

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

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

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

This Abridged Prospectus, together with the NPA and RSF (collectively, the "Documents"), will be despatched only to our Entitled Shareholders whose names appear on our Record of Depositors as at 5.00 p.m. on 23 April 2021 at their registered address in Malaysia or who have provided our Share Registrar with a registered address in Malaysia in writing by 5.00 p.m. on 23 April 2021. The Documents are not intended to (and will not be made to) comply with the laws of any country or jurisdiction other than Malaysia and are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue with Warrants complies with the laws of any country or jurisdiction other than the laws of Malaysia. Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal adviser and other professional advisers as to whether the acceptance or renunciation (as the case may be) of their entitlements to the Rights Issue with Warrants, application for Excess Rights Shares with Warrants F, or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue with Warrants would result in the contravention of any law of such countries or jurisdictions. We, Mercury Securities and/or the advisers named herein shall not accept any responsibility or liability in the event that any acceptance and/or renunciation (as the case may be) of entitlements, application for Excess Rights Shares with Warrants F or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue with Warrants made by any Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) are residents.

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

Approval for the Rights Issue with Warrants has been obtained from our shareholders at our EGM convened on 18 March 2021. Approval has been obtained from Bursa Securities via its letter dated 19 February 2021 for the admission of the Warrants F to the Official List as well as the listing and quotation of the Rights Shares, Warrants F and the new Shares to be issued upon exercise of the Warrants F on the ACE Market of Bursa Securities (subject to the conditions specified in the said letter), which will commence after, among others, receipt of confirmation from Bursa Depository that all the CDS Accounts of successful Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) have been duly credited with the Rights Shares and Warrants F allotted to them and notices of allotment have been despatched to them. However, such admission, listing and quotation are not an indication that Bursa Securities recommends the Rights Issue with Warrants and are not to be taken as an indication of the merits of the Rights Issue with Warrants.

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

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



## SANICHI TECHNOLOGY BERHAD

Registration No. 200401023320 (661826-K)

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

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,424,428,212 NEW ORDINARY SHARES IN SANICHI TECHNOLOGY BERHAD ("SANICHI") ("SANICHI SHARES" OR "SHARES") ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM0.08 PER RIGHTS SHARE TOGETHER WITH UP TO 712,214,106 FREE DETACHABLE WARRANTS IN SANICHI ("WARRANTS F") ON THE BASIS OF 6 RIGHTS SHARES TOGETHER WITH 3 FREE WARRANTS F FOR EVERY 1 EXISTING SHARE HELD BY THE ENTITLED SHAREHOLDERS OF THE COMPANY AT 5.00 P.M. ON 23 APRIL 2021**

### Principal Adviser



## MERCURY SECURITIES SDN BHD

Registration No. 198401000672 (113193-W)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

### IMPORTANT RELEVANT DATES AND TIMES

Entitlement Date	: Friday, 23 April 2021 at 5.00 p.m.
<b>Last date and time for:</b>	
Sale of Provisional Allotments	: Monday, 3 May 2021 at 5.00 p.m.
Transfer of Provisional Allotments	: Wednesday, 5 May 2021 at 4.30 p.m.
Acceptance and payment	: Tuesday, 11 May 2021 at 5.00 p.m.
Excess Rights Shares with Warrants F Application and payment	: Tuesday, 11 May 2021 at 5.00 p.m.

**This Abridged Prospectus is dated 23 April 2021**

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

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

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

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

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

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

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

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

## DEFINITIONS

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

<b>Abridged Prospectus</b>	- This abridged prospectus dated 23 April 2021 in relation to the Rights Issue with Warrants
<b>Act</b>	- Companies Act, 2016 of Malaysia, as amended from time to time and any re-enactment thereof
<b>Adjustments</b>	- Adjustments to the exercise price and number of Warrants E as a result of the Share Consolidation and Rights Issue with Warrants (as the case may be) in accordance with provisions of Deed Poll E
<b>Base Case Scenario</b>	- Assuming that none of the outstanding Warrants E are exercised into new Shares prior to the Entitlement Date and all the Entitled Shareholders and/or their renounee(s) fully subscribe to their entitlements of the Rights Shares with Warrants F
<b>Bloomberg</b>	- Bloomberg Finance Singapore L.P. and its affiliates
<b>BNM</b>	- Bank Negara Malaysia
<b>Board</b>	- Board of Directors of the Company
<b>Bursa Depository</b>	- Bursa Malaysia Depository Sdn Bhd [Registration No. 198701006854 (165570-W)]
<b>Bursa Securities</b>	- Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
<b>CAGR</b>	- Compound annual growth rate
<b>CDS</b>	- Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
<b>CDS Account</b>	- Securities account established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of deposits of securities and dealings in such securities by the depositor
<b>CE Marking Certification</b>	- A certification mark that indicates that a product has been assessed by the manufacturer and deemed to meet the European Union safety, health and environmental protection requirements. It is required for products manufactured anywhere in the world that are then marketed in the European Union
<b>Circular</b>	- Circular to Shareholders in relation to the Corporate Exercises dated 24 February 2021
<b>Closing Date</b>	- 11 May 2021 at 5.00 p.m., being the last date and time for the acceptance of and payment for the Rights Shares with Warrants F
<b>CMSA</b>	- Capital Markets and Services Act, 2007 as amended from time to time and any re-enactment thereof
<b>Code</b>	- Malaysian Code on Take-Overs and Mergers, 2016 as amended from time to time

## DEFINITIONS (CONT'D)

<b>Corporate Exercises</b>	- Collectively, the Diversification, Share Consolidation, Rights Issue with Warrants and ESOS
<b>COVID-19</b>	- Coronavirus disease 2019
<b>Deed Poll E</b>	- Deed poll constituting the Warrants E dated 2 November 2018
<b>Deed Poll F</b>	- Deed poll constituting the Warrants F dated 8 April 2021
<b>Directors</b>	- Directors of the Company
<b>Diversification</b>	- Diversification of the business of the Group to include the Gloves Business
<b>E-RSF</b>	Electronic RSF
<b>EGM</b>	- Extraordinary general meeting of the Company
<b>Entitled Shareholders</b>	- Shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date in order to be entitled to the Rights Issue with Warrants
<b>Entitlement Date</b>	- 23 April 2021, at 5.00 p.m., being the date and time on which the names of Shareholders must appear in the Record of Depositors of the Company in order to be entitled to participate in the Rights Issue with Warrants
<b>EPS</b>	- Earnings per Share
<b>ESOS</b>	- Establishment of the New ESOS involving up to 30% of the total number of issued Shares (excluding treasury shares, if any) for eligible directors and employees of the Group
<b>Excess Rights Shares with Warrants F</b>	- Rights Shares with Warrants F which are not taken up or not validly taken up by Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) by the Closing Date
<b>Excess Rights Shares with Warrants F Application</b>	- Application for additional Rights Shares with Warrants F in excess of the Provisional Allotments
<b>Exercise Period</b>	- Any time within a period of 3 years commencing from and including the date of issue of the Warrants F to the close of business at 5.00 p.m. on the Market Day immediately preceding the date which is the 3 <sup>rd</sup> anniversary from the date of issue of the Warrants F. Any Warrants F not exercised during the Exercise Period will thereafter lapse and cease to be valid
<b>Exercise Price</b>	- RM0.10, being the price at which 1 Warrant F is exercisable into 1 new Share, subject to adjustments in accordance with the provisions of the Deed Poll F
<b>Existing By-Laws</b>	- Existing by-laws governing the Existing ESOS
<b>Existing ESOS</b>	- Existing employees' share option scheme of the Company which took effect on 7 November 2014 for a period of 5 years and subsequently extended for another 5 years

**DEFINITIONS (CONT'D)**

<b>Existing ESOS Options</b>	- Options granted under the Existing ESOS pursuant to the Existing By-Laws where each option holder can subscribe for 1 new Share for every 1 Existing ESOS Option held
<b>FDA Certification</b>	- Certifications obtained from the Food and Drug Administration, a federal agency of the US Department of Health and Human Services, responsible for the safety of food, dietary supplements, human drugs, vaccines, blood products and other biologicals, medical devices, radiation-emitting electronics, cosmetics, veterinarian products and tobacco products being sold or manufactured in the US
<b>Foreign-Addressed Shareholders</b>	- Shareholders who have not provided to the Company a registered address or an address in Malaysia for the service of documents which will be issued in connection with the Rights Issue with Warrants
<b>FPE</b>	- Financial period ended
<b>FYE</b>	- Financial year ended / ending, as the case may be
<b>GL</b>	- Gross loss
<b>Gloves Business</b>	- Business involving the manufacture, sale and marketing of gloves and other related activities
<b>Government</b>	- Government of Malaysia
<b>GP</b>	- Gross profit
<b>IMR Report</b>	- Independent market research report dated 6 April 2021 prepared by SMITH ZANDER
<b>ISO 13485</b>	- International standard that was specifically published to define the requirements of a quality management system for organisations within the medical device industry
<b>LAT</b>	- Loss after taxation
<b>LBT</b>	- Loss before taxation
<b>Listing Requirements</b>	- ACE Market Listing Requirements of Bursa Securities, including any amendments made thereto from time to time
<b>LPD</b>	- 6 April 2021, being the latest practicable date prior to the printing of this Abridged Prospectus
<b>LPS</b>	- Loss per Share
<b>LTD</b>	- 7 April 2021, being the last trading day prior to the date of fixing the issue price of the Rights Shares and Exercise Price
<b>MARGMA</b>	- Malaysian Rubber Glove Manufacturers Association
<b>Market Day</b>	- Any day on which Bursa Securities is open for trading in securities

## DEFINITIONS (CONT'D)

<b>Maximum Scenario</b>	- Assuming that all of the outstanding Warrants E as at the LPD are exercised into new Shares prior to the Entitlement Date and all the Entitled Shareholders and/or their transferee(s) fully subscribe for their respective entitlements under the Rights Issue with Warrants
<b>MCO</b>	- Movement control order issued by the Government under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
<b>Mercury Securities or the Principal Adviser</b>	- Mercury Securities Sdn Bhd [Registration No. 198401000672 (113193-W)]
<b>Minimum Scenario</b>	- Assuming that none of the outstanding Warrants E as at the LPD are exercised into new Shares prior to the Entitlement Date and the Rights Issue with Warrants is undertaken on the Minimum Subscription Level
<b>Minimum Subscription Level</b>	- Minimum subscription level of 125,000,000 Rights Shares together with 62,500,000 Warrants F based on an issue price of RM0.08 per Rights Share to arrive at RM10.00 million
<b>NA</b>	- Net assets
<b>New By-Laws</b>	- New by-laws governing the New ESOS
<b>New ESOS or the Scheme</b>	- Employees' share options scheme for the granting of the New ESOS Options to the Eligible Persons to subscribe for new Shares upon the terms as set out in the New By-Laws, such scheme to be known as the "Sanichi Technology Berhad Employees' Share Option Scheme"
<b>New ESOS Options</b>	- Options to be granted under the New ESOS pursuant to the New By-Laws where each option holder can subscribe for 1 new Share for every 1 New ESOS Option held
<b>NPA</b>	- Notice of provisional allotment in relation to the Rights Issue with Warrants
<b>Official List</b>	- Official list of the ACE Market of Bursa Securities
<b>PAT</b>	- Profit after taxation
<b>PBT</b>	- Profit before taxation
<b>Provisional Allotments</b>	- The Rights Shares with Warrants F provisionally allotted to Entitled Shareholders
<b>Record of Depositors</b>	- A record of securities holders provided by Bursa Depository under the Rules of Bursa Depository
<b>Rights Issue with Warrants</b>	- Renounceable rights issue of up to 1,424,428,212 Rights Shares together with up to 712,214,106 free detachable Warrants F on the basis of 6 Rights Shares together with 3 free Warrants F for every 1 existing Share held by the Entitled Shareholders on the Entitlement Date
<b>Rights Shares</b>	- Up to 1,424,428,212 new Shares to be allotted and issued pursuant to the Rights Issue with Warrants

**DEFINITIONS (CONT'D)**

<b>RM and sen</b>	- Ringgit Malaysia and sen respectively
<b>RSF</b>	- Rights subscription form in relation to the Rights Issue with Warrants
<b>Rules of Bursa Depository</b>	- Rules of Bursa Depository as issued pursuant to the SICDA as amended from time to time
<b>Rules on Take-Overs, Mergers and Compulsory Acquisitions</b>	- Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the SC pursuant to Section 377 of the CMSA, as amended from time to time
<b>Sanichi or the Company</b>	- Sanichi Technology Berhad [Registration No. 200401023320 (661826-K)]
<b>Sanichi Glove</b>	- Sanichi Glove Sdn Bhd [Registration No. 202001039859 (1396180-A)], a wholly-owned subsidiary of the Company
<b>Sanichi Group or the Group</b>	- Collectively, the Company and its subsidiaries
<b>Sanichi Shares or Shares</b>	- Ordinary shares in the Company
<b>SC</b>	- Securities Commission Malaysia
<b>Share Consolidation</b>	- Consolidation of every 10 Shares into 1 Share, which was completed on 6 April 2021
<b>Share Registrar</b>	- ShareWorks Sdn Bhd [Registration No. 199101019611 (229948-U)]
<b>Shareholders</b>	- Registered holders of the Shares
<b>SICDA</b>	- Securities Industry (Central Depositories) Act, 1991, as amended from time to time and any re-enactment thereof
<b>SMITH ZANDER</b>	- Smith Zander International Sdn Bhd [Registration No. 201301028298 (1058128-V)], an independent market researcher
<b>TEAP</b>	- Theoretical ex-all price
<b>Undertakings</b>	- Written undertakings from the Undertaking Shareholders dated 15 January 2021 pursuant to which the Undertaking Shareholders have irrevocably and unconditionally undertaken, amongst others, to apply and subscribe in full for their entitlement of Rights Shares and additional Rights Shares not taken up by other Entitled Shareholders by way of excess Rights Shares application, to the extent such that the aggregate subscription proceeds of the Rights Shares received by the Company arising from the subscription by all Entitled Shareholders and/or their renounee(s) (including the Undertaking Shareholders, if necessary) amount to not less than RM10.00 million, details of which are set out in Section 3 of this Abridged Prospectus
<b>Undertaking Shareholders</b>	- Dato' Sri Dr. Pang Chow Huat (Group Managing Director of the Company) and Ho Jien Shiung (a Director of a subsidiary of the Company)
<b>US</b>	- United States of America
<b>VWAP</b>	- Volume-weighted average market price

## DEFINITIONS (CONT'D)

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- Warrants E** - Outstanding Sanichi warrants 2018 / 2021 issued by the Company pursuant to the Deed Poll E and expiring on 13 December 2021. Each Warrant E holder is entitled to subscribe for 1 new Share at the exercise price of RM1.00, subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll E.
- Warrants F** - Up to 712,214,106 free detachable warrants in the Company to be allotted and issued pursuant to the Rights Issue with Warrants
- Warrant F Holders** - Holders of the Warrants F

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

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

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

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

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

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



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**ADVISERS' DIRECTORY**

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- PRINCIPAL ADVISER** : Mercury Securities Sdn Bhd  
L-7-2, No. 2, Jalan Solaris  
Solaris Mont' Kiara  
50480 Kuala Lumpur  
Wilayah Persekutuan  
Tel : +603 - 6203 7227  
Fax : +603 - 6203 7117
- SOLICITORS FOR THE RIGHTS  
ISSUE WITH WARRANTS** : Messrs. Ching, Elaine & Co  
Advocates & Solicitors  
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47410, Petaling Jaya  
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Fax : +603 - 7886 9289
- SHARE REGISTRAR** : ShareWorks Sdn Bhd  
No. 2-1, Jalan Sri Hartamas 8  
Sri Hartamas  
50480 Kuala Lumpur  
Wilayah Persekutuan  
Tel : +603 - 6201 1120  
Fax : +603 - 6201 3121
- REPORTING ACCOUNTANTS** : Al Jafree Salihin Kuzaimi PLT (LLP0006652-LCA)  
555, Jalan Samudra Utara 1  
Taman Samudra  
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Selangor Darul Ehsan  
Tel : +603 - 6185 9970  
Fax : +603 - 6184 2524
- INDEPENDENT MARKET  
RESEARCHER** : Smith Zander International Sdn Bhd  
15-01, Level 15, Menara MBMR  
1, Jalan Syed Putra  
58000 Kuala Lumpur  
Wilayah Persekutuan  
Tel : +603 - 2732 7537
- Managing Partner: Dennis Tan Tze Wen  
(Bachelor of Science (major in Computer Science and minor  
in Business Administration) from Memorial University of  
Newfoundland, Canada)
- STOCK EXCHANGE LISTING** : ACE Market of Bursa Securities

