THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY. If you have sold or transferred all your Shares, you should at once hand this Abridged Prospectus together with the Notice of Provisional Allotment ("**NPA**") and Rights Subscription Form ("**RSF**") (collectively, the "**Documents**") to the agent/broker through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue should be addressed to our Share Registrar, Mega Corporate Services Sdn Bhd, at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia.

The Documents are only despatched to our Shareholders whose names appear in our Record of Depositors as at 5.00 p.m. on 30 June 2016 ("**Entitled Shareholders**") who have a registered address in Malaysia or who have provided our Share Registrar with a registered address in Malaysia in writing on or before 5.00 p.m. on 30 June 2016. The Documents are not intended to be and should not be distributed, forwarded to or transmitted in or into countries or jurisdictions where to do so might constitute a violation of the securities laws or regulations of such countries or jurisdictions. No action has been or will be taken to ensure that either the Rights Issue or the Documents comply with the laws of any country or jurisdiction other than the laws of Malaysia. The Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers and/or other professional advisers as to whether the acceptance or renunciation (as the case may be) of all or any part of their Provisional Allotments, the application for the Excess Rights Shares, or the subscription, offer, sale, resale, pledge or other transfer of the Rights Shares and the Warrants would result in the contravention of any laws of such countries or jurisdictions. Neither our Company, our Principal Adviser nor any of their respective Directors and officers or affiliates shall accept any responsibility or liability whatsoever to any party in the event that any acceptance or renunciation (as the case may be) of the Provisional Allotments, the application for the Excess Rights Shares, or the subscription, offer, sale, resale, pledge or other transfer of the Rights Shares and the Warrants made by any Entitled Shareholder and/or their renouncee(s) and/or transferee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which the said Entitled Shareholder and/or their renouncee(s) and/or transferee(s) (if applicable) is a resident.

The approval from the Securities Commission Malaysia ("**SC**") for amongst others, the Rights Issue, was obtained vide its letter dated 20 October 2015 and our Shareholders for, amongst others, the Rights Issue, was obtained at our EGM held on 27 January 2016. The approval from Bursa Malaysia Securities Berhad ("**Bursa Securities**") for, amongst others, the admission of the Warrants to the Official List of Bursa Securities and the listing of and quotation for all the Rights Shares, Warrants and the new Shares to be issued upon the exercise of the Warrants on the Main Market of Bursa Securities was also obtained vide its letter dated 24 November 2015. The admission of the Warrants to the Official List of Bursa Securities and the listing of and quotation for the said new securities on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue and any investment in our Company. The admission of the Warrants to the Official List of Bursa Securities and the listing of and quotation for all the said new securities will commence after, amongst others, receipt of confirmation from Bursa Malaysia Depository Sdn Bhd that all the said new securities have been duly credited into the Central Depository System Accounts of the successful Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) and the notices of allotment have been despatched to them.

A copy of this Abridged Prospectus has been registered with the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Documents has also been lodged with the Registrar of Companies, who takes no responsibility for the contents of the Documents.

Our Board has seen and approved all the documentation relating to the Rights Issue, including the Documents and they collectively and individually, accept full responsibility for the accuracy of the information given and confirm that, after making 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 the statements in the Documents false or misleading.

AmInvestment Bank Berhad being our Principal Adviser for the Rights Issue, 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.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED, SEE "RISK FACTORS" AS SET OUT IN SECTION 6 HEREIN.

DAGANG NeXCHANGE BERHAD

(Company No. 10039-P)
(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF 465,146,809 NEW ORDINARY SHARES OF RM0.20 EACH IN DAGANG NeXCHANGE BERHAD ("DNeX" OR THE "COMPANY") ("SHARE(S)" OR "DNeX SHARE(S)") ("RIGHTS SHARE(S)") TOGETHER WITH 465,146,809 NEW FREE DETACHABLE WARRANTS ("WARRANT(S)") AT AN ISSUE PRICE OF RM0.21 PER RIGHTS SHARE ON THE BASIS OF THREE (3) RIGHTS SHARES TOGETHER WITH THREE (3) WARRANTS FOR EVERY FIVE (5) EXISTING DNeX SHARES HELD AS AT 5.00 P.M. ON 30 JUNE 2016

Principal Adviser, Managing Underwriter and Joint Underwriter

AmInvestment Bank

AmInvestment Bank Berhad
(Company No. 23742-V)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Joint Underwriters

KAF INVESTMENT BANK BERHAD (20657-W)

JF APEX SECURITIES BERHAD (47680-X)
A Participating Organisation of Bursa Malaysia Securities Berhad

IMPORTANT RELEVANT DATES AND TIMES

Entitlement Date	:	Thursday, 30 June 2016 at 5.00 p.m.
Last date and time for sale of Provisional Allotments	:	Tuesday, 12 July 2016 at 5.00 p.m.
Last date and time for transfer of Provisional Allotments	:	Friday,15 July 2016 at 4.00 p.m.
Last date and time for acceptance and payment for the Provisional Allotments	:	Wednesday, 20 July 2016 at 5.00 p.m.*
Last date and time for application and payment for the Excess Rights Shares	:	Wednesday, 20 July 2016 at 5.00 p.m.*

* *or such later date and time as our Board may determine and announce not less than two (2) Market Days before the stipulated date and time.*

This Abridged Prospectus is dated 30 June 2016

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

THE SC AND BURSA SECURITIES ARE NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART 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.

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

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

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

BURSA SECURITIES HAS APPROVED THE ADMISSION OF THE WARRANTS TO THE OFFICIAL LIST AND THE LISTING OF AND QUOTATION FOR THE RIGHTS SHARES AND WARRANTS AS WELL AS THE NEW SHARES TO BE ISSUED UPON THE EXERCISE OF THE WARRANTS ON THE MAIN MARKET OF BURSA SECURITIES. HOWEVER, THIS SHALL NOT BE TAKEN TO INDICATE BURSA SECURITIES RECOMMENDS THE RIGHTS ISSUE.

THE DISTRIBUTION OF 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 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

The following definitions shall apply throughout this Abridged Prospectus unless the context requires otherwise:-

5D-VWAMP	:	Five (5)-day volume weighted average market price
Abridged Prospectus	:	This abridged prospectus dated 30 June 2016
Act	:	Companies Act, 1965
Acquisitions	:	Acquisition of 500,000 OGPC Shares, representing 100% of the issued and paid-up share capital of OGPC and acquisition of 520,000 OGPCOG Shares, representing 52.0% of the issued and paid-up share capital of OGPCOG, a 48.0%-owned associate company of OGPC, for the OGPC Group Purchase Consideration from the Vendors
AmInvestment Bank or **Principal Adviser** or **Managing Underwriter**	:	AmInvestment Bank Berhad (Company No. 23742-V)
Announcement	:	The announcement dated 5 March 2015 in relation to the Proposals
BNM	:	Bank Negara Malaysia
Board	:	Board of Directors of DNeX
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W)
Bursa Securities	:	Bursa Malaysia Securities Berhad (Company No. 635998-W)
By-Laws	:	The terms and conditions governing the ESOS as may be amended, modified and/or supplemented from time to time and to be adopted
Cash Consideration	:	Cash payment of RM83,000,000 as partial satisfaction of the OGPC Group Purchase Consideration pursuant to the Acquisitions
CDS	:	Central Depository System
CDS Account	:	A securities account established by Bursa Depository for a depositor to record the deposits or withdrawals of securities or for dealings in such securities by the depositor
Censof	:	Censof Holdings Berhad (Company No. 828269-A)
CMSA	:	Capital Markets and Services Act 2007
Code	:	Malaysian Code on Take-Overs and Mergers, 2010
Consideration Share(s)	:	New DNeX Share(s) at an issue price of RM0.24 per DNeX Share to be issued as partial satisfaction of the OGPC Group Purchase Consideration pursuant to the Acquisitions
Deed Poll	:	The deed poll executed by our Company on 15 June 2016 constituting the Warrants
Directors	:	Has the meaning assigned to it in Section 2(1) of the CMSA
DNeX or the **Company**	:	Dagang NeXchange Berhad (Company No. 10039-P)
DNeX Group or the **Group**	:	DNeX and its subsidiaries, collectively

DNeX Share(s) or **Share(s)**	:	Ordinary share(s) of RM0.20 each in DNeX
Documents	:	This Abridged Prospectus and the accompanying NPA and RSF
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
EGM	:	Extraordinary General Meeting
Eligible Person(s)	:	Executive Director(s) and employee(s) of DNeX Group (excluding subsidiaries which are dormant) who meet the eligibility criteria to participate in the ESOS including the Executive Director(s) and employee(s) of the OGPC Group which will form part of DNeX Group upon completion of the Acquisitions
Entitled Shareholders	:	Our shareholders whose names appear in our Record of Depositors on the Entitlement Date
Entitlement Date	:	30 June 2016 at 5.00 p.m., being the date and time on which the names of our Entitled Shareholders must appear in our Record of Depositors in order to be entitled to participate in the Rights Issue
EPS	:	Earnings per share
Equity Guidelines	:	Equity Guidelines issued by the SC
ESOS	:	Establishment of an employee's share option scheme of up to five percent (5%) of the issued and paid-up share capital of DNeX
ESOS Committee	:	The committee comprising such persons as may be duly appointed and authorised by the Board to administer the ESOS in accordance with the By-Laws
ESOS Options	:	The right(s) of a Grantee to subscribe for new Shares at the ESOS subscription price and where the context so requires, means any part of the ESOS Option as shall remain unexercised
ESOS Subscription Price	:	The price at which a Grantee shall be entitled to subscribe for a new Share
Excess Rights Shares	:	Rights Shares which are not taken up or not validly taken up by our Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) prior to the closing date as set out in **Section 10.2** of this Abridged Prospectus
Foreign Addressed Shareholders	:	Shareholders on the Entitlement Date who have not provided an address in Malaysia for the service of the Documents
FPE	:	Financial period ended/ending 31 March, as the case may be
Full Subscription Level	:	Full subscription for the 465,146,809 Rights Shares under the Rights Issue
FYE	:	Financial year ended/ending 31 December, as the case may be
Grantee(s)	:	Eligible Person(s) to whom an offer in relation to the ESOS ("**Offer**") is/are being made pursuant to the By-Laws who have accepted the Offers in accordance with the provisions of the By-Laws

ICT	:	Information and communication technology, an umbrella of technology that envelopes all types of computer and electronics-based technologies used for the creation, storage, retrieval, analysis and dissemination of information. ICT includes three (3) major technology clusters, namely creative multimedia; information technology ("IT") and global sourcing.
IFRs	:	International Financial Reporting Standards
IMRR	:	Independent market research report titled "Strategic Analysis of the Oil Field Services and Equipment Industry In Malaysia" prepared by Protégé
Initial Acquisitions	:	Acquisitions of 500,000 OGPC Shares, representing 100% of the issued and paid-up share capital of OGPC (which owns 48.0% equity interest in OGPCOG) and 520,000 OGPCOG Shares representing 52.0% of the issued and paid-up share capital of OGPCOG for RM203,000,000 which was to be satisfied by partial cash consideration of RM100,000,000 and the remaining RM103,000,000 via issuance of 396,153,846 new DNeX Shares with 198,076,923 Warrants at an issue price of RM0.26 per Share on the basis of one (1) Warrant for every two (2) new DNeX Shares issued
Initial Announcement	:	The announcement dated 18 June 2014 in relation to the Initial Proposals
Initial Proposals	:	Collectively, Rights Issue, Initial Special Issue, Initial Acquisitions and ESOS
Initial Special Issue	:	Special issue of 50,000,000 Special Issue Shares together with 25,000,000 Warrants on the basis of one (1) Warrant for every two (2) Special Issue Shares at an issue price of RM0.22 per Special Issue Share
IT	:	Information technology, a subset of ICT that involves conducting of research and development to create solutions; specifically in relation to supporting and managing hardware, software, multimedia, and systems integration services. The IT cluster covers three (3) main categories, namely software development, hardware design and e-business.
JF Apex Securities	:	JF Apex Securities Berhad (Company No. 47680-X)
Joint Underwriters	:	Collectively, AmInvestment Bank, KAF Investment Bank and JF Apex Securities
KAF Investment Bank	:	KAF Investment Bank Berhad (Company No. 20657-W)
LAT	:	Loss after taxation
LBT	:	Loss before taxation
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	31 May 2016, being the latest practicable date prior to the date of this Abridged Prospectus
LPS	:	Loss per share
Management Services Agreements	:	Collectively, the management services agreements dated 15 November 2014 entered into between DNeX, OGPC and each of the Vendors respectively

