

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

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

THIS AP IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS AP. IF YOU ARE IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT A PROFESSIONAL ADVISER IMMEDIATELY. If you have sold or transferred all your shares in our Company, you should immediately hand this AP together with the NPA and RSF (collectively referred to as “Documents”) to the purchaser or transferee or agent/broker through whom you have effected the sale or transfer for onward transmission to the purchaser or transferee. You should address all enquiries concerning the Rights Issue to our Share Registrar, Bina Management (M) Sdn. Bhd. at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan (Tel. no.: +603-7784 3922).

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

The approvals from our shareholders for the Rights Issue were obtained at our EGM-Corporate Exercises held on 9 June 2022 and EGM-Variation held on 30 November 2022. Bursa Securities had, vide its letter dated 22 April 2022, approved the admission of the Warrants to the Official List of the ACE Market of Bursa Securities and the listing and quotation for the Rights Shares, Warrants and the new Shares to be issued pursuant to the exercise of Warrants on the ACE Market of Bursa Securities. However, the admission, listing and quotation of the new securities shall not be taken as an indication of the merits of the Rights Issue. The listing and quotation for the Rights Shares and Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS accounts of the successful Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) have been duly credited with the relevant Rights Shares with Warrants allotted to them and notices of allotment have been despatched or sent to them.

The Documents are only despatched to our Entitled Shareholders whose names appear in our Record of Depositors as at 5.00 p.m. on 9 January 2023 at their registered addresses in Malaysia or who have provided our Share Registrar with their Malaysian address in writing by 5.00 p.m. on 9 January 2023. The Documents are not intended to be (and will not be) issued, circulated or distributed in any countries or jurisdictions other than Malaysia. No action has been or will be taken to ensure that the Rights Issue or the Documents complies with the laws of any countries or jurisdictions other than the laws of Malaysia. The Documents do not constitute an offer, solicitation or invitation to subscribe for the Rights Issue in any jurisdiction other than Malaysia or to any person to whom it may be unlawful to make such an offer, solicitation or invitation. It shall be the sole responsibility of the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia to consult their legal and/or other professional adviser as to whether the acceptance and/or sale/renunciation (as the case may be) of their entitlements to the Rights Issue or application for excess Rights Shares with Warrants would result in the contravention of any laws of such countries or jurisdictions. Such Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) should note the additional terms and restrictions as set out in Section 9 of this AP. Neither our Company, TA Securities nor any other professional adviser in relation to the Rights Issue shall accept any responsibility or liability whatsoever to any party in the event that any acceptance and/or sale/renunciation (as the case may be) made by the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any countries or jurisdictions in which the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) are residents.

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

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE REFER TO “RISK FACTORS” AS SET OUT IN SECTION 5 OF THIS AP.



**ZEN TECH
INTERNATIONAL
BERHAD**

[Registration No. 200401027289 (665797-D)]
(Formerly known as INIX Technologies Holdings Berhad)

ZEN TECH INTERNATIONAL BERHAD
(formerly known as INIX Technologies Holdings Berhad)
(Registration No.: 200401027289 (665797-D))
(Incorporated in Malaysia)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,616,864,884 NEW ORDINARY SHARES IN ZEN TECH INTERNATIONAL BERHAD (FORMERLY KNOWN AS INIX TECHNOLOGIES HOLDINGS BERHAD) (“SHARES”) (“RIGHTS SHARES”) ON THE BASIS OF 2 RIGHTS SHARES FOR EVERY 1 EXISTING SHARE HELD AS AT 5.00 P.M. ON 9 JANUARY 2023 AT AN ISSUE PRICE OF RM0.015 PER RIGHTS SHARE, TOGETHER WITH UP TO 1,077,909,922 FREE DETACHABLE WARRANTS (“WARRANTS”) ON THE BASIS OF 2 WARRANTS FOR EVERY 3 RIGHTS SHARES SUBSCRIBED FOR (“RIGHTS ISSUE”)

Adviser

TA SECURITIES

AN UNWAVERING COMMITMENT

TA SECURITIES HOLDINGS BERHAD
(Registration No.: 197301001467 (14948-M))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME

Entitlement date	:	Monday, 9 January 2023 at 5.00 p.m.
Last day, date and time for:		
Sale of provisional allotment of rights	:	Monday, 16 January 2023 at 5.00 p.m.
Transfer of provisional allotment of rights	:	Wednesday, 18 January 2023 at 4.30 p.m.
Acceptance and payment	:	Thursday, 26 January 2023 at 5.00 p.m.
Excess application and payment	:	Thursday, 26 January 2023 at 5.00 p.m.

This AP is dated 9 January 2023

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

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

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

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT A PROFESSIONAL ADVISER IMMEDIATELY.

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

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

THE DISTRIBUTION OF THE DOCUMENTS IS SUBJECT TO THE LAWS OF MALAYSIA. WE AND OUR ADVISERS TO THE RIGHTS ISSUE ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS IN RELATION TO THE RIGHTS ISSUE 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 IN RELATION TO THE RIGHTS ISSUE REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

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

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DEFINITIONS

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

“5D-VWAP”	:	5-day volume weighted average price
“ACE LR”	:	ACE Market Listing Requirements of Bursa Securities
“Acquisition of INIX L&S”	:	Acquisition of 51% equity interest in INIX L&S by IGM from Teo Xiong Sheng, Teo Yoek Leong and Xiaohua Xie for a cash consideration of RM6,500,000, which was completed on 19 July 2021
“Act”	:	Companies Act 2016
“Additional Undertakings”	:	Unconditional and irrevocable undertakings from the Additional Undertaking Shareholders dated 21 October 2022 to, amongst others, apply and subscribe in full for their entitlements pursuant to the Rights Issue as well as apply and subscribe for additional Rights Shares not taken up by other Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) by way of excess Rights Shares application to the extent that their individual aggregate subscription quantum does not exceed the following: <ul style="list-style-type: none"> (i) RM2,808,214 for TTS; (ii) RM1,500,000 for Mary Anne; and (iii) RM2,000,000 each for FTS, SSM and SKES
“Additional Undertaking Shareholders”	:	TTS, Mary Anne, FTS, SSM and SKES, collectively
“All Undertaking Shareholders”	:	Existing Undertaking Shareholders and Additional Undertaking Shareholders, collectively
“Announcement-Corporate Exercises”	:	The announcement in relation to the Corporate Exercises dated 28 January 2022
“AP”	:	This Abridged Prospectus issued by our Company dated 9 January 2023
“BINA Portal”	:	Our Share Registrar’s Online Portal at www.binamanagement.com.my
“Board”	:	Board of Directors of our Company
“Bursa Depository”	:	Bursa Malaysia Depository Sdn. Bhd.
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“By-Laws”	:	By-laws governing the Proposed ESOS
“CDS”	:	Central Depository System
“Closing Date”	:	26 January 2023 at 5.00 p.m., being the last date and time for the acceptance of and payment for the Provisional Allotments as well as application for excess Rights Shares with Warrants
“CMSA”	:	Capital Markets and Services Act 2007

DEFINITIONS (*CONT'D*)

“CN Asia”	: CN Asia Corporation Bhd.
“Code”	: Malaysian Code on Take-overs and Mergers 2016 issued by the Securities Commission Malaysia
“Corporate Exercises”	: Debt Settlement, Placement II, Rights Issue, Proposed Share Capital Reduction and Proposed ESOS, collectively
“COVID-19”	: Novel coronavirus 2019
“Debt Settlement”	: Settlement of RM8,145,534 owed by IGM to its creditor namely, SCSB, via issuance of 108,607,122 new Shares at RM0.0750 each to SCSB’s nominee, namely CN Asia (the holding company of SCSB). The Debt Settlement was completed on 4 July 2022
“Deed Poll”	: Deed poll dated 22 December 2022 constituting the Warrants
“Director”	: A natural person who holds a directorship in a company, whether in an executive or non-executive capacity, and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the CMSA
“Diversification”	: Diversification of the existing businesses of our Group to include Glove Business, which deemed completed upon obtaining the approval from our shareholders on 20 October 2021
“e-RSF”	: Electronic RSF
“e-Subscription”	: Electronic subscription of Rights Shares with Warrants via BINA Portal
“EGM-Corporate Exercises”	: Extraordinary general meeting of our Company held on 9 June 2022 in relation to the Corporate Exercises
“EGM-Variation”	: Extraordinary general meeting of our Company held on 30 November 2022 in relation to the Variation
“Eligible Person”	: Director and employee of our Group (excluding dormant subsidiaries, if any) who meet the criteria of eligibility for participation in the Proposed ESOS as set out in the By-Laws
“Entitled Shareholders”	: Our shareholders whose names appear in our Company’s Record of Depositors on the Entitlement Date
“Entitlement Date”	: 9 January 2023 at 5.00 p.m., being the date and time on which our shareholders must be registered in the Record of Depositors of our Company in order to be entitled to the Rights Issue
“EPS”	: Earnings per Share
“ESOS”	: Employees share option scheme
“ESOS Options”	: Rights of a grantee to subscribe for new Shares pursuant to a contract constituted by the acceptance of an Offer by an Eligible Person in the manner provided in the By-Laws

DEFINITIONS (CONT'D)

- “Existing Undertakings” : Collectively,
- (i) an unconditional and irrevocable undertaking from ZL dated 28 January 2022 and supplemented on 21 October 2022 to, amongst others, apply and subscribe in full for her entitlement pursuant to the Rights Issue as well as apply and subscribe for additional Rights Shares not taken up by other Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) by way of excess Rights Shares application, to the extent such that the aggregate subscription proceeds of the Rights Shares to be received by our Company arising from subscription by all Entitled Shareholders (including Undertaking Shareholders and/or their renounee(s)/transferee(s) (if applicable)) amounts to not less than RM20.00 million; and
 - (ii) an unconditional and irrevocable undertaking from ZY dated 28 January 2022 and supplemented on 21 October 2022 to, amongst others, apply and subscribe in full for his entitlement pursuant to the Rights Issue

No. of Rights Shares with Warrants to be subscribed by the Existing Undertaking Shareholders				
	Under entitlement	Under excess application	Total subscription	
	No. of Rights Shares	No. of Rights Shares	No. of Rights Shares	No. of Warrants under entitlement
ZL	11,962,800	578,749,270	590,712,070	393,808,046
ZY	55,407,000	-	55,407,000	36,938,000

- “Existing Undertaking Shareholders” : ZL and ZY, collectively
- “FTS” : Foo Teck Seng, a shareholder of our Company
- “FPE” : Financial period ended/ending, as the case may be
- “FYE” : Financial year ended/ending, as the case may be
- “Glove Business” : Manufacturing, marketing and trading of gloves
- “ICT” : Information and communication technology
- “IGM” : INIX Glove Manufacturing Sdn. Bhd., a wholly-owned subsidiary of our Company
- “INIX L&S” : INIX L&S Gloves Sdn. Bhd., a 51%-owned indirect subsidiary of our Company
- “IT” : Information technology
- “LAT” : Loss after tax
- “LBT” : Loss before tax
- “LPD” : 16 December 2022, being the latest practicable date prior to the date of this AP
- “LPS” : Loss per Share
- “LTD” : 3 October 2022, being the last trading day prior to the price-fixing date of the issue price of Rights Share and exercise price of Warrants

DEFINITIONS (*CONT'D*)

“Market Day”	:	A day on which Bursa Securities is open for the trading of securities
“Mary Anne”	:	Mary Anne Woon Lai Kheng, a shareholder of our Company
“Maximum Scenario”	:	Up to 1,616,864,884 Rights Shares with up to 1,077,909,922 Warrants to be issued pursuant to the Rights Issue, after taking into consideration: <ul style="list-style-type: none"> (i) 808,432,442 Shares in issue (no treasury shares and convertible securities) as at the LPD; and (ii) all Entitled Shareholders (including All Undertaking Shareholders) and/or their renounee(s)/transferee(s) (if applicable) subscribe in full for their entitlements pursuant to the Rights Issue
“MFRS 2”	:	Malaysia Financial Reporting Standard 2 – Share-based Payment
“Minimum Scenario” or “Minimum Subscription Level”	:	Up to 1,333,333,339 Rights Shares with up to 888,888,890 Warrants to be issued pursuant to the Rights Issue, after taking into consideration the following: <ul style="list-style-type: none"> (i) 808,432,442 Shares in issue (no treasury shares and convertible securities) as at the LPD; (ii) to raise minimum gross proceeds of RM20.00 million from the Rights Issue via the Revised Undertakings; and (iii) save for All Undertaking Shareholders, no other Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) subscribe for their entitlements pursuant to the Rights Issue
“NA”	:	Net assets attributable to the owners of our Company
“NPA”	:	Notice of Provisional Allotments in relation to the Rights Issue
“Offer”	:	A written offer made by the Option Committee from time to time to an Eligible Person to participate in the Proposed ESOS in the manner provided in the By-Laws
“Option Committee”	:	A committee duly authorised and appointed by our Board to administer the Proposed ESOS, comprising such numbers of Directors and/or such other persons to be identified and appointed from time to time by our Board in accordance with the provisions of the By-Laws
“p.a.”	:	Per annum
“PAT”	:	Profit after tax
“PBT”	:	Profit before tax
“Placement I”	:	A private placement of 46,660,300 new Shares, representing not more than 10% of the number of Shares in issue (excluding treasury shares, if any), which was completed on 8 October 2021
“Placement II”	:	A private placement of 186,561,300 new Shares, representing up to 30% of the number of Shares in issue (excluding treasury shares, if any), which was completed on 18 July 2022
“Potential GO”	:	Without taking into consideration the Additional Undertakings, the Existing Undertaking Shareholders may trigger a mandatory general offer obligation on the remaining Shares not already held by them upon performance of their obligations under the Existing Undertakings pursuant to the Code and the Rules

DEFINITIONS (*CONT'D*)

“Proposed ESOS”	:	Proposed establishment of a new ESOS of up to 30% of the issued share capital of our Company (excluding treasury shares, if any) at any one time during the duration of ESOS for the eligible Directors and employees of our Group (excluding dormant subsidiaries, if any), which was approved by our shareholders on 9 June 2022. The duration of the Proposed ESOS is for a period of 5 years commencing from the effective date of implementation of the Proposed ESOS or such extension period at the absolute discretion of our Board which shall not in aggregate exceed the duration of 10 years from the effective date of implementation of the Proposed ESOS
“Proposed Share Capital Reduction”	:	Proposed reduction of the issued share capital of our Company by RM40.00 million pursuant to Section 116 of the Act, which was approved by our shareholders on 9 June 2022
“Provisional Allotments”	:	Rights Shares with Warrants provisionally allotted to the Entitled Shareholders pursuant to the Rights Issue
“Record of Depositors”	:	A record of securities holders provided by Bursa Depository under the Rules of Bursa Depository
“Revised Undertakings”	:	Existing Undertakings and the Additional Undertakings, collectively
“Rights Issue”	:	Renounceable rights issue of up to 1,616,864,884 Rights Shares on the basis of 2 Rights Shares for every 1 existing Share held on the Entitlement Date, together with up to 1,077,909,922 Warrants on the basis of 2 Warrants for every 3 Rights Shares subscribed for
“Rights Shares”	:	Up to 1,616,864,884 new Shares to be issued pursuant to the Rights Issue
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“RSF”	:	Rights Subscription Form in relation to the Rights Issue
“Rules”	:	Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia
“Rules of Bursa Depository”	:	Rules of Bursa Depository including the rules in relation to a central depository as described in Section 2 of the SICDA
“SCSB”	:	Southborn Capital Sdn. Bhd.
“Share Registrar”	:	Bina Management (M) Sdn. Bhd.
“SICDA”	:	Securities Industry (Central Depositories) Act, 1991
“SKES”	:	Som Kit A/L Eh Soon, a shareholder of our Company
“SSM”	:	Sang Sak Min, a shareholder of our Company
“TA Securities” “Adviser”	or	TA Securities Holdings Berhad
“TEAP”	:	Theoretical ex-all price
“TTS”	:	Tai Tean Seng, a shareholder of our Company
“Variation”	:	Variation of the Existing Undertakings in relation to the Rights Issue with the Additional Undertakings, which was approved by our shareholders on 30 November 2022

DEFINITIONS (*CONT'D*)

“Warrant(s)”	:	Up to 1,077,909,922 free detachable warrants to be issued pursuant to the Rights Issue
“Warrant Holders”	:	The holders of the Warrants
“ZL”	:	Dato’ Zhang Li, our Executive Director and a substantial shareholder of our Company
“ZTIB” or “Company”	:	Zen Tech International Berhad (<i>formerly known as INIX Technologies Holdings Berhad</i>)
“ZTIB Group” or “Group”	:	Our Company and our subsidiaries, collectively
“ZTIB Share” or “Share”	:	Ordinary share in our Company
“ZY”	:	Zhang Yang, our Non-Independent Non-Executive Director and a substantial shareholder of our Company

All references to “we”, “us” “our” and “ourselves” are to our Company, or where the context requires, our Group.

