.

If you wish to obtain a copy of this Abridged Prospectus and/or accompanying RSF, you can request the same from the registered office of the Company, the Share Registrar's website at <https://www.shareworks.com.my> or Bursa Securities' website at <https://www.bursamalaysia.com>.

TRANSFEREE(S) AND/OR RENOUNCEE(S) ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

11.10 CDS Account

Bursa Securities has already prescribed the Shares listed on the ACE Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the new securities arising from the Rights Issue with Warrants are prescribed securities and, as such, all dealings with such securities will be by book entries through CDS Accounts and shall be governed by the SICDA and the Rules of Bursa Depository. You must have a valid and subsisting CDS Account in order to subscribe for the Rights Shares with Warrants D. Failure to comply with these specific instructions or inaccuracy of the CDS Account number may result in your application being rejected.

Your subscription for the Rights Shares with Warrants D shall signify your consent to receiving such Rights Shares with Warrants D as deposited securities that will be credited directly into your CDS Account. No physical certificates will be issued.

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All Excess Rights Shares with Warrants D allotted shall be credited directly into the CDS Accounts of successful applicants. If you have multiple CDS Accounts into which the Provisional Allotments have been credited, you cannot use a single RSF to accept all these Provisional Allotments. Separate RSFs must be used for acceptance of Provisional Allotments credited into separate CDS Accounts. If successful, the Rights Shares with Warrants D that you subscribed for will be credited into the CDS Accounts where the Provisional Allotments are standing to the credit.

11.11 Notice of allotment

Within 5 Market Days after the Closing Date, the Company will make the relevant announcements in relation to the subscription rate of the Rights Issue with Warrants.

Upon allotment of the Rights Shares in respect of your acceptance and/or your renounee / transferee acceptance (if applicable) and Excess Rights Shares with Warrants D Application (if any), the Rights Shares shall be credited directly into the respective CDS Account where the Provisional Allotments were credited. No physical certificates will be issued in respect of the Rights Shares. However, a notice of allotment will be despatched to you and/or your renounee / transferee (if applicable) by ordinary post within 8 Market Days from the Closing Date or such other period as may be prescribed or allowed by Bursa Securities, to the address last shown on the Record of Depositors at your own risk.

Where any application for the Rights Shares is not accepted due to non-compliance with the terms of the Rights Issue 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. The refund will be despatched to you within 15 Market Days from the Closing Date by ordinary post to the address last shown on the Record of Depositors at your own risk.

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

11.12 Foreign-Addressed Shareholders

This Abridged Prospectus, the NPA and the RSF have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction other than Malaysia, and have not been (and will not be) lodged, registered or approved under any applicable securities or equivalent legislation (or with or by any regulatory authority or other relevant body) of any country or jurisdiction other than Malaysia.

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

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

As a result, this Abridged Prospectus, the NPA and the RSF have not been (and will not be) sent to the Foreign-Addressed Shareholders. However, Foreign-Addressed Shareholders may collect this Abridged Prospectus, the NPA and the RSF from the Share Registrar, ShareWorks Sdn Bhd at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan, who will be entitled to request such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting this Abridged Prospectus, the NPA and the RSF.

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

A Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) may only accept or renounce all or any part of his/their entitlements and exercise any other rights in respect of the Rights Issue with Warrants only to the extent that it would be lawful to do so, and the Company, the Board and officers, Mercury Securities and/or the advisers named herein ("**Parties**") would not, in connection with the Rights Issue with Warrants, be in breach of the laws of any country or jurisdiction to which the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) is or might be subject to.

The Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) shall be solely responsible to seek advice from his/their legal and/or professional advisers as to whether the acceptance or renunciation in any manner whatsoever of his entitlement under the Rights Issue with Warrants would result in the contravention of the laws of the countries or jurisdictions to which he/they is/are or might be subject to. The Parties shall not accept any responsibility or liability in the event any acceptance or renunciation made by any Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction. The Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) will also have no claims whatsoever against the Parties in respect of his/their entitlements or to any net proceeds thereof.