**SUMMARY OF THE RIGHTS ISSUE WITH WARRANTS**

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

Key information	Summary																			
(i) Number of Rights Shares to be issued and basis of allotment	<p>Basis: 6 Rights Shares together with 3 free Warrants F for every 1 existing Share held by the Entitled Shareholders.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Minimum Scenario</th> <th style="text-align: center;">Maximum Scenario</th> </tr> </thead> <tbody> <tr> <td><b>Number of Rights Shares to be issued</b></td> <td style="text-align: center;">125,000,000</td> <td style="text-align: center;">1,424,428,212</td> </tr> <tr> <td><b>Number of Warrants F attached</b></td> <td style="text-align: center;">62,500,000</td> <td style="text-align: center;">712,214,106</td> </tr> </tbody> </table> <p>The Rights Shares with Warrants F which are not taken up or not validly taken up by the Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) prior to the Closing Date shall be made available for Excess Rights Shares with Warrants F Applications. It is the intention of the Board to allot the Excess Rights Shares with Warrants F, if any, in a fair and equitable manner in the following priority:-</p> <ul style="list-style-type: none"> <li>(i) firstly, to minimise the incidence of odd lots;</li> <li>(ii) secondly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for Excess Rights Shares with Warrants F, taking into consideration their respective shareholdings in the Company as at the Entitlement Date;</li> <li>(iii) thirdly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for Excess Rights Shares with Warrants F, taking into consideration the quantum of their respective Excess Rights Shares with Warrants F Applications; and</li> <li>(iv) finally, on a pro-rata basis and in board lots, to the transferee(s) and/or renounee(s) who have applied for Excess Rights Shares with Warrants F, taking into consideration the quantum of their respective Excess Rights Shares with Warrants F Applications.</li> </ul> <p>The Excess Rights Shares with Warrants F will firstly be allocated to minimise the odd lots (if any) held by each applicant of Excess Rights Shares with Warrants F. Thereafter, the allocation process will perform items (ii), (iii) and (iv) in succession. Any remaining balance of Excess Rights Shares with Warrants F will be allocated by performing the same sequence of allocation i.e. items (ii), (iii) and (iv) again in succession until all Excess Rights Shares with Warrants F are allotted.</p> <p>Please refer to Sections 2.1 &amp; 11.8 of this Abridged Prospectus for further information.</p>		Minimum Scenario	Maximum Scenario	<b>Number of Rights Shares to be issued</b>	125,000,000	1,424,428,212	<b>Number of Warrants F attached</b>	62,500,000	712,214,106										
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<b>Number of Warrants F attached</b>	62,500,000	712,214,106																		
(ii) Price of the Rights Shares	<p>Issue price of the Rights Shares : RM0.08 per Rights Share Exercise Price for the Warrants F : RM0.10 per Warrant F (for every 1 new Share)</p> <p>Please refer to Section 2.2 of this Abridged Prospectus for further information.</p>																			
(iii) Shareholder's undertaking	<p>Undertaking Shareholders and undertaking amount :</p> <ul style="list-style-type: none"> <li>▪ Dato' Sri Dr. Pang Chow Huat (Group Managing Director of Sanichi): RM6.00 million</li> <li>▪ Ho Jien Shiung (Director of a subsidiary of the Company): RM4.00 million</li> </ul> <p>Minimum Rights Shares to be subscribed for pursuant to the Undertakings : 125,000,000 Rights Shares (representing 10.39% of the total number of 1,202,831,466 Rights Shares available for subscription under the Base Case Scenario)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Undertaking Shareholders</th> <th colspan="2">As at the LPD</th> <th colspan="2">Minimum Scenario</th> </tr> <tr> <th style="text-align: center;">No. of Shares</th> <th style="text-align: center;">%</th> <th style="text-align: center;">No. of Shares</th> <th style="text-align: center;">%</th> </tr> </thead> <tbody> <tr> <td>Dato' Sri Dr. Pang Chow Huat</td> <td style="text-align: center;">12,744,616</td> <td style="text-align: center;">6.36</td> <td style="text-align: center;">87,744,616</td> <td style="text-align: center;">26.96</td> </tr> <tr> <td>Ho Jien Shiung</td> <td style="text-align: center;">2,428,222</td> <td style="text-align: center;">1.21</td> <td style="text-align: center;">52,428,222</td> <td style="text-align: center;">16.11</td> </tr> </tbody> </table> <p>For avoidance of doubt, the Undertaking Shareholders are not obliged to subscribe for the Rights Shares pursuant to the Undertakings if the Minimum Subscription Level has been achieved via subscription by all other Entitled Shareholders and/or their renounees. However, while the Undertaking Shareholders are not obliged to subscribe for the Rights Shares in such event, the Undertaking Shareholders may still choose to do so at their own discretion.</p> <p>Please refer to Section 3 of this Abridged Prospectus for further information.</p>	Undertaking Shareholders	As at the LPD		Minimum Scenario		No. of Shares	%	No. of Shares	%	Dato' Sri Dr. Pang Chow Huat	12,744,616	6.36	87,744,616	26.96	Ho Jien Shiung	2,428,222	1.21	52,428,222	16.11
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**SUMMARY OF THE RIGHTS ISSUE WITH WARRANTS (CONT'D)**

Key information	Summary																														
(iv) Rationale of the Rights Issue with Warrants	<p>(a) To raise funds mainly for the Group to undertake the Gloves Business.</p> <p>(b) To raise funds without incurring additional interest expense from borrowings, thereby minimising any potential cash outflow in respect of interest servicing costs.</p> <p>Please refer to Section 4 of this Abridged Prospectus for further information.</p>																														
(v) Utilisation of proceeds	<p>The gross proceeds to be raised from the Rights Issue with Warrants are intended to be utilised in the following manner:-</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #cccccc;">Utilisation of proceeds</th> <th style="background-color: #cccccc;">Intended timeframe for utilisation from completion of the Rights Issue with Warrants</th> <th style="background-color: #cccccc;">Minimum Scenario RM'000</th> <th style="background-color: #cccccc;">Base Case Scenario RM'000</th> <th style="background-color: #cccccc;">Maximum Scenario RM'000</th> </tr> </thead> <tbody> <tr> <td>(i) Acquisition of factory building for the Gloves Business</td> <td>Within 6 months</td> <td style="text-align: center;">10,000</td> <td style="text-align: center;">38,000</td> <td style="text-align: center;">38,000</td> </tr> <tr> <td>(ii) Capital expenditure for the Gloves Business</td> <td>Within 12 months</td> <td style="text-align: center;">-</td> <td style="text-align: center;">41,500</td> <td style="text-align: center;">41,500</td> </tr> <tr> <td>(iii) Working capital</td> <td>Within 12 months</td> <td style="text-align: center;">-</td> <td style="text-align: center;">16,067</td> <td style="text-align: center;">33,794</td> </tr> <tr> <td>(iv) Estimated expenses for the Corporate Exercises</td> <td>Immediate</td> <td style="text-align: center;">-</td> <td style="text-align: center;">660</td> <td style="text-align: center;">660</td> </tr> <tr> <td><b>Total</b></td> <td></td> <td style="text-align: center;"><b>10,000</b></td> <td style="text-align: center;"><b>96,227</b></td> <td style="text-align: center;"><b>113,954</b></td> </tr> </tbody> </table> <p>Please refer to Section 6 of this Abridged Prospectus for further information.</p>	Utilisation of proceeds	Intended timeframe for utilisation from completion of the Rights Issue with Warrants	Minimum Scenario RM'000	Base Case Scenario RM'000	Maximum Scenario RM'000	(i) Acquisition of factory building for the Gloves Business	Within 6 months	10,000	38,000	38,000	(ii) Capital expenditure for the Gloves Business	Within 12 months	-	41,500	41,500	(iii) Working capital	Within 12 months	-	16,067	33,794	(iv) Estimated expenses for the Corporate Exercises	Immediate	-	660	660	<b>Total</b>		<b>10,000</b>	<b>96,227</b>	<b>113,954</b>
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<b>Total</b>		<b>10,000</b>	<b>96,227</b>	<b>113,954</b>																											
(vi) Risk factors	<p>You should consider the following risk factors before subscribing for or investing in the Rights Issue with Warrants:-</p> <p>(a) the Group's property development and property investment business is subject to delay in the construction of the Marina Point Project and the softening of the property market as well as dampened consumer sentiment;</p> <p>(b) the Group's mould manufacturing business is subject to uncertain revenue and profitability as well as foreign currency exchange risk; and</p> <p>(c) the establishment of the Group's new Gloves Business may encounter delay or incur hidden costs due to the Group's inexperience in the Gloves Business.</p> <p>Please refer to Section 7 of this Abridged Prospectus for further information.</p>																														
(vii) Procedures for acceptance and payment	<p>Acceptance of and payment for the Provisional Allotments allotted to you and application for the Excess Rights Shares with Warrants F may be made on the RSF issued together with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained therein or by way of electronic submission of RSF via the Share Registrar's Investor Portal at <a href="https://www.shareworks.com.my">https://www.shareworks.com.my</a>.</p> <p>The last day, date and time for acceptance of and payment for the Provisional Allotments and the Excess Rights Shares with Warrants F is on <b>Tuesday, 11 May 2021 at 5.00 p.m.</b></p> <p>Please refer to Section 11 of this Abridged Prospectus for further information.</p>																														



**SANICHI TECHNOLOGY BERHAD**

Registration No. 200401023320 (661826-K)

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

**Registered Office**

Unit 27.2, Menara 1MK  
Kompleks 1 Mont Kiara  
No. 1 Jalan Kiara, Mont Kiara  
50480 Kuala Lumpur

23 April 2021

**Board of Directors:-**

Dato' Abd Halim Bin Abd Hamid (Chairman / Independent Non-Executive Director)

Dato' Sri Dr. Pang Chow Huat (Group Managing Director)

Ong Tee Kein (Independent Non-Executive Director)

Datin Erdawaty Binti Mohamed (Independent Non-Executive Director)

**To: Entitled Shareholders**

Dear Sir / Madam,

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,424,428,212 RIGHTS SHARES AT AN ISSUE PRICE OF RM0.08 PER RIGHTS SHARE TOGETHER WITH UP TO 712,214,106 FREE DETACHABLE WARRANTS F ON THE BASIS OF 6 RIGHTS SHARES TOGETHER WITH 3 FREE WARRANTS F FOR EVERY 1 EXISTING SHARE HELD BY THE ENTITLED SHAREHOLDERS AT 5.00 P.M. ON 23 APRIL 2021**

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**1. INTRODUCTION**

On 3 February 2021, Mercury Securities had, on behalf of the Board, announced that the Company proposes to undertake the Corporate Exercises.

On 19 February 2021, Mercury Securities had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 19 February 2021, granted its approval<sup>(1)</sup> for, amongst others, the following:-

- (i) the Share Consolidation;
- (ii) admission of the Warrants F to the Official List;
- (iii) listing and quotation of the Rights Shares, Warrants F and Additional Warrants E;
- (iv) listing and quotation of the new Shares to be issued arising from the exercise of the Warrants F and Additional Warrants E; and
- (v) listing of up to 30% of the total number of issued shares (excluding treasury shares, if any) of the Company to be issued upon exercise of the New ESOS Options under the New ESOS.

Note:-

- (1) Bursa Securities had approved the issuance of up to 1,424,428,212 Rights Shares and 712,214,106 Warrants F based on the Maximum Scenario. However, as at the LPD, the then number of 2,004,734,063 issued Shares were consolidated into 200,471,911 consolidated Shares after disregarding the fractional entitlements pursuant to the Share Consolidation which was completed on 6 April 2021.

As such, this has resulted in a reduction in the maximum number of Rights Shares with Warrants F that may be issued under the Maximum Scenario as further disclosed in Section 2.1 of this Abridged Prospectus.

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

Condition	Status of compliance
(i) Sanichi and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue with Warrants;	To be met
(ii) Sanichi and Mercury Securities to inform Bursa Securities upon the completion of the Rights Issue with Warrants;	To be met
(iii) Sanichi to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue with Warrants is completed; and	To be met
(iv) Sanichi to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the exercise of the Warrants F as at the end of each quarter together with a detailed computation of listing fees payable.	To be met

The Board is pleased to inform that the Shareholders had, during the EGM held on 18 March 2021, approved the Corporate Exercises.

On 8 April 2021, Mercury Securities had, on behalf of the Board, announced that the Board had on even date resolved to fix the issue price of the Rights Shares at RM0.08 per Rights Share as well as the Exercise Price at RM0.10 per Warrant F.

On 9 April 2021, Mercury Securities had, on behalf of the Board, announced that the Entitlement Date for the Rights Issue with Warrants has been fixed at 5.00 p.m. on 23 April 2021.

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

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

## 2. PARTICULARS OF THE RIGHTS ISSUE WITH WARRANTS

### 2.1 Details of the Rights Issue with Warrants

The Rights Issue with Warrants entails a provisional allotment of up to 1,424,428,212 Rights Shares together with up to 712,214,106 free Warrants F on a renounceable basis of 6 Rights Shares together with 3 free Warrants F for every 1 existing Share held by the Entitled Shareholders on the Entitlement Date, at an issue price of RM0.08 per Rights Share.

The actual number of Rights Shares and Warrants F to be issued will depend on the total number of issued Shares on the Entitlement Date after taking into consideration any new Shares that may be issued pursuant to the exercise of any granted Existing ESOS Options (if any) and outstanding Warrants E as well as the eventual subscription level for the Rights Issue with Warrants.

As at the LPD, the Company has 200,471,911 Shares in issue as well as the following convertible securities:-

- (i) up to 1,483,727 Existing ESOS Options which may be granted pursuant to the maximum allowable amount under the Existing ESOS; and
- (ii) 36,932,791 Warrants E, which have an exercise price of RM1.00 each and are expiring on 13 December 2021.

Notwithstanding (i) above, the Company has undertaken not to grant any further Existing ESOS Options until the completion of the Rights Issue with Warrants.

Assuming full exercise of the 36,932,791 Warrants E into new Shares prior to the Entitlement Date under the Maximum Scenario, the number of Rights Shares with Warrants F to be issued is 1,424,428,212 Rights Shares together with 712,214,106 Warrants F.

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

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

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



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

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

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

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

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

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

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

### (i) Issue price of the Rights Shares

The Board had fixed the issue price of the Rights Shares at RM0.08 per Rights Share after taking into consideration, amongst others, the following:-

- (a) the funding requirements of the Group as set out in Section 6 of this Abridged Prospectus;
- (b) the TEAP<sup>(1)</sup> of the Shares based on the 5-day VWAP of the Shares up to and including the LTD; and
- (c) the rationale for the Rights Issue with Warrants, as set out in Section 4 of this Abridged Prospectus.

The issue price of RM0.08 per Rights Share represents a discount of 23.44% to the TEAP of the Shares of RM0.1045, calculated based on the 5-day VWAP of the Shares up to and including the LTD of RM0.2648.

Note:-

(1) TEAP is computed as follows:-

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

where:-

A = Number of Rights Shares

B = Number of Warrants F

C = Number of existing Shares

X = Issue price of the Rights Shares

Y = Exercise Price

Z = 5-day VWAP of the Shares up to and including the LTD

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

### (ii) Exercise Price

The Board had fixed the Exercise Price at RM0.10 per Warrant F after taking into consideration, amongst others, the TEAP of the Shares based on the 5-day VWAP of the Shares up to and including the LTD.

The Exercise Price of RM0.10 per Warrant F represents a discount of 4.31% to the TEAP of the Shares of RM0.1045, calculated based on the 5-day VWAP of the Shares up to and including the LTD of RM0.2648.

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

**(i) Rights Shares**

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

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

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

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

The Closing Date is 5.00 p.m. on **Tuesday, 11 May 2021**.

**2.5 Salient terms of the Warrants F**

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

Issuer	:	Sanichi
Issue size	:	Up to 712,214,106 Warrants F
Form and detachability	:	The Warrants F will be issued in registered form and constituted by the Deed Poll F. The Warrants F which are to be issued with the Rights Shares will immediately be detached from the Rights Shares upon allotment and issuance and will be traded separately on Bursa Securities.
Board lot	:	For the purpose of trading on Bursa Securities, a board lot of Warrants F shall be 100 units of Warrants F, or such other number of units as may be prescribed by Bursa Securities.
Tenure of the Warrants F	:	3 years commencing on and including the date of issuance of the Warrants F.
Exercise Period	:	The Warrants F may be exercised at any time within a period of 3 years commencing from and including the date of issuance of the Warrants F to the close of business at 5.00 p.m. (Malaysia time) on the Market Day immediately preceding the date which is the 3 <sup>rd</sup> anniversary from the date of issuance of the Warrants F. Any Warrants F not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.

- Exercise Price : RM0.10 per Warrant F.
- The Exercise Price and/or the number of Warrants F in issue during the Exercise Period shall however be subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll F.
- Subscription rights : Each Warrant F shall entitle its registered holder to subscribe for 1 new Share at any time during the Exercise Period at the Exercise Price, subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll F.
- Mode of exercise : The holders of the Warrants F are required to lodge a subscription form with the Company's share registrar, duly completed, signed and stamped together with payment by way of banker's draft or cashier's order drawn on a bank operating in Malaysia or money order or postal order issued by a post office in Malaysia or internet bank transfer to designated bank account for the aggregate of the Exercise Price payable when exercising their Warrants F to subscribe for new Shares. The payment of such fee must be made in Ringgit Malaysia.
- Adjustments to the Exercise Price and/or the number of Warrants F : Subject to the provisions of the Deed Poll F, the Exercise Price and/or the number of unexercised Warrants F in issue may be subject to adjustments by the Board in consultation with an approved adviser appointed by the Company or the auditors in the event of any alteration in the share capital of the Company at any time during the tenure of the Warrants F, whether by way of, amongst others, rights issue, bonus issue, consolidation of shares, subdivision of shares or reduction of capital, in accordance with the provisions of the Deed Poll F.
- Rights of the Warrant F Holders : The Warrants F do not confer on their holders any voting rights or any right to participate in any form of distribution and/or offer of further securities in the Company until and unless such holders of Warrants F exercise their Warrants F for new Shares in accordance with the provisions of the Deed Poll F and such new Shares have been allotted and issued to such holders.
- Ranking of the new Shares to be issued pursuant to the exercise of the Warrants F : The new Shares to be issued pursuant to the exercise of the Warrants F in accordance with the provisions of the Deed Poll F shall, upon allotment, issuance and full payment of the Exercise Price of the Warrants F, rank equally in all respects with the then existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment and issuance of such new Shares arising from the exercise of the Warrants F.