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

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

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

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- STOCK EXCHANGE LISTING** : ACE Market of Bursa Securities

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SUMMARY OF THE RIGHTS ISSUE

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

Key information	Description	Reference in AP for further details																																																						
Issue size and basis of allotment	A renounceable rights issue of up to 1,616,864,884 Rights Shares on the basis of 2 Rights Shares for every 1 existing Share held on the Entitlement Date, together with up to 1,077,909,922 Warrants on the basis of 2 Warrants for every 3 Rights Shares subscribed for.	Section 2																																																						
Issue price of Rights Share	RM0.015 per Rights Share, payable in full upon acceptance and/or application. It represents a discount of approximately 9.64% and 23.86% to the TEAPs of our Share up to and including the LTD and LPD, respectively (based on the 5D-VWAPs of our Share up to and including the LTD and the LPD, respectively).	Section 2.2																																																						
Exercise price of Warrant	<p>RM0.015 per Warrant. It represents a discount of approximately 9.64% and 23.86% to the TEAPs of our Share up to and including the LTD and LPD, respectively (based on the 5D-VWAPs of our Share up to and including the LTD and the LPD, respectively).</p> <p>The Warrants will be issued at no cost to the Entitled Shareholders.</p> <p>Each Warrant entitles the registered holder to subscribe for 1 new Share at any time during the exercise period and at the exercise price (subject to adjustments in accordance with the provisions of the Deed Poll).</p>	Sections 2.2 and 2.6 (Salient terms of the Warrants)																																																						
Minimum Subscription Level and Revised Undertakings	<p>The Rights Issue will be implemented on the Minimum Subscription Level, i.e., to raise minimum gross proceeds of RM20.00 million via the Revised Undertakings from All Undertaking Shareholders. Hence, our Company does not procure any underwriting arrangement for the remaining Rights Shares not subscribed for by other Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable).</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="5" style="text-align: center;">No. of Rights Shares with Warrants to be subscribed pursuant to the Revised Undertakings</th> </tr> <tr> <th rowspan="2"></th> <th style="text-align: center;">Under entitlement</th> <th style="text-align: center;">Under excess application</th> <th colspan="2" style="text-align: center;">Total subscription</th> </tr> <tr> <th style="text-align: center;">No. of Rights Shares</th> <th style="text-align: center;">No. of Rights Shares</th> <th style="text-align: center;">No. of Rights Shares</th> <th style="text-align: center;">No. of Warrants under entitlement</th> </tr> </thead> <tbody> <tr> <td>ZL</td> <td style="text-align: right;">11,962,800</td> <td style="text-align: right;">578,749,270</td> <td style="text-align: right;">590,712,070</td> <td style="text-align: right;">393,808,046</td> </tr> <tr> <td>ZY</td> <td style="text-align: right;">55,407,000</td> <td style="text-align: center;">-</td> <td style="text-align: right;">55,407,000</td> <td style="text-align: right;">36,938,000</td> </tr> <tr> <td>TTS</td> <td style="text-align: right;">32,590,400</td> <td style="text-align: right;">154,623,867</td> <td style="text-align: right;">187,214,267</td> <td style="text-align: right;">124,809,511</td> </tr> <tr> <td>Mary Anne</td> <td style="text-align: right;">7,572,000</td> <td style="text-align: right;">92,428,000</td> <td style="text-align: right;">100,000,000</td> <td style="text-align: right;">66,666,666</td> </tr> <tr> <td>FTS</td> <td style="text-align: right;">8,000,000</td> <td style="text-align: right;">125,333,334</td> <td style="text-align: right;">133,333,334</td> <td style="text-align: right;">88,888,889</td> </tr> <tr> <td>SSM</td> <td style="text-align: right;">8,000,000</td> <td style="text-align: right;">125,333,334</td> <td style="text-align: right;">133,333,334</td> <td style="text-align: right;">88,888,889</td> </tr> <tr> <td>SKES</td> <td style="text-align: right;">8,000,000</td> <td style="text-align: right;">125,333,334</td> <td style="text-align: right;">133,333,334</td> <td style="text-align: right;">88,888,889</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">131,532,200</td> <td style="text-align: right;">1,201,801,139</td> <td style="text-align: right;">1,333,333,339</td> <td style="text-align: right;">888,888,890</td> </tr> </tbody> </table>	No. of Rights Shares with Warrants to be subscribed pursuant to the Revised Undertakings						Under entitlement	Under excess application	Total subscription		No. of Rights Shares	No. of Rights Shares	No. of Rights Shares	No. of Warrants under entitlement	ZL	11,962,800	578,749,270	590,712,070	393,808,046	ZY	55,407,000	-	55,407,000	36,938,000	TTS	32,590,400	154,623,867	187,214,267	124,809,511	Mary Anne	7,572,000	92,428,000	100,000,000	66,666,666	FTS	8,000,000	125,333,334	133,333,334	88,888,889	SSM	8,000,000	125,333,334	133,333,334	88,888,889	SKES	8,000,000	125,333,334	133,333,334	88,888,889	Total	131,532,200	1,201,801,139	1,333,333,339	888,888,890	Section 2.4
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SUMMARY OF THE RIGHTS ISSUE (CONT'D)

Key information	Description	Reference in AP for further details																				
Utilisation of proceeds	<p>The total gross proceeds to be raised from the Rights Issue will be utilised in the following manners:</p> <table border="1" data-bbox="400 405 1182 779"> <thead> <tr> <th></th> <th>Minimum Scenario (RM'000)</th> <th>Maximum Scenario (RM'000)</th> <th>Expected timeframe for utilisation of proceeds[^]</th> </tr> </thead> <tbody> <tr> <td>Expansion of the Glove Business</td> <td>15,210</td> <td>15,210</td> <td>Within 12 months</td> </tr> <tr> <td>Working capital for the Glove Business</td> <td>3,730</td> <td>7,983</td> <td>Within 6 months</td> </tr> <tr> <td>Estimated expenses for the corporate proposals</td> <td>1,060</td> <td>1,060</td> <td>Within 1 month</td> </tr> <tr> <td>TOTAL</td> <td>20,000</td> <td>24,253</td> <td></td> </tr> </tbody> </table> <p>Note: [^] From the date of completion of the Rights Issue.</p>		Minimum Scenario (RM'000)	Maximum Scenario (RM'000)	Expected timeframe for utilisation of proceeds[^]	Expansion of the Glove Business	15,210	15,210	Within 12 months	Working capital for the Glove Business	3,730	7,983	Within 6 months	Estimated expenses for the corporate proposals	1,060	1,060	Within 1 month	TOTAL	20,000	24,253		Section 4
	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)	Expected timeframe for utilisation of proceeds[^]																			
Expansion of the Glove Business	15,210	15,210	Within 12 months																			
Working capital for the Glove Business	3,730	7,983	Within 6 months																			
Estimated expenses for the corporate proposals	1,060	1,060	Within 1 month																			
TOTAL	20,000	24,253																				
Rationale	<ul style="list-style-type: none"> • Raises additional sizable funds to, amongst others, fund the expansion of the Glove Business which is capital intensive without incurring debt obligation and interest costs as compared to bank borrowings; • Involves issuance of new Shares without diluting our shareholders' shareholdings, assuming all Entitled Shareholders fully subscribe for their respective entitlements; and • Provides an opportunity for existing shareholders to increase equity participation in our Company by subscribing to the Rights Shares with Warrants (which are exercisable into new Shares). 	Section 3																				
Risk factors	<p>You should consider the following risk factors before investing in the Rights Issue:</p> <ul style="list-style-type: none"> (i) any containment measures to curb the COVID-19 virus may disrupt our Group's businesses and operations; (ii) dependency on key personnel for our Group's operations; (iii) our Group's Glove Business is subject to business diversification risk, financing risk, fluctuation in the cost and availability of materials and components as well as non-renewal of certificates and licences for the Glove Business; (iv) our Group's IT and ICT segment is subject to competition risk and rapid technological changes; (v) the market price of our Shares is influenced by, amongst others, the prevailing market sentiments and the outlook of the industries which our Group operates in. As the Warrants is a new type of securities, there can be no assurance that an active market for the Warrants will develop upon listing on the ACE Market of Bursa Securities; (vi) delay in or failure to implement the Rights Issue; and (vii) potential dilution on our shareholders' shareholdings if Entitled Shareholders do not accept the Provisional Allotments. 	Section 5																				

SUMMARY OF THE RIGHTS ISSUE (CONT'D)

Key information	Description	Reference in AP for further details
Procedures for applications	<p>Acceptance of and payment for the Provisional Allotments and application for the excess Rights Shares with Warrants must be made by way of the RSF enclosed with this AP or by way of e-Subscription via BINA Portal at www.binamanagement.com.my and must be completed in accordance with the notes and instructions contained therein.</p> <p>The last day, date and time for acceptance of and payment for the Provisional Allotments and the application and payment for the excess Rights Shares with Warrants is on Thursday, 26 January 2023 at 5.00 p.m.</p>	Section 9

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ZEN TECH INTERNATIONAL BERHAD
(formerly known as INIX Technologies Holdings Berhad)
(Registration No.: 200401027289 (665797-D))
(Incorporated in Malaysia)

Registered Office:

B-21-1, Level 21, Tower B, Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
W.P. Kuala Lumpur

9 January 2023

Our Board of Directors

Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir (*Independent Non-Executive Chairman*)
Dato' Zhang Li (*Executive Director*)
Siva Kumar A/L Kalugasalam (*Executive Director*)
Chow Hung Keey (*Executive Director*)
Edwin Silvester Das (*Independent Non-Executive Director*)
Zhang Yang (*Non-Independent Non-Executive Director*)

To: Our Entitled Shareholders

Dear Sir/Madam,

RIGHTS ISSUE

1. INTRODUCTION

On 28 January 2022, TA Securities had announced on behalf of our Board that our Company proposed to undertake the Corporate Exercises.

Bursa Securities had, vide its letter dated 22 April 2022, approved the following:

- (i) admission of Warrants to the Official List of the ACE Market of Bursa Securities; and
- (ii) listing and quotation of the following on the ACE Market of Bursa Securities:
 - (a) up to 108,800,000 new Shares to be issued pursuant to the Debt Settlement;
 - (b) up to 186,619,200 new Shares to be issued pursuant to the Placement II;
 - (c) up to 1,617,366,440⁽¹⁾ Rights Shares and up to 1,078,244,293⁽¹⁾ Warrants;
 - (d) up to 1,078,244,293⁽¹⁾ new Shares to be issued pursuant to the exercise of Warrants; and
 - (e) such number of new Shares, representing up to 30% of the total number of issued Shares (excluding treasury shares, if any) at any point in time during the duration of the ESOS, to be issued arising from the exercise of ESOS Options.

Note:

- (1) Being the maximum number of securities to be issued pursuant to the Rights Issue on the assumptions that our Company will have an enlarged share capital of 2,426,049,660 Shares with a maximum of 108,800,000 new Shares and 186,619,200 new Shares to be issued pursuant to the Debt Settlement and Placement II, respectively, prior to the Entitlement Date.

Following the completion of the Debt Settlement (on 4 July 2022) and Placement II (on 18 July 2022) and as at the LPD, our Company has 808,432,442 Shares in issue. Hence, the maximum number of Rights Shares with Warrants under the Maximum Scenario as disclosed in this AP has been reduced accordingly.

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

No.	Conditions imposed	Status of compliance
(i)	Our Company and TA Securities must fully comply with the relevant provisions under the ACE LR pertaining to the implementation of the Debt Settlement, Placement II, Rights Issue and Proposed Share Capital Reduction;	<ul style="list-style-type: none"> • Complied for Debt Settlement and Placement II. • To be complied for the Rights Issue and Proposed Share Capital Reduction.
(ii)	Our Company and TA Securities to inform Bursa Securities upon the completion of the Debt Settlement, Placement II, Rights Issue and Proposed Share Capital Reduction;	
(iii)	Our Company to furnish Bursa Securities with a written confirmation of our compliance with the terms and conditions of Bursa Securities' approval once the Debt Settlement, Placement II and Rights Issue are completed;	<ul style="list-style-type: none"> • Complied for Debt Settlement and Placement II. • To be complied for Rights Issue.
(iv)	Compliance by our Company with the public shareholding spread upon completion of the Corporate Exercises. In this connection, TA Securities is to furnish a schedule containing the information set out in Appendix 8E, Rule 8 of the ACE LR to Bursa Securities, prior to the completion of the Debt Settlement;	<ul style="list-style-type: none"> • A schedule containing the information set out in Appendix 8E, Rule 8 of the ACE LR has been furnished to Bursa Securities, prior to the completion of the Debt Settlement. • To be complied.
(v)	Our Company to furnish Bursa Securities with a certified true copy of the resolution passed by our shareholders in general meeting approving the Corporate Exercises;	Complied.
(vi)	Our Company to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detailed computation of listing fees payable;	To be complied.
(vii)	TA Securities is required to submit a confirmation to Bursa Securities of full compliance of the Proposed ESOS pursuant to Rule 6.44 of the ACE LR and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in general meeting; and	To be complied.
(viii)	Our Company is required to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the exercise of ESOS Options, pursuant to the Proposed ESOS as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied.

On 9 June 2022, our shareholders approved the Corporate Exercises.

On 4 October 2022, TA Securities announced that our Board had resolved to fix the issue price of Rights Share at RM0.015 each and the exercise price of Warrant at RM0.015 each.

On 21 October 2022, TA Securities announced, on behalf of our Board, that our Company proposed to undertake the Variation, which was deemed completed upon obtaining approval from our shareholders at our EGM-Variation.

On 1 November 2022, TA Securities announced, on behalf of our Board, that Bursa Securities had vide its letter dated 1 November 2022 granted our Company with an extension of time up to 21 April 2023 to complete the implementation of the Rights Issue and the Proposed ESOS as well as an extension of time up to 21 October 2023 to complete the Proposed Share Capital Reduction.

On 22 December 2022, TA Securities announced, on behalf of our Board:

- (i) the Entitlement Date together with the other relevant dates pertaining to the Rights Issue; and
- (ii) that our Company had executed the Deed Poll.

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

YOU ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS AP WHICH SETS OUT THE DETAILS OF THE RIGHTS ISSUE AND RISK FACTORS ASSOCIATED WITH THE RIGHTS ISSUE. 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. DETAILS OF THE RIGHTS ISSUE

Our Company proposes to issue up to 1,616,864,884 Rights Shares on the basis of 2 Rights Shares for every 1 existing Share held on the Entitlement Date, together with up to 1,077,909,922 Warrants on the basis of 2 Warrants for every 3 Rights Shares subscribed for by the Entitled Shareholders and/or their renouneece(s)/transferee(s) (if applicable).

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

The basis of 2 Rights Shares for every 1 existing Share held on the Entitlement Date was arrived at after taking into consideration, amongst others, the following:

- (i) amount of proceeds to be raised as detailed in Section 4 of this AP; and
- (ii) rationale for the Rights Issue as set out in Section 3 of this AP.

The basis of 2 Warrants for every 3 Rights Shares subscribed for was arrived at after taking into consideration, amongst others, the following:

- (i) rationale for the Rights Issue as set out in Section 3 of this AP; and
- (ii) Rule 6.51 of the ACE LR which states that the number of new shares which will arise from the exercise or conversion of all outstanding convertible equity securities, does not exceed 50% of the total number of issued shares of the listed corporation (excluding treasury shares and before the exercise of the convertible equity securities) at all times.

For illustrative purpose and after considering the Revised Undertakings, the Minimum Scenario and Maximum Scenario under the Rights Issue are as follows:

Minimum Scenario or Minimum Subscription Level	<p>: Up to 1,333,333,339 Rights Shares with up to 888,888,890 Warrants, after taking into consideration:</p> <ul style="list-style-type: none"> (i) 808,432,442 Shares in issue (no treasury shares and convertible securities) as at the LPD; (ii) to raise minimum gross proceeds of RM20.00 million from the Rights Issue via the Revised Undertakings; and (iii) save for All Undertaking Shareholders, no other Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) subscribe for their entitlements pursuant to the Rights Issue.
Maximum Scenario	<p>: Up to 1,616,864,884 Rights Shares with up to 1,077,909,922 Warrants, after taking into consideration:</p> <ul style="list-style-type: none"> (i) 808,432,442 Shares in issue (no treasury shares or convertible securities) as at the LPD; and (ii) all Entitled Shareholders (including All Undertaking Shareholders) and/or their renounee(s)/transferee(s) (if applicable) subscribe in full for their entitlements pursuant to the Rights Issue.

The actual number of Rights Shares with Warrants to be issued would depend on the number of Shares in issue on the Entitlement Date and the eventual subscription level of the Rights Issue.

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

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

In determining the Entitled Shareholders' entitlements to the Rights Shares with Warrants, fractional entitlements (if any) will be disregarded and dealt with by our Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of our Company. Any Rights Shares with Warrants which are not taken up or validly taken up shall be made available for excess applications by the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable). Our Board intends to allocate the excess Rights Shares with Warrants in a fair and equitable basis as specified under Section 9.8 of this AP.

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

Any dealing in our securities will be subject to, amongst others, the provisions of the SICDA, Rules of Bursa Depository and any other relevant legislation. Accordingly, the Rights Shares, Warrants and new Shares to be issued pursuant to the exercise of Warrants will be credited directly into the respective CDS accounts of the successful applicants and Warrant Holders who exercise their Warrants (as the case may be). No physical share certificate and warrant certificate will be issued to the successful applicants of the Rights Shares with Warrants. A notice of allotment will be issued and despatched to the successful applicants within 8 Market Days from the Closing Date or such period as may be prescribed by Bursa Securities. The Rights Shares and Warrants will then be quoted on the ACE Market of Bursa Securities within 2 Market Days after the application for quotation is made to Bursa Securities as specified in the ACE LR.

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

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

(i) Issue price of Rights Share

Our Board has fixed the issue price of Rights Share at RM0.015 each after taking into consideration, amongst others, the following:

- (a) the TEAP of our Share up to and including the LTD, computed based on the 5D-VWAP of our Share up to and including the LTD with a discount of not more than 30% of the TEAP of our Share.

The issue price of Rights Share represents a discount of RM0.0016 or approximately 9.64% to the TEAP of our Share up to and including the LTD of RM0.0166 each, computed based on the 5D-VWAP of our Share up to and including the LTD of RM0.0221 each;

- (b) the funding requirements of our Group under the Minimum Subscription Level for purposes as set out in Section 4 of this AP; and
- (c) the rationale for the Rights Issue as set out in Section 3 of this AP.

(ii) Exercise price of Warrant

The Warrants will be issued at no cost to the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) who successfully subscribed for the Rights Shares.

Our Board has fixed the exercise price of Warrant at RM0.015 each, after taking into consideration the TEAP of our Share up to and including the LTD with a discount of not more than 30% to the TEAP of our Share. The exercise price of Warrant represents a discount of RM0.0016 or approximately 9.64% to the TEAP of our Share up to and including the LTD of RM0.0166 each, computed based on the 5D-VWAP of our Share up to and including the LTD of RM0.0221 each.

The issue price of Rights Share and exercise price of Warrant of RM0.015 each represents a discount of RM0.0047 or approximately 23.86% to the TEAP of our Share up to and including the LPD of RM0.0197 each, computed based on the 5D-VWAP of our Share up to and including the LPD of RM0.0355 each.

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

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

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

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2.4 Minimum Subscription Level and Revised Undertakings

Our Company intends to raise minimum gross proceeds of RM20.00 million from the Rights Issue after taking into consideration, amongst others, the funding requirements of our Group as set out in Section 4 of this AP.