The Company reserves the right, in its absolute discretion, to treat any acceptances as invalid, if we believe that such acceptance may violate applicable legal or regulatory requirements. The Provisional Allotments relating to any acceptance which is treated as invalid will be included in the pool of Rights Shares with Warrants D available for excess application by other Entitled Shareholders and/or their transferee(s) and/or their renounee(s).

Each person, by accepting the delivery of this Abridged Prospectus, the NPA and the RSF, accepting any Provisional Allotments by signing any of the forms accompanying this Abridged Prospectus or subscribing for or acquiring the Rights Shares with Warrants D, will be deemed to have represented, warranted, acknowledged and agreed in favour of (and which representations, warranties, acknowledgements and agreements will be relied upon by) the Parties as follows:-

- (i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which the Entitled Shareholder and/or his transferee(s) and/or his renounee(s) is or might be subject to;

- (ii) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) has complied with the laws to which the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) is or might be subject to in connection with the acceptance or renunciation;
- (iii) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) is not a nominee or agent of a person in respect of whom the Parties would, by acting on the acceptance or renunciation of the Provisional Allotments, be in breach of the laws of any jurisdiction to which that person is or might be subject to;
- (iv) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) is/are aware that the Rights Shares with Warrants D can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged or dealt with in any other way in accordance with all applicable laws in Malaysia;
- (v) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) has/have obtained a copy of this Abridged Prospectus and has/have read and understood the contents of this Abridged Prospectus, has/have had access to such financial and other information and has/have been provided the opportunity to ask such questions to the representatives of the Parties and receive answers thereto as the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) deem(s) necessary in connection with the Foreign-Addressed Shareholder and/or his transferee and/or his renounee's decision to subscribe for or purchase the Rights Shares and Warrants D; and
- (vi) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) has/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 and Warrants D, and is/are and will be able, and is/are prepared to bear the economic and financial risks of investing in and holding the Rights Shares and Warrants D.

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

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12. TERMS AND CONDITIONS

The issuance of the Rights Shares and Warrants D pursuant to the Rights Issue with Warrants is governed by the terms and conditions as set out in this Abridged Prospectus, the Deed Poll D, the NPA and RSF.

13. FURTHER INFORMATION

You are requested to refer to the enclosed Appendix I for further information.

Yours faithfully
For and on behalf of the Board of
MTOUCHE TECHNOLOGY BERHAD



TANG BOON KOON
Executive Director

APPENDIX I - INFORMATION ON THE COMPANY**1. SHARE CAPITAL**

As at the LPD, the issued share capital of the Company is RM161,058,328 comprising 1,323,956,839 Shares.

2. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Please refer to Section 9.3 of this Abridged Prospectus for information on the substantial Shareholders' shareholdings before and after the Rights Issue with Warrants.

3. DIRECTORS

The details of the Board as at the LPD are set out in the table below:-

Name (Designation)	Age	Address	Nationality
Y. M. Raja Hizad Bin Raja Kamarulzaman (<i>Independent Non-Executive Director/Chairman</i>)	67	No. 2, Jalan Kekwa 2 Seksyen BB2 Bandar Bukit Beruntung 48300 Rawang Selangor	Malaysian
Tang Boon Koon (<i>Executive Director</i>)	51	2A, Jalan Bendahara 4/7 Seksyen 7, Bandar Mahkota Cheras 43200 Kajang Selangor	Malaysian
Chen Huei Ping (<i>Executive Director</i>)	29	No 6, Jalan Jingga 4 Taman Pelangi 80400 Johor Bahru Johor	Malaysian
Kunamony A/P S. Kandiah (<i>Senior Independent Non-Executive Director</i>)	70	No. 30, Jalan 14/48 46100 Petaling Jaya Selangor	Malaysian

Save as Mr Tang Boon Koon and Mr Chen Huei Ping, none of the Directors have any direct and/or indirect shareholding in the Company as at the LPD. Please refer to Section 9.3 of this Abridged Prospectus on the pro forma effects of the Rights Issue with Warrants on their shareholding.