- Rights of the Warrants F Holders in the event of winding up, liquidation, compromise and/or arrangement : Where a resolution has been passed for a members' voluntary winding-up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with 1 or more companies, then:-
- (i) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the holders of the Warrants F (or some other persons designated by them for such purpose by special resolution) shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the holders of the Warrants F; and
  - (ii) in any other cases, every Warrant F holder shall be entitled to exercise his / her Warrants F at any time within 6 weeks after the passing of such resolution for a members' voluntary winding up of the Company or within 6 weeks after the granting of the court order approving the winding-up, compromise or arrangement, whereupon the Company shall allot the relevant new Shares to the Warrant F holder credited as fully paid subject to the prevailing laws, and such Warrant F holder shall be entitled to receive out of the assets of the Company which would be available in liquidation if he / she had on such date been the holder of the new Shares to which he / she would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly. Upon the expiry of the above 6 weeks, all subscription rights of the Warrants F shall lapse and cease to be valid for any purpose.
- Modification of rights of Warrant F Holders : Save as otherwise provided in the Deed Poll F, a special resolution of the Warrant F Holders is required to sanction any modification, alteration or abrogation in respect of the rights of the Warrant F Holders.
- Modification of Deed Poll F : Any modification to the terms and conditions of the Deed Poll F may be effected only by a further deed poll, executed by the Company and expressed to be supplemental to the Deed Poll F. Any of such modification shall however be subject to the approval of Bursa Securities (if so required).
- No amendment or addition may be made to the provisions of the Deed Poll F without the sanction of a special resolution unless the amendments or additions are required to correct any typographical errors or relate purely to administrative matters or are required to comply with any provisions of the prevailing laws or regulations of Malaysia or, in the opinion of the Company, will not be materially prejudicial to the interests of the Warrant F Holders.

Listing status	:	The Warrants F will be listed and traded on the ACE Market of Bursa Securities. The listing and quotation of the Warrants F on the ACE Market of Bursa Securities is subject to a minimum of 100 holders of Warrants F.
Transferability	:	The Warrants F shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository.
Deed Poll F	:	The Warrants F shall be constituted by the Deed Poll F.
Governing laws	:	The Warrants F and the Deed Poll F shall be governed by the laws of Malaysia.

## 2.6 Details of other corporate exercises

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

### (i) Termination of the Existing ESOS and implementation of the New ESOS

On 3 February 2021, the Company announced that it proposes to terminate the Existing ESOS and establish the New ESOS.

Subsequently, the listing of the new Shares to be issued upon exercise of the New ESOS Options was approved by Bursa Securities via its letter dated 19 February 2021. The New ESOS was then approved by the Shareholders at an EGM held on 18 March 2021. For avoidance of doubt, the termination of the Existing ESOS is not subject to any approval from Bursa Securities or the Shareholders.

Please refer to Sections 5 and 6 as well as Appendix II of the Company's circular to its shareholders dated 24 February 2021 for further details on the termination of the Existing ESOS, the New ESOS and the draft New By-Laws respectively.

As at the LPD, the Company has received all necessary approvals for the New ESOS. The termination of the Existing ESOS and the implementation of the New ESOS is expected to be effected after the completion of the Rights Issue with Warrants.

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### 3. MINIMUM SUBSCRIPTION LEVEL AND SHAREHOLDERS' UNDERTAKINGS

Sanichi intends to raise a minimum of RM10.00 million from the Rights Issue with Warrants to meet the funding requirements of the Group, which will be channelled towards the utilisation as set out in Section 6 of this Abridged Prospectus.

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

To meet the Minimum Subscription Level, the Company has procured the Undertakings from the Undertaking Shareholders. Details of the Undertakings are as follows:-

Undertaking Shareholders	Existing direct shareholding as at the LPD		Minimum Rights Shares to be subscribed for pursuant to the Undertakings <sup>(2)</sup>			
	No. of Shares	<sup>(1)</sup> %	Subscription based on entitlement		Subscription based on excess application	
			No. of Shares	<sup>(3)</sup> %	No. of Shares	<sup>(3)</sup> %
Dato' Sri Dr. Pang Chow Huat	12,744,616	6.36	75,000,000	60.00	-	-
Ho Jien Shiung	2,428,222	1.21	14,569,332	11.66	35,430,668	28.34

Undertaking Shareholders	Total Rights Shares to be subscribed for pursuant to the Undertakings <sup>(2)</sup>		Assuming none of the other Entitled Shareholders subscribe for their Rights Shares	
	No. of Shares	<sup>(3)</sup> %	No. of Shares held after the Rights Issue with Warrants	<sup>(4)</sup> %
Dato' Sri Dr. Pang Chow Huat	75,000,000	60.00	87,744,616	26.96
Ho Jien Shiung	50,000,000	40.00	52,428,222	16.11

**Notes:-**

- (1) Based on the issued share capital of 200,471,911 Shares as at the LPD.
- (2) Based on the Undertakings amount of RM10.00 million and an issue price of RM0.08 per Rights Share.
- (3) Based on the total number of 125,000,000 Rights Shares to be subscribed for under the Minimum Scenario.
- (4) Based on the enlarged share capital of 325,471,911 Shares under the Minimum Scenario.

Pursuant to the Undertakings, the Undertaking Shareholders have confirmed that they have sufficient financial means and resources to fulfil their obligations under their respective Undertakings.

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

The Undertaking Shareholders have confirmed that:-

- (i) their subscription for Rights Shares pursuant to the Undertakings will not give rise to any consequence of mandatory take-over offer obligation under the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions immediately after completion of the Rights Issue with Warrants (based on an illustrative issue price of RM0.08 per Rights Share); and
- (ii) they will observe and comply at all times with the provision of the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions and will seek from the SC the necessary exemptions from undertaking such mandatory take-over offer, if required.

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

For avoidance of doubt, the Undertaking Shareholders are not obliged to subscribe for the Rights Shares pursuant to the Undertakings if the Minimum Subscription Level has been achieved via subscription by all other Entitled Shareholders and/or their renounees. However, while the Undertaking Shareholders are not obliged to subscribe for the Rights Shares in such event, the Undertaking Shareholders may still choose to do so at their own discretion.

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

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

Particulars	Beneficial shareholding as at the LPD		(I) After the Rights Issue with Warrants		(II) After (I) and assuming full exercise of the Warrants F	
	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(3)%
Issued share capital	200,471,911	100.00	325,471,911	100.00	387,971,911	100.00
<b>Less:</b>						
Directors, substantial shareholders and their associates						
- Dato' Sri Dr. Pang Chow Huat	12,744,616	6.36	87,744,616	26.96	125,244,616	32.28
- Cita Realiti Sdn Bhd	8,676,700	4.33	8,676,700	2.67	8,676,700	2.24
- Ho Jien Shiung <sup>(4)</sup>	2,428,222	1.21	52,428,222	16.11	77,428,222	19.96
<b>Public shareholding spread</b>	<b>176,622,373</b>	<b>88.10</b>	<b>176,622,373</b>	<b>54.27</b>	<b>176,622,373</b>	<b>45.52</b>

Notes:-

- (1) Based on the issued share capital of 200,471,911 Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 325,471,911 Shares pursuant to the Undertakings.
- (3) Based on the enlarged issued share capital of 387,971,911 Shares.
- (4) As at the LPD, Ho Jien Shiung is not a substantial Shareholder. However, Ho Jien Shiung will become substantial Shareholder after the Rights Issue with Warrants following his subscription of the Rights Shares pursuant to the Undertakings under the Minimum Scenario.



#### 4. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS

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

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

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

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

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

#### 5. DETAILS OF THE DIVERSIFICATION

##### 5.1 Details of the Diversification

The Group is principally involved in the following business segments:-

- (i) the design and fabrication of precision moulds and tooling for use in automobile, home appliance, audio visual, computer peripheral, electrical and telecommunication industries; and
- (ii) property development and property investment (as detailed below).

As at the LPD, the Group is in the midst of developing its first property development project at Klebang, Melaka comprising a freehold mixed development project comprising 121 retail units and 352 small office, home office ("**SOHO**") units with an estimated total gross development value of RM200 million and total gross development cost of RM160 million (i.e. gross development profit of RM40 million) ("**Marina Point Project**").

The approvals in respect of the current layout plan and building plans of Marina Point have been obtained from Majlis Bandaraya Melaka Bersejarah ("**MBMB**") via its letters dated 2 September 2009 and 24 December 2019<sup>(1)</sup> respectively.

**Note:-**

- (1) The original building plans of Marina Point were initially approved by MBMB via its letter dated 7 January 2008. Subsequently, the building plans of Marina Point had undergone several revisions which were approved by MBMB via its letters dated 2 October 2009, 5 December 2017 and 24 December 2019. The revisions were mainly for refinement and enhancement of the layout of the SOHO units and the facilities.

Construction work on the Marina Point Project commenced in January 2017 and as at the LPD, the construction is approximately 70% completed. The project is expected to be completed by the fourth quarter of 2021. As at 31 March 2021, it has sold 36% of the SOHO and retail units. The Marina Point Project is anticipated to contribute positively to the future earnings of the Group via progressive sales billings to be received from the sale of the retail and SOHO units moving forward.

Besides that, the Group had also undertaken various efforts to improve its financial condition by both leveraging on its strengths in the precision moulds and tooling industry as well as expanding its property development and property investment business.

Despite the various efforts by the Group to improve its financial condition as set out above, the Group has recorded consecutive LAT for the past 3 financial years / period as shown below:-

	Audited		
	18-month FPE 31 December 2017 RM'000	FYE 31 December 2018 RM'000	FYE 31 December 2019 RM'000
Revenue	39,244	31,068	21,488
LAT	(17,429)	(15,997)	(20,729)

The financial performance of the Group is highly dependent on the performance of the Malaysian property market as well as the global automotive industry, both of which were negatively impacted by the ongoing COVID-19 pandemic. Thus, in order to diversify its revenue sources, the Group has resolved to venture into the Gloves Business after taking into consideration the current market demand for rubber gloves.

Further details on the prospects for the gloves industry and the current market demand for rubber gloves are set out in Sections 8.2, 8.3 and 8.4 of this Abridged Prospectus.

Given the above, the Diversification allows the Group to capitalise on a booming segment with favourable long-term prospects while making the most out of the opportunities created by the COVID-19 pandemic.

The Gloves Business is anticipated to contribute 25% or more of the NA and/or net profits of the Group. Pursuant to Rule 10.13(1) of the Listing Requirements, the Company is required to obtain Shareholders' approval in a general meeting for any transaction or business arrangement which might reasonably be expected to result in either:-

- (a) the diversion of 25% or more of the NA of the listed corporation to an operation which differs widely from those operations previously carried on by the listed corporation; or
- (b) the contribution from such an operation of 25% or more of the net profits of the listed corporation.

In view thereof, the Board had received for approval from Shareholder at the EGM held on 18 March 2021. Notwithstanding the Diversification, the Board intends to continue with the Group's existing businesses in the same manner.

## **5.2 Details of the Gloves Business**

Rubber gloves are personal protective equipment used to cover the hands from the wrist to the fingertips of wearers from hazards. Rubber gloves comprise industrial gloves and medical gloves. Industrial gloves are typically worn by workers involved in industrial production of the manufacturing sector. Medical gloves are typically worn by healthcare professionals and workers in the medical industry as a safety measure to safeguard against infection and exposure to potential viruses, bacteria and contaminants. Medical gloves are also widely used in laboratory works to protect against contaminants and harmful chemicals. Medical gloves include examination gloves and surgical gloves.

Since the outbreak of the COVID-19 pandemic, the demand for personal protective equipment to curb the pandemic has boosted the demand for medical gloves. As of 6 April 2021, COVID-19 has affected 223 countries, areas or territories, infecting 131.49 million persons and causing 2.86 million deaths.

In view of the COVID-19 pandemic, SMITH ZANDER estimates that, on average, approximately 3.67 billion pieces of examination gloves are required worldwide for the COVID-19 response, including for COVID-19 vaccinations, each month in 2021. Hence, the need for rubber gloves, including medical gloves as personal protective equipment during and even after the COVID-19 pandemic, will continue to boost the demand for rubber gloves globally.

MARGMA expects exports of rubber gloves from Malaysia to have reached between 250 billion and 270 billion pieces in 2020, an increase of between 33.69% and 44.39% from 2019 to support the surge in demand for medical gloves globally due to the on-going COVID-19 pandemic.

While many countries globally have rolled out vaccines to control the COVID-19 pandemic, the global demand for rubber gloves is expected to remain high. This is premised on the continuous usage of medical gloves among healthcare professionals worldwide during mass vaccination; and in the longer term, supported by heightened awareness of the usage of rubber gloves as general protection against viruses and other diseases. These are also expected to offset the gradual decrease in the usage of medical gloves used for the COVID-19 response when the pandemic subsides following the availability of vaccines. MARGMA forecasts the global demand for rubber gloves to reach 420 billion pieces in 2021, an increase of 10.53% from 2020. Moving forward, demand for rubber gloves is also expected to be driven by growth in healthcare services and global industrial production activities.

(Source: IMR Report prepared by SMITH ZANDER)

### **5.2.1 Details of the Group's plans**

The Group plans to install and commission up to 15 double former glove-dipping lines in phases over the course of 36 months to manufacture medical-grade nitrile gloves which is expected to yield a production capacity of over 3.11 billion pieces per annum.

As a start, the Group intends to utilise the proceeds from the Proposed Rights Issue with Warrants to acquire, install and commission up to 6 double former glove-dipping lines under the Base Case Scenario. This is expected to yield a production capacity of up to 1.24 billion pieces of gloves per annum. The actual number of glove-dipping lines to be acquired shall depend on, amongst others, the proceeds that the Group is able to raise, the cost to acquire the glove-dipping lines and other related facilities as well as the demand for gloves at the relevant time.

Aside from the planned capital expenditure as set out in Section 6(ii) of this Abridged Prospectus, the Group shall take into consideration the initial performance of the Gloves Business and the level of demand for medical gloves at the relevant time prior to commissioning additional glove-dipping lines.

The Group intends to install the glove-dipping lines at a new factory building to be acquired by the Group. Please refer to Section 6(i) of this Abridged Prospectus for more information on the potential factory building to be acquired by the Group. The installation of the 6 double former glove-dipping lines is expected to commence by the 3<sup>rd</sup> quarter of 2021 and be completed in stages by the 3<sup>rd</sup> quarter of 2022, with the first glove-dipping line expected to be completed by December 2021.

At this stage, the Group has identified a supplier for the glove-dipping lines and is in the midst of identifying suppliers / distributors for the supply of raw materials required for the production of rubber gloves such as raw nitrile and other related chemicals. The raw materials are expected to be sourced locally and/or overseas such as China. Subject to the lead time for the glove-dipping lines and availability of raw materials, the production of the rubber gloves following the installation of the first glove-dipping line is expected to commence by December 2021.

To undertake the Gloves Business, the Group has incorporated a wholly-owned subsidiary, namely Sanichi Glove, further details of which are set out in Section 5.3 of this Abridged Prospectus. The acquisition of the new factory building, setting up of the glove-dipping lines and subsequent management and operation of the Gloves Business are intended to be undertaken entirely by Sanichi Glove.

In terms of target markets, the Group intends to export the rubber gloves to countries with high COVID-19 infection rates such as the US and European countries, Africa, South America and India to capture the demand of rubber gloves in those countries. The Group may also distribute the rubber gloves locally, depending on the supply and demand of the local rubber gloves market.

### **5.2.2 Licenses and certifications**

The Group will apply for the necessary certifications to facilitate the export of the rubber gloves to the countries mentioned in Section 5.2.1 above. For the export of gloves to the European region, the Group intends to obtain the CE Marking Certification (typically recognised in the European region). For the export of gloves to the US region, the Group intends to obtain the FDA Certification (typically recognised in the US).

In Malaysia, the Group is currently preparing the necessary applications and liaising with the following local authorities to obtain the relevant regulatory approval for the Gloves Business:-

- (i) Department of Environment
- (ii) Fire and Rescue Department Malaysia
- (iii) Local district council
- (iv) Department of Occupational Safety and Health
- (v) Malaysia Investment Development Authority
- (vi) Malaysian Rubber Board
- (vii) Medical Device Authority
- (viii) Ministry of International Trade and Industry of Malaysia

Save for the approval from the Medical Device Authority<sup>(1)</sup>, the Group intends to submit the relevant applications by the 3<sup>rd</sup> quarter of 2021 and obtain the approvals from the above authorities / regulatory bodies by December 2021.

Note:-

- (1) The approval from the Medical Device Authority can only be obtained after the production line has been set up and production has commenced. The Group intends to obtain the said approval by February 2022.