In view of the above, our Board has determined to undertake the Rights Issue on the Minimum Subscription Level which will raise minimum gross proceeds of RM20.00 million. To meet the Minimum Subscription Level and to avoid the Potential GO, our Company has procured Additional Undertakings from the following Additional Undertaking Shareholders:

- (i) TTS (who holds 16,295,200 Shares (or 2.02% direct equity interest in our Company) as at the LPD) that:
- he will not dispose or transfer any of his existing Shares following the date of the Additional Undertakings up to the Entitlement Date;
 - he will apply and subscribe in full for his entitlement pursuant to the Rights Issue (based on his shareholding in our Company as at the Entitlement Date);
 - he will apply and subscribe for additional Rights Shares not taken up by other Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) by way of excess Rights Shares application, to the extent such that the aggregate subscription proceeds from TTS (including his entitlement for the Rights Shares) does not exceed RM2,808,214; and
 - he has sufficient financial means and resources to fulfil his obligations under the Additional Undertakings;
- (ii) Mary Anne (who holds 3,786,000 Shares (or 0.47 % direct equity interest in our Company) as at the LPD) that:
- she will not dispose or transfer any of her existing Shares following the date of the Additional Undertakings up to the Entitlement Date;
 - she will apply and subscribe in full for her entitlement pursuant to the Rights Issue (based on her shareholding in our Company as at the Entitlement Date);
 - she will apply and subscribe for additional Rights Shares not taken up by other Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) by way of excess Rights Shares application, to the extent such that the aggregate subscription proceeds from Mary Anne (including her entitlement for the Rights Shares) does not exceed RM1,500,000; and
 - she has sufficient financial means and resources to fulfil her obligations under the Additional Undertakings;
- (iii) FTS (who holds 4,000,000 Shares (or 0.49% direct equity interest in our Company) as at the LPD) that:
- he will not dispose or transfer any of his existing Shares following the date of the Additional Undertakings up to the Entitlement Date;
 - he will apply and subscribe in full for his entitlement pursuant to the Rights Issue (based on his shareholding in our Company as at the Entitlement Date);
 - he will apply and subscribe for additional Rights Shares not taken up by other Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) by way of excess Rights Shares application, to the extent such that the aggregate subscription proceeds from FTS (including his entitlement for the Rights Shares) does not exceed RM2,000,000; and

- he has sufficient financial means and resources to fulfil his obligations under the Additional Undertakings;
- (iv) SSM (who holds 4,000,000 Shares (or 0.49 % direct equity interest in our Company) as at the LPD) that:
- he will not dispose or transfer any of his existing Shares following the date of the Additional Undertakings up to the Entitlement Date;
 - he will apply and subscribe in full for his entitlement pursuant to the Rights Issue (based on his shareholding in our Company as at the Entitlement Date);
 - he will apply and subscribe for additional Rights Shares not taken up by other Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) by way of excess Rights Shares application, to the extent such that the aggregate subscription proceeds from TTS (including his entitlement for the Rights Shares) does not exceed RM2,000,000; and
 - he has sufficient financial means and resources to fulfil his obligations under the Additional Undertakings; and
- (v) SKES (who holds 4,000,000 Shares (or 0.49% direct equity interest in our Company) as at the LPD) that:
- he will not dispose or transfer any of his existing Shares following the date of the Additional Undertakings up to the Entitlement Date;
 - he will apply and subscribe in full for his entitlement pursuant to the Rights Issue (based on his shareholding in our Company as at the Entitlement Date);
 - he will apply and subscribe for additional Rights Shares not taken up by other Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) by way of excess Rights Shares application, to the extent such that the aggregate subscription proceeds from SKES (including his entitlement for the Rights Shares) does not exceed RM2,000,000; and
 - he has sufficient financial means and resources to fulfil his obligations under the Additional Undertakings.

Further, the Existing Undertakings from the Existing Undertaking Shareholders shall remain as follows:

- (i) ZL (our Executive Director who holds 5,981,400 Shares (or 0.74% direct equity interest in our Company) as at the LPD, and an indirect substantial shareholder of our Company via her son's (ZY) direct equity interest in our Company) that:
- she will not dispose or transfer any of her existing Shares following the date of the Existing Undertakings up to the Entitlement Date;
 - she will apply and subscribe in full for her entitlement pursuant to the Rights Issue (based on her shareholding in our Company as at the Entitlement Date);
 - she will apply and subscribe for additional Rights Shares not taken up by other Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) by way of excess Rights Shares application, to the extent such that the aggregate subscription proceeds of the Rights Shares to be received by our Company arising from subscription by all Entitled Shareholders (including All Undertaking Shareholders and/or their renouncee(s)/transferee(s) (if applicable)) amounts to not less than RM20.00 million; and
 - she has sufficient financial means and resources to fulfil her obligations under the Existing Undertakings; and

- (ii) ZY (our Non-Independent Non-Executive Director and substantial shareholder of our Company who holds 27,703,500 Shares (or 3.43% direct equity interest in our Company) as at the LPD) that:
- he will not dispose or transfer any of his existing Shares following the date of the Existing Undertakings up to the Entitlement Date;
 - he will apply and subscribe in full for his entitlement pursuant to the Rights Issue (based on his shareholding in our Company as at the Entitlement Date); and
 - he has sufficient financial means and resources to fulfil his obligations under the Existing Undertakings.

The Revised Undertakings demonstrate All Undertaking Shareholders' commitment and support towards the Rights Issue.

TA Securities, being the Adviser for the Rights Issue, has verified that All Undertaking Shareholders have sufficient financial resources to fulfil their respective Revised Undertakings.

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A summary of the Revised Undertakings under the Minimum Subscription Level based on the assumption that the Entitlement Date is as at the LPD, is as follows:

	Direct shareholding		No. of Rights Shares with Warrants to be subscribed pursuant to the Revised Undertakings						Direct shareholding						
	As at the LPD		Under entitlement			Under excess application			After the Rights Issue pursuant to the Revised Undertakings			After (I) and assuming full exercise of Warrants			
	No. of Shares	%	No. of Rights Shares	% ⁽¹⁾	No. of Rights Shares	% ⁽¹⁾	No. of Rights Shares	% ⁽¹⁾	Warrants under entitlement	% ⁽¹⁾	Amount ⁽²⁾ (RM)	No. of Shares	% ⁽³⁾	No. of Shares	% ⁽⁴⁾
ZL	5,981,400	0.74	11,962,800	0.90	578,749,270	43.41	590,712,070	44.30	393,808,046	44.30	8,860,681	596,693,470	27.86	990,501,516	32.68
ZY	27,703,500	3.43	55,407,000	4.16	-	-	55,407,000	4.16	36,938,000	4.16	831,105	83,110,500	3.88	120,048,500	3.96
TTS	16,295,200	2.02	32,590,400	2.44	154,623,867	11.60	187,214,267	14.04	124,809,511	14.04	2,808,214	203,509,467	9.50	328,318,978	10.83
Mary Anne	3,786,000	0.47	7,572,000	0.57	92,428,000	6.93	100,000,000	7.50	66,666,666	7.50	1,500,000	103,786,000	4.85	170,452,666	5.62
FTS	4,000,000	0.49	8,000,000	0.60	125,333,334	9.40	133,333,334	10.00	88,888,889	10.00	2,000,000	137,333,334	6.41	226,222,223	7.46
SSM	4,000,000	0.49	8,000,000	0.60	125,333,334	9.40	133,333,334	10.00	88,888,889	10.00	2,000,000	137,333,334	6.41	226,222,223	7.46
SKES	4,000,000	0.49	8,000,000	0.60	125,333,334	9.40	133,333,334	10.00	88,888,889	10.00	2,000,000	137,333,334	6.41	226,222,223	7.46
Total	65,766,100	8.13	131,532,200	9.86	1,201,801,139	90.14	1,333,333,339	100.00	888,888,890	100.00	20,000,000	1,399,099,439	65.32	2,287,988,329	75.47

Notes:

- (1) Computed based on the size of the Rights Issue under the Minimum Subscription Level and assuming save for All Undertaking Shareholders, none of the other Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) subscribe for the Rights Shares with Warrants.
- (2) Computed based on the issue price of Rights Share of RM0.015 each.
- (3) Based on the pro forma enlarged share capital of 2,141,765,781 Shares in issue after completion of the Rights Issue (under the Minimum Subscription Level).
- (4) Based on the pro forma enlarged share capital of 3,030,654,671 Shares in issue after completion of the Rights Issue (under the Minimum Subscription Level) and full exercise of Warrants by All Undertaking Shareholders.

The Revised Undertakings were determined after considering the availability of financial resources of All Undertaking Shareholders to subscribe for the Rights Shares with Warrants as well as the subscription of Rights Shares by the Existing Undertaking Shareholders which will not trigger the Potential GO pursuant to the Code and the Rules.

The Minimum Subscription Level of RM20.00 million will be achieved via the Revised Undertakings and hence, our Company does not procure any underwriting arrangement for the remaining Rights Shares not subscribed for by other Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable).

For the avoidance of doubt, in the event the Minimum Subscription Level has been achieved via subscription by other Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable), All Undertaking Shareholders will still be obliged to subscribe in full for their entitlements pursuant to the Revised Undertakings, but are not obliged to apply and subscribe for the excess Rights Shares pursuant to the Revised Undertakings.

2.5 Take-over implications and public shareholding spread

Pursuant to the Revised Undertakings, the subscription of Rights Shares by All Undertaking Shareholders will not give rise to any consequences of mandatory general offer obligations on the remaining Shares not held by All Undertaking Shareholders pursuant to the Code and the Rules. Nevertheless, should All Undertaking Shareholders exercise their Warrants into new Shares during the tenure of Warrants, they will observe and comply at all times with the provisions of the Code and the Rules. Refer to Appendix I, Section 4 of this AP for the effect of the Rights Issue on the substantial shareholders' shareholdings in our Company.

Further, the Revised Undertakings are not expected to result in non-compliance of the public shareholding spread requirement by our Company pursuant to Rule 8.02(1) of ACE LR, 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, our Company does not hold any treasury shares. The pro forma public shareholding spread of our Company under the Minimum Scenario is illustrated as below:

Particulars	As at the LPD		(I) After the Rights Issue	
	No. of Shares	%	No. of Shares	%
Share capital	808,432,442	100.00	2,141,765,781	100.00
Less: Shareholdings of Directors and substantial shareholders of our Group and their associates	(34,622,550)	(4.28)	(1,296,251,089)	(60.52)
Public shareholding spread	773,809,892	95.72	845,514,692	39.48

2.6 Salient terms of the Warrants

The salient terms of the Warrants are as follows:

Terms	Details
Issue size	: Up to 1,077,909,922 Warrants.
Form and denomination	: The Warrants will be issued in registered form and constituted by the Deed Poll.
Tenure	: 2 years commencing from and inclusive of the date of issuance of Warrants.
Exercise period	: The Warrants may be exercised at any time during tenure of the Warrants of 2 years commencing from and inclusive of the date of the issuance of the Warrants until 5:00 p.m. on its expiry date. Any Warrant not exercised during the exercise period will thereafter lapse and cease to be valid.
Exercise price	: The exercise price of the Warrant is RM0.015 each.
Expiry date	: The day falling immediately before the 2 nd year commencing from and inclusive of the date of the issuance of the Warrants and if such day is not a Market Day, on the Market Day immediately preceding such day.
Exercise rights	: Each Warrant entitles the registered holder to subscribe for 1 new Share at any time during the exercise period and at the exercise price (subject to adjustments in accordance with the provisions of the Deed Poll).
Mode of exercise	: The registered holder of Warrants is required to lodge an exercise form, as sets out in the Deed Poll, with our Company's Share Registrar, duly completed and signed together with payment of the exercise price for the new Shares subscribed for via banker's draft or cashier's order in RM drawn on a bank operating in Malaysia or electronically in such manner as may be prescribed by our Share Registrar and/or Bursa Securities, in accordance with the provisions of the Deed Poll.

Terms	Details
Board lot	<p>: For the purpose of trading on Bursa Securities, 1 board lot of Warrants shall comprise of 100 Warrants carrying the right to subscribe for 100 new Shares at any time during the exercise period, or such other denomination as determined by Bursa Securities from time to time.</p> <p>The Warrants would be immediately detached from the Rights Shares upon issuance and shall be listed and traded on the ACE Market of Bursa Securities when the Warrants meet the conditions of the ACE LR of at least 100 Warrant Holders holding not less than 1 board lot each and submitting relevant application for the Warrants to be listed on the ACE Market of Bursa Securities. The Warrants will not be listed in the event this condition is not met.</p>
Adjustments to the exercise price and/or number of Warrants	<p>: Subject to the provisions in the Deed Poll, the exercise price or the number of Warrants held by each Warrant Holder or both shall be adjusted by our Board in consultation with the approved adviser and certified by the external auditors of our Company under certain circumstances in accordance with the provisions of the Deed Poll.</p>
Rights of the Warrant Holders	<p>: The new Shares arising from the exercise of Warrants shall, upon allotment and issuance, rank equally with the existing Shares except that they are not entitled to any dividends, rights, allotments and/or other distributions, where the entitlement date of which is before the date of allotment and issuance of the new Shares upon the exercise of Warrants. The Warrant Holders are not entitled to any voting rights or participation in any form of distribution and/or offer of securities in our Company until and unless such Warrant Holders exercise their Warrants into new Shares.</p>
Modification of rights of Warrant Holders	<p>: Save as otherwise provided in the Deed Poll, any modification, amendment, deletion or addition to the Deed Poll (including the rights of holders of Warrants, form and content of the warrant certificates to be issued in respect of any Warrants) may be effected only with a sanction of a special resolution (unless modification, amendment, deletion or addition is required to correct any typographical errors, related to purely administrative matters, required to comply with prevailing laws or regulations of Malaysia or in the opinion of our Company, will not be materially prejudicial to the interests of Warrant Holders), by a deed to be executed by our Company and expressed to be supplemental to the Deed Poll and if the requirements of the Deed Poll have been complied with.</p>
Rights in the event of winding-up, liquidation, compromise and/or arrangement	<p>: If a resolution has been passed for a members' voluntary winding-up of our Company or liquidation or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of our Company with one or more companies, then:</p> <p>(i) for the purposes of such winding-up, liquidation, compromise or arrangement (other than a consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the Warrant Holders (or some person designated by them for such purposes by a special resolution) shall be a party, the terms of such winding-up, liquidation, compromise or arrangement will be binding on all the Warrant Holders; and</p>

Terms	Details
Rights in the event of winding-up, liquidation, compromise and/or arrangement <i>(cont'd)</i>	(ii) in any other case, every Warrant Holder shall be entitled, upon and subject to the conditions at any time within 6 weeks after the passing of such resolution for a members' voluntary winding-up of our Company or the granting of the court order approving the winding-up, liquidation, compromise or arrangement (as the case may be), to exercise his Warrants by submitting the duly completed exercise form(s) authorising the debiting of his Warrants, together with payment of the relevant payments and fees for the exercise price, to elect to be treated as if he had immediately prior to the commencement of such winding-up, liquidation, compromise or arrangement, exercised his Warrants to the extent specified in the exercise form(s) and be entitled to receive out of the assets of our Company which would be available in liquidation as if he had on such date been the holder of the new Shares to which he would have become entitled pursuant to such exercise and the liquidator of our Company shall give effect to such election accordingly.
Listing status	: The Warrants will be listed and traded on the ACE Market of Bursa Securities. Approval has been obtained from Bursa Securities for the admission of Warrants to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for the Warrants and the new Shares to be issued pursuant to the exercise of the Warrants on the ACE Market of Bursa Securities.
Governing law	: The laws of Malaysia.

2.7 Details of other corporate exercises

As at the date of this AP, save for the Rights Issue, Proposed Share Capital Reduction and the Proposed ESOS, our Board confirmed that there are no other corporate exercises which have been approved by the regulatory authorities but pending completion. The effective date for the Proposed ESOS shall be a date after the Entitlement Date for the Rights Issue while the Proposed Share Capital Reduction will be implemented after the completion of the Rights Issue.

2.8 Details of previous fund-raising exercises

Our Company had undertaken the following fund-raising exercises in the past 12 months prior to the date of the Announcement-Corporate Exercises:

- (i) on 8 October 2021, our Company completed the Placement I with the issuance of 46,660,300 new Shares as follows:

Placement tranche	No. of Shares issued	Issue price (RM)	Listing date
1 st tranche	24,000,000	0.0970	23 September 2021
2 nd tranche	18,000,000	0.1020	23 September 2021
3 rd tranche	4,660,300	0.0958	8 October 2021
TOTAL	46,660,300		

The total gross proceeds raised was approximately RM4.61 million which had been fully utilised as at the LPD:

Utilisation purposes	RM'000
Expansion of Glove Business ⁽¹⁾	4,379
Expenses for the corporate exercises	213
TOTAL	4,610

Note:

- (1) The proceeds were utilised to complete the installation and commissioning of 2 single former rubber glove manufacturing lines for latex powdered gloves and related working capital, which were commissioned in October 2021 and December 2021, respectively.

- (ii) on 18 July 2022, our Company completed the Placement II with the issuance of 186,561,300 new Shares at an issue price of RM0.0520 each and raised total gross proceeds of approximately RM9.70 million with the following status of utilisation as at the LPD:

	Proceeds	Amount utilised as at the LPD	Un-utilised balance as at the LPD
Utilisation purposes	RM'000	RM'000	RM'000
Expansion of the Glove Business ⁽¹⁾	9,501	9,251	130
Expenses for corporate exercises	200	320 ⁽²⁾	-
TOTAL	9,701	9,571	130⁽³⁾

Notes:

- (1) The proceeds were utilised to fund the installation and commissioning of 2 single former rubber glove manufacturing lines for latex powdered gloves, which are expected to complete and commission in 1st half of calendar year 2023. Our Group currently has 6 single former rubber glove manufacturing lines and will have a total of 11 single former rubber glove manufacturing lines (9 for latex powdered gloves and 2 for latex non-powdered gloves) upon completion and commissioning of the additional 5 single former rubber glove manufacturing lines. Refer to Section 4 of this AP for further details of our Group's rubber glove manufacturing lines.
- (2) Comprising expenses for Placement II and Debt Settlement. The difference between the estimated and actual amount of expenses is due to the under-estimation of expenses for Placement II at the announcement stage.
- (3) Expected to be utilised within 12 months from 18 July 2022 (being the date of completion of the Placement II).

3. RATIONALE FOR THE RIGHTS ISSUE

Prior to our venture into the Glove Business, our Group was principally involved in the IT and ICT segment (i.e., software development, system integration, selling of e-books and provision of IT management consultancy services). Our Group's IT and ICT segment has been in a loss-making position for the past financial years/periods due to intense competition resulting with decreasing revenue and tight cash flow position. As part of our initiatives to improve our financial performance, our Company is constantly looking for new business opportunities to diversify our income stream and reduce dependency on IT and ICT business segment. In view of the positive prospects of the glove industry and that our Board anticipates that there is sustainable future demand for gloves, our Group had recently diversified into the Glove Business. Our Group currently has 6 single former rubber glove manufacturing lines and intends to install and commission 5 additional single former rubber glove manufacturing lines, in stages, with estimated capital expenditure of RM58.61 million to be incurred.

As at 30 September 2022 (being the latest announced financial results of our Group prior to this AP), our Group's fixed deposit with licensed bank and cash and bank balances stood at RM3.61 million, which our management intends to preserve for our Group's general working capital requirements and to meet our Group's short-term obligations in a timely manner.

As set out in Section 4 of this AP, our Group expects to incur capital expenditure of approximately RM58.61 million for the installation and commissioning of 5 single former rubber glove manufacturing lines and related facilities. Together with the Placement II, the Rights Issue allows our Company to raise additional sizable funds to finance the installation and commissioning of 5 single former rubber glove manufacturing lines, and as working capital for our Group's Glove Business.