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APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)**4. HISTORICAL FINANCIAL INFORMATION**

A summary of the historical financial information of the Group is as follows:-

Historical financial performance

	Audited			Unaudited	
	FYE 2018	FYE 2019	FYE 2020	6-month FPE 31 December 2019	6-month FPE 31 December 2020
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	19,589	27,004	9,178	6,363	2,423
Cost of sales	(15,148)	(14,570)	(5,507)	(3,784)	(1,894)
GP	4,441	12,434	3,671	2,579	529
Other operating income	26,218	1,248	28,017	297	189
Administrative expenses	(7,299)	(8,326)	(5,820)	(2,928)	(2,439)
Other expenses	(21,540)	(26,875)	(52,730)	(2,218)	(2,770)
Finance costs	(6)	(14)	(202)	(110)	(23)
PBT / (LBT)	1,814	(21,533)	(27,064)	(2,380)	(4,514)
Taxation	(844)	971	49	298	-
PAT / (LAT)	970	(20,562)	(27,015)	(2,082)	(4,514)
PAT / (LAT) attributable to:-					
- owners of the Company	1,392	(20,603)	(26,976)	(1,989)	(4,332)
- non-controlling interests	(422)	41	(39)	(93)	(182)
GP margin (%)	22.67	46.05	40.00	40.53	21.83
PAT / (LAT) margin (%)	4.95	(76.14)	(294.35)	(32.72)	(186.30)
Weighted average no. of Shares in issue ('000)	370,699	508,654	522,670	508,564	845,754
Earnings / (Loss) per Share					
- basic (sen)	0.38	(4.05)	(5.16)	(0.39)	(0.51)
- diluted (sen)	0.38	(2.84)	(3.78)	(0.39)	(0.51)

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APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)

Historical financial position

	Audited			Unaudited
	As at 30 June 2018	As at 30 June 2019	As at 30 June 2020	As at 31 December 2020
	RM'000	RM'000	RM'000	RM'000
Non-current assets	7,356	11,581	45,224	42,824
Current assets	91,268	74,339	25,750	48,019
Total assets	98,625	85,920	70,974	90,843
Share capital	104,047	104,047	121,398	150,121
Foreign currency translation reserve	(6,304)	1,090	(1,800)	(3,367)
Warrant reserve	22,985	22,985	20,967	-
Discount on shares	(22,985)	(22,985)	(20,967)	-
Other reserve	1,465	1,465	1,465	1,465
Accumulated losses	(10,938)	(31,493)	(58,309)	(62,640)
Shareholders' equity / NA	88,270	75,109	62,754	85,579
Non-controlling interests	(1,739)	(1,656)	(1,734)	(1,677)
Total equity	86,531	73,453	61,020	83,902
Non-current liabilities	1,007	1,215	1,528	1,422
Current liabilities	11,086	11,252	8,425	5,519
Total liabilities	12,093	12,467	9,954	6,941
Total equity and liabilities	98,624	85,920	70,974	90,843

Historical cash flow

	Audited			Unaudited
	FYE 2018	FYE 2019	FYE 2020	6-month FPE 31 December 2020
	RM'000	RM'000	RM'000	RM'000
Net cash from / (used in)				
Operating activities	(37,602)	(10,794)	(858)	(12,423)
Investing activities	(7,498)	(2,471)	(9,446)	(578)
Financing activities	76,196	(113)	11,386	26,692
Net increase / (decrease) in cash and cash equivalents	31,096	(13,378)	1,082	13,691
Effects of changes in exchange rate	(90)	(1,803)	970	(104)
Cash and cash equivalents at beginning of the year / period	1,631	32,637	17,455	19,189
Cash and cash equivalents at end of the year / period	32,637	17,455	19,507	32,776

APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)**(i) 6-month FPE 31 December 2020 vs 6-month FPE 31 December 2019**

For the 6-month FPE 31 December 2020, the Group recorded revenue of approximately RM2.4 million which represents a decrease of approximately RM3.9 million or 61.9% as compared to the preceding corresponding financial period of RM6.4 million. The decrease in revenue is mainly attributable to the lower demand of the Group's Mobile Value-Added Services from customers due to the impact of COVID-19 pandemic.

The Group recorded a lower GP of RM0.5 million compared to RM2.6 million in the previous corresponding period, representing a decrease of RM2.1 million or approximately 79.5%. This is due to the Group spending more on advertising and promotions as a strategy to attract customers due to weakened demand pursuant to the impact of COVID-19 pandemic.