### **5.2.3 Key management personnel**

The Group currently has a total of 10 in-house engineers. At this juncture, while the Group has existing manufacturing experience in relation to the design and fabrication of precision moulds and tooling, the Group does not have the specific skills, expertise and experience required to venture into the Gloves Business. Hence, to undertake the Gloves Business, the Group intends to assemble a team comprising 3 in-house engineers with the relevant manufacturing and technical know-how coupled with the recruitment of up to 330 employees with relevant glove manufacturing experience to undertake various roles (e.g. production, quality control, warehouse and etcetera).

The Group intends to run the production of rubber gloves on 2 shifts, i.e. day shift and night shift. The Group shall hire managers and executives for finance, human resources, sales and marketing as well as administrative roles. The Group also intends to hire supervisors and production workers to handle the compounding of chemicals, production of raw gloves, packing of final product and waste water treatment processes.

At this juncture, the Group has identified Mr. Lim Weng Heng to support the Group's venture into the Gloves Business. His profile is set out below:-

#### **Lim Weng Heng**

Mr. Lim Weng Heng, a Malaysian aged 53, has been appointed as an Advisor for Sanichi Glove since December 2020. As Advisor, he is in charge of providing consultancy as well as sharing his relevant knowledge and technical know-how to the management of the Group to facilitate the Group's venture into the Gloves Business. He obtained a Diploma in Accounting from the London Chamber of Commerce and Industry in 1986.

Prior to joining Sanichi Glove, he has held the following roles:-

Date	Designation and companies	Roles and responsibilities
2010 to 2020	General Manager and Executive Director - Nulatex Sdn Bhd (a condom manufacturer) and Nulatex Medicare Sdn Bhd (a glove trading company)	Overseeing the production, sales and marketing of condoms as well as the sales and marketing of gloves
2003 to 2010	General Manager and Director - Profit Point Manufacturing Sdn Bhd (manufacturer and distributor of medical examination gloves) and Purnabina Sdn Bhd (manufacturer and distributor of medical examination and dental gloves)	Managed the setting up of new manufacturing plants for glove-dipping lines
1992 to 2003	Factory Manager - Koon Seng Sdn Bhd	Managing the operations of a glove-dipping manufacturing plant
1990 to 1992	Factory Superintendent - Evergrade Sdn Bhd	Managing the operations of a glove-dipping manufacturing plant

From these roles, he garnered experience in the full operations of the glove manufacturing and trading business including latex compounding, glove dipping, off line washing process, production planning, setting up of quality control / quality assurance process, packing, warehousing, marketing, purchasing and shipping. With that, he is expected to provide invaluable advice, insight and consultancy to the existing management of the Group to spearhead the Group's venture into the Gloves Business.

#### 5.2.4 Tentative timeline for the Gloves Business

The tentative timeline of events leading to the establishment of the Gloves Business is as follows:-

Timeframe	Events
3 <sup>rd</sup> quarter of 2021	<ul style="list-style-type: none"> <li>Acquisition of factory building</li> <li>Commencement of installation of first glove dipping line</li> <li>Submission of applications to the relevant authorities / regulatory bodies (save for the Medical Device Authority)</li> </ul>
4 <sup>th</sup> quarter of 2021	<ul style="list-style-type: none"> <li>Completion of installation of first glove dipping line</li> <li>Commencement of installation of second and third glove dipping line</li> <li>Approvals obtained from the relevant authorities / regulatory bodies (save for the Medical Device Authority)</li> <li>Commencement of production of gloves</li> </ul>

Timeframe	Events
1 <sup>st</sup> quarter of 2022	<ul style="list-style-type: none"> <li>• Submission of application to the Medical Device Authority</li> <li>• Submission of applications for the CE Marking Certification and FDA Certification</li> <li>• Completion of installation of second and third glove dipping line</li> <li>• Commencement of installation of fourth and fifth glove dipping line</li> <li>• Approval obtained from the Medical Device Authority</li> <li>• Approvals obtained for the CE Marking Certification and FDA Certification</li> <li>• Commencement of sale of gloves</li> </ul>
2 <sup>nd</sup> quarter of 2022	<ul style="list-style-type: none"> <li>• Completion of installation of fourth and fifth glove dipping line</li> <li>• Commencement of installation of sixth glove dipping line</li> </ul>
3 <sup>rd</sup> quarter of 2022	<ul style="list-style-type: none"> <li>• Completion of installation of sixth glove dipping line</li> </ul>

### 5.3 Information on Sanichi Glove

#### 5.3.1 History and principal activities

Sanichi Glove was incorporated in Malaysia under the Act on 4 December 2020 as a private limited company.

It is principally engaged in the business of manufacturing, sales and distribution of hand gloves and protective healthcare products.

As at the LPD, Sanichi Glove has yet to commence any business operations.

#### 5.3.2 Share capital

As at the LPD, the issued share capital of Sanichi Glove is RM1.00 comprising 1 ordinary share.

At this juncture, the Group has not fixed or proposed a target for the enlarged issued share capital and number of issued ordinary shares for Sanichi Glove.

#### 5.3.3 Director

As at the LPD, the sole director of Sanichi Glove is Dato' Sri Dr. Pang Chow Huat, who is also the Group Managing Director of the Company.

#### 5.3.4 Shareholder

As at the LPD, Sanichi Glove is a wholly-owned subsidiary of the Company.

## 6. UTILISATION OF PROCEEDS

Based on the issue price of RM0.08 per Rights Share, the gross proceeds to be raised from the Rights Issue with Warrants are intended to be utilised in the following manner:-

Utilisation of proceeds	<sup>(1)</sup> Intended timeframe for utilisation from completion of the Rights Issue with Warrants	Minimum Scenario		Base Case Scenario		Maximum Scenario	
		RM'000	%	RM'000	%	RM'000	%
(i) Acquisition of factory building for the Gloves Business	Within 6 months	10,000	100.00	38,000	39.49	38,000	33.35
(ii) Capital expenditure for the Gloves Business	Within 12 months	-	-	41,500	43.13	41,500	36.42
(iii) Working capital	Within 12 months	-	-	16,067	16.69	33,794	29.65
(iv) Estimated expenses for the Corporate Exercises	Immediate	<sup>(2)</sup> -	-	<sup>(4)</sup> 660	0.69	<sup>(4)</sup> 660	0.58
<b>Total</b>		<sup>(3)</sup> <b>10,000</b>	<b>100.00</b>	<b>96,227</b>	<b>100.00</b>	<sup>(5)</sup> <b>113,954</b>	<b>100.00</b>

### Notes:-

- (1) The status of utilisation will be reported in the quarterly financial results announcements as well as annual reports of the Company. Any extension of the timeframe or variation for the utilisation shall be announced and disclosed in the Company's quarterly results announcements and in accordance to the Listing Requirements.
- (2) Under the Minimum Scenario, the expenses for the Corporate Exercises shall be funded via internally generated funds.
- (3) Any additional proceeds raised in excess of this amount will be allocated up to its respective maximum allocation in the following order:-
  - (i) estimated expenses for the Corporate Exercises;
  - (ii) acquisition of factory building for the Gloves Business;
  - (iii) capital expenditure for the Gloves Business; and
  - (iv) working capital.

The actual utilisation of such proceeds is subject to the operational needs at the relevant time and the quantum of proceeds that the Company is able to raise. Any shortfall between the Group's funding requirements for (i) to (iv) above and the actual amount of proceeds raised are expected to be funded via internally generated funds, bank borrowings and/or future fund raising exercises to be undertaken (if required). Such future fund raising exercises may entail issuance of new securities such as private placements.

- (4) If the actual expenses incurred are higher than this budgeted amount, the deficit will be funded via the amount earmarked for working capital. Conversely, any surplus of funds following payment of expenses will be utilised in the order as set out in Note (3) above.
- (5) Any additional proceeds raised in excess of this amount will be allocated for working capital.



The Board wishes to highlight that this illustrative amount that would be raised under the Maximum Scenario is based on the assumption that all the outstanding Warrants E as at the LPD are exercised into new Shares prior to the Entitlement Date.

The Board is of the view that based on the timeline for implementation of the Rights Issue with Warrants, it is unlikely for all the outstanding Warrants E as at the LPD to be exercised into new Shares prior to the Entitlement Date in view of that the Warrants E are currently out-of-the-money based on the 5-day VWAP of the Shares up to and including the LPD of RM0.2669 and the exercise price of the Warrants E of RM1.00.

Pending the utilisation of the proceeds from the Rights Issue with Warrants, the unutilised proceeds shall be placed in interest-bearing deposits and/or money market financial instruments.

**(i) Acquisition of factory building for the Gloves Business**

To facilitate the Group's venture into the Gloves Business, the Group intends to utilise proceeds of up to RM38.00 million from the Rights Issue with Warrants for the acquisition of a new factory building.

As at the LPD, the Group has identified a potential factory building to be acquired which is located in Pasir Gudang, Johor ("**Pasir Gudang Factory**").

Details of the Pasir Gudang Factory are as follows:-

Details	Pasir Gudang Factory
Location	Pasir Gudang, Johor
Type of building	Single-storey detached factory with a mezzanine floor
Land area (approximate)	12.8 acres
Built-up area (approximate)	260,000 square feet
Current use	Warehouse
Estimated purchase price	RM38,000,000

The Pasir Gudang Factory is estimated to be able to house up to 15 double former glove-dipping lines, which is in line with the Group's future plan of gradually expanding the Gloves Business from an initial 6 lines to up to 15 lines over a period of 36 months.

As at the LPD, the Group is in the midst of negotiation with the vendor to acquire the Pasir Gudang Factory. The Group targets to enter into a sale and purchase agreement to acquire the Pasir Gudang Factory within 3 months from completion of the Rights Issue with Warrants. Thereafter, the Group targets to complete the acquisition within 3 months from the execution of the sale and purchase agreement.

Notwithstanding the Pasir Gudang Factory, the Group may also decide to acquire a different factory building, depending on the opportunities that may be available in the market.

The Company will make the necessary announcements as required under the Listing Requirements as and when it has entered into any agreement in relation to the acquisition of the Pasir Gudang Factory or any other factory building. In the event that Shareholders' approval and/or other regulatory approvals are required under the Listing Requirements and/or other relevant rules / guidelines for the acquisition, the necessary approvals will be sought.

If the Group is unable to acquire the Pasir Gudang Factory or any other factory building within 6 months from the completion of the Rights Issue with Warrants, the timeframe for utilisation of proceeds that has been allocated for the said purpose will be extended and announced as well as disclosed in the Company's quarterly results announcements until the Group has successfully acquired the Pasir Gudang Factory or any other factory building.

Any shortfall between the final purchase price and the actual proceeds raised is intended to be met via internally generated funds, bank borrowings and/or future fund raising exercises to be undertaken by the Group (if required). Such future fund raising exercises may entail issuance of new securities such as private placements. The breakdown of such funding cannot be determined at this juncture as it will depend on, amongst others, the actual shortfall amount as well as the availability and suitability of other funding alternatives at the relevant time. Conversely, any surplus shall be reallocated in the order of utilisation set out in Note (3) of this Section 6 above.

**(ii) Capital expenditure for the Gloves Business**

The Group intends to utilise proceeds of up to RM41.50 million from the Rights Issue with Warrants to finance the planned capital expenditures of 6 double former glove-dipping lines for the Gloves Business as follows:-

Estimated cost	RM'000
Acquisition, installation and commission of automated glove-dipping lines for the manufacture of medical graded nitrile gloves <sup>(1)</sup>	36,000
Installation and commission of related facilities <sup>(2)</sup>	5,000
Certification expenditure <sup>(3)</sup>	500
<b>Total</b>	<b>41,500</b>

Notes:-

(1) The automated glove-dipping line consists of dipping tanks, ovens, motors, conveyor system, as well as the ancillary facilities and components to equip the glove-dipping lines such as formers and online chlorination system to treat gloves, amongst others.

The estimated cost to acquire, install and commission a double former glove-dipping line is RM5.00 million. Accordingly, for a total of 6 double former lines, the estimated cost would be RM30.00 million.

In addition, in order to fully commission the glove-dipping lines to manufacture gloves, the Group shall also set up the ancillary facilities (e.g. online chlorination system to treat gloves) and acquire components (e.g. formers, i.e. the hand-shaped mould). At this juncture, the costs of the ancillary facilities and components are estimated to be RM6.00 million. However, the final costs shall be subject to, amongst others, the final specifications of the glove-dipping lines.

Additionally, the above estimated costs of the machines, ancillary facilities and components will be subject to the prevailing market price at the time of order and payment as well as any further negotiations with the machine suppliers from time to time.

All the machines are expected to be sourced in Malaysia with some parts and components expected to be sourced from overseas such as China and Germany depending on the components required as some of these items are custom made. As at the LPD, the Group has yet to enter into any contract or agreement for the supply of the machineries, parts and components.

- (2) The other related facilities include, amongst others, building systems which enable the supply of utilities (i.e. electricity and water) and wastewater treatment plant to treat the wastewater from the ovens and dipping tanks arising from the manufacturing process.

The breakdown of the estimated costs is shown below:-

Estimated cost	RM'000
Utilities	2,800
Waste water treatment plant	2,200
<b>Total</b>	<b>5,000</b>

- (3) In view that the COVID-19 pandemic impacts certain regions (e.g. the Americas and the European continent) more severely, the demand for medical gloves are expected to continue to be sustained in these regions. As such, the Group intends to obtain the quality certifications that are recognised globally such as the ISO 13485, CE Marking certification and FDA certification for its medical gloves to cater for the export of the gloves globally. The applications for these certifications are expected to be submitted by the second half of 2021.

This includes costs to obtain ISO 13485, CE Marking certification (typically recognised in the European region), FDA certification (typically recognised in the US), registration with the Medical Device Authority (MDA) in Malaysia and other certifications and/or licensing-related expenditure.

The maximum production capacity of the 6 glove-dipping lines is estimated to be as follows:-

Type of dipping line	Estimated maximum output per annum (pieces) ('000)	Number of lines	Total pieces per annum ('000)
Double former dipping line	(1)207,360	6	1,244,160

Note:-

- (1) This was estimated based on the assumption that each line operates for a maximum of 24 hours per day and 30 days per month.

Upon confirmation of the order and machine specifications, the lead time for the production of each dipping line is expected to take approximately 6 months.

Any shortfall in the Group's funding requirement for the Gloves Business is expected to be met via internally generated funds, bank borrowings and/or future fund raising exercises to be undertaken, if required. Such future fund raising exercises may entail issuance of new securities such as private placements. However, the funding breakdown cannot be determined at this juncture as it will depend on, amongst others, the cash to be generated from the initial operations of the Gloves Business as well as the availability and suitability of other funding alternatives at the relevant time. Conversely, any surplus proceeds will be allocated for the Group's working capital.

Depending on, amongst others, the demand for the medical graded nitrile gloves moving forward and the performance of the Gloves Business, the Group plans to gradually expand the production capacity to up to 15 glove-dipping lines, which is expected to yield a maximum production capacity of over 3.11 billion pieces of gloves per annum. Such future expansion of the Gloves Business is expected to be funded via internally generated funds, bank borrowings and/or future funding raising exercises to be undertaken (if required).

**(iii) Working capital**

The Group intends to utilise the balance proceeds to be raised from the Rights Issue with Warrants for working capital purposes in the following manner:-

Utilisation	Percentage allocation %	Base Case Scenario RM'000	Maximum Scenario RM'000
Purchase of raw materials required for the production of rubber gloves <sup>(1)</sup> (e.g. raw nitrile, packing materials and chemicals such as calcium nitrate, potassium hydroxide and liquid chlorine and etcetera)	70	11,247	23,656
Staff salaries <sup>(2)</sup>	30	4,820	10,138
<b>Total</b>	<b>100</b>	<b>16,067</b>	<b>33,794</b>

**Notes:-**

- (1) The actual breakdown of these expenses cannot be determined at this juncture as it will depend on the actual production requirements of the Group at the relevant time.
- (2) The Group intends to recruit up to 330 employees to undertake various roles for the Gloves Business. The estimated breakdown of these employees based on their roles are as follows:-

Roles	No. of personnel
Management	13
Manufacturing & engineering	284
Administrative, logistic and sales	33
<b>Total</b>	<b>330</b>

The Group intends to fully recruit the managerial roles within the first year from the completion of the Rights Issue with Warrants, while the rest are to be recruited in stages within 3 years from the completion of the Rights Issue with Warrants.

As shown above, the additional working capital funds will be used mainly to finance the purchase of raw materials required for the production of rubber gloves which in turn is essential for the commencement of the Gloves Business.

Any shortfall between the actual proceeds raised and the Group's working capital requirements shall be funded via internally generated funds, bank borrowings and/or future fund raising exercises to be undertaken (if required). However, the funding breakdown cannot be determined at this juncture as it will depend on, amongst others, the cash to be generated from the initial operations of the Gloves Business as well as the availability and suitability of other funding alternatives at the relevant time.

**(iv) Estimated expenses for the Corporate Exercises**

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

<b>Estimated expenses</b>	<b>RM'000</b>
Professional fees <sup>(1)</sup>	560
Fees to the relevant authorities	75
Printing, despatch, advertising and meeting expenses	25
<b>Total</b>	<b>660</b>

Note:-

- (1) These include advisory fees payable to the Principal Adviser and other professional fees payable to the Company Secretary, Share Registrar, Solicitors, Independent Market Researcher and Reporting Accountants for the Corporate Exercises.