DEFINITIONS (*Cont'd*)

Market Days	:	Any day between Monday and Friday (inclusive) which is not a public holiday and when Bursa Securities is open for trading of securities
MFRSs	:	Malaysian Financial Reporting Standards
MFRS 2	:	Malaysian Financial Reporting Standard 2 on share-based payment as issued by the Malaysian Accounting Standard Board
MRO	:	Maintenance, repair and operations or maintenance, repair and overhaul
MW	:	Megawatt, a measure that indicates the installed capacity of a power plant. One megawatt is equal to 1,000,000 watts
NA	:	Net assets
N/A	:	Not applicable
NPA	:	Notice of Provisional Allotment
NTA	:	Net tangible assets
Official List	:	A list specifying all securities listed on the Main Market of Bursa Securities
OGPC	:	OGPC Sdn Bhd (Company No. 300347-H)
OGPC Acquisition	:	Acquisition of 500,000 OGPC Shares, representing 100% of the issued and paid-up share capital of OGPC for the OGPC Purchase Consideration
OGPC Group	:	Collectively, OGPC and OGPCOG
OGPC Group Comparable Companies	:	Comparable companies to the OGPC Group listed on the Main Market of Bursa Securities
OGPC Group Purchase Consideration	:	The total purchase consideration of RM170,000,000 for the Acquisitions which shall be satisfied by a combination of the Cash Consideration and issuance of the Consideration Shares with Warrants
OGPC Purchase Consideration	:	The purchase consideration of RM164,636,700 for the OGPC Acquisition which shall be satisfied by partial cash consideration of RM80,381,448 and the remaining RM84,255,252 via issuance of 351,063,550 Consideration Shares with 175,531,775 Warrants
OGPC Shares	:	Ordinary shares of RM1.00 each in OGPC
OGPCOG	:	OGPC O&G Sdn Bhd (Company No. 805887-X)
OGPCOG Acquisition	:	Acquisition of 520,000 OGPCOG Shares, representing 52.0% of the issued and paid-up share capital of OGPCOG, a 48.0%-owned associate company of OGPC, for the OGPCOG Purchase Consideration
OGPCOG Purchase Consideration	:	The purchase consideration of RM5,363,300 for the OGPCOG Acquisition which shall be satisfied by partial cash consideration of RM2,618,552 and the remaining RM2,744,748 via issuance of 11,436,450 Consideration Shares with 5,718,225 Warrants
OGPCOG Shares	:	Ordinary shares of RM1.00 each in OGPCOG

DEFINITIONS (*Cont'd*)

O&G	:	Oil and gas
Packager	:	A packager collaborates with customers' and principals' product engineering team as well as other external consultants/fabricators from initial design and engineering up to installation and commissioning to meet customers' requirements
PAT	:	Profit after taxation
PBT	:	Profit before taxation
PBR(s)	:	Price-to-book ratio(s)
PER(s)	:	Price-to-earnings ratio(s)
Person Connected	:	Has the meaning assigned to it in Paragraph 1.01 of the Listing Requirements
Proposals	:	Collectively, Rights Issue, Special Issue, Acquisitions and ESOS
Protégé	:	Protégé Associates Sdn Bhd (Company No. 675767-H)
Provisional Allotments	:	Rights Shares provisionally allotted to our Entitled Shareholders
Record of Depositors	:	A record of depositors established by Bursa Depository under the Rules of Bursa Depository
Rights Issue	:	Renounceable rights issue of 465,146,809 Rights Shares together with 465,146,809 Warrants at an issue of RM0.21 per Rights Share on the basis of three (3) Rights Shares together with three (3) Warrants for every five (5) existing DNeX Shares held as at the Entitlement Date
Rights Share(s)	:	New DNeX Share(s) to be allotted and issued pursuant to the Rights Issue
RM and **sen**	:	Ringgit Malaysia and sen, respectively
RSF	:	Rights Subscription Form
Rules of Bursa Depository	:	Rules of a central depository as defined in the Securities Industry (Central Depository) Act, 1991
Sale Shares	:	The 500,000 OGPC Shares, representing the entire issued and paid-up share capital in OGPC and 520,000 OGPCOG Shares, representing 52.0% of the issued and paid-up share capital in OGPCOG
SC	:	Securities Commission Malaysia
Shareholders	:	Shareholders of DNeX
Share Registrar	:	Mega Corporate Services Sdn Bhd (Company No. 187984-H)
Significant Change in Business Direction	:	Significant change in the business direction or policy under Section 212 of the CMSA
Special Issue	:	Special issue of 130,000,000 Special Issue Shares together with 65,000,000 Warrants on the basis of one (1) Warrant for every two (2) Special Issue Shares
Special Issue Share(s)	:	New DNeX Share(s) to be issued pursuant to the Special Issue

SSA	:	Conditional share sale agreement dated 18 June 2014 entered into between DNeX and the Vendors in relation to the Acquisitions
Subscription	:	Subscription of 30% of the enlarged issued share capital of Ping Petroleum Limited (Company No. 46761) by DNeX Petroleum Sdn Bhd (Company No. 1105981-U) for a total of USD10.0 million in cash
Substantial Shareholder(s)	:	Has the meaning assigned to it in Section 69(d)(1) of the Act
Supplemental SSA	:	Supplemental conditional share sale agreement dated 5 March 2015 entered into between DNeX and the Vendors to vary such terms as stipulated in the SSA
TERP	:	Theoretical ex-rights price
Undertaking	:	The irrevocable written undertaking from the Substantial Shareholder of DNeX, namely Censof, to subscribe in full for its entitlement under the Rights Issue at the Entitlement Date
Underwriting Agreement	:	Underwriting agreement dated 15 June 2016 entered into between our Company, Managing Underwriter and Joint Underwriters in relation to the Rights Issue
Underwritten Portion	:	The remaining portion of 282,679,171 Rights Shares for which no written undertaking to subscribe has been obtained by DNeX, which are underwritten by the Joint Underwriters
USD	:	United States Dollar
Vendors	:	Collectively, Azman bin Karim, Abdul Manaf bin Shariff, and Khoo Kok Seng
Warrant(s)	:	Free detachable warrant(s) to be allotted and issued pursuant to the Rights Issue, Special Issue and Acquisitions and constituted under the Deed Poll

Any reference to "**our Company**" in this Abridged Prospectus are to Dagang NeXchange Berhad, references to "**our Group**" is to our Company and our subsidiaries and references to "**we**", "**us**", "**our**" and "**ourselves**" are to our Company and, save where the context requires otherwise, shall include our subsidiaries.

All references to "**you**" or "**your**" in this Abridged Prospectus are to our Entitled Shareholders.

Words denoting the singular shall, where applicable, include the plural and *vice versa* and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. Reference to persons shall include a corporation, 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 reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise specified.

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

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APPENDICES

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CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name *(Designation)*	Address	Nationality	Profession
Tan Sri Abd Rahman bin Mamat *(Chairman/Independent Non-Executive Director)*	3-11-1, The Residence, Jalan Wan Kadir 5, Taman Tun Dr. Ismail, 60000 Kuala Lumpur.	Malaysian	Company Director
Datuk Samsul bin Husin *(Executive Deputy Chairman)*	No. 63, Jalan 5/9, Warisan Setia Kota Warisan, Bandar Baru Salak Tinggi, 43900 Sepang, Selangor.	Malaysian	Company Director
Zainal 'Abidin bin Abd Jalil *(Group Managing Director)*	No. 26, Jalan Awan Larat U8/74, Bukit Jelutong, 40150 Shah Alam, Selangor.	Malaysian	Company Director
Dato' Wong Kam Yin *(Executive Director)*	Block B-11-10, 10 Semantan, Jalan Semantan, Damansara Heights, 50490 Kuala Lumpur.	Malaysian	Company Director
Ang Hsin Hsien *(Non-Independent Non-Executive Director)*	6, Jalan Jambu Bol 4/3E, Seksyen 4, 40000 Shah Alam, Selangor.	Malaysian	Company Director
Rosli bin Abdullah *(Senior Independent Non-Executive Director)*	No. 11A, Jalan SS4A/2, Kelana Jaya, 47301 Petaling Jaya, Selangor.	Malaysian	Company Director
Norlila binti Hassan *(Independent Non-Executive Director)*	No. 92, Jalan Kiambang Indah 6, Taman Kiambang Indah, Senawang, 70450 Seremban, Negeri Sembilan.	Malaysian	Company Director
Satria bin Ahmad *(Independent Non-Executive Director)*	No. 5, Jalan Cembul 11/8B, Seksyen 11, 40100 Shah Alam, Selangor.	Malaysian	Company Director

AUDIT COMMITTEE

Name	Designation	Directorship
Rosli bin Abdullah	Chairman	Senior Independent Non-Executive Director
Norlila binti Hassan	Member	Independent Non-Executive Director
Ang Hsin Hsien	Member	Non-Independent Non-Executive Director

CORPORATE DIRECTORY *(Cont'd)*

REGISTERED OFFICE AND HEAD OFFICE	:	Tower 3, Avenue 5, The Horizon, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. Tel: (03) 2730 0300 Email: info@dnex.com.my Website: www.dnex.com.my
COMPANY SECRETARY	:	Keh Ching Tyng (MAICSA 7050134) Tower 3, Avenue 5, The Horizon, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. Tel: (03) 2730 0300
SHARE REGISTRAR	:	Mega Corporate Services Sdn Bhd Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur. Tel: (03) 2692 4271
AUDITORS AND REPORTING ACCOUNTANTS	:	Messrs Crowe Horwath (AF 1018) Level 16, Tower C, Megan Avenue II, 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur. Tel: (03) 2788 9999
SOLICITORS FOR THE RIGHTS ISSUE	:	Messrs Cheang & Ariff 39 Court @ Loke Mansion, 273A, Jalan Medan Tuanku, 50300 Kuala Lumpur. Tel: (03) 2691 0803
PRINCIPAL BANKERS	:	AmBank (M) Berhad 22nd Floor, Bangunan AmBank Group, 55, Jalan Raja Chulan, 50200 Kuala Lumpur. Tel: (03) 2036 2633 Bank Muamalat Malaysia Berhad Head Office, Menara Bumiputra, 21, Jalan Melaka, 50100 Kuala Lumpur. Tel: (03) 2698 8787 CIMB Bank Berhad 19th Floor, Menara Bumiputra-Commerce, 11, Jalan Raja Laut, 50350 Kuala Lumpur. Tel: (03) 2619 1188 Malayan Banking Berhad Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur. Tel: (03) 2070 8833

CORPORATE DIRECTORY *(Cont'd)*

PRINCIPAL ADVISER AND MANAGING UNDERWRITER	:	AmInvestment Bank Berhad 22nd Floor, Bangunan AmBank Group, 55, Jalan Raja Chulan, 50200 Kuala Lumpur. Tel: (03) 2036 2633
JOINT UNDERWRITERS	:	AmInvestment Bank Berhad 22nd Floor, Bangunan AmBank Group, 55, Jalan Raja Chulan, 50200 Kuala Lumpur. Tel: (03) 2036 2633 KAF Investment Bank Berhad 14th Floor, Chulan Tower, No. 3, Jalan Conlay, 50450 Kuala Lumpur. Tel: (03) 2168 8800 JF Apex Securities Berhad 6th Floor, Menara Apex, Off Jalan Semenyih, Bukit Mewah, 43000 Kajang, Selangor. Tel: (03) 8736 1118
INDEPENDENT MARKET RESEARCHER	:	Protégé Associates Sdn Bhd Suite C-06-06, Plaza Mont' Kiara, 2 Jalan Kiara, Mont' Kiara, 50480 Kuala Lumpur. Tel: (03) 6201 9301
STOCK EXCHANGE LISTED	:	Main Market of Bursa Securities

DAGANG NeXCHANGE BERHAD
(Company No. 10039-P)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office
Tower 3, Avenue 5,
The Horizon, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.