The Group recorded a higher LAT of RM4.5 million for the FPE 31 December 2020 as compared to a LAT of RM2.1 million for the preceding corresponding period, representing an increase in LAT by RM2.4 million or 116.8%. The increase in LAT during the financial period under review is mainly attributable to the fall in the Group's revenue and the lower GP as explained above.

For 6-month FPE 31 December 2020, the Group recorded an increase in cash and cash equivalents of RM13.7 million (FYE 2020: increase of RM1.1 million) mainly due to the proceeds raised from past fund-raising exercises (Private Placement July 2020: RM4.2 million; and Private Placement September 2020: RM14.8 million). The increase was offset by the net cash used in operating activities of RM12.4 million. This was mainly due to lower trade receivables which is in line with the decreased business activities in 6-month FPE 31 December 2020.

(ii) FYE 2020 vs FYE 2019

For the FYE 2020, the Group recorded revenue of approximately RM9.2 million which represents a decrease of approximately RM17.8 million or 66.0% as compared to the preceding financial year of RM27.0 million. The decrease in revenue is mainly attributable to lower contribution from the Group's Thailand and Vietnam geographic segments as a result of increasing competition in the Mobile Value-Added Services industries of Thailand and Vietnam arising from new developments in mobile technologies.

In line with the decrease in revenue, the Group recorded a lower GP of RM3.7 million in the FYE 2020 compared to RM12.4 million in the FYE 30 June 2019, representing a decrease of RM8.7 million or approximately 70.2%.

The Group recorded LAT of approximately RM27.0 million for the FYE 2020 which represents an increase of approximately RM6.4 million or 31.4% as compared to the LAT of RM20.6 million for the preceding financial year. The increase in LAT is primarily due to higher impairment losses on receivables recorded of approximately RM31.8 million for FYE 2020, which represents an increase of RM12.1 million as compared to the impairment losses on receivables of RM19.7 million for FYE 2019, mainly due to the effect of the COVID-19 pandemic.

For FYE 2020, the Group recorded an increase in cash and cash equivalents of RM1.1 million (FYE 2019: decrease of RM13.4 million) mainly due to the proceeds from the ESOS Options granted and exercised during the year amounting to RM12.1 million.

The above was offset by the net cash used in operating activities of RM0.9 million. This was mainly due to lower trade receivables which is in line with their decreased business activities in FYE 2020.

APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)

(iii) FYE 2019 vs FYE 2018

For the FYE 2019, the Group recorded revenue of approximately RM27.0 million which represents an increase of approximately RM7.4 million or 37.8% as compared to the preceding financial year of RM19.6 million. The increase in revenue was mainly attributable to revenue recognised from the Group's following projects during the financial year under review:-

- (a) the provision of an outdoor digital display panel solution to Sommer Full Holdings Limited;
- (b) the development of a mobile transaction authorisation code (TAC) solution as the exclusive turnkey project developer for M N C Wireless Berhad; and
- (c) the development of a mobile game platform as the exclusive turnkey project developer for M N C Wireless Berhad.

The Group recorded a higher GP of RM12.4 million in the FYE 2019 compared to RM4.4 million in the FYE 2018, representing an increase of RM8.0 million or approximately 181.8%. This is due to increase in revenue, as well as a higher GP margin due to the Group spending less on advertising and promotions.

The Group recorded LAT of approximately RM20.6 million for the FYE 2019 as opposed to a PAT of RM0.9 million in the preceding financial year. The LAT during the financial year under review is mainly attributable to the following:-

- (a) higher impairment losses on receivables recorded of approximately RM19.7 million during FYE 2019, which represents an increase of RM16.6 million as compared to the impairment losses on receivables of RM3.1 million for the FYE 2018, mainly due to the adoption of Malaysian Financial Reporting Standard 9 during the financial year under review; and
- (b) one-off gain on disposal of a subsidiary, Mobile Touchetek Sdn Bhd in previous financial year of RM21.9 million (FYE 2019: nil).