Our Board is of the opinion that the Rights Issue is an appropriate avenue of fund-raising for our Company due to the following reasons:

- (i) allows our Company to raise additional sizable funds to, amongst others, fund the expansion of the Glove Business which is capital intensive and will in turn, strengthen the financial position of our Group;

- (ii) enables our Company to raise the requisite funds without incurring debt obligation and interest costs as compared to other means of financing, such as bank borrowings. This would allow our Company to preserve our Group's existing cash and bank balances for our Group's working capital requirements;
- (iii) involves issuance of new Shares without diluting our shareholders' shareholdings, assuming all Entitled Shareholders fully subscribe for their respective entitlements;
- (iv) provides an opportunity for our existing shareholders to increase their equity participation in our Company by subscribing to the Rights Shares and exercising the Warrants into new Shares; and
- (v) allows our Company to raise additional funds for, amongst others, our Group's working capital requirements as and when the Warrants are exercised.

4. UTILISATION OF PROCEEDS

Based on the issue price of RM0.015 per Rights Share, the Rights Issue will raise gross proceeds of up to approximately RM24.25 million, to be utilised by our Group in the following manner:

Utilisation purposes	Minimum Scenario	Maximum Scenario	Expected time frame for utilisation of proceeds [^]
	(RM'000)	(RM'000)	
Expansion of the Glove Business ⁽¹⁾	15,210	15,210	Within 12 months
Working capital for the Glove Business ⁽²⁾	3,730	7,983	Within 6 months
Estimated expenses for the corporate proposals ⁽³⁾	1,060	1,060	Within 1 month
TOTAL	20,000	24,253	

The actual proceeds to be raised from the Rights Issue is dependent on the number of Shares in issue on the Entitlement Date and the subscription level for the Rights Issue. Any additional proceeds raised in excess of RM20.00 million under the Rights Issue (under the Minimum Scenario) will be allocated in the following order of priority:

- (i) estimated expenses for the corporate proposals (i.e., Variation, Rights Issue, Proposed Share Capital Reduction and the Proposed ESOS);
- (ii) expansion of the Glove Business; and
- (iii) working capital for the Glove Business.

Pending the utilisation of proceeds for the earmarked purposes, the un-utilised proceeds shall be placed in interest-bearing deposits with licensed financial institutions or short-term money market instruments as our Board may deem fit. The interest to be derived from the deposits with the licensed financial institution or any gain arising from the short-term money market instruments will be used to finance our Group's operating expenses for our day-to-day operations which comprise, amongst others, staff costs, office-related expenses (e.g. office rental, utilities and office maintenance) and general administrative expenses (e.g. professional fees for audit, taxation and secretarial services); as working capital for our Group's Glove Business; and/or to repay borrowings from financial institutions. As at the LPD, our Group has total bank borrowings of approximately RM0.39 million (being hire purchase facilities of our Group). The exact breakdown cannot be determined at this juncture as it shall be dependent on, amongst others, our Group's funding requirement at the relevant time.

Notes:

[^] From the date of completion of the Rights Issue.

- (1) Our Group had successfully ventured and diversified into the Glove Business upon completion of the acquisition of 51% equity interest in INIX L&S for a cash consideration of RM6.50 million on 19 July 2021 and upon obtaining approval from our shareholders for the Diversification.

Our Group currently has 6 single former rubber glove manufacturing lines and intends to install and commission 5 additional single former rubber glove manufacturing lines, in stages, at our manufacturing plant located in Beranang, Selangor (measuring approximately 21,000 square feet). The table below sets out further details of our Group's rubber glove manufacturing lines:

Type of manufacturing line	Type of rubber gloves	No. of lines	Estimated production capacity p.a. ^(a) (pieces in million)	Estimated production output p.a. ^(b) (million)	Status as at the LPD	Estimated stage of construction as at the LPD	Date of commencement of installation	Expected date of completion of installation ^(c)	Expected date of commissioning ^(c)
Single former manufacturing line	Latex powdered gloves	6	568.66	551.60	Already commissioned	-	-	-	-
		3	284.33	275.80	In the midst of installation	50% - 98% ^(d)	February 2021	1 st quarter of calendar year 2023 ^(f)	1 st quarter of calendar year 2023 ^(f)
	Latex non-powdered gloves	2	206.78	200.58	In the midst of construction of the structural framework	40% ^(e)	May 2021	1 st half of calendar year 2023 ^(f)	1 st half of calendar year 2023 ^(f)
TOTAL		11^(g)	1,059.77	1,027.98					

Notes:

- (a) Assuming the rubber glove manufacturing lines run 23.9 hours per day for 360 days each year, with 2 hours downtime for maintenance and/or any other reasons per month.
- (b) Representing approximately 97% of the estimated production capacity p.a. of these rubber glove manufacturing lines.
- (c) These are expected timelines as determined by our Group based on the current COVID-19 situation and subject to availability of supplies of materials and components at reasonable prices for construction of glove manufacturing lines. Any changes to these factors may affect these timelines.
- (d) As at the LPD, our Group had completed the construction of structural framework for these new rubber glove manufacturing lines. Our Group is in the midst of installation of former holder track and former holder on 1 line (which is at 98% completion as at the LPD) and in the midst of installation of tanks for the other 2 lines (which are at 50% completion as at the LPD).
- (e) As at the LPD, our Group is in the midst of construction of structural framework for these new rubber glove manufacturing lines.
- (f) Due to the recent spike in the costs of components for the rubber glove manufacturing line, the installation and commissioning of these rubber glove manufacturing lines are expected to be completed progressively. Our management intends to complete and commission 1 glove manufacturing line at a time at this juncture (i.e., target to complete and commission 1 latex powdered gloves manufacturing line in January 2023, to be followed by each of the remaining 2 latex powdered gloves manufacturing lines between February 2023 to March 2023). In addition, the installation and commissioning for each of the 2 latex non-powdered gloves manufacturing lines are expected to be completed in the 1st half of calendar year 2023 after full completion and commissioning of all latex powdered gloves manufacturing lines.
- (g) For information purpose, our Group has decided to reduce the total number of rubber glove manufacturing lines at our manufacturing plant in Beranang, Selangor from 16 lines (as disclosed in our circular to shareholders dated 30 September 2021 in relation to Diversification) to 11 lines in view of the rising cost of construction of our rubber glove manufacturing lines and to ensure that there is sufficient space in our manufacturing plant for storage of raw materials and rubber gloves.

We intend to use proceeds from the Rights Issue to purchase, amongst others, the following materials and major components to complete the construction, installation and commissioning of 5 single former rubber glove manufacturing lines:

Materials / Components	Functions
Steel, stainless steel and aluminium products	To build the structural framework for glove manufacturing lines.
5 units of auto-stripping machine	To strip and invert the gloves.
Former holder track and former holder	<ul style="list-style-type: none"> • A former holder track serves as a resting track for former holders. • A former holder attaches former (i.e., hand-shaped mould that is used to form rubber gloves) to the conveyor chain. <p>(These components are to be installed throughout the glove manufacturing line and hence, the actual quantity cannot be quantified)</p>
Conveyor chain	<p>Serves to carry and move former holders with formers in a uniform circular motion throughout the rubber glove manufacturing line on a continuous basis powered by main drive motor.</p> <p>(This component is to be installed throughout the glove manufacturing line and hence, the actual quantity cannot be quantified)</p>
5 units of air compressor	To be installed onto the auto-stripping machine to inflate the gloves for air-leak test.
5 units of chiller	To cool down the gloves before stripping the gloves.
5 units of infrared burner	To heat up the latex coagulant tank.
5 units of motor	To automate the movement of the conveyor chains of the glove manufacturing line.
Ancillary facilities	To build systems which enable the supply of utilities (i.e., electricity and water) and chlorination system to treat wastewater from the ovens and dipping tanks arising from the glove manufacturing process.

The allocation of funds for the purchase of each of the abovementioned materials and components cannot be determined at this juncture as it will depend on, amongst others, the availability of funds and our Group's funding requirement for such purchases of materials and components at the relevant time. Upon delivery of these materials and components, the lead time to complete the installation as well as the commissioning for each rubber glove manufacturing line is expected to take approximately 3 months.

The estimated capital expenditure to be incurred for the installation and commissioning of 5 single former rubber glove manufacturing lines and related facilities is approximately RM58.61 million, funded via short term loans from SCSB* of RM8.00 million (which had since been fully settled via the Debt Settlement) and net proceeds from Placement II of RM9.38 million (after deducting expenses for the Debt Settlement and Placement II) as well as to be funded via a combination of proceeds from the Rights Issue, our Group's internally generated funds and/or bank borrowings (if required). However, the funding breakdown cannot be determined at this juncture as it will depend on, amongst others, the availability and suitability of other funding alternatives at the relevant time.

Note:

* SCSB is a wholly-owned subsidiary of CN Asia. Prior to completion of the Debt Settlement, SCSB, its Directors and shareholder did not hold any directorship or substantial shareholding in our Company or our Group. CN Asia was nominated by SCSB to receive our Shares issued pursuant to the Debt Settlement and as such, CN Asia emerged as a substantial shareholder of our Company upon completion of the Debt Settlement. As at the LPD, CN Asia has ceased to be a shareholder of our Company.

Currently, we manufacture and sell rubber gloves to customers in Malaysia. As our Group's glove production capacity increases with the commissioning of additional glove manufacturing lines, we may venture into export markets. At this juncture, we have not identified any export markets as it shall be dependent on, amongst others, licensing requirements and demand for gloves in oversea markets.

- (2) We intend to utilise part of the proceeds from the Rights Issue as working capital for the Glove Business in the following manner:

Working capital	Indicative allocation	Minimum Scenario	Maximum Scenario
	(%)	(RM'000)	(RM'000)
Purchases of materials ^(a)	73.0	2,722	5,827
Staff costs ^(b)	13.5	504	1,078
Operating and administrative expenses ^(c)	13.5	504	1,078
TOTAL	100.0	3,730	7,983

The above allocation is indicative at this juncture. The actual breakdown of these expenses cannot be determined at this juncture as it shall depend on the actual working capital requirements of the Glove Business at the relevant time. Despite this, priority shall be given for utilisation of proceeds for purchase of materials for the Glove Business.

Notes:

- (a) To acquire raw materials for the manufacturing of gloves which are expected to be sourced locally and/or overseas (i.e., Thailand), such as raw latex, chemicals (such as calcium nitrate, potassium hydroxide and liquid chlorine) as well as packing materials. Our Company expects purchases of materials to increase upon commissioning of additional glove manufacturing lines and increase in demand for gloves from our existing and new customers.

- (b) Comprise payment for staff related expenses (e.g. salaries, statutory contributions and staff welfare) for the Glove Business.

To support the expansion of the Glove Business, our Group intends to recruit up to an additional 130 personnel (i.e., 120 personnel for operations and the remaining 10 personnel for quality assurance, warehouse, logistics, research and development and supply chain), of which the exact allocation of personnel for these divisions cannot be determined by our management at this juncture. Our Group shall increase our workforce progressively to cater for the commissioning of additional rubber glove manufacturing lines and expansion of the Glove Business. The exact size of workforce, the exact allocation of personnel for the respective divisions of the Glove Business and the timing of recruitment shall depend on the scale of operations and expansion of our Group's Glove Business as well as availability of qualified and suitable candidates.

- (c) Comprise marketing expenses; rental expenses for our Group's manufacturing plant located in Beranang, Selangor; utilities, maintenance costs for our rubber glove manufacturing lines; logistics costs and certification expenses. As at the LPD, our Group has obtained the following certificates for the Glove Business:

Issued to	Licensing / certification authority	Purpose	Validity period / issue date
INIX L&S	Majlis Perbandaran Kajang	Trade, Business and Industry licence	17 September 2022 to 16 March 2023

Issued to	Licensing / certification authority	Purpose	Validity period / issue date
INIX L&S	Malaysian Rubber Board	Licence for the following: <ul style="list-style-type: none"> • buy and sell^(a); • buy and store rubber for manufacturing of rubber products; and • export rubber gloves^(b) 	12 November 2021 to 11 November 2022 ^(c)
	Ministry of International Trade and Industry	Certificate of origin (to certify the country of origin of products)	6 April 2021
	TUV Nord (M) Sdn. Bhd.	ISO 13485:2016 / MS ISO 13485:2017 certification for “manufacturing and distribution of latex examination gloves”	1 May 2022 to 30 April 2025
	Medical Device Authority	Establishment licence for INIX L&S as a manufacturer of medical device (i.e., latex examination gloves)	7 June 2022 to 6 June 2025
	Medical Device Authority	Medical device registration certificate of latex examination gloves under our Group’s brand	8 August 2022 to 7 August 2027

Notes:

- (a) Pursuant to the licence, INIX L&S is, amongst others, allowed to buy rubber from cooperative members who are registered under the Malaysia Co-operative Societies Commission and prohibited from selling unscheduled rubber waste to rubber traders and manufacturers of Standard Malaysian Rubber (being a type of natural rubber graded by technical properties produced by Malaysia).
- (b) The licence does not specify any export countries.
- (c) An application for the renewal of the license was submitted on 14 October 2022 and is pending approval as at the LPD.

(3) Mainly consists of the following:

Description	RM’000
Professional fees (including service tax) ^(a)	822
Fees to relevant authorities	105
Other incidental expenses to convene general meetings (including printing, despatch and advertising expenses)	133
TOTAL	1,060

Note:

- (a) Comprises fees payable to the Adviser, due diligence solicitors, auditors and reporting accountants, Share Registrar and company secretary.

Any variation in the actual amount of expenses for the corporate proposals (i.e., Variation, Rights Issue, Proposed ESOS and Proposed Share Capital Reduction) will be adjusted from/to the amount earmarked for expansion of the Glove Business.

The exact quantum of proceeds to be raised from the exercise of Warrants would depend on the subscription level for the Rights Issue and actual number of Warrants exercised during the tenure of Warrants. The proceeds to be raised from the exercise of Warrants shall be used to finance our Group's operating expenses for our day-to-day operations which comprise amongst others, staff costs, office-related expenses (e.g. office rental, utilities and office maintenance) and general administrative expenses (e.g. professional fees for audit, taxation and secretarial services); as working capital for our Group's Glove Business (e.g. purchases of materials and maintenance of glove manufacturing lines); and/or to repay borrowings from financial institutions. As at the LPD, our Group has total bank borrowings of approximately RM0.39 million (being hire purchase facilities of our Group). The exact utilisation breakdown cannot be determined at this juncture as it shall be dependent on the funding requirement of our Group at the relevant time and the actual number of Warrants exercised during the tenure of Warrants. Nonetheless, our Group expects to utilise the proceeds to be raised from the exercise of Warrants within 12 months from the date of receipt of said proceeds. Pending the utilisation of proceeds to be raised from the exercise of Warrants, the proceeds will be placed in deposits with licensed financial institutions or short-term money market instruments as our Board may deem fit to earn interest income. Any interest income derived from the deposits with licensed financial institutions or any gains arising from the short-term money market instruments will be used for our Group's general working capital requirements such as purchases of materials, staff costs, office-related expenses, general and administrative expenses.

5. RISK FACTORS

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

5.1 Risks relating to our Group

(i) Impact of containment measures to curb the COVID-19 virus on our Group's businesses and operations

In early 2020, the COVID-19 pandemic had spread across the world resulting in lockdowns, travel and border restrictions and/or imposition of restrictive measures by governments worldwide to curb the spread of the virus. These had adversely affected the global economy including Malaysia. Even as lockdown measures are gradually relaxed over time, consumer sentiment may remain dampened in the near future as consumers stay cautious in their spending and there is no assurance that consumer sentiment and economic growth can recover to pre-pandemic levels in the near future.

The COVID-19 outbreak had sped up the shift towards digitalisation which encourages business owners to digitalise business operations (e.g. establish, upgrade and/or enhance platforms for e-commerce sale and system networking to facilitate working from home arrangements), which led to increase in demand for our Group's software development and system integration services under our Group's IT and ICT segment. On an annualised basis, our Group had recorded higher revenue contribution from our Group's IT and ICT segment of RM5.40 million during the 17-month FPE 30 June 2021 as compared to RM5.28 million during the 18-month FPE 31 January 2020 (computed based on the audited financial statements of our Group for the respective financial periods) as our customers had major upgrades to their IT and ICT systems and websites to accommodate growth in traffic to respective websites for online transactions during the COVID-19 pandemic. For FYE 30 June 2022, our Group's IT and ICT segment recorded lower revenue of RM2.11 million, mainly due fewer new contracts secured during the FYE 30 June 2022 and the existing maintenance contracts had ended during the said financial year. Moving forward, as COVID-19 cases reduce, there is no certainty that the current level of demand for our Group's products and services under the IT and ICT segment can be sustained. The improving economic activities in Malaysia and the growing demand for digitalisation of economic activities and daily lifestyle would inevitably drive the demand for software development and system integration services.

The COVID-19 outbreak has led to a spike in demand for gloves globally. In anticipation of growth in demand for gloves, our Group had ventured into and is expanding the Glove Business to ride on the growth in demand for gloves as well as to provide an additional income stream to our Group and to minimise dependency on our Group's IT and ICT segment. However, the expansion of our Group's Glove Business was disrupted as the construction works of the rubber glove manufacturing lines were halted throughout the imposition of the restrictive measures to curb the spread of the COVID-19 virus and were only resumed in January 2022. As at the LPD, our Group has 6 single former rubber glove manufacturing lines and intends to install and commission additional 5 single former rubber glove manufacturing lines progressively. Refer to Section 4 of this AP for further details of our Group's rubber manufacturing lines (including expected date of completion of installation and expected date of commissioning).

While Malaysia is entering into the endemic phase of COVID-19, our Board expects the demand for gloves to be sustainable on the back of rising hygiene awareness, wider application of gloves across industries and an ageing population as set out in Section 6.2 of this AP. Nevertheless, any reintroduction of restrictive measures to curb the spread of COVID-19 virus may affect the progress of installation and commissioning of rubber glove manufacturing lines of our Group, disrupt our Group's rubber glove production capacity and stretch the lead time for delivery of gloves to our customers.

The COVID-19 outbreak is a force majeure event beyond the control of our Group. Any resurgence of COVID-19 and/or any new restrictive measures that may be imposed by the Malaysian government may have material adverse impact on the macroeconomy in Malaysia and industries in which our Group operates, which in turn could adversely affect the results of our Group's operations, financial performance and profitability.

After enduring the COVID-19 pandemic since year 2020 and Malaysia's transition to endemic phase, the Malaysian government and our Group are now more adept in minimising the adverse impact of COVID-19 outbreak wherein most of our Group's rubber glove manufacturing lines are semi-automated and our management ensures that all employees of the Glove Business are fully vaccinated and undergo mandatory monthly COVID-19 antigen rapid tests. Thus, the successful execution of our business plans with main focus on costs and continued investment into our businesses to improve our Group's financial performances are critically important for the year ahead.

(ii) Dependency on key personnel

Our Group's sustainability in our business depends largely on the abilities, skills and experience as well as continued efforts of our existing Executive Directors and/or key management personnel. The loss of any Executive Directors and/or key management personnel without suitable and timely replacement, or the inability of our Group to attract and retain other qualified personnel, could adversely affect our Group's revenue and profitability.

There is no assurance that our Group will be able to identify, attract and retain skilled personnel from time to time in the future or that any loss of key personnel can be easily and quickly replaced without major disruption to our Group's operations.