30 June 2016

Board of Directors of DNeX:

Tan Sri Abd Rahman bin Mamat	*(Chairman/Independent Non-Executive Director)*
Datuk Samsul bin Husin	*(Executive Deputy Chairman)*
Zainal 'Abidin bin Abd Jalil	*(Group Managing Director)*
Dato' Wong Kam Yin	*(Executive Director)*
Ang Hsin Hsien	*(Non-Independent Non-Executive Director)*
Rosli bin Abdullah	*(Senior Independent Non-Executive Director)*
Norlila binti Hassan	*(Independent Non-Executive Director)*
Satria bin Ahmad	*(Independent Non-Executive Director)*

To: Our Entitled Shareholders

Dear Sir/Madam,

RENOUNCEABLE RIGHTS ISSUE OF 465,146,809 RIGHTS SHARES TOGETHER WITH 465,146,809 NEW WARRANTS AT AN ISSUE PRICE OF RM0.21 PER RIGHTS SHARE ON THE BASIS OF THREE (3) RIGHTS SHARES TOGETHER WITH THREE (3) WARRANTS FOR EVERY FIVE (5) EXISTING DNeX SHARES HELD AS AT 5.00 P.M. ON 30 JUNE 2016

1. INTRODUCTION

Our Board is pleased to inform that our Shareholders had approved the Rights Issue at our Company's EGM held on 27 January 2016.

During the same EGM, our Shareholders had also approved, *inter-alia*, the following:-

(a) Special Issue;

(b) Acquisitions; and

(c) ESOS.

The Rights Issue (which is the subject of this Abridged Prospectus) together with the Special Issue, Acquisitions and ESOS are collectively known as the "**Proposals**".

Details of the Proposals have been disclosed in the circular to our Shareholders dated 12 January 2016. A certified true extract of the resolutions pertaining to the Proposals, which were passed at the said EGM, is set out in **Appendix I** of this Abridged Prospectus.

The Rights Issue, Special Issue and Acquisitions are inter-conditional upon each other. The ESOS is conditional upon the Rights Issue, Special Issue and Acquisitions.

The Acquisitions are deemed as transactions that will result in Significant Change in Business Direction, in which, the SC's approval is required. On 21 October 2015, AmInvestment Bank had, on behalf of our Board, announced that the SC, vide its letter dated 20 October 2015, given its approval for the following:-

(a) the scheme in relation to the Acquisitions resulting in a Significant Change in Business Direction of DNeX. The scheme was also approved under the equity requirement for public companies;

(b) the issuance of Rights Shares, Special Issue Shares, Consideration Shares, ESOS Options and new Warrants pursuant to the Rights Issue, Special Issue and Acquisitions, which are undertaken by DNeX as part of the Significant Change in Business Direction of DNeX; and

(c) clearance for the issuance of the circular.

The approval from the SC of the above is subject to the following condition:-

No.	Condition imposed	Status of compliance
1.	AmInvestment Bank and DNeX to fully comply with the requirements of the Equity Guidelines and Listing Requirements pertaining to the implementation of the proposed scheme in relation to the Acquisitions resulting in a significant change in business direction or policy of DNeX.	Noted. To be complied.

On 25 November 2015, AmInvestment Bank had, on behalf of our Board, announced that Bursa Securities, vide its letter dated 24 November 2015, given its approval for the following:-

(a) admission of Warrants to the Official List and the listing of and quotation for 711,396,809 Warrants to be issued pursuant to the Rights Issue, Special Issue and Acquisitions;

(b) listing of and quotation for 465,146,809 new Shares to be issued pursuant to the Rights Issue;

(c) listing of and quotation for 130,000,000 new Shares to be issued pursuant to the Special Issue;

(d) listing of and quotation for 362,500,000 new Shares to be issued pursuant to the Acquisitions;

(e) listing of and quotation for up to 711,396,809 new Shares to be issued pursuant to the exercise of the Warrants; and

(f) listing of and quotation for such number of additional new DNeX Shares, representing up to five percent (5%) of the issued and paid-up share capital of DNeX (excluding treasury shares, if any) at any point in time pursuant to the exercise of ESOS Options under the ESOS.

The approval from Bursa Securities is subject to the following conditions:-

No.	Conditions imposed	Status of compliance
1.	DNeX and AmInvestment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposals;	Noted. To be complied.
2.	DNeX must fully comply with the public shareholding spread requirements pursuant to Paragraph 8.02 of the Listing Requirements upon the listing of and quotation for DNeX Shares arising from the Rights Issue, Special Issue and Acquisitions;	To be complied.
3.	DNeX and AmInvestment Bank to furnish the following to Bursa Securities prior to the listing of and quotation for DNeX Shares arising from the Rights Issue, Special Issue and Acquisitions:- (i) Confirmation from AmInvestment Bank that DNeX complies with the public shareholding spread requirements pursuant to Paragraph 8.02(1) of the Listing Requirements and a certificate of distribution of shares in the format contained in Part B(1)(d) of Annexure Practice Note 21-A of the Listing Requirements; and (ii) A certified true copy of the resolutions passed by shareholders in general meeting approving the Proposals.	To be complied.
4.	AmInvestment Bank is required to submit a confirmation to Bursa Securities of full compliance of ESOS pursuant to Paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by shareholders in extraordinary general meeting;	To be complied.
5.	DNeX and AmInvestment Bank to inform Bursa Securities upon the completion of the Proposals;	To be complied.
6.	DNeX to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposals are completed; and	To be complied.
7.	DNeX is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of the Warrants and options under the ESOS at the end of each quarter together with a detailed computation of listing fees payable.	To be complied.

Further to the above, on 18 April 2016, AmInvestment Bank had, on behalf of our Board, announced that the SC, vide its letter dated 18 April 2016, given its approval for an extension of time to 20 September 2016 for DNeX to implement and complete the Proposals.

In addition, on 10 May 2016, AmInvestment Bank had, on behalf of our Board, announced that Bursa Securities, vide its letter dated 9 May 2016, given its approval for an extension of time until 24 September 2016 to complete the Proposals.

On 15 June 2016, AmInvestment Bank had, on behalf of our Board, announced that:-

(a) our Company had entered into the Underwriting Agreement with the Managing Underwriter and Joint Underwriters. Details of the Underwriting Agreement are in **Section 2.5** of this Abridged Prospectus;

(b) our Company had executed the Deed Poll; and

(c) Entitlement Date had been fixed on 30 June 2016 at 5.00 p.m., along with other relevant dates pertaining to the Rights Issue.

The admission of the Warrants and the listing of and quotation for the Rights Shares and Warrants to be issued pursuant to the Rights Issue will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to them.

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

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE

2.1 Particulars of the Rights Issue

In accordance with the terms of the Rights Issue as approved by the relevant authorities and our Shareholders at our Company's EGM held on 27 January 2016 and subject to the terms of the Documents, the Rights Issue entails the provisional allotting of 465,146,809 Rights Shares together with 465,146,809 Warrants at an issue price of RM0.21 per Rights Share and is to be implemented on a renounceable basis of three (3) Rights Shares together with three (3) Warrants for every five (5) existing DNeX Shares held as at the close of business on the Entitlement Date. The Rights Shares and the Warrants will be offered to the Entitled Shareholders on the Entitlement Date.

The Rights Issue is renounceable in full or in part. Accordingly, the Entitled Shareholders can subscribe for and/or renounce their entitlements to the Rights Shares in full or in part. Should the Entitled Shareholders renounce all of their Rights Shares entitlements under the Rights Issue, they shall be deemed to have relinquished the accompanying entitlements to the Warrants to be issued together with the Rights Shares. However, if the Entitled Shareholders accept only part of their Rights Shares entitlements under the Rights Issue, they shall be entitled to the Warrants in the proportion of their acceptance of the Rights Shares entitlements. For the avoidance of doubt, the Rights Shares and the Warrants are not separately renounceable.

The Warrants are attached to the Rights Shares without any cost and will be issued only to the Entitled Shareholders and/or renouncee(s) and/or transferee(s) (if applicable) who subscribe for the Rights Shares. Each Warrant will entitle its holder to subscribe for one (1) new DNeX Share at an exercise price of RM0.50 per Warrant. The Warrants will be immediately detached from the Rights Shares upon issuance and will be separately traded on the Main Market of Bursa Securities.

The Warrants will be issued in the registered form and constituted by the Deed Poll. The salient terms of the Warrants are set out in **Section 2.6** of this Abridged Prospectus.

Fractional entitlements under the Rights Issue, if any, will be disregarded and dealt with in such manner as our Board in its absolute discretion may deem fit and in our Company's best interest.

Any Rights Shares which are not taken up or validly taken up shall be made available for Excess Rights Shares applications by other Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable).

It is the intention of our Board to allot the Excess Rights Shares, if any, in a fair and equitable manner to our Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) who have applied for the Excess Rights Shares in the following priority:-

(i) firstly, to minimise the incidence of odd lots;

(ii) secondly, for the allocation to Entitled Shareholders who have applied for the Excess Rights Shares on a pro-rata basis and in board lot, calculated based on their respective shareholdings as per their CDS Account as at the Entitlement Date;

(iii) thirdly, for allocation to the Entitled Shareholders who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on the quantum of the Excess Rights Shares applied for; and

(iv) finally, for allocation to the renouncee(s) and/or transferee(s) who have applied for the Excess Rights Shares on a pro-rata basis and in board lot, calculated based on the quantum of the Excess Rights Shares applied for.

Nevertheless, our Board reserves the right to allot the Excess Rights Shares applied for under Part I(B) of the RSF in such manner as our Board deems fit and expedient, and in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board set out in **Section 2.1 (i)** to **(iv)** above is achieved. Our Board also reserves the right to accept any Excess Rights Shares applications, in full or in part, without assigning any reason.

If you wish to accept the Provisional Allotments (in full or in part) as specified in the NPA and/or apply for the Excess Rights Shares, you may do so by completing the RSF.

Notices of allotment will be despatched to the Entitled Shareholders and/or their renouncee(s) and/or their transferee(s) (if applicable) within eight (8) Market Days from the last date for acceptance and payment of the Rights Shares or such other period as may be prescribed by Bursa Securities.

If you do not wish to participate in the Rights Issue, you do not need to take any action.

You should read this Abridged Prospectus in its entirety before making a decision.

2.2 Basis of determining the issue price of the Rights Shares

Our Board has fixed the issue price at RM0.21 per Rights Share on 18 June 2014, being the date of the Initial Announcement.

Our Board has determined the issue price of the Rights Shares based on market principles at a level that is in the best interest of our Company, after taking into consideration the following:-

(a) the funding requirements for the Acquisitions, details of which are set out in **Section 3.2** of this Abridged Prospectus;

(b) the historical share price volatility of DNeX;

(c) the TERP of DNeX Shares (as below);

(d) the appropriate discount to the TERP, subject to (e) below; and

(e) the minimum issue price allowable under the Act which is not less than the par value of DNeX Shares of RM0.20 each.

Based on the issue price of RM0.21 per Rights Share, it represents a discount of approximately RM0.0711 or 25.29% to the TERP of RM0.2811, calculated based on the 5D-VWAMP of DNeX Shares up to and including 17 June 2014 of RM0.3238, being the last trading day prior to 18 June 2014, being the date of the Initial Announcement.

2.3 Basis of determining the exercise price of the Warrants

The Warrants will be issued at no cost to the following parties:-

(a) Entitled Shareholders, renouncee(s) and/or transferee(s) (if applicable) pursuant to the Rights Issue; and

(b) investor(s) pursuant to the Special Issue and Acquisitions.

On 18 June 2014, being the date of the Initial Announcement, whereby our Board has fixed the exercise price of the Warrants at RM0.50 per Warrant after taking into consideration the following:-

(a) the TERP of RM0.2811 calculated based on the 5D-VWAMP of DNeX Shares up to and inclusive of 17 June 2014 of RM0.3238, being the date immediately preceding 18 June 2014;

(b) the historical price movement of DNeX Shares;

(c) the future prospects of our Group, as set out in **Section 7.5** of this Abridged Prospectus; and

(d) the exercise price shall not be lower than the par value of DNeX Shares of RM0.20 each.