The LAT was partially offset by higher revenue of RM27.0 million recorded in FYE 2019 which represents an increase of approximately RM7.4 million or 37.9% as compared to FYE 2018.

For FYE 2019, the Group recorded a decrease in cash and cash equivalents of RM13.4 million (FYE 2018: increase of RM31.1 million) mainly due to net cash used in operating activities of RM10.8 million. Further, the decrease in cash and cash equivalents in FYE 2019 was contributed by the net cash generated from financing activities pertaining to the proceeds raised from Rights Issue 2017 in FYE 2018 amounting to RM76.2 million.

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APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)**5. HISTORICAL SHARE PRICES**

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

	High RM	Low RM
2020		
May	0.085	0.055
June	0.085	0.060
July	0.080	0.060
August	0.140	0.070
September	0.100	0.050
October	0.065	0.045
November	0.140	0.045
December	0.090	0.065
2021		
January	0.080	0.060
February	0.060	0.040
March	0.050	0.035
April	⁽¹⁾ 0.460	⁽¹⁾ 0.150
Last transacted market price on 4 February 2021, being the last Market Day immediately prior to the first announcement of the Corporate Exercises (RM)	0.050	
Last transacted market price on 3 May 2021, being the Market Day immediately prior to the ex-date for the Rights Issue with Warrants (RM)	⁽¹⁾ 0.275	
Last transacted market price on the LPD (RM)	0.035	

Note:-

(1) Adjusted pursuant to the Share Consolidation that was completed on 22 April 2021.

(Source: Bloomberg)

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APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)

6. OPTION TO SUBSCRIBE FOR SHARES

As at the LPD, save as disclosed below and the Provisional Allotments as well as Excess Rights Shares with Warrants D, no option to subscribe for any securities of the Company has been granted or is entitled to be granted to any person:-

- (i) under the ESOS, the Company may grant ESOS Options to the eligible employees to subscribe for new Shares up to but not exceeding 30% of the Company's total number of issued Shares (excluding treasury shares, if any) at any point of time during the duration of 5 years from the effective date of the ESOS i.e. 13 November 2017. The exercise price for such ESOS Options shall be determined by the Board at its discretion upon recommendation of the Option committee based on the 5-day VWAP of mTouche Shares immediately prior to the date of offer with a discount of not more than 10%.

As at the LPD, the Company does not have any outstanding ESOS Options. In conjunction with the Corporate Exercises, the Company has undertaken not to grant any ESOS Options until the completion of the Corporate Exercises.

7. MATERIAL CONTRACTS

As at the LPD, save as disclosed below, the Board confirmed that there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Group during the 2 years preceding the date of this Abridged Prospectus:-

- (i) On 19 July 2019, MISB had entered into a tenancy agreement with E-Tower Sdn Bhd (as the landlord) to rent demised premises at Lot 11.3, 11th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, Petaling Jaya, Selangor for a period of 3 years commencing from 1 April 2018 to 30 March 2021 at a monthly rental of RM17,935.00. Even though the agreement has expired on 30 March 2021, MISB has continued to rent the demised premises on a monthly basis at the same rental rate. The parties intend to enter into a fixed term agreement for the tenancy and the execution of a new tenancy agreement is pending the discussion by the parties of a revised monthly rental rate.
- (ii) On 30 June 2020, the Company had entered into a share sale agreement with Dato' Zaidi Bin Mat Isa @ Hashim ("**Purchaser**") for the disposal of its 100% equity interest in MBit Pte Ltd to the Purchaser for a cash consideration of SGD1,000.00. The share sale agreement has been completed on 30 June 2020.
- (iii) On 30 June 2020, the Company had entered into a share sale agreement with the Purchaser for disposal of its 100% equity interest in MTouche Pte Ltd ("**MPL**") together with MPL's subsidiaries, Nastech Limited and Mobile Fusion Pte Ltd for a total cash consideration of SGD2,000.00 and HKD1,000.00. The share sale agreement has been completed on 30 June 2020.