(iii) Political, economic and regulatory considerations

Any adverse changes in political, economic and regulatory conditions in Malaysia could materially affect our Group's business, results of operations, financial condition and prospects. This may include but are not limited to, changes in political leadership, government's monetary and fiscal policy, inflation, taxation rate and policies, change in labour law and other regulatory changes that may affect all players in industries in which our Group operates.

While we strive to continue to take precautionary measures such as prudent business, financial and risk management policies, most of the above changes are beyond our control and there can be no assurance that any adverse developments will not materially affect the performance of our Group.

5.2 Risks relating to our businesses and industries

5.2.1 Risks relating to the Glove Business

(i) Business diversification risk

Our Group's venture into the Glove Business exposes our Group to risks inherent to the glove industry. These risks may include, amongst others, competition from other industry players, changes in the legal and environmental framework within which this industry operates, and changes in demand for gloves.

Although our Group will seek to limit the risk by monitoring demand for gloves and undertaking prudent business strategies, there can be no assurance that the anticipated benefits of our Group's Glove Business will be realised which will in turn enhance our Group's financial performance. Nevertheless, the demand for gloves is still expected to be sustainable as COVID-19 transitions to the endemic phase.

(ii) Financing risk

As set out in Section 4 of this AP, the estimated capital expenditure required to install and commission 5 additional single former rubber glove manufacturing lines and related facilities is approximately RM58.61 million, a part of which is to be funded via a combination of proceeds from the Rights Issue, our Group's internally generated funds and/or bank borrowings (if required). The funding breakdown cannot be determined at this juncture as it will depend on, amongst others, the subscription level for the Rights Issue as well as the availability and suitability of other funding alternatives at the relevant time.

If our Group obtains bank borrowings, we may be exposed to fluctuations in interest rate and subject to financing repayment commitments, which in turn may affect our Group's cash flows and profitability. The interest rates of borrowings are dependent on various factors, which include general economic and capital market conditions, our Group's credit standing with financial institutions as well as the political and social condition in Malaysia.

Our management will actively review our Group's debt portfolio taking into consideration the level and nature of borrowings and seek to adopt a cost-effective financing option. However, there can be no assurance that the performance of our Group would not be materially affected in the event of any adverse changes in interest rates.

(iii) Cost and availability of materials and components

The materials for manufacturing of gloves, its availability and prices depend on market conditions. If there is a shortage of materials, our Group may find it difficult to source for such materials at prices which are commercially acceptable in a timely manner. To mitigate such risk, our Group will continue to source for supply from multiple sources and maintain good business relationships with multiple suppliers to reduce risk of dependence on a supplier and risk of interruption to the supply chain of materials for manufacturing of gloves.

Any unexpected substantial spike in the costs of materials and components for the rubber glove manufacturing lines may also affect the procurement process and construction of the rubber glove manufacturing lines. Our Group will closely monitor the pricing of such materials and components and adopt prudent business strategies to complete the installation of the rubber glove manufacturing lines on a timely manner.

(iv) Non-renewal of certificates and licences for the Glove Business

As at the LPD, our Group has obtained the certificates for the Glove Business set out in Section 4 of this AP.

The validity of certificates and licences for the Glove Business are subject to renewal on a periodic basis. In the event our Group fail to comply with the rules and regulations issued by the governing authorities, such certificates and licences may be revoked or not renewed and thereby, the Glove Business may be disrupted and affect our Group's financial performance and profitability.

Our management endeavours to keep abreast with latest updates to the development of relevant laws, rules and regulations applicable to the Glove Business; monitor the validity of licences and certificates and undertake periodic review of our Group's compliance with the prevailing laws, rules and regulations.

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

(i) Competition risk

Our Group faces competition from both new entrants and existing players in the IT and ICT industry, who vary in size and in scope and breadth of products and services offered by them. Should our Group fail to overcome the competition, this will result in loss of market share and subsequently loss of revenue and in turn will affect the financial performance and position of our Group. Our Group is constantly looking into establishing strategic collaborations with existing and new business partners to develop IT and ICT solutions for clients from a diverse range of industries. Additionally, our Group's has constantly stepped-up efforts to invest in innovative IT and ICT solutions to maintain our competitiveness against current and future competitors to support our long-term sustainability and growth. As at the LPD, our Group is still in the midst of identifying potential business partner(s) for collaborations to develop IT and ICT solutions. Where required, our Company will make the necessary announcements and seek our shareholders' approval for the potential collaborations in accordance with the ACE LR.

(ii) Rapid technological change

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

5.3 Risks relating to the Rights Issue

(i) Investment and capital market risks

The market price of the new securities arising from the Rights Issue, like all listed securities traded on Bursa Securities, is influenced by, amongst others, the prevailing market sentiments, the volatility of equity market, the liquidity of our Shares, the outlook of the various industries in which our Group operates in as well as the financial performance and fluctuation in our Group's operating results. In view of this, there can be no assurance that the Rights Shares (together with any new Shares to be issued pursuant to the exercise of Warrants) will trade at or above the TEAP of our Shares (as disclosed in Section 2.2 of this AP) after completion of the Rights Issue.

The Warrant is a new instrument to be issued by our Company. Therefore, there can be no assurance that an active market for Warrants will develop upon listing on Bursa Securities, or if developed, will be sustainable. There is no assurance that the Warrants will be 'in-the-money' throughout the exercise period of Warrants. Accordingly, there is also no assurance that the market price of Warrants will be at a level that meets the specific investment objectives or targets of any Warrants Holders.

Furthermore, you are reminded that should the outstanding Warrants expire at the end of its tenure, they will cease thereafter to be valid for any other purposes and hence, will no longer have any value. Our Company is required to have at least 100 Warrant Holders holding not less than 100 Warrants each pursuant to the Rule 6.52 of the ACE LR. There is a risk that such condition may not be met, resulting in the Warrants not being listed on the ACE Market of Bursa Securities.

(ii) Delay in or failure to implement the Rights Issue

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

If you have acquired the Provisional Allotments via the open market, you may not be able to recover your investment cost if the Rights Issue is terminated.

Our Company has procured the Revised Undertakings from All Undertaking Shareholders to meet the Minimum Subscription Level. The successful implementation of the Rights Issue is dependent on the fulfilment by All Undertaking Shareholders of their obligations under the Revised Undertakings. In addition, our Company will endeavor to obtain the requisite approvals (where required) and take all reasonable and necessary steps to ensure completion of the Rights Issue.

If the Rights Issue is aborted, all monies received from the Rights Issue will be refunded without interest to the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) and if such monies are not repaid within 14 days after our Company becomes liable, we will repay such monies with interest at the rate of 10% per annum or such other rate as may be prescribed by the Securities Commission Malaysia in accordance with Section 243(2) of the CMSA.

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

(iii) Potential dilution of existing shareholders' shareholdings

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

In order to attract the Entitled Shareholders to subscribe for the Rights Shares with Warrants and mitigate the risk of potential dilution of their shareholdings in our Company, our Board has fixed the issue price of Rights Share and exercise price of Warrant at a discount of approximately 9.64% to the TEAP of our Shares up to and including the LTD (as set out in Section 2.2 of this AP). The issue price of Rights Share and exercise price of Warrant of RM0.015 each represents a discount of RM0.0047 or approximately 23.86% to the TEAP of our Share up to and including the LPD of RM0.0197 each, computed based on the 5D-VWAP of our Share up to and including the LPD of RM0.0355 each.

(iv) Forward-looking statements

Certain statements in this AP are based on historical information, which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies. All statements, other than statements of historical data, included in this AP, including without limitation, those regarding the financial position, risk factors, prospects and future plans of our Group are forward-looking statements.

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

6. INDUSTRY OUTLOOK AND FUTURE PROSPECTS OF OUR GROUP**6.1 Overview and outlook of Malaysian economy**

The Malaysian economy grew by 3.1% in year 2021 (*Source: Annual Report 2021, Bank Negara Malaysia*).

The Malaysian economy registered a strong growth of 14.2% in the third quarter of (“**3Q**”) 2022 (second quarter of (“**2Q**”) 2022: 8.9%). Apart from the sizeable base effects from negative growth in 3Q 2021 wherein the Malaysian economy was adversely affected by the re-imposition of strict containment measures during 3Q 2021, which entailed, among others, limits to operating capacities for selected economic activities and inter-state travel restrictions (against this, the economy recorded a contraction of 4.5%), the high growth was underpinned by continued expansion in domestic demand. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.9% (2Q 2022: 3.5%). Overall, the Malaysian economy expanded by 9.3% in the first three quarters of 2022. All economic sectors expanded in 3Q 2022.

Going forward, Malaysia’s economic growth will be supported by continued expansion in domestic demand. The economy would benefit from the improvement in labour market conditions, realisation of multi-year projects and higher inbound tourism activity. While external demand is expected to moderate, this will be partly cushioned by Malaysia’s diversified export base. The balance of risks to Malaysia’s growth outlook remains tilted to the downside. This stems from weaker-than-expected global growth, further escalation of geopolitical conflicts, and worsening supply chain disruptions.

(*Source: BNM Quarterly Bulletin Vol. 37 No. 3 for the Third Quarter of 2022, Bank Negara Malaysia*)

In tandem with continued implementation of development programmes and projects, the economy is expected to expand further in the second half of the year. The growth prospects have been supported by the resumption of economic and social activities and improvement in international travel activities following the relaxation of COVID-19 restrictions regionally. With better prospects as indicated by the Leading Index, the economy is anticipated to gain its growth momentum in the second half of the year attributed to strong domestic demand as the country transitions into endemicity. For the full year of 2022, the economic growth is expected to register a higher growth within the range of 6.5% – 7%. The domestic economy remains resilient and is forecast to expand between 4% – 5% in 2023 driven by the domestic demand. Nevertheless, the pace of economic recovery is also dependent on other factors, including successful containment of the pandemic, support for cost of living and efforts in mitigating the downside risks such as geopolitical uncertainties, global inflation as well as tightening financial conditions. (*Source: Economic Outlook 2023, Ministry of Finance*)

6.2 Overview and outlook of glove industry in Malaysia

The global demand for rubber gloves is expected to return to growth in 2023, after an estimated 19% contraction to an estimated 399 billion pieces in 2022, from 492 billion in 2021 when the world was at the peak of the COVID-19 pandemic. The Malaysian Rubber Glove Manufacturers Association (“**MARGMA**”) expects glove demand to expand in the range of 12%-15% in 2023. Meanwhile, the association has cut its demand forecast for 2022 by 12% to 399 billion pieces, from 452 billion pieces previously, as the demand normalises against the backdrop that the COVID-19 pandemic is under control. It was stressed that the association’s forecast “is a very conservative estimate”, given the various growth drivers, for instance rising hygiene awareness, ageing population and recovery in non-COVID-19 related demand. MARGMA’s initial forecast on global glove demand had taken into consideration the potential risk from the outbreak of the Omicron variant.

Malaysia, which produces an estimated 240 billion pieces of gloves in 2022, is expected to command a 65% share of the global rubber glove market, followed by China (20%), Thailand (10%) and Indonesia (3%). In line with the decline in global demand in 2022, MARGMA projects that the export value of rubber gloves from Malaysia would drop by 58% to RM23.10 billion in 2022, from RM54.81 billion in 2021 and RM35.26 billion in 2020. Nonetheless, MARGMA foresees that the export value for rubber gloves from Malaysia would grow 10% annually from 2023 onwards. Glove manufacturing will still be a profitable business, bearing in mind, in normal conditions, its (annual global demand) growth is about 15%.

The outlook of the Malaysian glove industry to be expected to be tough in the next six to nine months, in terms of production capacity utilisation and glove average selling prices as the supply pipeline has sufficient gloves. Upon supply-demand equilibrium, players will expand only to the tune of demand growth.

MARGMA members have so far automated about 85% of their glove production operations, and that it will take them another three to four years to automate 95% of their operations.

(Source: <https://www.theedgemarkets.com/article/margma-expects-global-glove-demand-resume-growth-next-year-after-19-drop>, The Edge Markets, accessed on the LPD)

Glove supply-demand equilibrium is expected within six to nine months, according to MARGMA. The depletion of inventory in the pipeline will bring about normalcy equilibrium between production capacity utilisation and global demand. The glove industry is also advancing in the areas of the recycling economy with new raw materials, additives and substances that are environmentally friendly and biodegradable. Furthermore, the local glove business will do marginally better than in 2019. The glove average selling prices are expected to reach pre-COVID-19 pandemic levels of about USD20 (RM89.84) to USD25 per thousand pieces. Global demand for rubber gloves is expected to be around 399 billion pieces for 2022, with year-on-year growth expected at 10% to 12%. The United States of America continued to be the biggest consumption market, with 75 pairs of gloves used per capita, followed by Europe at 50 pairs per capita, while China and India averaged two to three pairs per capita. The industry expects low-per-capita countries in Africa to be the new market for growth. *(Source: <https://www.theedgemarkets.com/article/glove-supplydemand-equilibrium-six-nine-months-says-margma-president>, The Edge Markets, accessed on the LPD)*

6.3 Overview and outlook of IT and ICT industry in Malaysia

The COVID-19 outbreak has revealed the importance of technological adoption and digitalisation to ensure the survival of individuals and enterprises in the post-pandemic era. It is time for all stakeholders to embrace the new normal of doing business and spur a sustainable recovery momentum. The World Bank report on Malaysia’s Digital Economy (2018) states that Malaysia uses digital technologies widely, but digital adoption by businesses still lags behind the global average. Only 29% of businesses had a web presence, with only 5.2% engaged in e-commerce in 2015. Moving forward, the government has introduced the Malaysia Digital Economy Blueprint (“**MyDIGITAL**”) and Pelan Jalinan Digital Negara (“**JENDELA**”) as inclusive policies to encourage digitalisation by firms of all sizes and regions and remove barriers to digitalisation. *(Source: Economic Outlook 2022, Ministry of Finance Malaysia)*

As at end-June 2022, around 7.2 million premises have gained access to gigabit broadband, while 95.8% of all populated areas have access to 4G network under the JENDELA programme. Among the current initiatives under MyDIGITAL Corporation includes providing knowledge on science, technology, engineering and mathematics (STEM) to students, teachers, and the wider public in areas aligned to the objectives of the MyDIGITAL and the National Fourth Industrial Revolution Policy. The Corporation also continues the effort to expand the use of e-payment within the community and provides business digitalisation training to micro, small and medium enterprises. Several initiatives that have been planned include reducing the processing time by 50% for the approval of aerial work certificates for agricultural drones. Additionally, smart solutions such as Smart Highway and Smart Mobility will be developed for the transportation and logistics sector to enhance road safety, reduce congestion and provide a seamless mobility experience for road users.

The information and communication subsector expanded by 6.1% in the first half of 2022, supported by telecommunication segment following a higher digital usage among businesses and individuals and increased subscription of services offered by telecommunication companies. The subsector is projected to increase by 3.3% in the second half of the year, supported by sustained high usage of the e-commerce services and increased subscriptions to media streaming such as sport packages in conjunction with the 2022 Commonwealth Games and 2022 FIFA World Cup campaign. Therefore, the subsector is anticipated to rise by 4.7% in 2022 (2021: 6.3%).

The information and communication subsector is expected to expand by 4.6% in 2023, mainly driven by the increasing digital adoption across all economic sectors. Phase 2 of the JENDELA is expected to boost the digital connectivity through the utilisation of Fixed Wireless Access and other fit-for-purpose technologies, thus enabling the country to further address the digital divide. In this regard, Digital National Berhad aims to extend the 5G coverage to 80% of the nation's populated areas by 2024. In addition, high quality investment in digital-related infrastructures such as data centres and cloud computing services as well as continued surge in the e-commerce and online entertainment activities will further boost the subsector.

(Source: Economic Outlook 2023, Ministry of Finance Malaysia)

6.4 Prospects of our Group

(i) Glove Business

In anticipation of growth in demand for gloves as supported positive prospects of the glove industry as set out in Section 6.2 of this AP, our Group had ventured into and is expanding the Glove Business to ride on the growth in demand for gloves. Currently, our Group has 6 single former rubber glove manufacturing lines with a combined estimated production capacity of 568.66 million pieces of gloves p.a. and estimated production output of 551.60 million pieces of gloves p.a. (which represents approximately 97% of the estimated production capacity p.a.). Our Group intends to install and commission 5 additional single former rubber glove manufacturing lines, the commissioning of which will take place in stages and is expected to be completed by the 1st half of calendar year 2023. Upon commissioning of these 5 additional single former rubber glove manufacturing lines, our Group is expected to have a combined estimated production capacity of 1.06 billion pieces of gloves p.a.. Our Group intends to use proceeds from the Rights Issue to finance the expansion of the Glove Business. With this increased production capacity, our Board is of the view that our Group is well-positioned to capitalise on the foreseeable sustainable demand for gloves post COVID-19, on the back of rising hygiene awareness, wider application of gloves across industries and increasing incidence of chronic communicable disease. Our Board anticipates that the expansion of the Glove Business will augur well for our Group's future prospects.

(ii) IT and ICT segment

Prior to our venture into the Glove Business, our Group was principally involved in the IT and ICT segment (i.e., software development, system integration, selling of e-books and provision of IT management consultancy services). Our Group's IT and ICT segment has been in a loss-making position for the past financial years due to intense competition resulting with decreasing revenue and tight cash flow position.

During the COVID-19 pandemic, while some businesses may have put on hold their IT and ICT enhancement or digitalisation projects to preserve cashflow for emergencies arising from the pandemic, some businesses had accelerated their workplace digitalisation exercise through adoption of ICT solutions during the pandemic in order to minimise interruptions to operations and/or to sustain their businesses. Moving forward, our Board expects there will be continuous demand for our IT and ICT solutions on the back of various government initiatives for digital transformation and businesses are encouraged to embrace digitalisation to improve operational efficiency and to remain relevant in the changing business environment.

(Source: Our management)

7. EFFECTS OF THE RIGHTS ISSUE

7.1 Share capital

The pro forma effects of the Corporate Exercises on our Company's issued share capital are as illustrated below:

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
As at the LPD	808,432,442	86,993,447	808,432,442	86,993,447
To be issued pursuant to the Rights Issue	1,333,333,339	20,000,000	1,616,864,884	24,252,974
After the Proposed Share Capital Reduction	2,141,765,781	106,993,447	2,425,297,326	111,246,421
	-	(40,000,000)	-	(40,000,000)
To be issued assuming full exercise of Warrants ⁽¹⁾	2,141,765,781	66,993,447	2,425,297,326	71,246,421
	888,888,890	13,333,333	1,077,909,922	16,168,649
To be issued assuming full exercise of ESOS Options ⁽²⁾	3,030,654,671	80,326,780	3,503,207,248	87,415,070
	909,196,401	16,365,535	1,050,962,174	18,917,319
Enlarged issued share capital	3,939,851,072	96,692,315	4,554,169,422	106,332,389

Notes:

- (1) Assuming full exercise of Warrants into new Shares based on the exercise price of RM0.015 per Warrant.
- (2) Computed based on an illustrative exercise price of RM0.0180 per ESOS Option, representing a discount of RM0.0017 or approximately 8.63% to the TEAP of our Share of RM0.0197 each (computed based on the 5D-VWAP of our Share up to and including the LPD of RM0.0355).