Based on the exercise price of the Warrants at RM0.50 per Warrant, it represents a premium of approximately RM0.2189 or 77.87% to the TERP of RM0.2811, based on the 5D-VWAMP of DNeX Shares up to and including of 17 June 2014 of RM0.3238, being the last trading day prior to 18 June 2014.

2.4 Ranking of the Rights Shares and new Shares to be issued pursuant to the exercise of the Warrants

The Rights Shares and new Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing DNeX Shares, save and except that the Rights Shares shall not be entitled to any dividends, rights, allotment and/ or any other forms of distributions that may be declared, made or paid prior to the relevant date of the allotment and issuance of the Rights Shares.

2.5 Full Subscription Level, Undertaking and Underwriting Agreement

Our Company intends to undertake the Rights Issue on a Full Subscription Level basis (i.e. full subscription for the 465,146,809 Rights Shares under the Rights Issue) after taking into consideration, amongst others, the level of funds that our Company wishes to raise from the Rights Issue to be channelled towards the proposed utilisation of proceeds as set out in **Section 5** of this Abridged Prospectus.

Our Company had, on 21 November 2014, procured an Undertaking from our Substantial Shareholder, namely Censof, to subscribe in full for its entitlement under the Rights Issue. Pursuant to the Undertaking, Censof has confirmed and AmInvestment Bank has verified that Censof has sufficient financial resources to subscribe in full for its entitlement to the Rights Shares as specified in the Undertaking.

The details of the Undertaking are as follows:-

	Direct shareholding		Rights Shares entitlement		
	No. of Shares	%	No. of Rights Shares	%[2]	Total commitment (RM)
Censof	304,112,731[1]	39.23	182,467,638	39.23	38,318,204

Notes:-

(1) Based on the number of DNeX Shares held by Censof as at the LPD.

(2) Based on the total of 465,146,809 Rights Shares.

Censof is not expected to trigger any mandatory take-over offer obligations in accordance with the Code following the subscription of its entitlement to the Rights Shares under the Rights Issue.

Our Company had also on 15 June 2016, entered into the Underwriting Agreement with the Managing Underwriter and Joint Underwriters, to underwrite the remaining 282,679,171 Rights Shares, representing approximately 60.77% of the total Rights Shares to be issued under the Rights Issue, for which no written undertaking to subscribe has been obtained by DNeX, based on the terms and conditions of the Underwriting Agreement, in the following agreed proportions:-

Joint Underwriters	Underwritten Portion (No. of underwritten Rights Shares)	Agreed proportions (%)
AmInvestment Bank	4,761,904	1.68
KAF Investment Bank	250,000,000	88.44
JF Apex Securities	27,917,267	9.88
Total	**282,679,171**	**100.00**

The underwriting commission payable to the Joint Underwriters is 2.0% of the value of the total underwritten Rights Shares based on the issue price of RM0.21 per Rights Share. AmInvestment Bank does not impose any commission for its role as the Managing Underwriter. The underwriting commission payable to the Joint Underwriters and all other incidental costs in relation to the underwriting arrangement will be fully borne by our Company.

On 15 June 2016, AmInvestment Bank had, on behalf of our Board, announced that Arcadia Acres Sdn Bhd ("**Arcadia**"), in which the Group Managing Director of DNeX, Zainal 'Abidin bin Abd Jalil ("**Zainal**"), has seventy eight percent (78%) equity interest (remaining twenty two percent (22%) equity interest held by Wan Azryn bin Wan Ab Rashid), had given a commitment to KAF Investment Bank as Joint Underwriter ("**Commitment**"), in relation to its intention to apply for its own entitlement, purchase/acquire, and/or apply for Excess Rights Shares amounting up to 250,000,000 Rights Shares pursuant to the Rights Issue.

Upon successful allocation of the Excess Rights Shares, its own entitlement and together with its own shareholding of 5,000,000 DNeX Shares or 0.64% shareholding in DNeX (which was subscribed from Zainal on 10 June 2016), Arcadia may increase its direct shareholding in DNeX for up to 15% upon completion of the Proposals (assuming no exercise of the Warrants and ESOS Options).

We wish to highlight that, notwithstanding the Commitment from Arcadia, the rights of all the Entitled Shareholders to apply for their entitlements and Excess Rights Shares under the Rights Issue remain unchanged. All excess applications by our Shareholders, including Arcadia, shall be subjected to the same basis of allotment set out in **Section 2.1** above. It is also important to note that Zainal, through Arcadia, is exercising his rights as a Shareholder, to apply for Excess Rights Shares. However, in this case, he, through Arcadia, is merely conveying his intention earlier.

As a step towards good corporate governance and transparency, Zainal will abstain from all deliberations and voting in relation to the allocation of Excess Rights Shares. This shall ensure equitable rights of all of our Shareholders are safeguarded. Furthermore, the allocation of Excess Rights Shares shall be in accordance with the basis as disclosed in **Section 2.1** above.

After taking into consideration of the arrangement above, we confirm that the abovementioned subscription of the Rights Shares will not give rise to any mandatory take-over offer obligations pursuant to the Code.

2.6 Salient terms of the Warrants

The salient terms of the Warrants are set out as follows:-

Issuer	:	DNeX.
Number of Warrants	:	711,396,809 Warrants comprising:- (a) 465,146,809 Warrants to be issued pursuant to the Rights Issue; (b) 65,000,000 Warrants to be issued pursuant to the Special Issue; and (c) 181,250,000 Warrants to be issued pursuant to the Acquisitions.
Form and detachability	:	The Warrants will be issued in registered form and will immediately be detached from the Rights Shares, Special Issues Shares and Consideration Shares upon allotment and issuance. The Warrants will be separately traded on Bursa Securities.
Issue price of Warrants	:	(a) Rights Issue • The Warrants will be issued free to the Entitled Shareholders and/or renouncee(s) who subscribe to the Rights Shares on the basis of three (3) Warrants for every three (3) Rights Shares. (b) Special Issue • The Warrants will be issued free to the investors to be identified at a later date on the basis of one (1) Warrant for every two (2) Special Issues Shares. (c) Acquisitions • The Warrants will be issued free to the Vendors on the basis of one (1) Warrant for every two (2) Consideration Shares.

Board Lot	:	For the purposes of trading on Bursa Securities, a board lot of Warrants will be in one hundred (100) units, or such other denomination as determined by Bursa Securities.
Listing	:	Approval has been obtained from Bursa Securities on 24 November 2015 for the admission of the Warrants to the Official List of Bursa Securities, and for the listing of and quotation for the Rights Shares and Warrants and new DNeX Shares arising from the exercise of the Warrants.
Exercise Price	:	RM0.50.
Exercise Period	:	The Warrants may be exercised at any time on and including the date of issuance and ending on the close of business at 5.00 p.m. on the business day immediately preceding the fifth (5^{th}) anniversary of the date of issuance. Any Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.
Exercise rights	:	Each Warrant carries the entitlement, at any time during the exercise period, to subscribe for one (1) new DNeX Share at the exercise price at any time during the exercise period, subject to adjustments in accordance with the provisions of the Deed Poll.
Rights of the Warrant holders	:	The Warrants do not entitle the registered holders thereof to any dividends, rights, allotments and/or any other form of distributions that may be declared, made or paid, the Entitlement Date of which is prior to the date of allotment and issuance of the new DNeX Shares to be issued arising from the exercise of the Warrants. The Warrants do not entitle the registered holders thereof to any voting rights in any general meeting of our Company until and unless such holders of the Warrants exercise their Warrants for new DNeX Shares.
Adjustments of exercise price and/or number of unexercised Warrants	:	The exercise price and/or the number of unexercised Warrants may be subject to adjustments in the event of any alteration to the share capital of our Company at any time during the tenure of the Warrants, 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.

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Rights in the event of winding up, liquidation, compromise and/or arrangement	:	Where a resolution has been passed for a members' voluntary winding up of our 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 our Company or the amalgamation of our Company with one or more companies, then:- (a) if such winding up, compromise or scheme of arrangement in which the Warrant holders, or some person designated by them for such purpose by special resolution, are to be party, the terms of such winding up, compromise or scheme of arrangement shall be binding on all the Warrant holders; and (b) in any other case, every Warrant holder is entitled within six (6) weeks after the passing of such resolution for a members' voluntary winding up of our Company or within six (6) weeks from the granting of the court order approving the compromise or arrangement, by the irrevocable surrender of his Warrants to our Company by submitting the exercise form duly completed, authorising the debiting of his Warrants, together with payment of the relevant exercise price, to elect to be treated as if the Warrant holders had immediately prior to the commencement of such winding up, compromise or arrangement exercised the exercise rights represented by such Warrants to the extent specified in the exercise form and be entitled to receive out of the assets of our Company which would be available in liquidation if he had on such date been the holder of the new DNeX Shares to which he would have become entitled pursuant to such exercise and the liquidator of our Company, must give effect to such election accordingly. All exercise rights which have not been exercised within six (6) weeks of either the passing of such resolution or granting of the court order shall lapse and the Warrants will cease to be valid for any purpose. If our Company is wound up (other than by way of a member's voluntary winding up), all exercise rights which have not been exercised prior to the date of commencement of the winding up shall cease to be valid for any purpose.
Transferability	:	The Warrants shall be transferable in the manner provided under the Central Depositories Act and the Rules of Bursa Depository.
Deed Poll	:	The Warrants will be constituted under a Deed Poll executed by our Company.
Governing Law	:	The Warrants and the Deed Poll shall be governed by the laws of Malaysia.

3. DETAILS OF OTHER CORPORATE EXERCISES

As at the LPD, our Board confirms that, save for the Rights Issue, Subscription and as disclosed below, there is no other outstanding corporate exercise which we intend to undertake and has been approved:-

3.1 Special Issue

Special Issue entails the issuance of 130,000,000 Special Issue Shares together with 65,000,000 Warrants on the basis of one (1) Warrant for every two (2) Special Issue Shares at an issue price of RM0.22 per Special Issue Share.

The Special Issue Shares shall be placed to third party investor(s) to be identified later in accordance with Paragraph 6.04(c) of the Listing Requirements. Placee(s) shall be person(s) or party(ies) who/which qualify under Schedules 6 and 7 of the CMSA.

The Special Issue Shares are not intended to be placed to the following persons:-

(a) Director, major shareholder or chief executive of DNeX ("**Interested Persons**");

(b) a Person Connected with the Interested Persons; or

(c) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

Special Issue is for selected Bumiputera investors. This is to meet the 12.5% Bumiputera's equity condition imposed by the relevant authorities, as the Proposals will result in a Significant Change in Business Direction of DNeX. For information purpose, the Special Issue will raise approximately RM28.6 million, which may be used for any future investment/projects to be identified by DNeX.

Further details on the Special Issue have been disclosed in the circular to our Shareholders dated 12 January 2016.

3.2 Acquisitions

On 18 June 2014, AmInvestment Bank had, on behalf of our Board, announced that our Company had, on even date, entered into the SSA with the Vendors, in relation to the Initial Acquisitions.

Subsequently, on 5 March 2015, AmInvestment Bank had, on behalf of our Board, announced that our Company had entered into the Supplemental SSA with the Vendors to vary such terms as stipulated in the SSA, whereby our Company and the Vendors had revised the terms of the Initial Special Issue and Initial Acquisitions in relation to the Initial Proposals as announced on 18 June 2014.

The Acquisitions involve the acquisitions of the OGPC Group as follows:-

(a) OGPC

The OGPC Acquisition involves the acquisition of 500,000 OGPC Shares, representing 100% of the issued and paid-up share capital of OGPC from the Vendors.