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APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)

8. MATERIAL LITIGATION

As at the LPD, save as disclosed below, the Board confirmed that neither mTouche nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or business of the Group and the Board confirmed that there are no proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group:-

TR Group International Pte Ltd ("**TR Group**") had on 11 September 2017 initiated a suit against the Company via case no. WA-22NCVC-396-08/2017 in the Kuala Lumpur High Court ("**High Court Suit**") claiming for RM792,348.00, being the alleged outstanding amount owed and payable by the Company to TR Group under a professional service agreement dated 20 March 2014 made between the Company and TR Group ("**Professional Service Agreement**"). TR Group had on 22 July 2020 obtained from the Kuala Lumpur High Court, a judgement against the Company whereby the Company has to pay the following to TR Group:-

- (a) the sum of RM792,348.00, being the outstanding sum pursuant to the settlement agreement for 10 invoices issued pursuant to the Professional Service Agreement;
- (b) the sum RM267,312.83, being the late payment interests of (a) above as at 31 May 2017;
- (c) the sum of RM179,636.00 being the outstanding amount on the remaining invoices issued pursuant to the Professional Service Agreement;
- (d) the sum of RM36,435.60, being the late payment interests of (c) above as at 3 May 2017;
- (e) monthly late payment interests in the sum of RM14,579.75 each month in respect of (a) and (c) above from 1 June 2017 until full and final settlement of the sums; and
- (f) cost of RM30,000.00.

On 10 August 2020, the Company had vide its solicitors, filed an appeal bearing appeal no. W-02(NCvC)(W)-1026-08/2020 to the Court of Appeal against the decision of Kuala Lumpur High Court in allowing TR Group's claim against the Company in the High Court Suit. The Company is contesting amongst others, that Malaysian courts have no jurisdiction to hear the dispute arising from the Professional Service Agreement as there is an express clause therein which provides that Court of Singapore is to hear matters on any disputes arising from the Professional Service Agreement. The Company is also contesting on the veracity of the invoices in relation to TR Group's claim. The appeal has been scheduled for case management by way of e-review on 8 June 2021.

In view of the appeal, the Company's solicitors had also filed a stay of application of the judgement given by the Kuala Lumpur High Court against the Company. The Kuala Lumpur High Court did not allow the Company's stay of application of the judgement, pending hearing of the appeal filed by the Company in the Court of Appeal.

The estimated maximum liability to the Company should its appeal not succeed is approximately RM1,800,000 plus cost to be decided by the Court of Appeal. The solicitors representing the Company believe that TR Group is not the rightful party to the High Court Suit and Malaysian courts do not have jurisdiction to hear the said matter and thus is of the view that the Company has a good chance in succeeding in the appeal, subject to final determination by the Court of Appeal.

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APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)

9. CONSENTS

- (i) The written consents of the Principal Adviser, company secretaries, Share Registrar, reporting accountants, Independent Market Researcher and the solicitors for the Rights Issue with Warrants for the inclusion in this Abridged Prospectus of their names and all references thereto in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not been subsequently withdrawn.
- (ii) The written consent of Bloomberg for the inclusion in this Abridged Prospectus of its name and citation of the market data made available to its subscribers in the form and context in which such name and market data appear has been given before the issuance of this Abridged Prospectus and has not been subsequently withdrawn.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of mTouche at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur, Wilayah Persekutuan during normal business hours from Monday to Friday (except public holidays) for a period of 6 months from the date of this Abridged Prospectus:-

- (i) the Constitution of the Company;
- (ii) the Undertakings referred to in Section 3 of this Abridged Prospectus;
- (iii) the letters of consent referred to in Section 9 of Appendix I above;
- (iv) the Deed Poll D;
- (v) the IMR Report referred to in Sections 8.2 and 8.3 of this Abridged Prospectus;
- (vi) the material contracts referred to in Section 7 of Appendix I above; and
- (vii) the relevant cause papers in respect of the material litigation referred to in Section 8 of this Appendix I.

11. RESPONSIBILITY STATEMENT

- (i) The Board has seen and approved this Abridged Prospectus, together with the NPA and RSF, and they collectively and individually accept full responsibility for the completeness and accuracy of the information contained therein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in these documents false or misleading.
- (ii) Mercury Securities, being the Principal Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of their knowledge and belief, this Abridged Prospectus constitutes full and true disclosure of all material facts concerning the Rights Issue with Warrants.