7.2 Earnings and EPS

(i) Rights Issue

Our Board expects the Rights Issue to contribute positively to the future earnings of our Group via the utilisation of proceeds as set out in Section 4 of this AP.

The Rights Issue is expected to have dilutive effects on the EPS of our Group for the FYE 30 June 2023 due to the increase in the number of Shares in issue. However, the extent of dilution to the EPS of our Group will depend on, amongst others, the number of Rights Shares to be issued, number of new Shares to be issued arising from the exercise of Warrants, future earnings of our Group and returns to be generated by our Group from the utilisation of proceeds from the Rights Issue and the exercise of Warrants.

(ii) Proposed Share Capital Reduction

The Proposed Share Capital Reduction will not have any effect on the earnings and EPS of our Group for FYE 30 June 2023.

(iii) Proposed ESOS

Any potential effect on the EPS of our Group arising from the Proposed ESOS in the future would depend on the impact of MFRS 2 upon granting of the ESOS Options; the number of ESOS Options exercised; and the utilisation of the proceeds arising therefrom.

Under the MFRS 2, the potential cost arising from the issuance of the ESOS Options which may affect the future earnings of our Group can be determined only at the grant date. The potential cost is measured by the fair value of the ESOS Options after considering, amongst others, the number of ESOS Options granted and vested and the exercise price of ESOS Option to be measured at the grant date and recognised as an expense over the vesting period. However, the estimated cost does not represent a cash outflow by our Company as it is merely an accounting treatment. Our Company has taken note of the potential impact of MFRS 2 on our Group's future earnings and shall take into consideration such impact in the allocation and granting of the ESOS Options to the Eligible Persons.

However, the EPS of our Group will be diluted arising from the issuance of new Shares upon exercise of ESOS Options in the future. The effects of any exercise of ESOS Options on the EPS of our Group would depend on the number of ESOS Options exercised and returns to be generated by our Group from the utilisation of proceeds from the exercise of ESOS Options.

7.3 NA and gearing

The pro forma effects of the Corporate Exercises on the NA and gearing of our Group based on the unaudited consolidated financial statements of our Company as at 30 September 2022 are as follows:

Minimum Scenario

	(Unaudited)	(I)	(II)	(III)
	As at 30 September 2022	After the Rights Issue	After (I) and the Proposed Share Capital Reduction	After (II) and assuming full exercise of Warrants
	RM'000	RM'000	RM'000	RM'000
Share capital	86,993	106,993	66,993 ⁽³⁾	80,326
Warrants reserve	-	25,689 ⁽¹⁾	25,689	-(4)
(Accumulated losses) / Retained earnings	(31,482)	(58,231) ⁽¹⁾⁽²⁾	(18,231)	7,458 ⁽⁴⁾
Shareholders' fund / NA	55,511	74,451	74,451	87,784
No. of Shares in issue ('000)	808,432	2,141,766	2,141,766	3,030,655
NA per Share (RM)	0.07	0.03	0.03	0.03
Total borrowings ⁽⁵⁾ (RM'000)	413	413	413	413
Gearing (times)	0.01	0.01	0.01	Negligible

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Maximum Scenario

	(Unaudited)	(I)	(II)	(III)
	As at 30 September 2022	After the Rights Issue	After (I) and the Proposed Share Capital Reduction	After (II) and assuming full exercise of Warrants
	RM'000	RM'000	RM'000	RM'000
Share capital	86,993	111,246	71,246 ⁽³⁾	87,415
Warrants reserve	-	31,152 ⁽¹⁾	31,152	-(4)
(Accumulated losses) / Retained earnings	(31,482)	(63,694) ⁽¹⁾⁽²⁾	(23,694)	7,458 ⁽⁴⁾
Shareholders' fund / NA	55,511	78,704	78,704	94,873
No. of Shares in issue ('000)	808,432	2,425,297	2,425,297	3,503,207
NA per Share (RM)	0.07	0.03	0.03	0.03
Total borrowings ⁽⁵⁾ (RM'000)	413	413	413	413
Gearing (times)	0.01	0.01	0.01	Negligible

Notes:

- (1) Computed based on the issuance of up to 888,888,890 Warrants with a theoretical fair value of RM0.0289 each (under Minimum Scenario) or up to 1,077,909,922 Warrants with a theoretical fair value of RM0.0289 each (under Maximum Scenario), all based on Trinomial Options Pricing Model (Source: *Bloomberg Finance L.P.*).
- (2) After accounting for the estimated expenses for the Variation and the Corporate Exercises (save for the Debt Settlement and Placement II) of RM1,060,000.
- (3) After cancellation of RM40.00 million from the share capital of our Company pursuant to the Proposed Share Capital Reduction.
- (4) Assuming full exercise of Warrants based on the exercise price of RM0.015 per Warrant and after accounting for the reversal of warrants reserve.
- (5) Being the hire purchase of our Group.

The effects of the Proposed ESOS on our Group's NA would depend on factors such as the number of ESOS Options granted and the fair value of the ESOS Options after considering, amongst others, the exercise price of ESOS Option as well as any vesting conditions. Whilst the granting of the ESOS Options under the Proposed ESOS is expected to result in recognition of a charge in the statement of comprehensive income of our Group pursuant to the MFRS 2, the recognition of such MFRS 2 charge would not affect the NA of our Group as the corresponding amount will be classified as an equity compensation reserve which forms part of the shareholders' equity.

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

The Proposed ESOS will not have any immediate effect on our consolidated NA per Share until such time when the ESOS Options granted under the Proposed ESOS are exercised. Our consolidated NA per Share following the exercise of ESOS Options will increase if the exercise price of ESOS Option exceeds our consolidated NA per Share at the point of exercise of ESOS Option and conversely, will decrease if the exercise price of ESOS Option is below our consolidated NA per Share at the point of the exercise of ESOS Options.

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

7.4 Convertible securities

As at the LPD, our Company does not have any convertible securities.

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

8.1 Working capital

Our businesses are funded by a combination of the following sources of fund:

- (a) internal source of funds which comprise funds from shareholders (including proceeds from issuance of new Shares) and/or Directors, cash generated from our Group's operations, cash and bank balances as well as fixed deposits with a financial institution. As at 30 September 2022, our Group's total cash and bank balances as well as fixed deposits with a financial institution stood at RM3.61 million; and
- (b) external source of funds which comprise credit terms granted by our suppliers, which is generally 90 days.

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

Our Board is of the opinion that our Group will have sufficient working capital for existing operations for the next 12 months from the date of this AP after taking into consideration the proceeds from the Rights Issue, funds from shareholders and/or Directors, our Group's future plans, existing cash and bank balances and fixed deposits with a financial institution, and funds to be generated from our Group's existing operations.

8.2 Borrowings

As at the LPD, our Group has total outstanding borrowings of approximately RM0.39 million, all of which are denominated in RM and interest bearing, as follows:

	Total (RM'000)
Short term borrowing:	
Hire purchase*	68
Long-term borrowing:	
Hire purchase*	325
Total borrowings	393

Note:

* Bearing interest rate of 4.34%.

Throughout the FYE 30 June 2022 and the subsequent period up to the LPD, our Group did not default on payments of either interest or principal sum in respect of any borrowings.

8.3 Contingent liabilities

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

8.4 Material commitments

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

	RM'000
Capital expenditure approved and not contracted for:	
- Purchase of machineries, equipment and components for rubber glove manufacturing lines	45,592

The abovementioned estimated capital expenditure shall be funded via a combination of proceeds from the Placement II and the Rights Issue, our Group's internally generated funds and/or bank borrowings (if required). However, the funding breakdown cannot be determined at this juncture as it will depend on, amongst others, the subscription level for the Rights Issue as well as availability and suitability of other funding alternatives at the relevant time.

8.5 Material transactions

Save for the following transactions, our Board confirms that there is no other transaction which may have a material effect on our Group's operations, financial position and results since the most recent unaudited consolidated financial statements of our Company for the 3-month FPE 30 September 2022:

- (i) Rights Issue;
- (ii) Proposed Share Capital Reduction, which was announced on 28 January 2022 and was approved by our shareholders at our EGM-Corporate Exercises on 9 June 2022 but has not been completed as at the LPD; and
- (iii) Proposed ESOS, which was announced on 28 January 2022 and was approved by our shareholders at our EGM-Corporate Exercises on 9 June 2022 but has not been implemented as at the LPD.

9. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION

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

You and/or your renounee(s)/transferee(s) (if applicable) are advised to read this AP, the accompanying RSF and the notes and instructions printed therein carefully. Acceptance of and/or payment for the Provisional Allotments which do not conform strictly to the terms of this AP, the RSF or the notes and instructions printed therein or which are illegible may be rejected at the absolute discretion of our Board.

9.1 General

As an Entitled Shareholder, your CDS account will be duly credited with the number of Provisional Allotments which you are entitled to subscribe for in full or in part, under the terms of the Rights Issue. You will find enclosed with this AP, 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 provisionally allotted to you, as well as to apply for excess Rights Shares with Warrants, if you choose to do so.

This AP, together with the NPA and RSF, is also available at our registered office, our Share Registrar's office and on Bursa Securities' website at <https://www.bursamalaysia.com>.

The outcome of the subscription of the Rights Issue shall be announced after the Closing Date.

9.2 NPA

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

9.3 Methods of acceptance and application

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

Method	Category of Entitled Shareholders
RSF	All Entitled Shareholders
e-Subscription or e-RSF	All Entitled Shareholders

9.4 Last date and time for acceptance and payment

The last day, date and time for acceptance of and payment for the Provisional Allotments as all as application and payment for the excess Rights Shares with Warrants is **Thursday, 26 January 2023 at 5.00 p.m.**

An announcement shall be made on Bursa Securities' website on the outcome of the subscription of the Rights Issue after the Closing Date.

9.5 Procedures for acceptance and payment

9.5.1 By way of RSF

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

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

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

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS AND EXCESS APPLICATION FOR THE RIGHTS SHARES WITH WARRANTS AS WELL AS THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/OR YOUR RENOUNCEE(S)/TRANSFEREE(S) (IF APPLICABLE) WISH TO SELL/TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS AP, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS PRINTED THEREIN. IN ACCORDANCE WITH SECTION 232(2) OF THE CMSA, THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THIS AP.

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

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

Bina Management (M) Sdn. Bhd.

Lot 10, The Highway Centre
Jalan 51/205, 46050 Petaling Jaya
Selangor Darul Ehsan
Tel. no.: +603-7784 3922
Fax no.: +603-7784 1988

So as to arrive **not later than 5.00 p.m. on Thursday, 26 January 2023**, being the last time and date for acceptance and payment for the Provisional Allotments, or such extended time and date as may be determined and announced by our Board.

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

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

You and/or your renounee(s)/transferee(s) (if applicable) should take note that a trading board lot for the Rights Shares and Warrants comprises 100 Rights Shares and 100 Warrants, respectively. The minimum number of securities that can be subscribed for or accepted is 2 Rights Shares for every 1 existing Share held on the Entitlement Date. Successful applicants of the Rights Shares will be given the Warrants on the basis of 2 Warrants for every 3 Rights Shares successfully subscribed for. Fractional entitlements (if any) arising from the Rights Issue will be disregarded and dealt with by our Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of our Company.

If acceptance of and payment for the Provisional Allotments is not received by our Share Registrar by **5.00 p.m. on Thursday, 26 January 2023**, being the last time and date for acceptance and payment, or such extended time and date as may be determined and announced by our Board, you and/or your renounee(s)/transferee(s) (if applicable) will be deemed to have declined the Provisional Allotments made to you and/or your renounee(s)/transferee(s) (if applicable) and it will be cancelled.

If the Rights Shares with Warrants are not fully taken up by such applicants, our Board will then have the right to allot such Rights Shares with Warrants to the applicants who have applied for the excess Rights Shares with Warrants in the manner as set out in Section 9.8 of this AP. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar. Our Board reserves the right not to accept any application or to accept any application in part only without providing any reason.

You and/or your renounee(s)/transferee(s) (if applicable) who lose, misplace or for any other reasons require another copy of this AP and/or the RSF may obtain additional copies from your stockbrokers, our Share Registrar at the address stated above, or at our registered office or on Bursa Securities' website at <http://www.bursamalaysia.com>.

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

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNERS STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF. CHEQUE OR OTHER MODE(S) OR PAYMENT NOT PRESCRIBED HEREIN ARE NOT ACCEPTABLE.

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

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

WHERE AN APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST. THE REFUND WILL BE CREDITED INTO YOUR BANK ACCOUNT REGISTERED WITH BURSA DEPOSITORY FOR THE PURPOSE OF CASH DIVIDEND/DISTRIBUTION OR BY ISSUANCE OF BANKER'S CHEQUE AND SHALL BE DESPATCHED TO YOU WITHIN 15 MARKET DAYS FROM THE CLOSING DATE BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS OF OUR COMPANY AS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK.

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

ALL RIGHTS SHARES WITH WARRANTS TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WILL BE ALLOTTED BY WAY OF CREDITING INTO THE CDS ACCOUNTS OF THE SUCCESSFUL APPLICANTS. NO PHYSICAL SHARE CERTIFICATES AND WARRANTS CERTIFICATES WILL BE ISSUED.

9.5.2 By way of e-Subscription

You and/or your renounee(s)/transferee(s) (if applicable) can have the option to accept and make payment for your entitlement to the Provisional Allotments through the e-Subscription available to you upon your login to the Online Portal at www.binamanagement.com.my ("**BINA Portal**"). You are advised to read the instructions as well as the terms and conditions of the e-Subscription. The e-Subscription is available to Entitled Shareholders including individuals, corporations or institutional shareholders.

Entitled Shareholders who wish to subscribe for the Provisional Allotments and apply for the excess Rights Shares with Warrants by way of e-Subscription, shall take note of the following:

- (i) any e-Subscription received after the Closing Date by our Share Registrar may not be accepted at the absolute discretion of our Board. All valid e-Subscription received by our Share Registrar are irrevocable and cannot be subsequently withdrawn;
- (ii) the e-Subscription must be made in accordance with the procedures and terms and conditions of the e-Subscription, this AP and the notes and conditions contained in the e-RSF. Any incomplete or incorrectly completed e-RSF submitted via BINA Portal may or may not be accepted at the absolute discretion of our Board;
- (iii) your application for the Provisional Allotments and excess Rights Shares with Warrants (if applicable) must be accompanied by the remittance in RM via internet bank transfer, the bank account details as follows:

- **Application for the Provisional Allotments**

Name of account	ZEN TECH INTERNATIONAL BERHAD
Name of bank	CIMB BANK BERHAD
Bank account no.	80-0774466-2

- **Application for the excess Rights Shares with Warrants**

Name of account	ZEN TECH INTERNATIONAL BERHAD
Name of bank	CIMB BANK BERHAD
Bank account no.	80-0774471-7

You are required to pay an **additional fee of RM15.00** (being the stamp duty and handling fee) for each e-Subscription into our Share Registrar's bank account as follows:

Name of account	Bina Management (M) Sdn. Bhd.
Name of bank	RHB Bank Berhad
Bank account no.	21406200103880

- (iv) All Entitled Shareholders who wish to submit by way of e-Subscription are required to follow the procedures and read the terms and conditions as stated below:

Procedures

Procedure	Action
User registration	<ul style="list-style-type: none"> • Access the BINA Portal at www.binamanagement.com.my. • Click <<Login/Register>> followed by <<Register New User>> to register as a new user. • Complete the registration by filling up the information required and upload a clear copy of your MyKAD (both front and back page) or Passport. • Read and agree to the terms and conditions and thereafter submit your registration. • Please enter a valid email address in order for you to receive the verification email from the BINA Portal. • Please verify your email address before the link expire in 1 hour from your registration. • Your registration will be verified and approved by the BINA Portal. Once approved, an email notification will be sent to you. • If you have already registered an account with BINA Portal, you are not required to register again.

e-Subscription	<ul style="list-style-type: none"> • Sign in to www.binamanagement.com.my. • Login with your user ID and password for e-Subscription before the Closing Date. • Click the “MY RIGHTS ISSUE”. • Select ZEN TECH INTERNATIONAL BERHAD from the drop selection and click the relevant Corporate Exercise event name ZEN TECH RIGHTS ISSUE. • Key in the CDS account that you wish to submit and input the number of Rights Shares to subscribe and number of excess Rights Shares to apply (if you choose to do so). • Ensure all information in the form is accurate before submitting the form. • Make the payment via online banking to the respective bank accounts (i.e., ZEN TECH INTERNATIONAL BERHAD for the Provisional Allotments and/or excess Rights Shares with Warrants, and additional fee of RM15.00 (being the stamp duty and handling fee)). • Must put a remark on the payment details with the last 9 digits of the CDS account and shareholder name. • Upload the proof of payment(s) for the subscription and click the confirm button to submit the e-RSF.
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If you encounter any problems during the registration or submission, please email our Share Registrar at binawin@binamg168.com or call at **03-7784 3922** during normal business hours from 9.00 a.m. to 5.00 p.m. from Monday to Friday (excluding public holidays) for assistance.