(b) OGPCOG

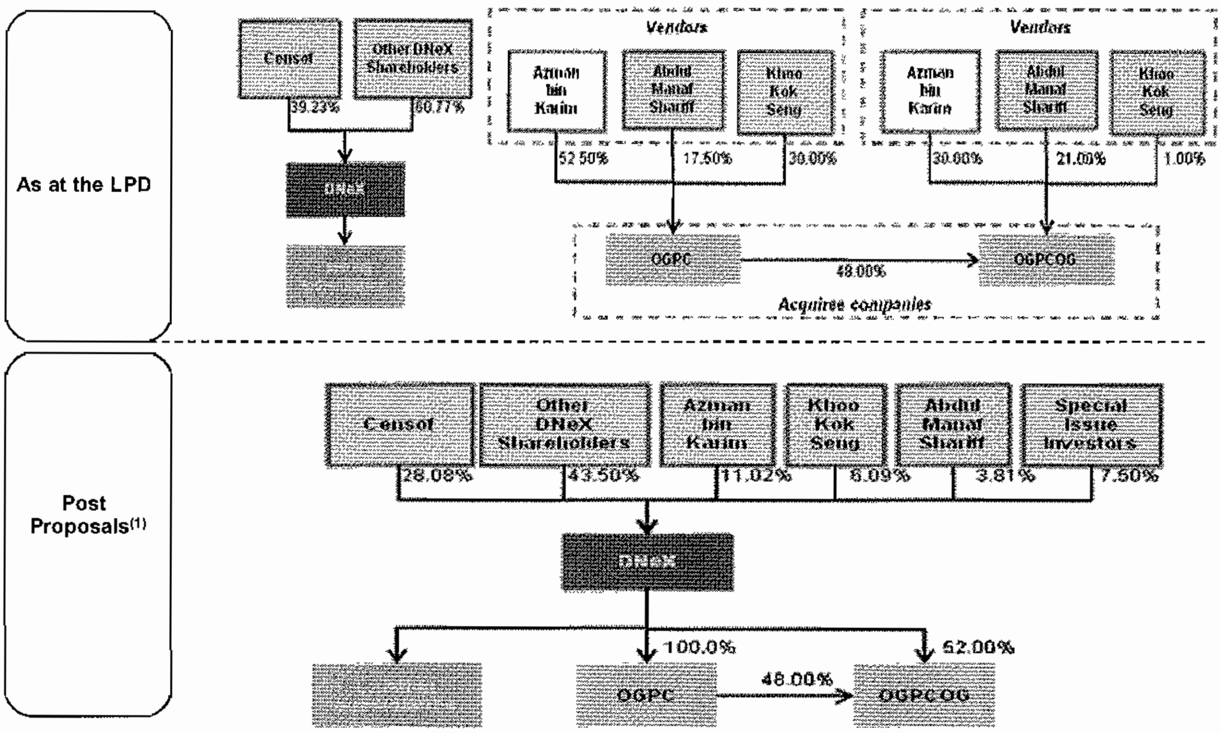
The OGPCOG Acquisition involves the acquisition of 520,000 OGPCOG Shares, representing 52.0% of the issued and paid-up share capital of OGPCOG, a 48.0%-owned associate company of OGPC, from the Vendors.

The OGPC Group Purchase Consideration of RM170,000,000 is to be satisfied by partial Cash Consideration of RM83,000,000 and the remaining RM87,000,000 via issuance of 362,500,000 Consideration Shares with 181,250,000 Warrants at an issue price of RM0.24 per Consideration Share on the basis of one (1) Warrant for every two (2) Consideration Shares issued. The Vendors will sell and transfer and our Company will purchase, the Sale Shares free from all encumbrances together with all rights attached thereto including all dividends, rights and distributions declared paid or made in respect thereof at the OGPC Group Purchase Consideration.

Upon completion of the Acquisitions, our Company will hold directly 100% equity interest in OGPC (which owns 48.0% equity interest in OGPCOG) and directly 52.0% equity interest in OGPCOG. We may in the future restructure our shareholding in OGPCOG to hold 100% direct equity interest.

Please refer to **Appendix III(A)** and **Appendix III(B)** of this Abridged Prospectus for further information on the OGPC Group.

The corporate structure of DNeX as at the LPD and upon completion of the Proposals (including the Acquisitions) are set out as follows:-



Note:-

(1) *Save for the ESOS and assuming none of the Warrants are being exercised.*

3.2.1 OGPC Acquisition

The OGPC Acquisition involves the acquisition of 500,000 OGPC Shares, representing 100% of the issued and paid-up share capital of OGPC from the Vendors for an OGPC Purchase Consideration of RM164,636,700 to be satisfied via the following:-

(a) cash consideration of RM80,381,448; and

(b) issuance of 351,063,550 Consideration Shares with 175,531,775 Warrants at an issue price of RM0.24 per Consideration Share on the basis of one (1) Warrant for every two (2) Consideration Shares issued for the balance amount of RM84,255,252.

The breakdown of OGPC Purchase Consideration for each of the Vendors is as follows:-

Vendors	No. of OGPC Shares	Equity interest in OGPC	OGPC Purchase Consideration RM	To be satisfied via Cash RM	DNeX Shares RM	No. of Warrants
Azman bin Karim	262,500	52.5%	86,434,268	42,200,261	44,234,007	92,154,182
Abdul Manaf bin Shariff	87,500	17.5%	28,811,422	14,066,753	14,744,669	30,718,060
Khoo Kok Seng	150,000	30.0%	49,391,010	24,114,434	25,276,576	52,659,533
Total	**500,000**	**100.0%**	**164,636,700**	**80,381,448**	**84,255,252**	**175,531,775**

The OGPC Acquisition is subject to the terms and conditions of the SSA, as amended by the Supplemental SSA, the salient terms of which are set out in **Appendix X** of this Abridged Prospectus.

The Warrants will be issued in the registered form and constituted by the Deed Poll. The Warrants to be issued pursuant to the OGPC Acquisition shall form the same class of Warrants to be issued pursuant to the Rights Issue, Special Issue and Acquisitions. The salient terms of the Warrants are set out in **Section 2.6** of this Abridged Prospectus.

Upon completion of the OGPC Acquisition, OGPC will become a wholly-owned subsidiary of DNeX.

(i) Salient terms of the SSA, as amended by the Supplemental SSA

Please refer to **Appendix** X of this Abridged Prospectus for further details on the salient terms of the SSA, as amended by the Supplemental SSA.

(ii) Information on OGPC

OGPC was incorporated in Malaysia on 14 May 1994 as a private limited company under the Act with its registered office at B-13-15, Level 13, Menara Prima Tower B, Jalan PJU1/39, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan.

OGPC is a Bumiputera company licenced by Petroliam Nasional Berhad ("**PETRONAS**") as an approved supplier of O&G equipment and services. OGPC is also a Tenaga Nasional Berhad ("**TNB**"), Ministry of Finance ("**MOF**") and Construction Industry Development Board ("**CIDB**") licenced holder. OGPC is also a registered vendor of Felda Holdings Berhad ("**FELDA**").

The principal activity of OGPC is the provision of engineering and technical support services for O&G industry and over the years, OGPC has established itself as a supplier and service provider for specialised equipment and parts which include compressors, pumps, valves, sampling system, heat tracing, filters, and technical support services including offshore services principally for the O&G sector. Other markets for OGPC product and services include the petrochemical, power and industrial sectors.

As at the LPD, the details of OGPC's Directors and Substantial Shareholders and their respective shareholdings in OGPC are as follows:-

Substantial Shareholders of OGPC	Designation	Nationality	Direct		Indirect	
			No. of OGPC Shares	%	No. of OGPC Shares	%
Azman bin Karim	Director	Malaysian	262,500	52.5	-	-
Abdul Manaf bin Shariff	Director	Malaysian	87,500	17.5	-	-
Khoo Kok Seng	Director	Malaysian	150,000	30.0	-	-
Total			**500,000**	**100.0**	-	-

As at the LPD, OGPC has a 48.0%-owned associate company namely, OGPCOG and the details of which are stipulated in **Section 3.2.2** of this Abridged Prospectus.

Based on the Accountants' Report on the OGPC Group for the FYE 2015 which was prepared in compliance with the MFRSs and IFRSs, the OGPC Group's audited PAT and NA are at RM22.01 million and RM83.02 million respectively.

(iii) Information on the Vendors

(a) **Azman bin Karim**

Azman bin Karim, aged 49, Malaysian, is a Director and shareholder of OGPC and OGPCOG, holding 52.5% and 30.0% equity interest in OGPC and OGPCOG respectively. He is currently the Managing Director of OGPC and his main responsibilities are to secure contracts for the OGPC Group, manage the day-to-day operations of the OGPC Group as well as to oversee the OGPC Group's administration matters being assisted by the Finance Manager.

He graduated with a Bachelor of Science degree in Mechanical Engineering from the George Washington University in the United States of America ("**USA**") in 1990. Upon graduation, he returned to Malaysia and worked as a part-time physics lecturer and tutor in University of Malaya in 1990. In 1991, he left to join SAAG Corporation Sdn Bhd ("**SAAG**"). During his attachment with SAAG, he worked as a Sales Engineer and was responsible for, amongst others, sales and marketing, customer communication and consultancy.

He left SAAG in 1992 to join Sony Electronics (M) Sdn Bhd ("**Sony**"), Penang as a Manufacturing Engineer. During his short tenure with Sony, he was responsible for supervising a team of technicians on maintaining, trouble shooting and servicing the company's production lines and equipment. After he left Sony in the same year, he rejoined SAAG as a Sales Engineer. He joined Penaga Grove Sdn Bhd in 1994 as a Sales Manager, being responsible for the Sales department, as well as Contract and Operations department. In 1995, he joined Matco (Malaysia) Sdn Bhd as a Sales Director before he left to establish OGPC in 1996 along with Abdul Manaf bin Shariff and Mr Khoo Kok Seng.

He assumed the position of Managing Director in 1996. He is also a Director in Magfield Power Technology (M) Sdn Bhd.

(b) **Abdul Manaf bin Shariff**

Abdul Manaf bin Shariff, aged 46, Malaysian, is a Director and shareholder of OGPC and OGPCOG, holding 17.5% and 21.0% equity interest in OGPC and OGPCOG respectively. He is currently the General Manager of OGPC and is responsible for sales and services administration.

He graduated with a Diploma in Petroleum Engineering from Universiti Teknologi Malaysia in 1990. He commenced his career as a Sales Engineer with SAAG in 1991 and was responsible for, amongst others, establishing new and maintaining existing relationships with customers. His last position with SAAG was as its Sales Manager, before he left to establish OGPC along with Azman bin Karim and Khoo Kok Seng in 1996.

(c) **Khoo Kok Seng**

Khoo Kok Seng, aged 57, Malaysian, is a Director and shareholder of OGPC and OGPCOG, holding 30.0% and 1.0% equity interest in OGPC and OGPCOG respectively. He is currently the Business Development Director responsible for identifying new projects, business opportunities and customer relationship.

He is a graduate member of the Institute of Engineers, Malaysia and a member of the Institute of Mechanical Engineers, United Kingdom ("**UK**") and Society of Petroleum Engineers.

He graduated with a Bachelor in Engineering, accredited by the Institution of Mechanical Engineers, UK in 1983. He started his career as a Project/Sales Engineer with George Kent (M) Bhd in 1983. As a Project/Sales Engineer, he was responsible for promoting and selling engineering equipment to customers in the industrial and O&G industries. He then left to join Transtrade Corporation (M) Sdn Bhd as an Engineering Sales Manager in 1988 where he was responsible for, amongst others, formulating strategies and plans for the sales and marketing of engineering equipment and services to the industrial and O&G industries. He then joined SAAG as a Sales and Marketing Manager in 1990 and was in charge of all matters pertaining to sales and marketing activities. His last position with SAAG was as its General Manager, before he left to establish OGPC along with Azman bin Karim and Abdul Manaf bin Shariff in 1996.

He is also a Director in Magfield Power Technology (M) Sdn Bhd.