The actual gross proceeds to be raised from the Rights Issue with Warrants will depend on the actual number of Rights Shares that will be issued.

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

Strictly for illustrative purposes, based on the Exercise Price of RM0.10 per Warrant F, the Company will raise gross proceeds of up to RM71.22 million upon full exercise of the Warrants F under the Maximum Scenario. Any proceeds arising from the exercise of the Warrants F in the future will be used to finance the future working capital requirements such as those described in Section 6(iii) above i.e. purchase of raw materials required for the production of rubber gloves and staff salaries. However, the exact breakdown of the utilisation of proceeds for each component of working capital are subject to the actual requirements of the Group at the relevant time and the timeframe for full utilisation from the date of receipt of the proceeds cannot be determined at this juncture.

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## 7. RISK FACTORS

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

### 7.1 Risks relating to the Group

#### 7.1.1 Risks relating to the Group's property development and property investment business

As at the LPD, the Group's property development and property investment division is only involved in the development of the Marina Point Project, further details of which are set out in Section 5.1 of this Abridged Prospectus, as well as the holding of a 12-storey with 1 lower ground floor office building in Bangsar South, Kuala Lumpur known as Sanichi Tower.

The risk factors relating to the Group's property development and property investment division, which contributed 84.78% of the Group's audited total revenue in FYE 31 December 2019, are set out below:-

##### (i) Delay in the construction of the Marina Point Project

The construction of the Marina Point Project, which began in January 2017, is only approximately 70% completed as at the LPD. The Marina Point Project is expected to be completed by the fourth quarter of 2021.

The slow progress of the construction of the Marina Point Project over the last few years may be attributed to several factors which are beyond the Group's control. This includes, amongst others, problems faced by the main contractor in terms of shortage of labour workforce and difficulty in sourcing for raw materials (i.e. steel and cement) due to price fluctuations.

In addition, the slow progress of the construction of the Marina Point Project was further exacerbated by the temporary suspension of construction for a period of approximately 4 months from March 2020 to June 2020 due to the MCO.

Any further delay in completing the construction of the Marina Point Project may expose the Group to cost overruns as well as potential claims from customers which may impact the Group's financial performance. Such delays may also affect the Group's reputation and its ability to attract buyers in the future.

##### (ii) Softening of the property market and dampened consumer sentiment

The Marina Point Project was launched in November 2016. As at 31 March 2021, approximately 36% of the SOHO and retail units of the Marina Point Project has been sold.

The low take-up rate of the Marina Point Project may be attributed to the softening of the property market over the last few years. In turn, this may be attributed to several factors which are beyond the Group's control including, amongst others, government policies enacted to cool down the property market such as increasing the rate of real property gains tax and stamp duty as well as the tightening of lending criteria by banks.

More recently, the take-up rate of the Marina Point Project may be further impacted by the general slowdown in the economy and consumer sentiment due to the COVID-19 pandemic. In addition, during certain phases of the MCO, the Group was unable to conduct roadshows and other promotional activities to promote the sales of the SOHO and retail units of the Marina Point Project.

Similarly, the occupancy rate of Sanichi Tower may also be adversely affected by the dampened consumer sentiment arising from the COVID-19 pandemic. As at 31 March 2021, the occupancy rate of Sanichi Tower stood at approximately 67%.

Although the government has implemented several stimulus measures in response to the economic slowdown brought about by the COVID-19 pandemic, such as exemptions on real property gains tax and stamp duty, the effects of such stimulus measures on the performance of the property market has yet to be fully observable.

Any further deterioration in consumer sentiment or softening of the property market due to further prolonging of the COVID-19 pandemic may lead to continued low take-up rate for the Marina Point Project or adversely affect the occupancy rate of Sanichi Tower. The Group may also have to increase its spending on advertising and promotional activities to spur the demand for the SOHO and retail units of the Marina Point Project. In turn, these may lead to lower profit margins and thus adversely affect the Group's financial performance moving forward.

#### **7.1.2 Risks relating to the Group's mould manufacturing business**

The risk factors relating to the Group's mould manufacturing division, which contributed 14.29% of the Group's audited total revenue in FYE 31 December 2019, are set out below:-

##### **(i) Uncertain revenue and profitability**

The Group's mould manufacturing division is subject to risks such as fluctuations in the cost of raw materials, competition with existing players, entry of new players, breakdown of machinery and shortage of skilled workforce.

In particular, the Group's mould manufacturing division requires a large pool of skilled personnel across the entire manufacturing process from designers at the mould design stage to skilled machine operators at the manufacturing stage. Staff turnover has been a constant risk to the Group's mould manufacturing operations as many of the Group's skilled technicians have left the Group to take up employment in neighbouring Singapore due to higher remuneration and favourable currency exchange rate.

Moreover, as the Group's mould manufacturing division designs and fabricates precision moulds and tooling for the automotive segment, the sales of the Group's mould manufacturing division are cyclical and subject to constant renewal of automotive product offerings through frequent launches of new vehicle models.

The automotive industry is also subject to constant changes in demand for automotive products, in both local and foreign markets. Such demand may be difficult to predict as it may be affected by consumer sentiment as well as the ability of consumers in the respective regional markets to obtain financing to purchase automobiles.

In addition, the Group's mould manufacturing division also does not have any long term supply contract or arrangement with any of its customers.

As a result of these factors, the Group's mould manufacturing division has recorded an uncertain revenue and profitability trend over the last few financial years as shown below:-

	Audited		
	18-month FPE 31 December 2017 RM'000	FYE 31 December 2018 RM'000	FYE 31 December 2019 RM'000
Revenue	35,894	23,144	3,071
Segment loss	(4,442)	6,410	(5,834)

Without a consistent and predictable source of demand, coupled with the other business risks, the Group's mould manufacturing division may continue to record an inconsistent trend of revenue and profitability which in turn could lead to adverse impact on the Group's financial performance.

**(ii) Foreign currency exchange risk**

The Group's mould manufacturing division designs and manufactures precision moulds and tooling primarily for export to Germany, Mexico and the US.

Due to the above, the Group is also exposed to foreign currency exchange risk as its revenue is mainly denominated in EUR and USD whilst its purchases are mainly denominated in MYR.

Any adverse movement of the overseas demand and/or exchange rates will have an impact on the financial performance of the Group. There is no assurance that there will not be any material and/or volatile fluctuation in the overseas demand and/or foreign currency markets, the occurrence of which may adversely affect the financial performance and position of the Group.

**7.1.3 Risks relating to the Group's new Gloves Business**

**(i) Delay or hidden costs in establishing the Gloves Business**

The Group is principally involved in mould manufacturing as well as property development and property investment. While the Group has existing expertise and resources in the manufacturing line, the Group does not have any prior experience specifically in the manufacturing of rubber gloves. In particular, the production processes and marketing strategies that may be required for the success of the manufacturing and sale of rubber gloves may be relatively unique and distinct from the Group's existing business.



In this regard, due to the Group's lack of experience, the establishment of the Gloves Business may be subject to delays or cost overruns. Amongst others, the establishment of the Gloves Business is dependent on several factors including, amongst others, the sourcing of sufficient funding, the identification of a suitable factory building that is within the Group's budget, the installation of the machineries, the recruitment of skilled workers, the obtainment of the necessary regulatory certifications such as the FDA Certification and CE Marking Certification as well as the identification of distribution channels to sell the gloves.

There is no assurance that the Group will be able to source sufficient funding or identify a suitable factory building for the Gloves Business that is within the Group's budget. There is also no assurance that the Group will be able to recruit the required number of technical and operational staff for the Gloves Business. In particular, the influx of foreign workers is currently frozen due to the closure of borders as a result of the COVID-19 pandemic.

These factors may lead to a delay in establishing the Gloves Business until such time the Group is able to secure the necessary funding and recruit the necessary technical and operational staff.

Further, there is no assurance that the gloves to be manufactured by the Group can comply with all of the necessary certifications or that such certifications can be obtained in a timely manner. In the event of any adverse development or delay in the application of the relevant certifications, the export of rubber gloves to the target markets may be delayed or some target markets may even be off limits to the Group. For example, obtaining the FDA Certification and CE Marking Certification is a requirement for the Group to export the gloves to the US and European markets respectively. Without these certifications, the Group's ability to sell / export rubber gloves on a wider scale will be severely limited, thus limiting the Group's revenue potential.

Due to the lack of the Group's experience as well as the potential delays, the Group may also encounter additional or hidden costs which may not have been previously factored into the Group's estimations when budgeting for the establishment of the Gloves Business. The Group's inexperience may also lead to a longer lead time for the commercialisation of the gloves, thus contributing to potential additional operational costs.

Based on the above, there is no guarantee that the Glove Business can contribute sufficiently to the future earnings of the Group to offset the associated investment costs.

**(ii) Risks relating to the supply and demand of rubber gloves**

Since the outbreak of the COVID-19 pandemic, the demand for personal protective equipment to curb the pandemic has boosted the demand for medical gloves.

At the same time, the number of players entering the gloves manufacturing industry has increased accordingly to meet the increased demand for medical gloves. In turn, this subjects the Gloves Business to competition risk. The Gloves Business may also not be able to compete effectively against other larger glove manufacturers that can operate with a larger capacity and thus benefit from economies of scale.

Moving forward, with the rollout of vaccines globally to curb the spread of COVID-19, the eventual reduction in COVID-19 cases may lead to a decrease in usage of medical gloves among healthcare professionals, which in turn leads to a decrease in demand for medical gloves.

Although the demand for rubber gloves is expected to continue to be driven by other end-user markets such as the manufacturing industry, growth in the global economy and demand for rubber gloves from emerging markets due to changes in healthcare requirements, there is no assurance that the existing demand for rubber gloves may be sustained. Any slump in demand for rubber gloves may lead to an oversupply situation given the increased number of glove manufacturers recently, thus further intensifying the competition in the glove manufacturing industry. In such event, the financial performance of the Group's Gloves Business may be adversely impacted.

#### **7.1.4 Risks relating to the impact of COVID-19 on the Group's businesses**

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

##### **(i) Mould manufacturing business**

Apart from a temporary suspension of operations for a period of approximately 2 weeks in April 2020, the Group's mould manufacturing operations were not significantly affected by the various MCO measures imposed by the Government since March 2020 up to the LPD.

In addition, despite the dampening effects of the COVID-19 pandemic to the global economy, the Group's mould manufacturing business was still able to maintain its business performance as it was able to secure recurring orders from its existing export customers.

Following the above, the Group's mould manufacturing division recorded a higher revenue of RM6.56 million in FYE 31 December 2020 (based on unaudited results) as compared to RM3.07 million in FYE 31 December 2019 (based on audited results). Meanwhile, the Group's mould manufacturing division recorded a segment loss of RM5.60 million in FYE 31 December 2020 (based on unaudited results) as compared to RM5.83 million in FYE 31 December 2019 (based on audited results).

Although the Group's mould manufacturing operations did not appear to be significantly affected by the MCO or the COVID-19 pandemic thus far, the Group expects the dampened consumer sentiment due to the COVID-19 pandemic to remain a significant factor moving forward. Any significant deterioration in the state of the COVID-19 pandemic may lead to further stringent lockdowns globally which may cause either a reduction in demand for the Group's mould manufacturing products or potential disruption to the global supply chain that may adversely affect the Group's mould manufacturing operations.

Pending the successful containment of COVID-19 globally via the mass distribution of vaccines, the estimated impact of such factor on the business and financial performance of the Group's mould manufacturing business remains uncertain and cannot be determined nor quantified at this juncture.

**(ii) Property development and property investment business**

As at the LPD, the Group's property development and property investment business is only involved in the development of the Marina Point Project, further details of which are set out in Section 5.1 of this Abridged Prospectus, as well as the holding of a 12-storey with 1 lower ground floor office building in Bangsar South, Kuala Lumpur known as Sanichi Tower.

The construction of the Marina Point Project was temporarily suspended for a period of approximately 4 months from March 2020 to June 2020 due to the MCO. This has resulted in the slow progress of the construction of the Marina Point Project which is only approximately 70% completed as at the LPD. For information, the Marina Point Project was launched in November 2016 and construction commenced in January 2017. The Marina Point Project is now expected to be completed by the fourth quarter of 2021.

Further to the above, the Group was unable to conduct roadshows and other promotional activities to promote the sales of the SOHO and retail units of the Marina Point Project during the more stringent phases of the MCO. In addition, the dampened consumer sentiment arising from the COVID-19 pandemic has also impacted the take-up rate of the Marina Point Project. As at 31 March 2021, approximately 36% of the SOHO and retail units of the Marina Point Project has been sold.

The dampened consumer sentiment arising from the COVID-19 pandemic has also affected the occupancy rate of Sanichi Tower. As at 31 March 2021, the occupancy rate of Sanichi Tower stood at approximately 67%.

Following the above, the Group's property development and property investment division recorded a lower revenue of RM17.16 million in FYE 31 December 2020 (based on unaudited results) as compared to RM18.22 million in FYE 31 December 2019 (based on audited results). The Group's property development and property investment division also recorded a segment loss of RM0.19 million in FYE 31 December 2020 (based on unaudited results) as compared to a segment profit of RM3.02 million in FYE 31 December 2019 (based on audited results).

While the construction of the Marina Point Project has resumed since June 2020 and is currently ongoing as at the LPD, the Group expects the dampened consumer sentiment due to the COVID-19 pandemic to remain a significant factor moving forward pending the successful containment of COVID-19 globally via the mass distribution of vaccines. Any significant deterioration in the state of the COVID-19 pandemic may lead to further stringent lockdowns which may further impact the take-up rate of the Marina Point Project and the occupancy rate of Sanichi Tower as well as potentially result in temporary suspension of the construction of the Marina Point Project. The estimated impact of such factor on the business and financial performance of the Group's property development and property investment business remains uncertain and cannot be determined nor quantified at this juncture.

## **7.2 Risks relating to the Rights Issue with Warrants**

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

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

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

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

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

### **(ii) Capital market risk**

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

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

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

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

**(iii) Potential dilution of existing shareholders' shareholding**

Those Entitled Shareholders who do not subscribe for their entitlement of Rights Shares with Warrants F under the Rights Issue with Warrants will experience dilution in their existing shareholding in the Company as a result of the issuance of the Rights Shares arising from the subscription by other Entitled Shareholders and/or their renounees. In addition, the issuance of new Shares arising from the exercise of the Warrants F in the future will lead to further such dilution.

Consequently, their proportionate entitlement to any dividends, rights, allotments and/or other distributions that the Company may declare, make or pay after completion of the Rights Issue with Warrants will correspondingly be diluted.

**(iv) Forward-looking statements and other information**

Certain statements in this Abridged Prospectus are based on historical data, which may not be reflective of 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 Abridged Prospectus, including without limitation, those regarding the financial position, risk factors, prospects and future plans of the Group are forward-looking statements.

Such forward-looking statements are based on the estimates and assumptions made by the Company, unless stated otherwise, and although the Board believes these forward-looking statements to be reasonable at this point in time given the prevailing circumstances, they 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 future results, performance or achievements expressed or implied in such forward-looking statements.

In light of these uncertainties, the inclusion of such forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by the Company, the Principal Adviser and/or other advisers in relation to the Rights Issue with Warrants that the plans and objectives of the Group will be achieved.

## **8. INDUSTRY OVERVIEW AND PROSPECTS**

### **8.1 Malaysian economy**

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

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

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

Reinforced by the reopening of the economy in phases, growth is expected to improve gradually during the second half of the year, cushioning the significant contraction in the first half. Thus, Malaysia's GDP is expected to contract by 4.5% in 2020, before rebounding between 6.5% and 7.5% in 2021.

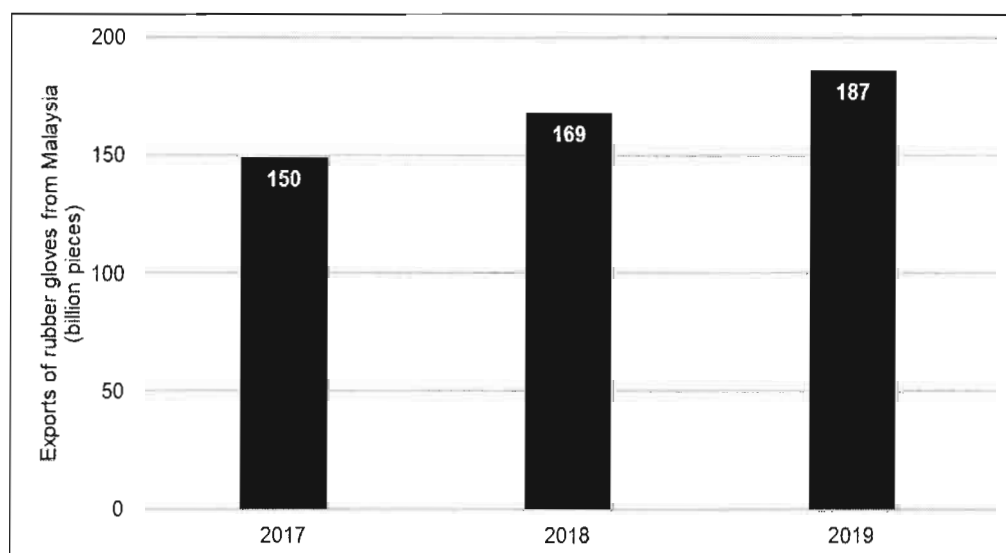
(Source: Economic Outlook 2021, Ministry of Finance Malaysia)

## 8.2 Outlook and prospects of rubber glove exports in Malaysia

In 2019, Malaysia was the world's largest exporter of rubber gloves, where exports of rubber gloves from Malaysia contributed to 63.18% of total global demand for rubber gloves.