Terms and conditions of the e-Subscription

By submitting your acceptance of the Provisional Allotments and application of the excess Rights Shares with Warrants (if applicable) by way of e-Subscription:-

- (a) you confirmed that you have attained 18 years of age as at the last day for subscription and payment;
- (b) you confirmed that you have, prior to making the e-Subscription, received a printed copy of this AP and/ or have had access to this AP from Bursa Securities’ website at www.bursamalaysia.com, the contents of which you have read and understood;
- (c) you agree to all the terms and conditions for the e-Subscription and have carefully considered the risk factors as set out in this AP, in addition to all other information contained in this AP, before making the e-Subscription application;
- (d) you agree and undertake to subscribe for and to accept the number of Provisional Allotments and excess Rights Shares with Warrants applied for (if applicable) as stated in the e-RSF. Your confirmation of your subscription will signify, and will be treated as, your subscription of the number of Rights Shares with Warrants that may be allotted to you;
- (e) you acknowledge that your submission by way of e-Subscription is subject to the risks of electrical, electronic, technical, transmission, communication and computer related faults and breakdowns, fires and other events beyond the control of our Company or our Share Registrar and irrevocably agree that if:
 - our Company or our Share Registrar does not receive your submission of the e-Subscription; or
 - data on the e-Subscription is wholly or partially lost, corrupted or inaccessible, or not transmitted or not communicated to our Share Registrar,

your submission of the e-Subscription will be deemed as failed and not to have been made. Our Company and our Share Registrar will not be held liable for any delays, failures or inaccuracies in the processing of your e-Subscription due to the above reasons and you further agree that you may not make any claims whatsoever against our Company or our Share Registrar for any loss, compensation or damage in relation to the unsuccessful or failure of your e-Subscription;

- (f) you will ensure that all information provided by you in the e-Subscription 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 e-Subscription may be rejected at the absolute discretion of our Board without assigning any reason. Therefore:
- you must inform Bursa Depository promptly of any change in address failing which the notification on the outcome of your e-Subscription will be sent to your address last maintained with Bursa Depository; and
 - by making and completing an e-Subscription, you agree that:
 - in consideration of our Company agreeing to allow and accept your e-Subscription for the Provisional Allotments and excess Rights Shares with Warrants applied for (if applicable), your e-Subscription is irrevocable and cannot be subsequently withdrawn; and
 - our Share Registrar will not be liable for any delays, failures or inaccuracies in the processing of data relating to your e-Subscription due to a breakdown or failure of transmission or communication facilities or to any cause beyond our Company's control;
- (g) you agree that your application shall not be deemed to have been accepted by reason of the remittance have been made. You agree that all the Rights Shares and Warrants to be issued pursuant to the Rights Issue will be allotted by way of crediting the Rights Shares and Warrants into your CDS account. No physical share certificate or warrant certificate will be issued;
- (h) you agree that our Company and our Share Registrar reserve the right to reject your application which does not conform to these terms and conditions;
- (i) 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 Closing Date; and
- (j) 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 way of crediting into your bank account registered with Bursa Depository for the purpose of cash dividend/distribution or by issuance of banker's cheque within 15 Market Days from the Closing Date 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.

If acceptance of and payment for the Provisional Allotments allotted to you (whether in full or in part, as the case may be) are not received by our Share Registrar by **5.00 p.m. on the Closing Date**, the Provisional Allotments to you or remainder thereof (as the case may be) will be deemed to have been declined and will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar.

Our Board will then have the right to allot any Rights Shares with Warrants not taken up or not validly taken up to applicants applying for the excess Rights Shares with Warrants in the manner as set out in Section 9.8 of this AP. Our Board reserves the right not to accept any application or to accept any application in part only without assigning any reason.

9.6 Procedures for part acceptance

You are entitled to accept part of your Provisional Allotments provided always that the minimum number of Rights Shares that can be subscribed for or accepted is 2 Rights Shares for every 1 existing Share held on the Entitlement Date. However, the Warrants will be issued in proportion of 2 Warrants for every 3 Rights Shares subscribed for. Fractional entitlements (if any) arising from the Rights Issue will be disregarded and dealt with by our Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of our Company.

You must complete both Part I(A) and Part II of the RSF or e-RSF by specifying the number of the Provisional Allotments which you are accepting and deliver the completed and signed RSF or submit the e-RSF together with the relevant payment to our Share Registrar in the manners as set out in Section 9.5 of this AP.

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

9.7 Procedures for sale/transfer of Provisional Allotments

As the Provisional Allotments are prescribed securities, you may sell or transfer all or part of your entitlement to the Provisional Allotments to 1 or more person(s) through your stockbrokers 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 accounts. To sell or transfer all or part of your entitlement to the Provisional Allotments, you may sell such entitlement in the open market of Bursa Securities 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 person(s) as may be allowed pursuant to the Rules of Bursa Depository 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).

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. IN SELLING/TRANSFERRING ALL OR PART OF YOUR ENTITLEMENT TO THE PROVISIONAL ALLOTMENTS, YOU NEED NOT DELIVER ANY DOCUMENT INCLUDING THE RSF, TO YOUR STOCKBROKER. HOWEVER, YOU MUST ENSURE THAT THERE IS SUFFICIENT PROVISIONAL ALLOTMENTS STANDING TO THE CREDIT OF YOUR CDS ACCOUNT THAT ARE AVAILABLE FOR SETTLEMENT OF THE SALE OR TRANSFER.

If you have sold or transferred only part of your entitlement to the Provisional Allotments, you may still accept the balance of the Provisional Allotments by completing Part I(A) and Part II of the RSF or submitting the e-RSF. Please refer to Section 9.5 of this AP for the procedures for acceptance and payment.

Purchasers of the Provisional Allotments may obtain a copy of this AP from their stockbrokers, our Share Registrar at the address stated above, or at our registered office or on Bursa Securities' website at <http://www.bursamalaysia.com>.

9.8 Procedures for application for excess Rights Shares with Warrants

9.8.1 By way of RSF

You and/or your renounee(s)/transferee(s) (if applicable) may apply for excess Rights Shares with Warrants in excess of your entitlement by completing Part I(B) of the RSF (in addition to Part I(A) and Part II) and forwarding it (together with a **separate remittance** made in RM for the full amount payable in respect of the excess Rights Shares with Warrants applied for) to our Share Registrar so as to be received by our Share Registrar **not later than 5.00 p.m. on Thursday, 26 January 2023**, being the last time and date for acceptance of and payment for excess Rights Shares with Warrants.

PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS APPLIED FOR SHOULD BE MADE IN THE SAME MANNERS AS DESCRIBED IN SECTION 9.5 OF THIS AP, EXCEPT THAT THE BANKER'S DRAFT(S) OR CASHIER'S ORDER(S) DRAWN ON A BANK IN MALAYSIA CROSSED "A/C PAYEE ONLY" MUST BE MADE PAYABLE TO "ZEN TECH INTERNATIONAL BERHAD" FOR THE EXCESS RIGHTS SHARES WITH WARRANTS AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, ADDRESS AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR NOT LATER THAN THE CLOSING DATE.

9.8.2 By way of e-Subscription

You and/or your renounee(s) and/or transferee(s) (if applicable) may apply for the excess Rights Shares with Warrants in excess of your entitlement via e-Subscription in addition to your Provisional Allotments. If you wish to do so, you may apply for the excess Rights Shares with Warrants by following the same steps as set out in Section 9.5.2 of this AP.

The e-Subscription for excess Rights Shares with Warrants will be made on, subject to, the same terms and conditions appearing in Section 9.5.2 of this AP.

It is the intention of our Board to allot the excess Rights Shares with Warrants on a fair and equitable basis and in the following priority:

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

If there is any remaining excess Rights Shares with Warrants after steps (i) to (iv) have been carried out, steps (ii) to (iv) will be repeated until all remaining excess Rights Shares with Warrants have been allocated.

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

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

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

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

WHERE AN APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST. THE REFUND WILL BE CREDITED INTO YOUR BANK ACCOUNT REGISTERED WITH BURSA DEPOSITORY FOR THE PURPOSE OF CASH DIVIDEND/DISTRIBUTION OR BY ISSUANCE OF BANKER'S CHEQUE AND SHALL BE DESPATCHED TO YOU WITHIN 15 MARKET DAYS FROM THE CLOSING DATE BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS OF OUR COMPANY AS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK. YOU SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

9.9 Procedures to be followed by renounee(s)/transferee(s)

As a renounee/transferee, the procedures for acceptance, selling or transferring of Provisional Allotments, applying for the excess Rights Shares with Warrants and/or payment is the same as that which is applicable to Entitled Shareholders as described in Sections 9.3 to 9.8 of this AP. Please refer to the relevant sections of this AP for the procedures to be followed.

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

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

9.10 Notice of allotment

Within 5 Market Days after the Closing Date, our Company will make the relevant announcements on Bursa Securities' website in relation to the subscription rate of the Rights Issue.

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

Where any application for the Rights Shares is not accepted due to non-compliance with the terms of the Rights Issue 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 credited into your bank account registered with Bursa Depository for the purpose of cash dividend/distribution or by issuance of banker's cheque and will be despatched to you within 15 Market Days from the Closing Date by ordinary post to the address shown on the Record of Depositors of our Company as provided by Bursa Depository at your own risk.

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

9.11 Form of issuance

Bursa Securities has prescribed our Shares and Warrants listed on the ACE Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares with Warrants and the new Shares to be issued arising from the exercise of Warrants are prescribed securities and as such the provisions of the SICDA and the Rules of Bursa Depository shall apply in respect of the dealings in these securities. You must have a valid and subsisting CDS account in order to subscribe for the Rights Shares with Warrants. Notice of allotment will be issued and despatched to you and/or your renounee(s)/transferee(s) (if applicable) by ordinary post to the address shown in the Record of Depositors of our Company as provided by Bursa Depository at your own risk within 8 Market Days from the Closing Date or such other period as may be prescribed by Bursa Securities.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS account number may result in your application in relation to the Rights Issue being rejected. Your subscription for the Rights Shares with Warrants shall mean your consent to receiving such Rights Shares with Warrants as deposited securities which will be credited directly into your CDS account. No physical share certificate or warrant certificate will be issued to you under the Rights Issue. Instead, the Rights Shares with Warrants will be credited directly into your CDS accounts, and notices of allotment will be issued and despatched to you in the manners as stated in Sections 9.5, 9.6 and 9.8 of this AP.

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

The excess Rights Shares with Warrants, if allotted to the successful applicant who applies for excess Rights Shares with Warrants, will be credited directly as prescribed securities into the CDS account of the successful applicant. The allocation of the excess Rights Shares with Warrants will be made on a fair and equitable basis as disclosed in Section 9.8 of this AP.

9.12 Laws of foreign jurisdiction

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

Accordingly, this AP together with the accompanying NPA and RSF will not be sent to the foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) who do not have a registered address in Malaysia. However, such foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) may collect this AP including the accompanying NPA and RSF from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the documents relating to the Rights Issue. Foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) may accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue only to the extent that it would be lawful to do so.

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

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

By signing to any of the forms accompanying this AP, the NPA and/or RSF, the foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) TA Securities, our Share Registrar, our Company, our Directors and officers and other professional advisers in relation to the Rights Issue that:

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

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

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

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

10. TERMS AND CONDITIONS

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

11. FURTHER INFORMATION

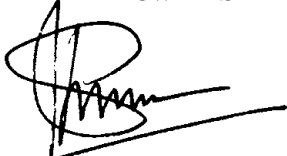
You are requested to refer to the attached appendices for further information.

Yours faithfully,

For and behalf of the Board of

ZEN TECH INTERNATIONAL BERHAD

(FORMERLY KNOWN AS INIX TECHNOLOGIES HOLDINGS BERHAD)



SIVA KUMAR A/L KALUGASALAM

Executive Director

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

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

Name / (Designation)	Address	Age	Nationality
Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir <i>(Independent Non-Executive Chairman)</i>	No. 8, Jalan Cekak 11/3B, 40100 Shah Alam, Selangor Darul Ehsan	75	Malaysian
Dato' Zhang Li <i>(Executive Director)</i>	B-19-03, Seringin Condominium, Jalan Senang Ria, Taman Gembira, 58200 Kuala Lumpur	62	People's Republic of China
Siva Kumar A/L Kalugasalam <i>(Executive Director)</i>	B-5-9 Residensi Riverville, 1 Jalan Taman Sri Sentosa, 58000 Kuala Lumpur	52	Malaysian
Chow Hung Keey <i>(Executive Director)</i>	No. 53, Jalan Puteri 8/8, Bandar Puteri Puchong, 47100 Puchong, Selangor Darul Ehsan	34	Malaysian
Edwin Silvester Das <i>(Independent Non-Executive Director)</i>	518, Jalan 6, Taman Ampang Utama, 68000 Ampang, Selangor Darul Ehsan	64	Malaysian
Zhang Yang <i>(Non-Independent Non- Executive Director)</i>	A-19-10, Pangsapuri Seringin, No. 7, Jalan Senang Ria, Taman Gembira, 58200 Kuala Lumpur	38	People's Republic of China

2. SHARE CAPITAL

As at the LPD, the issued share capital of our Company is RM86,993,447.29 comprising 808,432,442 Shares in issue and our Company does not hold any treasury shares and convertible securities.

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INFORMATION ON OUR GROUP (CONT'D)

3. DIRECTORS' SHAREHOLDINGS

The issuance of Warrants will not have any effect on the shareholdings of our Directors in our Company until and unless the Warrant Holders exercise their Warrants into new Shares.

Save as disclosed below, none of our Directors have any direct and/or indirect shareholding in our Company as at the LPD. The pro forma effects of the Rights Issue on the shareholdings of our Directors in our Company as at the LPD are as follows:

Minimum Scenario

	As at the LPD			(I) After the Rights Issue			(II) After (I) and assuming full exercise of Warrants				
	Direct		Indirect	Direct		Indirect	Direct		Indirect		
	No. of Shares ('000)	% ⁽¹⁾	No. of Shares ('000)	No. of Shares ('000)	% ⁽²⁾	No. of Shares ('000)	% ⁽³⁾	No. of Shares ('000)	%		
ZL	5,981	0.74	27,704 ⁽⁴⁾	3.43	27.86	83,111 ⁽⁴⁾	3.88	990,502	32.68	120,049 ⁽⁴⁾	3.96
ZY	27,704	3.43	5,981 ⁽⁵⁾	0.74	3.88	596,693 ⁽⁵⁾	27.86	120,049	3.96	990,502 ⁽⁵⁾	32.68
Chow Hung Keey	178	0.02	-	-	0.01	-	-	178	0.01	-	-

Maximum Scenario

	As at the LPD			(I) After the Rights Issue			(II) After (I) and assuming full exercise of Warrants				
	Direct		Indirect	Direct		Indirect	Direct		Indirect		
	No. of Shares ('000)	% ⁽¹⁾	No. of Shares ('000)	No. of Shares ('000)	% ⁽⁶⁾	No. of Shares ('000)	% ⁽⁷⁾	No. of Shares ('000)	%		
ZL	5,981	0.74	27,704 ⁽⁴⁾	3.43	0.74	83,111 ⁽⁴⁾	3.43	25,919	0.74	120,049 ⁽⁴⁾	3.43
ZY	27,704	3.43	5,981 ⁽⁵⁾	0.74	3.43	17,944 ⁽⁵⁾	0.74	120,049	3.43	25,919 ⁽⁵⁾	0.74
Chow Hung Keey	178	0.02	-	-	0.02	-	-	770	0.02	-	-

Notes:

- (1) Based on 808,432,442 Shares in issue.
- (2) Based on enlarged share capital of 2,141,765,781 Shares in issue.
- (3) Based on enlarged share capital of 3,030,654,671 Shares in issue.
- (4) Deemed interested by virtue of her son's (ZY) shareholding in our Company.
- (5) Deemed interested by virtue of his mother's (ZL) shareholding in our Company.
- (6) Based on enlarged share capital of 2,425,297,326 Shares in issue.
- (7) Based on enlarged share capital of 3,503,207,248 Shares in issue.

INFORMATION ON OUR GROUP (CONT'D)

4. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The issuance of Warrants will not have any effect on the shareholdings of our substantial shareholders in our Company until and unless the Warrants Holders exercise their Warrants into new Shares. The pro forma effects of the Rights Issue on the shareholdings of substantial shareholders in our Company as at the LPD are as follows:

Minimum Scenario

Name	As at the LPD			After the Rights Issue			After (I) and assuming full exercise of Warrants			After (II) and assuming full exercise of Warrants		
	Direct		Indirect	Direct		Indirect	Direct		Indirect	Direct		Indirect
	No. of Shares ('000)	% ⁽¹⁾	No. of Shares ('000)	No. of Shares ('000)	% ⁽²⁾	No. of Shares ('000)	%	No. of Shares ('000)	% ⁽³⁾	No. of Shares ('000)	%	No. of Shares ('000)
ZL	5,981	0.74	27,704 ⁽⁴⁾	3.43	596,693	27.86	83,111 ⁽⁴⁾	3.88	990,502	32.68	120,049 ⁽⁴⁾	3.96
ZY	27,704	3.43	5,981 ⁽⁵⁾	0.74	83,111	3.88	596,693 ⁽⁵⁾	27.86	120,049	3.96	990,502 ⁽⁵⁾	32.68
TTS	16,295	2.02	-	-	203,509	9.50	-	-	328,319	10.83	-	-
Mary Anne	3,786	0.47	-	-	103,786	4.85	-	-	170,453	5.62	-	-
FTS	4,000	0.49	-	-	137,333	6.41	-	-	226,222	7.46	-	-
SSM	4,000	0.49	-	-	137,333	6.41	-	-	226,222	7.46	-	-
SKES	4,000	0.49	-	-	137,333	6.41	-	-	226,222	7.46	-	-

Maximum Scenario

Name	As at the LPD			After the Rights Issue			After (I) and assuming full exercise of Warrants			After (II) and assuming full exercise of Warrants		
	Direct		Indirect	Direct		Indirect	Direct		Indirect	Direct		Indirect
	No. of Shares ('000)	% ⁽¹⁾	No. of Shares ('000)	%	No. of Shares ('000)	% ⁽⁶⁾	No. of Shares ('000)	%	No. of Shares ('000)	% ⁽⁷⁾	No. of Shares ('000)	%
ZL	5,981	0.74	27,704 ⁽⁴⁾	3.43	17,944	0.74	83,111 ⁽⁴⁾	3.43	25,919	0.74	120,049 ⁽⁴⁾	3.43
ZY	27,704	3.43	5,981 ⁽⁵⁾	0.74	83,111	3.43	17,944 ⁽⁵⁾	0.74	120,049	3.43	25,919 ⁽⁵⁾	0.74

Notes:

- (1) Based on 808,432,442 Shares in issue.
- (2) Based on our enlarged share capital of 2,141,765,781 Shares in issue.
- (3) Based on our enlarged share capital of 3,030,654,671 Shares in issue.
- (4) Deemed interested by virtue of her son's (ZY) shareholding in our Company.
- (5) Deemed interested by virtue of his mother's (ZL) shareholding in our Company.
- (6) Based on our enlarged share capital of 2,425,297,326 Shares in issue.
- (7) Based on our enlarged share capital of 3,503,207,248 Shares in issue.