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(iv) Original cost and date of investment by the Vendors

Vendors	Date of investment	Original cost of investment RM
Azman bin Karim	10 January 1996	30
	11 January 1996	54,970
	9 July 1998	20,000
	27 October 1998	3,750
	6 September 1999	52,500
	14 October 2002	131,250
Abdul Manaf bin Shariff	11 January 1996	15,000
	9 July 1998	7,500
	6 September 1999	15,000
	12 March 2001	6,250
	14 October 2002	43,750
Khoo Kok Seng	10 January 1996	70
	11 January 1996	29,930
	9 July 1998	15,000
	6 September 1999	30,000
	14 October 2002	75,000
Total		**500,000**

(v) Liabilities to be assumed

As at the LPD, OGPC has multi option line facilities from the following financial institutions:-

Name of financial institution	Facility amount RM'000	Utilisation as at the LPD RM'000
CIMB Bank Berhad	7,600	4,788
HSBC Bank Malaysia Berhad	3,000	574
Malayan Banking Berhad	3,000	1,264
Total	**13,600**	**6,626**

The above facilities are secured by, amongst others, joint and several guarantees of the Vendors. We shall discuss with the respective financial institutions and if required, will provide corporate guarantees for the aforesaid facilities.

Save as disclosed above, there are no liabilities, including contingent liabilities and guarantees to be assumed by our Group pursuant to the OGPC Acquisition.

3.2.2 OGPCOG Acquisition

The OGPCOG Acquisition involves the acquisition of 520,000 OGPCOG Shares, representing 52.0% of the issued and paid-up share capital of OGPCOG from the Vendors for an OGPCOG Purchase Consideration of RM5,363,300 to be satisfied via the following:-

(a) cash consideration of RM2,618,552; and

(b) issuance of 11,436,450 Consideration Shares with 5,718,225 Warrants at an issue price of RM0.24 per Consideration Share on the basis of one (1) Warrant for every two (2) Consideration Shares issued for the balance amount of RM2,744,748.

The breakdown of OGPCOG Purchase Consideration is as follows:-

Vendors	No. of OGPCOG Shares	Equity interest in OGPCOG	OGPCOG Purchase Consideration RM	To be satisfied via Cash RM	DNeX Shares RM	No. of Warrants
Azman bin Karim	300,000	30.0%	3,094,211	1,510,703	1,583,508	3,298,976
Abdul Manaf bin Shariff	210,000	21.0%	2,165,948	1,057,493	1,108,455	2,309,281
Khoo Kok Seng	10,000	1.0%	103,141	50,356	52,785	109,968
Total	**520,000**	**52.0%**	**5,363,300**	**2,618,552**	**2,744,748**	**5,718,225**

The OGPCOG Acquisition is subject to the terms and conditions of the SSA, as amended by the Supplemental SSA, the salient terms of which are set out in **Appendix X** of this Abridged Prospectus.

The Warrants will be issued in the registered form and constituted by the Deed Poll. The Warrants to be issued pursuant to the OGPCOG Acquisition shall form the same class of Warrants to be issued pursuant to the Rights Issue, Special Issue and Acquisitions. The salient terms of the Warrants are set out in **Section 2.6** of this Abridged Prospectus.

Upon completion of the OGPCOG Acquisition, we will own 52.0% equity interest in OGPCOG (the remaining 48.0% equity interest is owned by OGPC). We may in the future restructure our shareholding in OGPCOG to directly own 100% equity interest.

(i) Salient terms of the SSA, as amended by the Supplemental SSA

Please refer to **Appendix X** of this Abridged Prospectus for further details on the salient terms of the SSA, as amended by the Supplemental SSA.

(ii) Information on OGPCOG

OGPCOG was incorporated in Malaysia on 6 February 2008 as a private limited company under the Act with its registered office at B-13-15, Level 13, Menara Prima Tower B, Jalan PJU1/39, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan.

OGPCOG is principally involved in the sale of O&G related equipment, provision of engineering and technical support services for the O&G industry.

As at the LPD, the Directors and Substantial Shareholders of OGPCOG and their respective shareholdings are as follows:-

Substantial Shareholders of OGPCOG	Designation	Nationality/ Country of Incorporation	Direct No. of OGPCOG Shares	Direct %	Indirect No. of OGPCOG Shares	Indirect %
OGPC	N/A	Malaysia	480,000	48.0	-	-
Azman bin Karim	Director	Malaysian	300,000	30.0	480,000(1)	48.0
Abdul Manaf bin Shariff	Director	Malaysian	210,000	21.0	480,000(1)	48.0
Khoo Kok Seng	Director	Malaysian	10,000	1.0	480,000(1)	48.0
Total			**1,000,000**	**100.0**	-	-

Note:-

(1) Deemed interested by virtue of shareholdings in OGPC, which in turn holds shares in OGPCOG.

As at the LPD, OGPCOG does not have any subsidiary or associate company.

Based on the Accountants' Report on the OGPC Group for the FYE 2015 which was prepared in compliance with the MFRSs and IFRSs, the OGPC Group's audited PAT and NA are at RM22.01 million and RM83.02 million respectively.

(iii) Information on the Vendors

(a) Azman bin Karim

Please refer to **Section 3.2.1(iii)(a)** of this Abridged Prospectus for further information on Azman bin Karim.

(b) Abdul Manaf bin Shariff

Please refer to **Section 3.2.1(iii)(b)** of this Abridged Prospectus for further information on Abdul Manaf bin Shariff.

(c) Khoo Kok Seng

Please refer to **Section 3.2.1(iii)(c)** of this Abridged Prospectus for further information on Khoo Kok Seng.

(iv) Original cost and date of investment by the Vendors

Name	Date of investment	Original cost of investment RM
Azman bin Karim	6 February 2008	30,000
	25 April 2008	120,000
	4 September 2008	150,000
Abdul Manaf bin Shariff	6 February 2008	21,000
	25 April 2008	84,000
	4 September 2008	105,000
Khoo Kok Seng	6 February 2008	1,000
	25 April 2008	4,000
	4 September 2008	5,000
Total		**520,000**

(v) Liabilities to be assumed

CIMB Bank Berhad has granted a multi option line facility of RM3,000,000 to OGPCOG, none of which has been utilised as at the LPD. The said facility is secured by, amongst others, joint and several guarantees of the Vendors. DNeX shall discuss with CIMB Bank Berhad and if required, will provide corporate guarantees for the aforesaid facilities.

Save as disclosed above, there are no further liabilities, including contingent liabilities and guarantees to be assumed by our Group pursuant to the OGPCOG Acquisition.

3.2.3 Basis and justification of arriving at the OGPC Group Purchase Consideration

As announced on 5 March 2015, the OGPC Group Purchase Consideration of RM170,000,000 was arrived at on a willing buyer-willing seller basis after taking into consideration the following factors:-

(a) the audited PAT of OGPC and OGPCOG for the FYE 2013 of RM24.25 million and RM1.03 million respectively.

For information purpose, the Accountants' Report on the OGPC Group for the FYE 2013 was prepared in compliance with the MFRSs and IFRSs, with audited PAT of the OGPC Group at RM25.28 million. Therefore, the OGPC Group Purchase Consideration represents a PER of 6.72 times;

(b) the unaudited PAT of OGPC and OGPCOG for the FYE 2014 of RM19.13 million and RM165,607 respectively.

Based on the combined unaudited PAT of OGPC and OGPCOG at RM19.30 million for the FYE 2014, the OGPC Group Purchase Consideration represents a PER of 8.81 times.

For information purpose, the audited financial statements of OGPC and OGPCOG for the FYE 2014 were only made available to DNeX subsequent to the signing of the Supplemental SSA on 5 March 2015.

Furthermore, based on the Accountants' Report on the OGPC Group for the FYE 2015, the audited PAT of the OGPC Group is RM22.01 million. Therefore, the OGPC Group Purchase Consideration represents a PER of 7.7 times;

(c) the dividend to be paid by the OGPC Group (whereby the OGPC Group's adjusted net tangible assets would be rendered not less than RM44.38 million consisting of a cash balance of not less than RM25.20 million as at the completion date of the Acquisitions pursuant to the Supplemental SSA).

For information purpose, the Accountants' Report on the OGPC Group for the FYE 2015 was prepared in compliance with the MFRSs and IFRSs with the audited NA of the OGPC Group being RM83.02 million. Therefore, the OGPC Group Purchase Consideration represents a PBR of 2.0 times;

(d) the outlook of the O&G industry in Malaysia and the OGPC Group's future business prospects as set out in **Section 7.2** and **Section 7.4** of this Abridged Prospectus respectively; and

(e) trading PER multiples of OGPC Group Comparable Companies as set out in **Appendix XII** of this Abridged Prospectus.

At this juncture, there are no company listed on Bursa Securities that can be considered to be directly comparable to the OGPC Group in terms of, amongst others, composition of business activities, production capacity, risk profile, asset base, profit track record, financial position, prospects and competitive environment.

However, for illustration purposes only and in order to facilitate the evaluation and assessment of the Proposals by our Shareholders, Protégé Associates Sdn Bhd, being the independent market researcher, has identified several OGPC Group Comparable Companies based on the following criteria:-

(a) registered a turnover of over RM80 million based on latest financial information;

(b) involved in the provision of pumps or valves; and

(c) caters to the O&G industry.

Additionally, AmInvestment Bank has also tabulated an additional list of OGPC Group Comparable Companies based on the following criteria:-

(a) involved in the provision of oil equipment; and

(b) designing and fabrication works in the O&G industry and petrochemicals.

The OGPC Group Purchase Consideration represents a PER of 8.6 times based on the average PAT of OGPC's and OGPCOG's audited accounts from the FYE 2011 to FYE 2013 and unaudited accounts for the FYE 2014 of approximately RM19.30 million as follows:-

FYE	PAT of the OGPC Group RM'000
2011	17,985
2012	16,725
2013	25,279
2014	19,296
Average	**19,821**

Average PAT of OGPC's and OGPCOG's audited accounts from the FYE 2011 to the FYE 2013 and unaudited accounts for the FYE 2014 rather than the PAT of the FYE 2014 was used as part of the considerations in determining the OGPC Group Purchase Consideration **because** of the following reasons:-

(a) this basis was agreed between DNeX and the Vendors in determining the initial OGPC Group's purchase consideration of RM203 million on 18 June 2014. Hence, the same basis is applied in determining the revised OGPC Group purchase consideration of RM170 million on 5 March 2015; and

(b) a fairer approach to use the average profit of the OGPC Group over a period of time as the profitability of the OGPC Group fluctuates depending on, amongst others, the market or the O&G industry conditions which also changes over time.

The PER of 8.6 times is lower than the PER averages of OGPC Group Comparable Companies of between 11.6 and 23.6 times.

For information purpose, based on the Accountants' Report on the OGPC Group for the FYE 2015, the OGPC Group Purchase Consideration represents a PER of 7.7 times which is lower than the PER averages of OGPC Group Comparable Companies of between 11.6 and 23.6 times.

3.2.4 Basis and justification of arriving at the issue price of the Consideration Shares

The issue price of RM0.24 per Consideration Share was arrived at, after taking into consideration the TERP of RM0.2691, calculated based on the 5D-VWAMP of DNeX Shares up to and including 4 March 2015 of RM0.3046, being the date immediately preceding the date of the execution of the Supplemental SSA in connection with the Acquisitions, which represents a discount of approximately RM0.0291 or 10.81% to the TERP of RM0.2691.

For information purpose, Rights Shares are issued at RM0.21 per Rights Share pursuant to the Rights Issue representing a **higher** discount as compared to the discount given to the Consideration Share of approximately RM0.0591 or 21.96% to the TERP of RM0.2691.

For information purpose, Special Issue Shares are issued at RM0.22 per Special Issue Share pursuant to the Special Issue representing a **higher** discount as compared to the discount given to the Consideration Share of approximately RM0.0491 or 18.25% to the TERP of RM0.2691.

As for the Warrants issuance basis, **higher** basis of Warrants are allocated to the Rights Shares at the basis of one (1) Warrant for every one (1) Rights Share issued as compared to the basis of Warrants allocated to the Consideration Shares at the basis of one (1) Warrant for every two (2) Consideration Shares issued.

3.2.5 Source of funding

We intend to fund the Cash Consideration of the Acquisitions via the following sources:-

Sources of funding	RM'000
Proceeds arising from Rights Issue	73,000
Internally generated funds	10,000
Total	**83,000**

3.2.6 Additional financial commitment required

Save for the OGPC Group Purchase Consideration, there are no additional financial commitments required by our Company to put the business of the OGPC Group on-stream. The OGPC Group is an on-going business entity.