To cater to the demand for rubber gloves globally, exports of rubber gloves from Malaysia increased from 150 billion pieces in 2017 to 187 billion pieces in 2019 at a CAGR of 11.65%.

### Exports of rubber gloves from Malaysia, 2017 – 2019

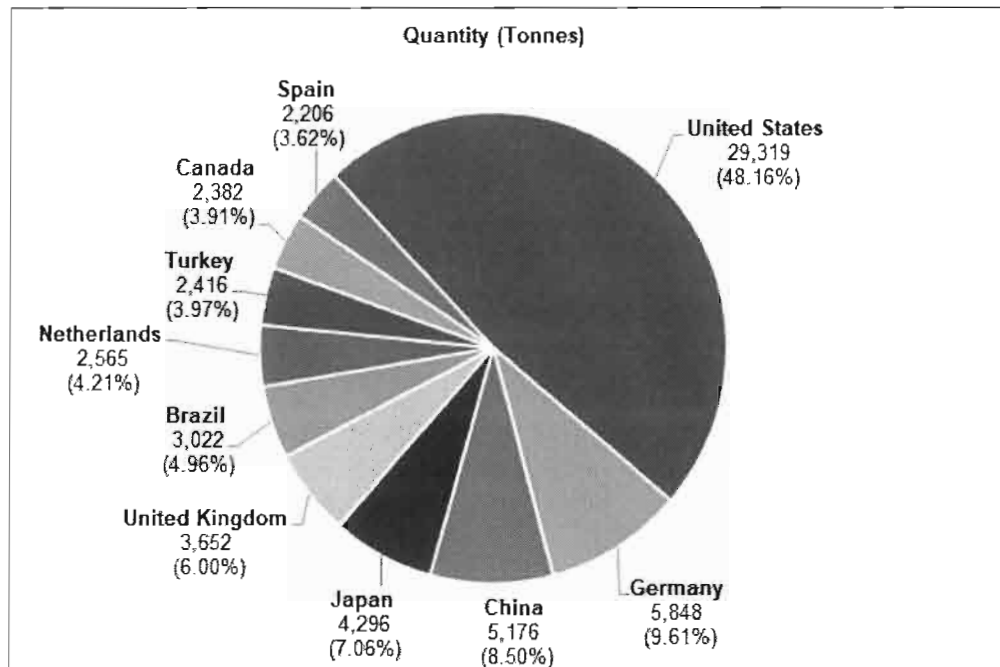


MARGMA expects exports of rubber gloves from Malaysia to have reached between 250 billion and 270 billion pieces in 2020, an increase of between 33.69% and 44.39% from 2019 to support the surge in demand for medical gloves globally due to the ongoing COVID-19 pandemic. Despite the availability of vaccines for COVID-19 with many countries already commencing mass vaccinations, exports of rubber gloves from Malaysia are expected to remain high, especially in the near term, as medical gloves will continue to be used by healthcare professionals globally for mass vaccination. Further, the demand for rubber gloves will be continuously driven by heightened awareness of the usage of rubber gloves as general protection against viruses and other diseases.

These are expected to offset the gradual decrease in the usage of medical gloves used for the COVID-19 response when the pandemic subsides following the availability of vaccines. As such, MARGMA expects exports of rubber gloves from Malaysia to reach 280 billion pieces in 2021, an increase of between 3.70% and 12.00% from 2020.

Based on latest available data, in January 2021, the top export countries of rubber gloves from Malaysia in terms of tonnage was the US (48.16%) followed by Germany (9.61%).

**Top 10 export countries of rubber gloves from Malaysia (January 2021)**



Note:-

- The percentages are calculated based on the total rubber gloves exported to the top 10 export countries from Malaysia, measured in tonnes, as shown above.

Malaysia is a major producer of rubber gloves with approximately 69 rubber glove manufacturing companies. The manufacturing activities of rubber gloves have been increasing to support the increasing exports of rubber gloves from Malaysia to cater for the increasing global demand for rubber gloves.

The growth of rubber glove manufacturing activities in Malaysia is attributed to low production costs, easy access to raw materials and stringent testing to meet international standards, making Malaysian-produced rubber gloves reliable and cost-effective.

Further, rubber glove manufacturing activities in Malaysia grows significantly during epidemic and pandemic disease outbreaks such as Severe Acute Respiratory Syndrome (SARS) in 2003, Ebola virus disease (Ebola) in 2014-2016, Middle East Respiratory Syndrome (MERS) in 2015 and the on-going COVID-19 since 2020, as demand for rubber gloves primarily in the healthcare industry, rises substantially during these times.

Rubber glove manufacturers seek continuous technological upgrades of rubber glove manufacturing processes and glove-dipping lines to meet rising demand through improved efficiencies such as time, speed, quality, energy usage and cost of glove manufacturing. The need for continuous upgrades of glove-dipping lines grows with increasing demand for rubber gloves.

One of the aspects of technological upgrades in rubber glove manufacturing activities is the increase in automation of glove-dipping lines. Increased automation during the manufacturing of rubber gloves will speed up production, thus increasing the production volume of rubber gloves manufactured in a given time. In line with the increase in automation to replace manual labour, rubber glove manufacturers will be able to reduce reliance on manual labour required to transfer semi-finished rubber gloves from one machine to another.

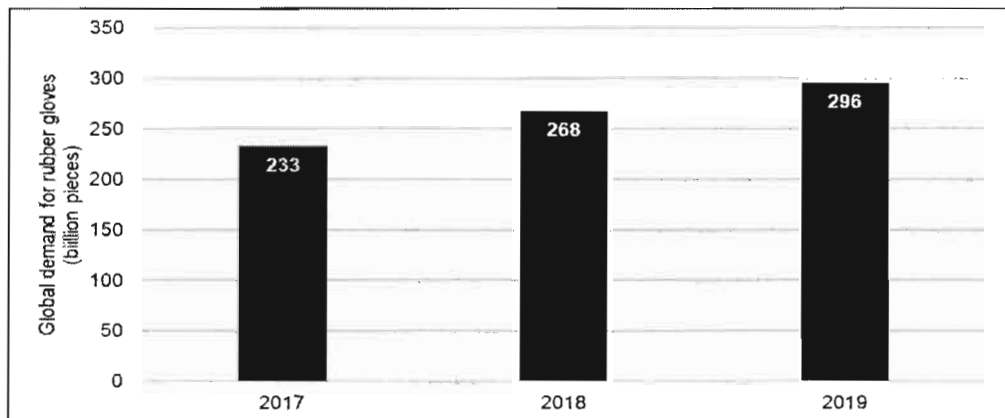
According to MARGMA, the rubber glove manufacturers have already taken an oversold position prior to the widespread outbreak of the COVID-19 pandemic, thus resulting in a lead time of more than 6 months for rubber glove manufacturers to meet orders. In addition, as a result of the oversold position and surge in demand for medical gloves globally due to the on-going COVID-19 pandemic, rubber glove manufacturers are experiencing higher sales for their rubber gloves and at higher average selling prices.

(Source: IMR Report)

### 8.3 Outlook and prospects of the global rubber glove market

The global rubber glove market size, as represented by the global demand for rubber gloves, increased from 233 billion pieces in 2017 to 296 billion pieces in 2019, at a CAGR of 12.71%.

#### Rubber glove market size (Global), 2017 – 2019



As a result of the surge in demand for medical gloves globally due to the on-going COVID-19 pandemic, global demand for rubber gloves reached 380 billion pieces in 2020, an increase of 28.38% from 2019.

While many countries globally have rolled out vaccines to control the COVID-19 pandemic, the global demand for rubber gloves is expected to remain high. This is premised on the continuous usage of medical gloves among healthcare professionals worldwide during mass vaccination; and in the longer term, supported by heightened awareness of the usage of rubber gloves as general protection against viruses and other diseases. These are also expected to offset the gradual decrease in the usage of medical gloves used for the COVID-19 response when the pandemic subsides following the availability of vaccines. MARGMA forecasts the global demand for rubber gloves to reach 420 billion pieces in 2021, an increase of 10.53% from 2020.

(Source: IMR Report)



#### 8.4 Demand for rubber gloves

Moving forward, the outlook of the global rubber glove market is positive, premised on the following:-

- The demand for personal protective equipment to curb the spread of COVID-19 pandemic boosts the demand for medical gloves. As of 6 April 2021, COVID-19 has affected 223 countries, areas or territories, infecting 131.49 million persons and causing 2.86 million deaths.

In view of the COVID-19 pandemic, SMITH ZANDER estimates that, on average, approximately 3.67 billion pieces of examination gloves are required worldwide for the COVID-19 response, including for COVID-19 vaccinations, each month in 2021.

Further, as many countries globally have rolled out vaccines to control the COVID-19 pandemic, there will be continuous usage of medical gloves among healthcare professionals worldwide during mass vaccination. Moreover, in the longer term, the demand for rubber gloves will continue to be supported by heightened awareness of the usage of rubber gloves as general protection against viruses and other diseases. These are also expected to offset the gradual decrease in the usage of medical gloves used for the COVID-19 response when the pandemic subsides following the availability of vaccines.

Hence, the need for rubber gloves, including medical gloves as personal protective equipment during and even after the COVID-19 pandemic, will continue to boost the demand for rubber gloves globally.

- The growth in healthcare services drives the demand for medical gloves. Medical gloves are used by healthcare professionals who attend to patients during the provision of healthcare services. They protect healthcare professionals against infection and exposure to potential viruses, bacteria and contaminants in the form of aerosols and liquid droplets carried in patients' body fluids or blood, which subsequently eliminate or reduce the chances of cross-contamination among healthcare professionals and patients. As such, the increase in the demand for healthcare services will drive the demand for rubber gloves including medical gloves.

Based on latest available information, the global healthcare services industry grew in terms of global healthcare expenditure, which increased from USD7.58 trillion (RM31.42 trillion) in 2016 to USD8.43 trillion (RM34.02 trillion) in 2018, at a CAGR of 5.46%.

The demand for healthcare services is driven by various factors including growing accessibility to healthcare services, rising population and growing ageing population and rising prevalence of chronic and contagious diseases.

SMITH ZANDER forecasts global healthcare expenditure to increase from USD8.43 trillion (RM34.02 trillion) in 2018 to USD9.66 trillion (RM39.33 trillion) in 2021, at a CAGR of 4.64%.

- The growth in the global industrial production activities in the manufacturing sector drives the demand for industrial gloves. The global manufacturing sector, as measured by manufacturing value added, grew from USD13.07 trillion (RM56.21 trillion) in 2017 to USD13.90 trillion (RM57.58 trillion) in 2019, registering a CAGR of 3.13%. Industrial gloves are a form of protective wear used during industrial production activities of the manufacturing sector to cover and protect the hands from hazardous chemical, metal cuts, glass cuts and high-temperature sources. In addition, strict government regulations for workplace safety and increasing incidence of accidents in workplaces globally are expected to continue driving the demand for industrial gloves as a form of protective wear. According to the United Nations Industrial Development Organization, the global manufacturing sector, as measured by manufacturing value added declined by 8.35% from USD13.90 trillion (RM57.58 trillion) in 2019 to USD12.74 trillion (RM53.53 trillion) in 2020. The decline in the global manufacturing sector in 2020 was due to the imposition of lockdowns, temporary closure or disruption in manufacturing operations in the respective countries to curb the spread of COVID-19. However, moving forward, the global manufacturing sector is expected to continue to grow once the outbreak of the COVID-19 subsides.

As such, SMITH ZANDER forecasts the global manufacturing sector, as measured by manufacturing value added to recover by 1.96% from USD12.74 trillion (RM53.53 trillion) in 2020 to USD12.99 trillion (RM52.89 trillion) in 2021.

(Source: IMR Report)

## 8.5 Prospects and future plans of the Group

Historically, the Group is principally engaged in the design and fabrication of precision moulds and tooling for use in automobile, home appliance, audio visual, computer peripheral, electrical and telecommunication industry.

In June 2014, the Group diversified into property development and property investment to broaden its revenue stream and reduce its reliance on its manufacturing business. The Group had in January 2017 commenced construction of the Marina Point Project in Klebang, Melaka, as detailed in Section 5.1 of this Abridged Prospectus.

Besides that, the Group had also undertaken various efforts to improve its financial condition by both leveraging on its strengths in the precision moulds and tooling industry as well as expanding its property development and property investment business during the past 3 years.

Some of the steps undertaken by the Group include the following:-

- On 20 December 2018, the Company completed a rights issue exercise which raised a total of RM73.87 million. The proceeds raised were intended to be utilised mainly for the Group's property development activities, which includes the Marina Point Project as well as the future acquisition of land banks to facilitate the expansion of the Group's property development business.

As at the LPD, the proceeds have been utilised as follows:-

Utilisation of proceeds	Intended timeframe for utilisation from 20 December 2018	Proposed utilisation RM'000	Actual utilisation as at LPD RM'000	Balance unutilised RM'000
(i) Property development activities	Within 36 months	60,000	41,269	18,731

Utilisation of proceeds	Intended timeframe for utilisation from 20 December 2018	Proposed utilisation RM'000	Actual utilisation as at LPD RM'000	Balance unutilised RM'000
(ii) Working capital	Within 12 months	12,946	12,946	-
(iii) Expenses for the rights issue	Immediate	920	920	-
<b>Total</b>		<b>73,866</b>	<b>55,135</b>	<b>18,731</b>

- (ii) On 27 November 2019, Sanichi Capital Sdn Bhd, a wholly-owned subsidiary of the Company, had completed the acquisition of a 12-storey with 1 lower ground floor office building in Bangsar South, Kuala Lumpur for a cash consideration of RM46.00 million. The acquisition this building, now known as Sanichi Tower, is expected to contribute to an improvement in the financial position of the Group via steady rental income and potential capital appreciation in the market value of the office building.

For information, as at 31 March 2021, the occupancy rate of Sanichi Tower stood at approximately 67%. The office building is currently contributing rental income of approximately RM0.14 million per month to the Group.

Further to the above, the Group is also undertaking various efforts to improve the occupancy rate of Sanichi Tower such as posting online advertisements and engaging with property agents to secure new tenants.

- (iii) On 18 May 2020, the Company had entered into a memorandum of understanding with Arzon Solar, LLC, PNE PCB Berhad and AT Systematization Berhad to form a joint venture ("JV") company to design, develop, produce medical grade mechanical air ventilators for distribution and marketing globally. The Group will provide the parts (i.e. plastic injection and mould fabrication) and to source all necessary licenses and certificates for the JV company.

As at the LPD, the total investment cost and source of funding have not been determined at this juncture as the parties are still in the midst of finalizing the definitive agreement. In the event the Company requires additional funding, the Company may undertake equity fund raising exercises such as private placements. The collaboration will allow the Group to capitalise on the surge in demand for ventilators in light of the COVID-19 outbreak which has resulted in a worldwide shortage of ventilators.

The diversification into the Gloves Business allows the Group to capitalise on a booming segment with favourable long-term prospects while making the most out of the opportunities created by the COVID-19 pandemic. Moreover, the Diversification will provide an alternative source of income to the Group's current core business. This represents part of the Group's business turnaround plan to improve its financial performance.

Premised on the above, the Board is optimistic of the future prospects of the Group moving forward.

**9. EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS**

**9.1 Share capital**

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

	Minimum Scenario		Base Case Scenario		Maximum Scenario	
	No. of Shares	Share capital RM	No. of Shares	Share capital RM	No. of Shares	Share capital RM
Issued share capital as at the LPD	200,471,911	236,675,979	200,471,911	236,675,979	200,471,911	236,675,979
New Shares to be issued assuming full exercise of Warrants E	-	-	-	-	36,932,791	( <sup>1</sup> )46,166,022
	<b>200,471,911</b>	<b>236,675,979</b>	<b>200,471,911</b>	<b>236,675,979</b>	<b>237,404,702</b>	<b>282,842,001</b>
New Shares to be issued pursuant to the Rights Issue with Warrants	125,000,000	( <sup>2</sup> )10,000,000	1,202,831,466	( <sup>2</sup> )96,226,517	1,424,428,212	( <sup>2</sup> )113,954,257
New Shares to be issued assuming full exercise of the Warrants F	62,500,000	( <sup>3</sup> )6,250,000	601,415,733	( <sup>3</sup> )60,141,573	712,214,106	( <sup>3</sup> )71,221,411
<b>Enlarged issued share capital</b>	<b>387,971,911</b>	<b>252,925,979</b>	<b>2,004,719,110</b>	<b>393,044,070</b>	<b>2,374,047,020</b>	<b>468,017,669</b>

**Notes:-**

- (1) Based on the exercise price of RM1.00 per Warrant E and after accounting for the reversal of warrant reserve.
- (2) Based on the issue price of RM0.08 per Rights Share.
- (3) Based on the Exercise Price of RM0.10 per Warrant F.