INFORMATION ON OUR GROUP (CONT'D)**5. HISTORICAL FINANCIAL INFORMATION**

The following tables set out our Group's key financial information based on our consolidated financial statements for the financial year and periods under review:

(i) Historical financial performance

	Audited			Unaudited	
	18-month FPE 31 January 2020 ⁽¹⁾	17-month FPE 30 June 2021 ⁽²⁾	FYE 30 June 2022	3-month FPE 30 September 2021	3-month FPE 30 September 2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	8,198	18,235	26,480	6,480	8,765
Gross profit	1,741	6,276	7,651	2,707	1,593
Other income	1,763	2,230	4,124	102	24
Selling and marketing expenses	(16)	-	-	-	-
Administrative expenses	(6,597)	(18,460)	(15,157)	(1,777)	(2,957)
Research and development expenses	(250)	-	-	-	-
Finance costs	-	(56)	(341)	(13)	(25)
(LBT) / PBT	(3,359)	(10,011)	(3,723)	1,019	(1,365)
Income tax expense	-	(642)	(1,203)	(27)	(77)
(LAT) / PAT	(3,359)	(10,653)	(4,926)	992	(1,442)
(LAT) / PAT attributable to:					
Owners of our Company	(2,739)	(11,393)	(6,375)	(20)	(1,625)
Non-controlling interests	(620)	740	1,449	1,012	183
(LAT) / PAT	(3,359)	(10,653)	(4,926)	992	(1,442)
Weighted average number of Shares in issue ('000)	298,255	466,604	513,264	513,264	808,432
No. of Shares in issue ('000)	298,255	466,604	513,264	513,264	808,432
Basic (LPS) / EPS ⁽³⁾ (sen)	(0.92)	(2.44)	(1.24)	~	(0.20)
Diluted (LPS) / EPS (sen)	N/A*	(2.44)	(1.24)	~	(0.20)
Gross profit margin (%)	19.78	34.42	28.89	41.77	18.17
(LBT) / PBT margin (%)	(41.74)	(54.90)	(14.06)	15.73	(15.57)
(LAT) / PAT margin (%)	(41.74)	(58.42)	(18.60)	15.31	(16.45)

(Source: Our Company's annual reports and quarterly results for the financial years and period under review)

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INFORMATION ON OUR GROUP (CONT'D)

(ii) Historical financial position

	Audited			Unaudited	
	18-month FPE 31 January 2020 ^{^(1)} (RM'000)	17-month FPE 30 June 2021 ⁽²⁾ (RM'000)	FYE 30 June 2022 (RM'000)	3-month FPE 30 September 2021 (RM'000)	3-month FPE 30 September 2022 (RM'000)
Total non-current assets	9,116	26,737	48,414	27,424	55,021
Total current assets	6,953	11,253	10,244	23,492	10,738
Total assets	16,069	37,990	58,658	50,916	65,759
Share capital	42,274	64,537	69,147	68,700	86,993
Accumulated losses	(18,806)	(30,200)	(29,858)	(30,220)	(31,482)
Equity attributable to owners of our Company	23,468	34,337	39,289	38,480	55,511
Non-controlling interests	(9,823)	(8,826)	(7,377)	(7,815)	(7,194)
Total equity	13,645	25,510	31,911	30,665	48,317
Total non-current liabilities	-	3,313	4,127	2,548	4,126
Total current liabilities	2,424	9,167	22,620	17,703	13,316
Total liabilities	2,424	12,480	26,747	20,251	17,442
Total equity and liabilities	16,069	37,990	58,658	50,916	65,759
NA per Share (RM) ⁽⁴⁾	0.08	0.07	0.08	0.07	0.07

(Source: Our Company's annual reports and quarterly results for the financial years and period under review)

(iii) Historical cash flow

	Audited			Unaudited	
	18-month FPE 31 January 2020 ^{^(1)} (RM'000)	17-month FPE 30 June 2021 ⁽²⁾ (RM'000)	FYE 30 June 2022 (RM'000)	3-month FPE 30 September 2021 (RM'000)	3-month FPE 30 September 2022 (RM'000)
Net cash (used in) / generated from operating activities	(7,571)	(6,247)	7,093	(9,182)	(761)
Net cash generated from / (used in) investing activities	4,784	(15,587)	(18,330)	(5,167)	(6,758)
Net cash generated from financing activities	3,278	21,932	11,598	22,262	9,509
Net increase in cash and cash equivalents	491	98	361	9,173	1,990
Cash and cash equivalents at beginning of financial year / periods	671	1,162	1,261	1,260	1,622
Cash and cash equivalents at the end of financial year / periods	1,162	1,260	1,622	9,173	3,612

(Source: Our Company's annual reports and quarterly results for the financial years and period under review)

INFORMATION ON OUR GROUP (CONT'D)

Notes:

- ^ The financial statements for the 18-month FPE 31 January 2020 were reclassified to conform with the presentation of the financial statements for the 17-month FPE 30 June 2021 as the financial results of our Group for the 18-month FPE 31 January 2020 were audited by another firm of Chartered Accountants.
- ~ Negligible.
- N/A Not applicable.
- * The convertible securities of our Company (i.e., warrants (which had expired on 16 November 2020) and options under share issuance scheme (which had expired on 25 November 2020)) were out-of-the-money at the end of the financial period under review and thus, it was assumed that these convertible securities are not exercised during the financial period under review and the corresponding diluted LPS/EPS is not presented.
- (1) On 27 September 2019, our Company announced the change in our financial year end from 31 July to 31 January to provide adequate time for our management to understand the business of our Group following the retirement of our former Chief Executive Officer. This financial result covers a period of 18 months from 1 August 2018 to 31 January 2020.
- (2) On 25 May 2021, our Company announced the change in our financial year end from 31 January to 30 June to restructure our Group's existing business and align the financial year reporting of the Glove Business with our Group. The first set of financial statements reflecting the change will be made up from 1 February 2020 to 30 June 2021, covering a period of 17 months.
- (3) Being the LAT attributable to owners of our Company divided by weighted average number of Shares in issue for the financial year/periods under review.
- (4) Being the NA of our Group divided by the number of Shares in issue for the financial year/periods under review.

Commentaries:

Our Group had successfully ventured and diversified into the Glove Business upon completion of the Acquisition of INIX L&S on 19 July 2021 and upon obtaining approval from our shareholders for the Diversification on 20 October 2021. Prior to our venture into the Glove Business, our Group's revenue was mainly derived from our IT and ICT segment (i.e., software development, system integration, selling of e-books and provision of IT management consultancy services).

(i) 17-month FPE 30 June 2021 vs 18-month FPE 31 January 2020

On an annualised basis, our Group recorded an improvement in revenue in 17-month FPE 30 June 2021 of RM7.41 million (135.54%) as compared to an annualised revenue of RM5.47 million for 18-month FPE 31 January 2020, mainly due to higher revenue contribution from software development and system integration as customers had major upgrades to their systems and websites to accommodate growth in traffic to respective websites for online transactions during the COVID-19 pandemic; and revenue contribution from the Glove Business. As 3 representatives of our Company were appointed to the Board of Directors of INIX L&S on 29 January 2021 and full payment for the purchase consideration for the Acquisition of INIX L&S was received by the vendors on 29 January 2021, our Company is considered to have obtained control of INIX L&S on 29 January 2021 and the revenue generated by INIX L&S for the subsequent period was recorded in our consolidated financial statements for the 17-month FPE 30 June 2021.

INFORMATION ON OUR GROUP (CONT'D)

Despite the above, our Group recorded an annualised LBT of RM7.07 million (increased by 110.42% on annualised basis) for 17-month FPE 30 June 2021 (18-month FPE 31 January 2020: LBT of RM3.36 million; annualised LBT of RM2.24 million), mainly due to:

- (a) an increase in administrative expenses to RM18.46 million or RM13.03 million on an annualised basis for 17-month FPE 30 June 2021, respectively (18-month FPE 31 January 2020: RM6.60 million; annualised expenses of RM4.40 million), mainly due to:
 - (aa) higher impairment loss on other receivables of RM3.95 million for 17-month FPE 30 June 2021 or RM2.79 million on an annualised basis (18-month FPE 31 January 2020: RM0.32 million; annualised impairment of RM0.22 million), due to doubtfulness on the collection of the amount owed by certain debtors of our Group;
 - (bb) an impairment loss on property, plant and equipment of RM1.11 million (18-month FPE 31 January 2020: nil) as our Group's piling machines were not utilised to their full operational capacity due to the COVID-19 pandemic;
 - (cc) higher impairment loss on trade receivables 17-month FPE 30 June 2021: RM0.14 million; (18-month FPE 31 January 2020: nil), due to doubtfulness on the collection of the amount of the amount owed by customers of our Group; and
 - (dd) bad debts written off of RM0.99 million (18-month FPE 31 January 2020: nil) as the amount owed by certain debtors of our Group is not recoverable;
- (b) an impairment loss on investment in HyperQB Sdn. Bhd. (a 25%-owned associate company of our Company) ("HSB") of RM3.85 million (18-month FPE 31 January 2020: nil) as HSB recorded lower revenue during the current financial period under review; and
- (c) no dividend income from HSB for 17-month FPE 30 June 2021 (18-month FPE 31 January 2020: RM1.08 million).

For the 17-month FPE 30 June 2021, our Group recorded an increase in total assets and total liabilities mainly arising from the venture of our Group into the Glove Business. Our Group also recorded an increase in NA mainly due to exercise of warrants (which were expired on 16 November 2020) and options under share issuance scheme (which were expired on 25 November 2020) during the financial period under review.

Our Group recorded a net cash used in operating activities for 17-month FPE 30 June 2021 of RM6.24 million, mainly due to the increase in other receivables, deposits and prepayments arising from higher deposits placed for the purchase of equipment for the construction of rubber glove manufacturing lines. Despite this, our Group recorded a net increase in cash and cash equivalents, mainly due to proceeds raised from exercise of convertible securities of our Company during the financial period under review. Such cash inflow is partially offset by purchase of property, plant and equipment for the construction of rubber glove manufacturing lines during the financial year under review.

(ii) FYE 30 June 2022 vs 17-month FPE 30 June 2021

On an annualised basis, our Group recorded an improvement in revenue in FYE 30 June 2022 of RM13.61 million (105.75%) as compared to an annualised revenue of RM12.87 million for the 17-month FPE 30 June 2021, mainly due to higher revenue contribution from the Glove Business as a result of higher demand for our rubber gloves during FYE 30 June 2022 and recognition of revenue from the Glove Business for a full financial year as compared to 6 months' revenue contribution from the Glove Business during the 17-month FPE 30 June 2021.

INFORMATION ON OUR GROUP (CONT'D)

Correspondingly, on an annualised basis, our Group recorded a lower LBT for FYE 30 June 2022 of RM3.72 million as compared to an annualised LBT of RM7.07 million for 17-month FPE 30 June 2021, resulting in an improvement of 47.38% on an annualised basis. The lower LBT was mainly contributed by higher other income of RM4.12 million for the FYE 30 June 2022 (17-month 30 June 2021: other income of RM2.23 million or an annualised amount of RM1.57 million), mainly due to the reversal of impairment loss on investment in HSB of RM3.85 million in FYE 30 June 2022 (which was recognised in previous financial period) as our management had deemed that HSB is now financially viable as the business is a going concern.

For the FYE 30 June 2022, our Group recorded an increase in total non-current assets and total current liabilities due to the expansion of our Group's Glove Business wherein our Group had completed the installation and commissioning of 3 single former rubber glove manufacturing lines for powdered latex gloves and related working capital during the financial year under review.

Our Group's net cash generated from operating activities for the FYE 30 June 2022 stood at RM7.09 million, mainly due to the increase in trade payables arising from purchases of materials and equipment for our Glove Business as well as the increase in other payables and accruals arising from amount owing to fabricators and contractors of our Group's glove manufacturing lines and our manufacturing plant. Our Group recorded an increase in cash and cash equivalent as at 30 June 2022, mainly due to cash generated from our Group's operating activities, proceeds raised from the Placement I and drawdown of short-term loan of RM8.00 million (provided by SCSB) to fund the expansion of the Glove Business.

(iii) 3-month FPE 30 September 2022 vs 3-month FPE 30 September 2021

Our Group recorded revenue in the 3-month FPE 30 September 2022 of RM8.77 million, representing 35.26% increase as compared to RM6.48 million for the 3-month FPE 30 September 2021, which was mainly due to higher revenue contribution from the Glove Business resulting from increased demand for our rubber gloves from existing and new customers during the 3-month FPE 30 September 2022.

Our Group recorded a LBT for the 3-month FPE 30 September 2022 of RM1.37 million as compared to PBT of RM1.02 million for the 3-month FPE 30 September 2021, which was mainly attributable to the following:

- (a) lower gross profit margin for the 3-month FPE 30 September 2022 of 18.17% (3-month FPE 30 September 2021: 41.77%), due to the higher raw materials cost for the manufacturing of gloves during the current financial period under review; and
- (b) higher operating expenses for our IT and ICT segment for the 3-month FPE 30 September 2022 of RM1.13 million (3-month 30 September 2021: RM0.24 million), due to impairment of other receivables of our Group.

For the 3-month FPE 30 September 2022, our Group recorded an increase in total assets mainly due to the purchase of property, plant and equipment for the Glove Business while our Group recorded a decrease in total liabilities mainly due to the settlement of our Group's term loan via the Debt Settlement which was completed in the preceding quarter.

Our Group's net cash generated used in operating activities for the 3-month FPE 30 September 2022 is RM0.76 million, mainly due to the impairment loss on other receivables. Our Group recorded an increase in cash and cash equivalent as at 30 September 2022, mainly due to proceeds raised from the Placement II.

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INFORMATION ON OUR GROUP (CONT'D)**6. HISTORICAL SHARE PRICES**

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

	Highest (RM)	Lowest (RM)
<u>2021</u>		
December	0.130	0.075
<u>2022</u>		
January	0.165	0.080
February	0.100	0.075
March	0.080	0.070
April	0.085	0.070
May	0.075	0.060
June	0.070	0.060
July	0.070	0.035
August	0.045	0.020
September	0.030	0.020
October	0.030	0.020
November	0.055	0.025
December (up to the LPD)	0.040	0.030
Last transacted market price for our Shares on 27 January 2022 (being the last trading date prior to the Announcement-Corporate Exercises)	RM0.085	
Last transacted market price for our Shares on the LPD	RM0.035	
Last transacted market price for our Shares on 5 January 2023 (being the Market Day prior to the ex-date for the Rights Issue)	RM0.060	

(Source: Bloomberg Finance L.P.)

7. 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, no option to subscribe for any securities of our Company has been granted or is entitled to be granted to any person:

- (i) under the Proposed ESOS, our Company may grant ESOS Options to subscribe for new Shares of up to 30% of the issued share capital of our Company (excluding treasury shares, if any) at any one time during the duration of the ESOS to the eligible Directors and employees of our Group (excluding dormant subsidiaries, if any).

The Proposed ESOS shall be in force for a period of 5 years commencing from the effective date of implementation of the ESOS which shall be determined and announced by our Board at a later date after the Entitlement Date (“**Effective Date**”) and may be extended upon recommendation of the Option Committee provided that the initial period of the Proposed ESOS and such extension period of the Proposed ESOS shall not in aggregate exceed the duration of 10 years from the Effective Date.

Subject to any adjustments in accordance with the By-Laws, the exercise price of the ESOS Option shall be based on the 5D-VWAP of our Share immediately preceding the date of offer, with a discount of not more than 10% as determined by the Option Committee.

INFORMATION ON OUR GROUP (CONT'D)**8. MATERIAL CONTRACTS**

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

- (i) the share sale agreement dated 21 January 2021 entered into between IGM and Teo Xiong Sheng, Teo Yoek Leong and Xiaohua Xie pursuant to the Acquisition of INIX L&S for a total cash consideration of RM6,500,000, which was completed on 19 July 2021;
- (ii) the moneylending agreement dated 26 September 2021 entered into between SCSB and IGM to grant a secured loan amounting to RM4.00 million to IGM with 2 glove manufacturing lines bearing serial number IG001/2021 and IG002/2021 pledged for the loan. The loan was disbursed to IGM on 24 August 2021 and fully settled on 4 July 2022 via the Debt Settlement;
- (iii) the moneylending agreement dated 26 September 2021 entered into between SCSB and IGM to grant a secured loan amounting to RM4.00 million to IGM with 2 glove manufacturing lines bearing serial number IG003/2021 and IG004/2021 pledged for the loan. The loan was disbursed to IGM on 25 August 2021 and fully settled on 4 July 2022 via the Debt Settlement;
- (iv) the settlement agreement dated 28 January 2022 entered into between our Company and IGM with SCSB and CN Asia in relation to the Debt Settlement, which was completed on 4 July 2022;
- (v) the share sale agreement dated 11 March 2022 entered into between our Company and Liew Yong Min for the disposal of our Company's entire equity interest in INIX Maritime Sdn. Bhd. for a total cash consideration of RM25,000, which was completed on 11 March 2022; and
- (vi) the share sale agreement dated 11 March 2022 entered into between our Company and Wai Chan Keet for the disposal of our Company's 51% equity interest in Concrete Milestone Sdn. Bhd. for a total cash consideration of RM30,000, which was completed on 11 March 2022.

9. MATERIAL LITIGATION

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

- (i) Mohd Anuar Mohd Hanadzlah ("**Plaintiff**") vs INIX Technologies Holdings Berhad (*now known as Zen Tech International Berhad*) ("**Matter**")

On 18 March 2020, our Company made an announcement on Bursa Securities ("**Announcement I**") to facilitate the investigative working group for the alleged potential misconduct(s) and/or breach of fiduciary duty(ies) in relation to the Plaintiff's past actions as Group Managing Director of our Company.

On 16 July 2020, the Plaintiff had filed a Writ of Summons (Suit No.: WA-23NCVC-49-07/2020) against our Company alleging defamation and claimed for, amongst others, the following:

- (a) general compensatory damages of over RM1,000,000 to be assessed by the court;
- (b) compensatory damages;
- (c) aggravated damages;
- (d) exemplary damages; and
- (e) any other reliefs which the court deems fit and just.

INFORMATION ON OUR GROUP (CONT'D)

We were advised by our solicitors that our Company has strong merits in our defence as the Announcement I was made in accordance with Chapter 9 of the ACE LR wherein any changes in the composition of a listed company's board of directors must be announced on Bursa Securities' platform together with the reasons for the cessation and/or termination of such directors.

The full trial for the Matter, which was initially scheduled from 22 June 2022 and 24 June 2022, has been adjourned as the Kuala Lumpur High Court. According to the Kuala Lumpur High Court, the adjournment was due to a change of trial Judge and to make way for numerous pre-2020 cases which are yet to be tried/ disposed of until today.

Pursuant to a case management on 8 September 2022, the trial for the Matter has been fixed on 4 June 2024 to 7 June 2024 at the Kuala Lumpur High Court.

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ADDITIONAL INFORMATION

1. CONSENTS

The Adviser, Company Secretary, Due Diligence Solicitors, Auditors and Reporting Accountants and Share Registrar have each given and have not subsequently withdrawn their written consents to the inclusion in this AP of their names and all references thereto in the form and context in which they appear in this AP.

The Bloomberg Finance L.P. has given and has not subsequently withdrawn its written consent to the inclusion in this AP 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 in this AP.

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, W.P. Kuala Lumpur during normal business hours from 9.00 a.m. to 5.00 p.m. from Monday to Friday (excluding public holidays) for a period of 6 months from the date of this AP:

- (i) our Constitution;
- (ii) the material contracts as referred to in Appendix I, Section 8 of this AP;
- (iii) the relevant cause papers as referred to in Appendix I, Section 9 of this AP;
- (iv) the letters of consent as referred to in Section 1 above; and
- (v) the Revised Undertakings as referred to in Section 2.4 of this AP.

3. RESPONSIBILITY STATEMENT

This AP together with its accompanying documents have been seen and approved by our Board and our Directors collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there is no false or misleading statements or other facts which if omitted, would make any statement herein false or misleading.

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