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3.2.7 Salient terms of the Management Services Agreements

On 15 November 2014, our Company and OGPC had entered into Management Services Agreements with the Vendors respectively for the appointment of Azman bin Karim as the Managing Director of OGPC and Abdul Manaf bin Shariff and Khoo Kok Seng as the Executive Directors of OGPC for a fixed duration of two (2) years commencing from the completion date of the SSA and such appointment is renewable on agreement by all parties. In addition, three (3) years moratorium is imposed on the transfer of the Consideration Shares from the completion date of the SSA whereby the Vendors cannot sell, transfer, assign, mortgage, pledge or otherwise encumber, dispose of or deal with or part with the registered or beneficial ownership of any of their portions of the Consideration Shares without the prior consent in writing from DNeX.

Please refer to **Appendix XI** of this Abridged Prospectus for further details on the salient terms of the Management Services Agreements.

3.2.8 DNeX's expertise and resources to manage the OGPC Group

Our Group is principally involved in the IT and energy businesses.

The acquiree company, OGPC is principally engaged in the provision of engineering and technical support services for the O&G industry, while, OGPCOG is principally engaged in the sale of O&G related equipment, provision of engineering and technical support services for the O&G industry.

Hence, in line with our Group's diversification into O&G industry, Zainal was appointed as the Group Managing Director of DNeX by our Board to lead the newly set up energy division of DNeX, with effect from 19 June 2014, being the second day whereby the Initial Announcement was made. He is an accomplished industry leader with a wealth of experience in managing large-scale global businesses that operate in the high-technology and capital-intensive upstream O&G industries as well as power generation utilities.

Zainal, aged 57, graduated with a Bachelor of Engineering (Civil Engineering) from University of Queensland, Australia in 1982. He has significant exploration and production ("**E&P**") leadership experience in offshore operations including shallow water platform operations, deepwater floating production, storage and offloading units ("**FPSOs**") and sub-sea wells as well as expertise in field development, reservoir and subsurface engineering, field operations and asset management.

Prior to joining DNeX in June 2014, Zainal was the Chief Executive Officer of Malakoff Corporation Berhad from June 2011 to March 2014. Zainal successfully spearheaded the company's transformation into a leading international independent water and power producer with core businesses in power generation, water desalination as well as operations and maintenance services in Malaysia, Asia Pacific and Middle East. Prior to Malakoff Corporation Berhad, Zainal had a long career at ExxonMobil Exploration & Production Malaysia Inc ("**ExxonMobil**") spanning twenty eight (28) years in various managerial and leadership capacities at the multinational company's business units and operations worldwide.

Zainal has been instrumental in our Company's strategic diversification into the energy business. DNeX is building scale through merger and acquisitions to create a sustainable business model centred on oilfield services, small power plants and upstream E&P. Our Company is pursuing a number of attractive investments in brownfield O&G projects in matured proven hydrocarbon provinces in the North Sea and Gulf of Mexico, as well as in Asia Pacific and Middle East.

(i) Energy division of DNeX

The energy division of DNeX was newly set up subsequent to the Initial Announcement. As at the LPD, the energy division of our Company, comprising four (4) sub-divisions and seventeen (17) employees who are directly involved in running the operation of our energy division are as follows:-

Sub-division	Number of employees
Business development, corporate strategy and investment	-(1)
O&G product and services	11
Power	4
Upstream exploration and production	2
Total employees	**17**

Note:-

(1) As at the LPD, this division is pending suitable personnel(s).

(ii) Profiles of senior management personnel

The profiles of the senior management personnel are as follows:-

(a) Mohd Hasery bin Abu Bakar

Mohd Hasery bin Abu Bakar ("**Hasery**"), aged 39, is the Chief Executive Officer of DNeX Petroleum Sdn Bhd ("**DNeX Petroleum**"). Its 30% Subscription in Ping Petroleum Limited ("**Ping**") serves as an initial building block for DNeX Group's investments in upstream O&G assets that can be progressively scaled up and propel our Group to be a key upstream O&G player in the future.

Prior to this, he was the Senior Vice President of the business development, corporate strategy and investment sub-division of DNeX's energy division.

Hasery graduated from University of Hertfordshire, UK in 2000, with a Bachelor of Engineering in Electrical and Electronics Engineering and obtained Master of Business Administration in International Business from University of East London, UK in 2011.

He started his career in VADS Berhad as an Operation Engineer in 2000 before spending six (6) years in Shell Malaysia Ltd from 2001 to 2007. Before he left Shell Malaysia Ltd in 2007, as a process and service development specialist, he had the exposure in supporting Shell Malaysia Ltd's business globally in the area of upstream and downstream.

In 2007, he joined Petrofield (M) Sdn Bhd as a Business and Corporate Services Manager, providing support to the top management in terms of planning and corporate support. The company was involved in a multibillion project in the Islamic Republic of Iran for the Development of Golshan and Ferdowsi O&G fields, Liquefied Natural Gas ("**LNG**") plant and oil refineries.

In 2010, he joined Baker Hughes (M) Sdn Bhd as a Business Development Manager, covering the product line of pressure pumping which include cementing and coil tubing.

Prior to joining DNeX, he was the Chief Executive Officer of Hevilift (M) Sdn Bhd, which he founded in 2012 where his primary responsibility is to lead the business covering commercial arrangement and contract negotiation with third parties.

In 2014, he joined our Company. He has more than fourteen (14) years of experience in the global O&G industry with a substantial achievement in the areas of business development and corporate strategy.

(b) Wan Azryn bin Wan Ab Rashid

Wan Azryn bin Wan Ab Rashid ("**Azryn**"), aged 32, is the Chief Executive Officer of DNeX Oilfield Services Sdn Bhd ("**DNeX Oilfield**"), a subsidiary of DNeX, which is categorized under the O&G product and services sub-division of DNeX's energy division. Prior to this, he was the Assistant Vice President for the business development, corporate strategy and investment sub-division of our energy division.

With an exposure to various cycles of Oilfield Services Business Management throughout his career – from start up to downturns and sustaining the business organization, Azryn works on propelling revenue, profitability and enterprise success across diverse markets via strategic management, business development, employee training, operational standardisation and planning.

Azryn graduated from the Universiti Teknologi Malaysia in 2007 with a Bachelor of Engineering in Electrical and Electronics.

He started his career in Schlumberger Limited as a Field Engineer in the Drilling and Measurement division in 2007 and was subsequently endorsed to the position of Engineer in charge of the West Malaysia in 2009. During his tenure there, he gained valuable engineering experience from various postings within the company, which include Malaysia, Philippines, United Arab Emirates and Australia.

In 2009, he joined Transocean Drilling (M) Sdn Bhd as an Account Engineer, which he was responsible for the business development of the company. In 2010, he was seconded to Applied Corrosion Engineering Services Sdn Bhd, a subsidiary under Max Energy Sdn Bhd, as the General Manager in the O&G division, which he was responsible to transform the business and drive the growth of the company, both organically and inorganically.

In 2011, he joined Baker Hughes Incorporated as a Sales Manager for drilling services in Malaysia and was promoted to oversee drilling services in South East Asia in 2012. In 2014, he was appointed as a Global Account Director for PETRONAS. His main responsibility is to look after the domestic and international businesses between Baker Hughes Incorporated's and PETRONAS, encompassing all product lines across the organisation.

In 2015, he joined our Company to assume his current position. He has more than nine (9) years of engineering, commercial and business management experiences in the global O&G industry.

(c) Dato' Azmi bin Abdullah

Dato' Azmi bin Abdullah, aged 55, is the Managing Director of Forward Energy Sdn Bhd ("**FESB**"), a subsidiary of DNeX under the power sub-division of DNeX's energy division.

He started his career as a Quality Control Inspector in the generation and projects department of the National Electricity Board (now known as Tenaga Nasional Berhad) in 1980. In 1984, he furthered his studies and graduated from Point Park College, Pennsylvania, USA with a Bachelor of Science in Mechanical Engineering Technology in 1987 and obtained Master of Arts in Industrial and Labor Relations from Indiana University of Pennsylvania, USA in 1990.

After completing his studies in 1990, he was stationed back to the generation and projects department as a Project Engineer at TNB, where he was mainly responsible for assessing the technical feasibilities, financing and socio-economic aspects of new power plant projects to be undertaken by TNB.

In 1992, he joined Sikap Energy Ventures Sdn Bhd (now known as Segari Energy Ventures Sdn Bhd) as a Project Manager and later was promoted to the position of General Manager in 1993, which he was mainly responsible for all aspects of the 1303MW combined cycle power plant project including financing and project management. He was further promoted to the position of Chief Operating Officer in 1996, where he was responsible in ensuring that the power plant is efficiently operated and maintained.

In 2000, he joined Jimah Power Generation Sdn Bhd as a Managing Director, where he was mainly responsible for power plant project agreement negotiation and project financing in relation to the 1400MW coal fired power plant project of the company in Negeri Sembilan.

In 2003, he formed A&Z Power Consult Sdn Bhd, a consultancy platform for developing energy related projects, which provides engineering consulting services relating to the electricity and gas supply industry. He also founded FESB in the same year with the principal activity to venture into the development of private power generating plants under the independent power producers' scheme. He has more than thirty (30) years of project financing and project management experiences in the power industry.

In 2014, DNeX entered into an agreement with Dato' Azmi bin Abdullah, the Managing Director of FESB, to purchase 51% equity interest in FESB. Please refer to **Section 4.1(g)** of **Appendix XIII** of this Abridged Prospectus for more information in relation to the FESB agreement.

3.3 ESOS

Our Company proposes to establish and implement the ESOS which involve the offering and granting of ESOS Options to the Eligible Persons to subscribe for ESOS Options at an ESOS Subscription Price in accordance with the terms and conditions of the By-Laws.

The ESOS will be administered by the ESOS Committee which shall be vested with such powers and duties as are conferred upon it by our Board and our Board may determine all matters pertaining to the ESOS Committee, including its duties, powers and limitations.

For avoidance of doubt, the ESOS is only expected to be implemented after the completion of the Rights Issue, Special Issue and Acquisitions.

Further details on the ESOS have been disclosed in the circular to our Shareholders dated 12 January 2016.

4. RATIONALE FOR THE RIGHTS ISSUE

The Rights Issue is undertaken to raise funds in order to partially satisfy the OGPC Group Purchase Consideration for the Acquisitions. Our Board proposes to fund the Acquisitions via the Rights Issue as opposed to via bank borrowings in order to avoid additional interest expenses.

At the same time, the Rights Issue will increase our Group's Shareholders' funds and hence reduce gearing levels of our Group.

After due consideration of various methods of fund raising, our Board is of the opinion that raising funds by way of the Rights Issue to fund the Acquisitions as set out in **Section 3.2** of this Abridged Prospectus is most suitable due to the following reasons:-

(a) the Rights Issue will provide our Shareholders with an opportunity to further increase their equity participation in our Company via the issuance of new DNeX Shares at a potential discount to the prevailing market price, without diluting the existing Shareholders' interest, assuming that all Entitled Shareholders fully subscribe for their respective entitlements pursuant to the Rights Issue; and

(b) the Rights Issue will increase our Group's Shareholders' funds, strengthen our Group's capital base, and enhance our Group's cash flow position.

The Warrants which are attached to the Rights Shares are intended to provide an added incentive to the Entitled Shareholders to subscribe for the Rights Shares. The Warrants will allow the Entitled Shareholders to increase their equity participation in our Company at a predetermined price over the tenure of the Warrants. In addition, upon exercise of the Warrants (if any), our Company will obtain additional proceeds to finance future working capital requirements, while strengthening our Company's capital base, improving gearing levels as well as potentially increasing the liquidity of DNeX Shares.