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## 9.2 NA and gearing

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

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

### Minimum Scenario

	(i) Unaudited as at 31 December 2020 RM'000	(i) After subsequent event <sup>(1)</sup> RM'000	(ii) After (i) and the Rights Issue with Warrants <sup>(2)(3)</sup> RM'000	(iii) After (ii) and assuming full exercise of the Warrants F <sup>(4)</sup> RM'000
Share capital	236,676	236,676	246,676	252,926
Foreign currency translation reserve	(266)	(266)	(266)	(266)
Warrant reserve	9,233	9,233	14,271	9,233
Other reserve	-	-	(5,038)	-
Retained earnings	38,444	38,444	37,784	37,784
<b>Shareholders' equity / NA</b>	<b>284,088</b>	<b>284,088</b>	<b>293,428</b>	<b>299,678</b>
Non-controlling interests	9,501	9,501	9,501	9,501
<b>Total equity</b>	<b>293,588</b>	<b>293,588</b>	<b>302,928</b>	<b>309,178</b>
No. of Shares in issue ('000)	2,004,734	200,472	325,472	387,972
NA per Share (RM)	0.14	1.42	0.90	0.77
Total borrowings (RM'000)	38,142	38,142	38,142	38,142
Gearing (times)	0.13	0.13	0.13	0.12

### Notes:-

- (1) After accounting for the consolidation of every 10 Shares into 1 Share pursuant to the Share Consolidation which was completed on 6 April 2021.
- (2) Based on the issuance of 125,000,000 Rights Shares at the issue price of RM0.08 each together with 62,500,000 Warrants F.
- (3) After accounting for the creation of warrant reserve based on the issuance of Warrants F at a fair value of RM0.0806 per Warrant F (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and estimated expenses incidental to the Corporate Exercises of RM0.66 million.
- (4) Based on the Exercise Price of RM0.10 per Warrant F and after accounting for the reversal of warrant reserve.

**Base Case Scenario**

	Unaudited as at 31 December 2020 RM'000	(i) After subsequent event <sup>(1)</sup> RM'000	(ii) After (i) and the Rights Issue with Warrants <sup>(2)(3)</sup> RM'000	(iii) After (ii) and assuming full exercise of the Warrants F <sup>(4)</sup> RM'000
Share capital	236,676	236,676	332,903	393,044
Foreign currency translation reserve	(266)	(266)	(266)	(266)
Warrant reserve	9,233	9,233	57,707	9,233
Other reserve	-	-	(48,474)	-
Retained earnings	38,444	38,444	37,784	37,784
<b>Shareholders' equity / NA</b>	<b>284,088</b>	<b>284,088</b>	<b>379,654</b>	<b>439,796</b>
Non-controlling interests	9,501	9,501	9,501	9,501
<b>Total equity</b>	<b>293,588</b>	<b>293,588</b>	<b>389,155</b>	<b>449,296</b>
No. of Shares in issue ('000)	2,004,734	200,472	1,403,303	2,004,719
NA per Share (RM)	0.14	1.42	0.27	0.22
Total borrowings (RM'000)	38,142	38,142	38,142	38,142
Gearing (times)	0.13	0.13	0.10	0.08

**Notes:-**

- (1) After accounting for the consolidation of every 10 Shares into 1 Share pursuant to the Share Consolidation which was completed on 6 April 2021
- (2) Based on the issuance of 1,202,831,466 Rights Shares at the issue price of RM0.08 each together with 601,415,733 Warrants F.
- (3) After accounting for the creation of warrant reserve based on the issuance of Warrants F at a fair value of RM0.0806 per Warrant F (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and estimated expenses incidental to the Corporate Exercises of RM0.66 million.
- (4) Based on the Exercise Price of RM0.10 per Warrant F and after accounting for the reversal of warrant reserve.

**Maximum Scenario**

	Unaudited as at 31 December 2020 RM'000	(I) After subsequent event <sup>(1)</sup> RM'000	(II) After (I) and assuming full exercise of the Warrants E <sup>(2)</sup> RM'000	(III) After (II) and the Rights Issue with Warrants <sup>(3)(4)</sup> RM'000	(IV) After (III) and assuming full exercise of the Warrants F <sup>(5)</sup> RM'000
Share capital	236,676	236,676	282,842	396,796	468,018
Foreign currency translation reserve	(266)	(266)	(266)	(266)	(266)
Warrant reserve	9,233	9,233	-	57,404	-
Other reserve	-	-	-	(57,404)	-
Retained earnings	38,444	38,444	38,444	37,784	37,784
<b>Shareholders' equity / NA</b>	<b>284,088</b>	<b>284,088</b>	<b>321,020</b>	<b>434,315</b>	<b>505,536</b>
Non-controlling interests	9,501	9,501	9,501	9,501	9,501
<b>Total equity</b>	<b>293,588</b>	<b>293,588</b>	<b>330,521</b>	<b>443,815</b>	<b>515,037</b>
No. of Shares in issue ('000)	2,004,734	200,472	237,405	1,661,833	2,374,047
NA per Share (RM)	0.14	1.42	1.35	0.26	0.21
Total borrowings (RM'000)	38,142	38,142	38,142	38,142	38,142
Gearing (times)	0.13	0.13	0.12	0.09	0.07

**Notes:-**

- (1) After accounting for the consolidation of every 10 Shares into 1 Share pursuant to the Share Consolidation which was completed on 6 April 2021.
- (2) Assuming all the 36,932,791 Warrants E which are outstanding as at the LPD are exercised into new Shares at the exercise price of RM1.00 each.
- (3) Based on the issuance of 1,424,428,212 Rights Shares at the issue price of RM0.08 each together with 712,214,106 Warrants F.
- (4) After accounting for the creation of warrant reserve based on the issuance of Warrants F at a fair value of RM0.0806 per Warrant F (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and estimated expenses incidental to the Corporate Exercises of RM0.66 million.
- (5) Based on the Exercise Price of RM0.10 per Warrant F and after accounting for the reversal of warrant reserve.

### 9.3 Substantial Shareholders' shareholdings

The substantial Shareholders of the Company based on the Register of Substantial Shareholders as at the LPD (after accounting for the effects of the Share Consolidation) and the pro forma effects of the Rights Issue with Warrants on their shareholdings are as follows:-

#### Minimum Scenario

Under the Minimum Scenario, the Undertaking Shareholders will emerge as substantial Shareholders of the Company upon their subscription of Rights Shares pursuant to their respective Undertakings.

Substantial shareholders	(I)							
	As at the LPD		After the Rights Issue with Warrants					
	Direct	Indirect	Direct	Indirect				
No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%	
Dato' Sri Dr. Pang Chow Huat	12,744,616	6.36	(4)386,771	0.19	87,744,616	(4)386,771	26.96	0.12
Cita Realiti Sdn Bhd	8,676,700	4.33	-	-	8,676,700	-	2.67	-
Ho Jien Shiung	2,428,222	1.21	-	-	52,428,222	-	16.11	-

Substantial shareholders	(II)					
	After (I) and assuming full exercise of the Warrants F					
	Direct	Indirect	Direct	Indirect		
No. of Shares	(3)%	No. of Shares	(3)%	No. of Shares	(3)%	
Dato' Sri Dr. Pang Chow Huat	125,244,616	32.28	(4)386,771	0.10		
Cita Realiti Sdn Bhd	8,676,700	2.24	-	-		
Ho Jien Shiung	77,428,222	19.96	-	-		

#### Notes:-

- (1) Based on the issued share capital of 200,471,911 Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 325,471,911 Shares.
- (3) Based on the enlarged issued share capital of 387,971,911 Shares.
- (4) Deemed interest by virtue of his spouse's shareholdings in the Company.



**Base Case Scenario**

Under the Base Case Scenario, Ho Jien Shiung, an Undertaking Shareholder, will not emerge as a substantial Shareholder of the Company.

Substantial shareholders	As at the LPD				(I) After the Rights Issue with Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Dato' Sri Dr. Pang Chow Huat	12,744,616	6.36	(4)386,771	0.19	89,212,312	6.36	(4)2,707,397	0.19
Cita Realiti Sdn Bhd	8,676,700	4.33	-	-	60,736,900	4.33	-	-

Substantial shareholders	(II) After (I) and assuming full exercise of the Warrants F			
	Direct		Indirect	
	No. of Shares	(3)%	No. of Shares	(3)%
Dato' Sri Dr. Pang Chow Huat	127,446,160	6.36	(4)3,867,710	0.19
Cita Realiti Sdn Bhd	86,767,000	4.33	-	-

**Notes:-**

- (1) Based on the issued share capital of 200,471,911 Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 1,403,303,377 Shares.
- (3) Based on the enlarged issued share capital of 2,004,719,110 Shares.
- (4) Deemed interest by virtue of his spouse's shareholdings in the Company.

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**Maximum Scenario**

Under the Maximum Scenario, Ho Jien Shiung, an Undertaking Shareholder, will not emerge as a substantial Shareholder of the Company.

Substantial shareholders	(I)					
	As at the LPD		Assuming the full exercise of the Warrants E			
	Direct	Indirect	Direct	Indirect		
No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	
Dato' Sri Dr. Pang Chow Huat	12,744,616	6.36	(5)386,771	0.19	17,744,616	7.47
Cita Realiti Sdn Bhd	8,676,700	4.33	-	-	8,676,700	3.65
					(5)386,771	0.16
					-	-

Substantial shareholders	(II)					
	After (I) and the Rights Issue with Warrants		After (II) and assuming full exercise of the Warrants F			
	Direct	Indirect	Direct	Indirect		
No. of Shares	(3)%	No. of Shares	(3)%	No. of Shares	(4)%	
Dato' Sri Dr. Pang Chow Huat	124,212,312	7.47	(5)2,707,397	0.16	177,446,160	7.47
Cita Realiti Sdn Bhd	60,736,900	3.65	-	-	86,767,000	3.65
					(5)3,867,710	0.16
					-	-

**Notes:-**

- (1) Based on the issued share capital of 200,471,911 Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 237,404,702 Shares.
- (3) Based on the enlarged issued share capital of 1,661,832,914 Shares.
- (4) Based on the enlarged issued share capital of 2,374,047,020 Shares.
- (5) Deemed interest by virtue of his spouse's shareholdings in the Company.

#### 9.4 Earnings and EPS

The potential effects of the Rights Issue with Warrants on the future consolidated earnings and EPS of the Company will depend on, amongst others, the number of Rights Shares to be issued and the level of returns generated from the utilisation of the proceeds to be raised from the Rights Issue with Warrants as set out in Section 6 of this Abridged Prospectus.

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

	Unaudited FYE 31 December 2020	Adjusted for the Share Consolidation	(I)			(II)		
			After the Rights Issue with Warrants			After (I) and assuming full exercise of the Warrants F		
			Minimum Scenario	Base Case Scenario	Maximum Scenario	Minimum Scenario	Base Case Scenario	Maximum Scenario
LAT attributable to owners of the Company (RM'000)	(7,705)	(7,705)	<sup>(1)</sup> (8,365)	<sup>(1)</sup> (8,365)	(8,365)	(8,365)	(8,365)	
Weighted average no. of Shares ('000)	1,233,500	123,350	248,350	<sup>(2)</sup> 1,547,778	310,850	1,927,597	2,259,992	
LPS (sen)	(0.62)	(6.25)	(3.37)	(0.63)	(2.69)	(0.43)	(0.37)	

**Notes:-**

- (1) After accounting for estimated expenses incidental to the Corporate Exercises of RM0.66 million.
- (2) After assuming full exercise of the Warrants E prior to the Entitlement Date.

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

### 10.1 Working capital and sources of liquidity

The Group's working capital is funded through cash generated from operating activities, credit extended by suppliers, credit facilities from financial institutions as well as the Group's existing cash and bank balances.

As at the LPD, the Group's cash and bank balances stood at RM67.93 million.

The Board confirmed that, after taking into consideration the funds generated from the Company's operations, the banking facilities available to the Group as well as the proceeds to be raised from the Rights Issue with Warrants, the Group has sufficient working capital for its current level of operations for a period of 12 months from the date of this Abridged Prospectus.

### 10.2 Borrowings

As at the LPD, the Group's total outstanding borrowings (all of which are interest bearing and denominated in RM) are set out as follows:-

<b>Borrowings</b>	<b>RM'000</b>
<b><u>Long term borrowings</u></b>	
- Term Loan <sup>(1)</sup>	33,892
<b><u>Short term borrowings</u></b>	
- Term Loan <sup>(1)</sup>	3,946

Note:-

(1) This Term Loan was drawdown in 2019 to finance the acquisition of Sanichi Tower.

There has not been any default on payments of either interest and/or principal sums on any borrowings throughout the past 1 financial year and subsequent financial period up to the LPD.

### 10.3 Contingent liabilities

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

### 10.4 Material commitments

As at the LPD, the Board confirmed that there are no material commitments for capital expenditure.

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**11. INSTRUCTIONS FOR ACCEPTANCE AND PAYMENT**

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

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

**11.1 General**

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

**11.2 NPA**

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

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

The last date and time for acceptance and payment for the Provisional Rights Shares and the Excess Application is 5.00 p.m. on Tuesday, 11 May 2021. An announcement shall be made on the outcome of the Rights Issue after the Closing Date.

**11.4 Methods of acceptance and application**

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

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

## **11.5 Procedures for full acceptance and payment**

### **11.5.1 By way of RSF**

Acceptance and payment for the Provisional Allotment to you as an Entitled Shareholder and/or your renounees / transferees (if applicable) must be made on the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not conform to the terms of this Abridged Prospectus, NPA or 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.

**FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS, EXCESS RIGHTS SHARES WITH WARRANTS F APPLICATIONS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/OR YOUR RENOUNCEES / TRANSFEREES (IF APPLICABLE) WISH TO SELL / TRANSFER ALL OR ANY PART OF YOUR / THEIR ENTITLEMENTS, ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF.**

**YOU AND/OR YOUR RENOUNCEES / TRANSFEREES (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.**

You and/or your renounees / transferees (if applicable) accepting the Provisional Allotments are required to complete Part I(A) and Part II of the RSF in accordance with the notes and instructions provided therein. Each completed RSF together with the relevant payment must be despatched by ORDINARY POST, COURIER or DELIVERED BY HAND using the envelope provided (at your own risk) to our Share Registrar at the following address:-

**ShareWorks Sdn Bhd**

No. 2-1, Jalan Sri Hartamas 8  
Sri Hartamas  
50480 Kuala Lumpur  
Telephone number: 03-6201 1120

so as to arrive not later than 5.00 p.m. on Tuesday, 11 May 2021, 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.

1 RSF can only be used for acceptance of Provisional Allotments standing to the credit of 1 CDS Account. Separate RSFs must be used for the acceptance of Provisional Allotments standing to the credit of more than 1 CDS Account. If successful, the Rights Shares with Warrants F subscribed by you and/or your renounees / transferees (if applicable) will be credited into the respective CDS Accounts where the Provisional Allotments are standing to the credit.

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

You and/or your renounees / transferees (if applicable) should take note that a trading board lot for the Rights Shares with Warrants F will comprise 100 Rights Shares and 100 Warrants F each respectively. Successful applicants of the Rights Shares will be given free Warrants F on the basis of 1 Warrant F for every 2 Rights Shares successfully subscribed for. The minimum number of securities that can be subscribed for or accepted is 1 Rights Share. The Warrants F will be issued in the proportion of 1 Warrant F for every 2 Rights Shares subscribed. Fractional entitlements arising from the Rights Issue with Warrants will be disregarded and the aggregate of such fractions shall be dealt with as the Board may at its absolute discretion deem fit and expedient and in the best interest of the Company. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar.

If acceptance and payment for the Rights Shares with Warrants F provisionally allotted to you and/or your renounees / transferees (if applicable) is not received by our Share Registrar by 5.00 p.m. on 11 May 2021, being the last date and time for acceptance and payment, or such extended date and time as may be determined and announced by our Board at their discretion, you and/or your renounees / transferees (if applicable) will be deemed to have declined the Provisional Allotments made to you and/or your renounees / transferees (if applicable) and it will be cancelled. Such Rights Shares with Warrants F not taken up will be allotted to the applicants applying for Excess Rights Shares with Warrants F.

Our Board reserves the right not to accept or to accept in part only any application without providing any reasons. You and/or your renounees / transferees (if applicable) who lose, misplace or for any other reasons require another copy of the RSF may obtain additional copies from your stockbrokers, Bursa Securities' website (<https://www.bursamalaysia.com>), our Share Registrar at the address stated above or its website at <https://www.shareworks.com.my> or at our Registered Office.

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

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

**NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO YOU AND/OR YOUR RENOUNEES / TRANSFEREES (IF APPLICABLE) AT YOUR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN 8 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE WITH WARRANTS.**

**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 ACCEPTED ONLY IN PART, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST. THE REFUND WILL BE DESPATCHED TO YOU WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK.

ALL RIGHTS SHARES AND WARRANTS F TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WITH WARRANTS WILL BE ALLOTTED BY WAY OF CREDITING THE RIGHTS SHARES AND WARRANTS F INTO THE CDS ACCOUNTS OF THE ENTITLED SHAREHOLDERS AND/OR THEIR RENOUNCEES / TRANSFEREES (IF APPLICABLE). NO PHYSICAL SHARE OR WARRANT CERTIFICATES WILL BE ISSUED.

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.

#### 11.5.2 By way of electronic submission of the e-RSF

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

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

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

- (a) the electronic submission of the e-RSF will be closed at 5.00 p.m on 11 May 2021. All valid electronic submission of the e-RSF received by our Share Registrar is irrevocable and cannot be subsequently withdrawn;
- (b) the electronic submission of the e-RSF must be made in accordance with the procedures and terms and conditions of the electronic submission of the e-RSF, this Abridged Prospectus and the notes and conditions contained in the RSF. Any incomplete or incorrectly completed e-RSF submitted via our Share Registrar's Investor Portal may or may not be accepted at the absolute discretion of our Board.
- (c) your application for the Rights Shares with Warrants F and Excess Rights Shares with Warrants F must be accompanied by the remittance in RM via internet bank transfer, the bank account details as follows:-

Name of Bank:	MALAYAN BANKING BERHAD
Name of Account:	STB RIGHTS ISSUE ACCOUNT
Bank Account No.:	501570305489



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

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

(i) Procedures

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

If you encounter any problems during the registration or submission, please email our Share Registrar at [support@shareworks.com.my](mailto:support@shareworks.com.my) for assistance.

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

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

- (A) You acknowledge that your submission by way of electronic submission of the e-RSF is subject to the risks of electrical, electronic, technical, transmission, communication and computer related faults and breakdowns, fires and other events beyond the control of our Company or our Share Registrar and irrevocably agree that if:-

- (i) our Company or our Share Registrar does not receive your submission of the e-RSF; or
- (ii) data on the e-RSF is wholly or partially lost, corrupted or inaccessible, or not transmitted,

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

- (B) You will ensure that all information provided by you in the e-RSF is identical with the information in the records of Bursa Depository and further agree and confirm that in the event the said information differs from the records of Bursa Depository, your application by way of electronic submission of the e-RSF may be rejected at the absolute discretion of our Board without assigning any reason.
- (C) You agree that your application shall not be deemed to have been accepted by reason of the remittance have been made.
- (D) You agree that all the Rights Shares and Warrants F to be issued pursuant to the Rights Issue with Warrants will be allotted by way of crediting the Rights Shares and Warrants F into your CDS account. No physical share or warrant certificates will be issued.
- (E) 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.

- (F) If your application is successful, a notice of allotment will be issued and despatched by ordinary post to the address as shown in the Record of Depositors provided by Bursa Depository at your own risk within 8 market days from the last date of acceptance and payment for the Rights Issue with Warrants.
- (G) Where your application is not accepted or accepted only in part, the full amount or the balance of the application monies, as the case may be, shall be refunded without interest by banker's cheque within 15 market days from the last date of acceptance and payment for the Rights Issue with Warrants and will be despatched by ordinary post to the address as shown in the Record of Depositors provided by Bursa Depository at your own risk.

#### **11.6 Procedures for part acceptance**

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

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

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

#### **11.7 Procedures for sale or transfer of Provisional Allotments**

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

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

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

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

#### **11.8 Procedures for the Excess Rights Shares with Warrants F Application**

If you wish to apply for additional Rights Shares with Warrants F in excess of your entitlement, please complete Part I(B) of the RSF (in addition to Parts I(A) and II), The remittance for the Excess Rights Shares with Warrants F can be made together with the remittance for your entitlement as mentioned in Section 11.5.1 of this Abridged Prospectus.

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

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

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

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

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

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

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

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

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

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

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

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

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

### **11.10 CDS Account**

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

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

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

### **11.11 Notice of allotment**

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

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

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

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

### **11.12 Foreign-Addressed Shareholders**

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

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

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

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

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

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

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

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

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

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



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

**12. TERMS AND CONDITIONS**

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

**13. FURTHER INFORMATION**

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

Yours faithfully  
For and on behalf of the Board of  
**SANICHI TECHNOLOGY BERHAD**



**DATO' SRI DR. PANG CHOW HUAT**  
Group Managing Director

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

As at the LPD, the issued share capital of the Company is RM236,675,979 comprising 200,471,911 Shares.

**2. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS**

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

**3. DIRECTORS**

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

<b>Name (Designation)</b>	<b>Age</b>	<b>Address</b>	<b>Nationality</b>
Dato' Abd Halim Bin Abd Hamid (Chairman / Independent Non-Executive Director)	72	No. 157, Jalan Titi Hj Idris Pekan Langgar 06500 Alor Setar Kedah	Malaysian
Dato' Sri Dr. Pang Chow Huat (Group Managing Director)	48	No. 44, Jalan Indah 2/3 Taman Bukit Indah 81200 Johor Bahru	Malaysian
Ong Tee Kein (Independent Non-Executive Director)	64	No. 85, Medan Athinahapan Dua Taman Tun Dr Ismail 60000 Kuala Lumpur	Malaysian
Datin Erdawaty Binti Mohamed (Independent Non-Executive Director)	38	No. 174, Lorong 3E Taman Friendship Villa Jalan Pantai Berahi 88200 Kota Kinabalu Sabah	Malaysian

Save for Dato' Sri Dr. Pang Chow Huat, none of the Directors have any direct and/or indirect shareholding in the Company as at the LPD. Please refer to Section 9.3 of this Abridged Prospectus on the pro forma effects of the Rights Issue with Warrants on his shareholding.

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

The following table sets out a summary of the financial information of the Group for the 18-month FPE 31 December 2017, FYE 31 December 2018, FYE 31 December 2019 as well as the FYE 31 December 2020:-

**Historical financial performance**

	Audited			Unaudited
	Restated 18-month FPE 31 December 2017 RM'000	FYE 31 December 2018 RM'000	FYE 31 December 2019 RM'000	FYE 31 December 2020 RM'000
Revenue	39,243	31,067	21,487	23,692
Cost of sales	(30,533)	(23,008)	(20,835)	(24,809)
<b>(GL) / GP</b>	<b>8,709</b>	<b>8,059</b>	<b>652</b>	<b>(1,117)</b>
Other income	2,978	2,835	9,752	12,675
Administrative and general expenses	(25,641)	(26,828)	(31,126)	(16,531)
Finance costs	(293)	(186)	(32)	(2,753)
<b>LBT</b>	<b>(14,246)</b>	<b>(16,121)</b>	<b>(20,754)</b>	<b>(7,725)</b>
Taxation	(2,117)	963	25	27
<b>LAT from continuing operations</b>	<b>(16,363)</b>	<b>(15,157)</b>	<b>(20,729)</b>	<b>(7,698)</b>
LAT from discontinuing operations	(1,065)	(840)	-	-
<b>LAT</b>	<b>(17,429)</b>	<b>(15,997)</b>	<b>(20,729)</b>	<b>(7,698)</b>
Loss attributable to:-				
- owners of the Company	(17,424)	(15,939)	(20,531)	(7,705)
- non-controlling interests	(4)	(57)	(197)	7
(GL) / GP margin (%)	22.19	25.94	3.03	(4.71)
LAT margin (%)	(44.41)	(51.49)	(96.47)	(32.49)

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**APPENDIX I – INFORMATION ON THE COMPANY (CONT'D)**

**Historical financial position**

	Audited			Unaudited
	As at 31 December 2017 RM'000	As at 31 December 2018 RM'000	As at 31 December 2019 RM'000	As at 31 December 2020 RM'000
Non-current assets	40,772	41,884	90,031	106,888
Current assets	163,682	236,805	226,270	248,200
Assets held for sale	853	17	-	-
<b>Total assets</b>	<b>205,307</b>	<b>278,707</b>	<b>316,301</b>	<b>355,088</b>
Share capital	88,727	169,343	169,346	236,676
Other reserves	18,753	24,357	8,354	9,472
Accumulated losses/profits	84,864	65,522	61,002	38,444
<b>Shareholders' equity / NA</b>	<b>192,345</b>	<b>259,223</b>	<b>238,703</b>	<b>284,592</b>
Non-controlling interests	(4)	1,463	1,265	8,996
<b>Total equity</b>	<b>192,341</b>	<b>260,686</b>	<b>239,969</b>	<b>293,588</b>
Non-current liabilities	2,852	825	36,367	36,186
Current liabilities	9,214	17,184	39,963	25,314
Liabilities held for sale	889	10	-	-
<b>Total liabilities</b>	<b>12,966</b>	<b>18,020</b>	<b>76,331</b>	<b>61,500</b>
<b>Total equity and liabilities</b>	<b>205,307</b>	<b>278,707</b>	<b>316,301</b>	<b>355,088</b>

**Historical cash flow**

	Audited			Unaudited
	Restated 18-month FPE 31 December 2017 RM'000	FYE 31 December 2018 RM'000	FYE 31 December 2019 RM'000	FYE 31 December 2020 RM'000
<b>Net cash from / (used in)</b>				
Operating activities	(4,475)	(10,308)	(17,996)	(31,011)
Investing activities	(72,552)	(61,179)	(31,664)	87,007
Financing activities	65,493	81,017	37,168	(2,253)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(15,066)</b>	<b>9,529</b>	<b>(12,492)</b>	<b>53,743</b>
Effect of exchange rate changes	(1,181)	304	(33)	613
Cash and cash equivalents at beginning of the year / period	21,443	5,195	15,029	2,504
<b>Cash and cash equivalents at end of the year / period</b>	<b>5,195</b>	<b>15,029</b>	<b>2,504</b>	<b>56,860</b>

**APPENDIX I – INFORMATION ON THE COMPANY (CONT'D)**

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**(i) FYE 31 December 2020 vs FYE 31 December 2019**

The Group's revenue for the FYE 31 December 2020 increased by RM2.21 million or 10.26% as compared to the previous financial year. The higher revenue was mainly due higher contribution from the precision mould segment as a result of higher sales of moulds from the European market, which in turn was mainly due to an increase in orders from the Group's automobile clients as they were preparing for new launches in 2020.

The Group recorded a GL of RM1.12 million (GL margin of 4.71%) in the FYE 31 December 2020 as compared to a GP of RM0.65 million (GP margin of 3.03% in the previous financial year mainly due to the higher cost incurred in complying strict standard operating procedure such as workers' working and living facilities.

The Group recorded a lower LAT of RM7.70 million in FYE 31 December 2020 as compared to RM20.73 million in the previous financial year, representing a decrease of 62.86%. The lower LAT was mainly due to the following:-

- (a) unrealised and realised gain on investment in quoted shares of mainly 2 companies listed on Bursa Securities amounting to RM6.53 million (FYE 31 December 2019: nil); and
- (b) lower impairment loss on trade and other receivables of RM0.59 million (FYE 31 December 2019: RM1.40 million) due to higher collection rate.

The Group recorded a net increase in cash and cash equivalents of RM53.74 million in FYE 31 December 2020 (FYE 31 December 2019: net decrease of RM12.49 million) mainly due to the proceeds raised from the issuance of shares of RM52.48 million pursuant to a private placement exercise which was completed on 7 December 2020 as well as the exercise of Existing ESOS Options.

**(ii) FYE 31 December 2019 vs FYE 31 December 2018**

The Group's revenue for the FYE 31 December 2019 decreased by RM9.58 million or 30.84% as compared to the previous financial year. The lower revenue was mainly due to lower contribution from the precision mould segment as a result of lower sales from the design and fabrication of precision moulds and tooling from Germany, Mexico, Russia and the US. In turn, this was mainly due to lower orders placed by the customers as a result of a slowdown in the global automotive market. However, this was partially offset by higher contribution from the property development segment as a result of higher take-up rate for the Marina Point Project. In turn, this was mainly due to increased marketing activities to promote the Marina Point Project.

In line with the lower revenue, the Group recorded a lower GP of RM0.65 million (GP margin of 3.04%) for the FYE 31 December 2019 as compared to a GP of RM8.06 million (GP margin of 25.94%) in the previous financial year. Apart from the lower revenue, the lower GP was contributed by lower GP margin which in turn was contributed by higher material costs. The higher material costs was mainly due to an overall increase in acquisition cost for, amongst others, raw materials, handling and transportation as well as depreciation of the Ringgit Malaysia.

**APPENDIX I – INFORMATION ON THE COMPANY (CONT'D)**

The Group recorded a LAT of RM20.73 million for the FYE 31 December 2019 as compared to LAT of RM16.00 million in the previous financial year, representing an increase of 29.56%. Apart from the lower GP, the higher LAT was mainly due to higher marketing expenses of RM4.87 million (FYE 31 December 2018: RM1.98 million) incurred by the Group's property development segment to promote the Marina Point Project.

The Group recorded a net decrease in cash and cash equivalents of RM12.49 million in FYE 31 December 2019 (FYE 31 December 2018: net increase of RM9.53 million) mainly due to the purchase of property, plant and equipment of RM47.45 million. However, this was partly offset by drawdown of term loan of RM37.90 million.

**(iii) FYE 31 December 2018 vs 18-month FPE 31 December 2017**

The Group's revenue for the FYE 31 December 2018 decreased by RM8.18 million or 20.83% as compared to the 18-month FPE 31 December 2017 (the annualised revenue for the 18-month FPE 31 December 2017 was RM26.16 million, representing an increase in revenue by RM4.91 million or 18.77% on an annualised basis). The higher revenue on an annualised basis was mainly contributed by the property development segment following the adoption of Malaysian Financial Reporting Standards ("MFRS") 15, an accounting standard which was effective since 1 January 2018, which allowed the Group to recognise revenue and expenses in the profit or loss by using the stage of completion method. There was no revenue contribution from the property development segment for the 18-month FPE 31 December 2017.

The Group recorded a GP of RM8.06 million (GP margin of 25.94%) for the FYE 31 December 2018 as compared to a GP of RM8.71 million (GP margin of 22.19%) for the 18-month FPE 31 December 2017 (the annualised GP for the 18-month FPE 31 December 2017 was RM5.81 million, representing an increase in GP by RM2.25 million or 38.73% on an annualised basis). The higher GP on an annualised basis was mainly due to the higher revenue as set out above.

The Group recorded a LAT of RM16.00 million for the FYE 31 December 2018 as compared to LAT of RM17.43 million for the 18-month FPE 31 December 2017 (the annualised LAT for the 18-month FPE 31 December 2017 was RM11.62 million, representing an increase in LAT by RM4.38 million or 37.69% on an annualised basis).

The higher LAT on an annualised basis was mainly due to the following:-

- (a) higher amortization of goodwill of RM3.39 million (18-month FPE 31 December 2017: RM0.34 million). The goodwill arises from the acquisition of 70% equity interest in Persada Ternama Sdn Bhd, a company principally involved in property development. The carrying amount of the goodwill was impaired as the subsidiary has yet to commence operations; and
- (b) impairment loss on trade receivables of RM1.03 million (18-month FPE 31 December 2017: nil) which in turn was mainly due to the recognition of expected credit loss following the adoption of MFRS 9.

The Group recorded a net increase in cash and cash equivalents of RM9.53 million in FYE 31 December 2018 (18-month FPE 31 December 2017: net decrease of RM15.07 million) mainly due to proceeds raised from the issuance of shares of RM79.88 million pursuant to a rights issue exercise which was completed on 20 December 2018 as well as the exercise of Existing ESOS Options. However, this was partly offset by placement of fixed deposits totalling RM57.99 million.

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

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

	<b>High RM</b>	<b>Low RM</b>
<b><u>2020</u></b>		
February	0.055	0.035
March	0.055	0.035
April	0.055	0.040
May	0.120	0.040
June	0.125	0.060
July	0.100	0.070
August	0.105	0.070
September	0.080	0.055
October	0.060	0.045
November	0.080	0.045
December	0.070	0.055
<b><u>2021</u></b>		
January	0.060	0.045
February	0.055	0.030
March	0.035	0.025
Last transacted market price on 2 February 2021, being the last Market Day immediately prior to the first announcement of the Rights Issue with Warrants (RM)	0.050	
Last transacted market price on 21 April 2021, being the Market Day immediately prior to the ex-date for the Rights Issue with Warrants (RM)	0.185	
Last transacted market price on the LPD (RM)	0.210	

(Source: Bloomberg)

**6. OPTION TO SUBSCRIBE FOR SHARES**

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

- (i) under the Existing ESOS, the Company may grant Existing ESOS Options to subscribe for new Shares up to but not exceeding 30% of the Company's total number of issued Shares (excluding treasury shares, if any) at any point of time during the duration of 5 years and subsequently extended for another 5 years (i.e. a total of 10 years) from the effective date of the ESOS (i.e. 7 November 2014). The exercise price for such Existing ESOS Options shall be determined by the Board at its discretion upon recommendation of the ESOS committee based on the 5-day VWAP of the Shares immediately prior to the date of offer with a discount of not more than 10%.

As at the LPD, the Company has up to 1,483,727 Existing ESOS Options which may be granted pursuant to the maximum allowable amount under the Existing ESOS.

## **APPENDIX I – INFORMATION ON THE COMPANY (CONT'D)**

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### **7. MATERIAL CONTRACTS**

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

### **8. MATERIAL LITIGATION**

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

### **9. CONSENTS**

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

### **10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company at Unit 27.2, Menara 1MK, Kompleks 1 Mont Kiara, No. 1, Jalan Kiara, Mont Kiara, 50480 Kuala Lumpur during normal business hours from Monday to Friday (except public holidays) for a period of 6 months from the date of this Abridged Prospectus:-

- (i) the Constitution of the Company;
- (ii) the Undertakings referred to in Section 3 of this Abridged Prospectus;
- (iii) the IMR Report referred to in Sections 8.2, 8.3 and 8.4 of this Abridged Prospectus;
- (iv) the letters of consent referred to in Section 9 above; and
- (v) the Deed Poll F.

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**APPENDIX I – INFORMATION ON THE COMPANY (CONT'D)**

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**11. RESPONSIBILITY STATEMENT**

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