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5. UTILISATION OF PROCEEDS

Based on the issue price of RM0.21 per Rights Share which was fixed by our Board and announced on 18 June 2014 in the Initial Announcement, the gross proceeds and the expected utilisation of the proceeds to be raised from the Rights Issue are as follows:-

Proposed utilisation of proceeds	Note	RM'000	Estimated timeframe for utilisation from date of receipt
Acquisitions	(1)	73,000	Immediate
Working capital	(2)	19,881	Within twenty-four (24) months
Estimated expenses for the Proposals	(3)	4,800	Within six (6) months
Total		**97,681**	

Notes:-

*(1) RM97.68 million of the proceeds from the Rights Issue is intended to be utilised for the remaining Cash Consideration of RM73 million in relation to the Acquisitions as set out in **Section 3.2** of this Abridged Prospectus. Please note that the Cash Consideration for the Acquisitions is RM83 million, of which RM10 million had been paid as deposit by DNeX to the Vendors on 18 June 2014, being the date of the SSA.*

(2) Approximately RM19.88 million is proposed to be utilised for which include but are not limited to the funding of our Group's day-to-day operations or projects as follows:-

	RM'000[a]
Financing for our Group's future investments/projects[b]	16,881
Payment of staff salaries	3,000
Total working capital	**19,881**

(a) The actual utilisation of each component of working capital may differ subject to the operational requirements at the time of utilisation.

*(b) The proceeds of approximately RM16.88 million will be utilised for the potential investment/projects in both IT and energy businesses. The two (2) core IT businesses are trade facilitation and e-commerce as well as solution integration while the three (3) core energy businesses are O&G product and services, power and upstream E&P. Please refer to **Section 7.5** of this Abridged Prospectus for more information.*

As at the date of this Abridged Prospectus, aside from the Subscription, DNeX has identified another potential investment in an upstream O&G asset which is currently under negotiation. Should there be any changes in the said identified potential investment or should there be no further suitable investments identified by our Group or should there be any remaining proceeds pursuant to the potential investment, it will be utilised to further scale up the OGPC Group's business in order to generate additional revenue streams. Options include creating new business (i.e. chemical, valves testing and servicing) and building in-house fabrication capability.

(3) The estimated expenses of RM4.8 million in relation to the Proposals will be utilised for the professional fees, fees payable to the relevant authorities, underwriting commission, placement agent's commission, printing costs of circulars and abridged prospectuses as well as advertising and miscellaneous expenses. In any event, if the actual expenses are higher than the amount budgeted, the deficit will be funded out of the portion allocated for working capital requirements. Conversely, if the actual expenses are lower than the amount budgeted, the excess shall be utilised for working capital requirements.

	RM'000
Estimated professional fees	2,500
Underwriting and placement commission	1,500
Fees payable to the authorities	600
Miscellaneous expenses and contingencies	200
Total estimated expenses for the Proposals	**4,800**

The amount of proceeds from the exercise of the Warrants would depend on the actual number of Warrants exercised which will be used to finance future working capital requirements of our Group. For illustrative purpose, our Company will raise approximately RM232.57 million if the Warrants are fully exercised at the exercise price of RM0.50 per Warrant which was fixed by our Board and announced on 18 June 2014 in the Initial Announcement.

6. RISK FACTORS

You should carefully consider the following risk factors (which may not be exhaustive) which may have an impact on the future performance of our Group, in addition to other information contained elsewhere in this Abridged Prospectus, before subscribing for or investing in the Rights Issue.

6.1 Risks relating to business and operations

The Rights Issue will partly fund the Acquisitions and expose us to risks as follows:-

(a) Dependency on O&G industry

In 2014, the global crude oil production grew to 73.4 million barrels per day in line with the expansion in USA production. In 2014, crude oil production from the USA increased to 8.7 million barrels per day. While the production expansion from the USA has raised the global crude oil inventories, demand has underperformed with weakening demand from Europe and Japan. These have resulted in an oversupply within the O&G industry and accordingly, weighing on the commodity pricing.

The downward pricing trend persisted in 2015 amid high production during the year. Protégé Associates estimates that the world crude oil production increased to 75.4 million barrels per day, mainly attributed to higher production from the USA and Organisation of the Petroleum Exporting Countries ("**OPEC**"). Nonetheless, demand has continued to underperform amid weaker demand mainly from China and Europe. Consequently, crude oil price dropped to an average of USD50.8 per barrel in 2015 due to supply glut.

In Malaysia, PETRONAS expects oil prices to remain low in 2016 and accordingly has announced a cut its operational expenditure and capital expenditure for 2016 by between RM15 billion to RM20 billion. The reduction is also part of PETRONAS' move to reduce the capital expenditure and operational expenditure by RM50 billion over the next 4 years. Therefore, demand for products and services from the oil field services and equipment ("**OFSE**") industry could be affected in the medium term (2015 to 2018).

The situation surrounding oil prices remains volatile and its outlook remains uncertain in relation to unstable demand and supply conditions. A combination of external factors that will impact the demand and supply conditions, amongst other, are geopolitical and economic instability, inventory builds, production levels and catastrophic risk.

There exists potential for further fluctuation in coming weeks and months as demand drivers remain unstable. At the macro level, the current bearish scenario is largely attributed to the economic slowdown in China that is expected to soften their demand for energy products.

Meanwhile, the supply situation shows no sign of supply tightening in the near term thereby applying pressure to prices recovery. In addition to the rise in shale oil in USA, the return of an Iranian supply of crude into the international O&G market further increase the global oil supply thus adding pressure to oil price recovery. In addition, other OPEC countries continued with a consistent production level thus far.

Correspondingly, a combination of unstable supply and demand conditions may prevent any significant rally from gaining traction and lead to persistently weaker prices in the coming year. However, prices could rebound and move higher if any of the factors previously noted begin to reverse or if there is a major geopolitical event that could alter the prevailing dynamics seen for the market.

(Source: IMRR)

Nonetheless, there will be no assurance that any changes within the O&G industry will not have material impact to the OGPC Group's financial performance.

(b) Subject to fundamental change in PETRONAS' policies towards O&G industry

PETRONAS' current policies in Malaysia towards the O&G industry include the imposition of licensing requirements. Under these policies, only companies with valid licences may supply goods, products and services to the upstream sector of the O&G industry in Malaysia and the PETRONAS and its subsidiaries ("**PETRONAS Group**") in the downstream sector. In addition to these, PETRONAS policies also restrict the ability of supplies of goods, products and services to operate in Malaysia. These restrictions can require, for instance, foreign suppliers to use Malaysian content in their operations and to operate with a Malaysian partner or company through forming a joint venture with a Malaysian partner or Malaysian company, or by designating a Malaysian partner or Malaysian company as an exclusive agent representing the said foreign entity.

The OGPC Group's business is primarily dependent on licences issued by PETRONAS for the operation, namely O&G equipment supplier, and engineering and technical support services provider. Any fundamental change in PETRONAS' policies, which include but not limited to a relaxation or liberalisation of licensing requirements for the provision of goods, products and services related to O&G industry, or permitting foreign suppliers to operate in Malaysia without restrictions, would have a material adverse effect on the OGPC Group's business, operation and financial. Nonetheless, the OGPC Group will strive to continue to strive to continue providing excellent services to always be competitive to potential entrants and the synergy with our Group through the Acquisitions will be an advantage.

(c) Political and economic risks

DNeX Group and the OGPC Group's financial, business prospects and the industries which we and the OGPC Group operate in, will depend on the various extents on the developments in the economy, political and regulatory in Malaysia and other foreign countries. Amongst the economic, political and regulatory factors are the changes in inflation rates, interest rates, war, terrorism activities, riots, expropriations, changes in political leadership and unfavourable changes in the Government policies in the ICT and O&G industries.

Our Group will continue to implement effective measures such as prudent management and efficient operating procedures to mitigate these factors. However, there can be no assurance that adverse economic, political and regulatory changes will not materially affect our Group's business.

(d) Availability of skilled workers

As ICT and O&G industries are generally technical in nature, the need to retain skilled workers remains a challenge to various companies in recruiting and retaining outstanding staff in the ICT and O&G industries. Our Group shall also endeavour to ensure the loss of skilled workforce and key personnel of DNeX Group and the OGPC Group is kept at a minimal level via the ESOS.

6.2 Risks relating to the industry in which the OGPC Group operates

(a) Reliance on imports

A major portion of the OGPC Group products and equipment are imported from UK, USA, Singapore and Japan. For the FYE 2015, the imports from UK, USA, Singapore and Japan accounted for approximately 25%, 10%, 14% and 14% respectively of the total purchases. The OGPC Group's reliance of imports of these key items may pose a risk to its business in the event of, among others, shortage of supply, delays in shipment, imposition of duties and/or taxes and increase in transportation costs. The general problems associated with imports would most likely affect the OGPC Group's competitors as its competitors also place reliance on imports.

Nonetheless, there can be no assurance that this risk will not have any adverse impact to the OGPC Group's operations and financial performance.

(b) Dependence on major principals as suppliers

As a supplier of O&G products and equipment, the OGPC Group relies on its principals for the supply of the products and equipment and services as well as accompanying technologies and knowledge for the installation and service of these products and equipment. Any severance of these relationships will have a negative impact on the OGPC Group's ability to supply the products and equipment to its customers. The OGPC Group depends on its principals for the supply of products and equipment such as heating system, compressors, pumps, flange, valves, flare system and filters from SPX Corporation and its group of companies ("**SPX Group**"), Aspen Technology Inc ("**AspenTech**"), Pentair plc's ("**Pentair**") group of companies ("**Pentair Group**"), Zeeco Inc ("**Zeeco**"), Applicot Corporation ("**Applicot**"), James Walker Sealing Products & Services Limited ("**James Walker**"), FMC Technologies Inc and its subsidiaries ("**FMC Group**"), Cameron International Corporation ("**Cameron**") and Thermax Limited ("**Thermax**").

There can be no assurance that the OGPC Group will be able to reduce its dependency on these principals over time or be able to source for alternative principals who supply the required O&G equipment with the same level of quality on a timely basis and based on the same credit terms. If the principals are unable to deliver the required products in accordance with the quality that is required of on time, the OGPC Group's distribution and supply chain may be affected which will have a material and adverse effect on its operations and financial performance.

Although there is no assurance that the OGPC Group will be able to maintain these relationships, it has been dealing with its major principals for over sixteen (16) years. However, the OGPC Group seeks to mitigate this risk by continuously maintaining good relationships to ensure minimal disruptions on its supply chain and operations. In addition, there should generally be a lower probability of disruption affecting long-standing strategic relationships.

(c) Subject to exchange rate fluctuations

A significant proportion of the OGPC Group's purchases are transacted in foreign currencies such as the USD, whilst its revenue is mainly denominated in RM. There is a financial risk to the business if there is any adverse fluctuation in any one or more currencies transacted by the OGPC Group. In such a situation, there is a possibility that the OGPC Group could incur foreign exchange losses and/or any of its product pricing may increase which could render it to be less competitive than its competitors.

The OGPC Group utilises the letter of credit facility which provides it with a degree of protection. In addition, as the RM is currently a managed float since the de-pegging of the RM, this may prevent any extreme fluctuations of the RM vis-à-vis USD, and hence the effects of any foreign currency risks are less significant and mitigated to a certain extent.

The OGPC Group management will continue to monitor its foreign exchange exposure by keeping abreast with current political, economic and regulatory conditions of the countries that it works with, both its customers as well as its suppliers. The OGPC Group will take the necessary steps required to minimise their exchange rate exposure whenever deemed appropriate, which is amongst others, through having foreign exchange forward contracts. Nevertheless, there is no assurance that any adverse fluctuations in foreign exchange rates would not have a material impact on the OGPC Group's financial performance.

(d) Subject to credit risk of the OGPC Group's customers

The OGPC Group's financial performance and position are dependent, to a certain extent, on the creditworthiness of its customers. If circumstances arise that affect the customer's ability or willingness to pay, the OGPC Group may experience payment delays or in more severe cases, the OGPC Group may not be able to collect payment from its customers. Accordingly, the OGPC Group would have to make provisions for doubtful debts, or incur debt write-offs, which may have an adverse impact on the profitability.

There has not been any bad debts being written off nor provision made for doubtful debts for the three (3) FYEs from 2012 to 2014. In the FYE 2015, an impairment of trade receivables of RM1.6 million was made due to long duration of outstanding trade receivables. There are some customers that will make payment after the normal credit period and this is mainly due to the process involved in finalising the Certificate of Progress Claim, which is needed before payment can be made by the customers.

Although the OGPC Group strives to reduce this risk through its credit evaluation process, there can be no assurance that customer's credit risk will not have an adverse impact on the OGPC Group's future financial performance.

(e) Competition risks

The OGPC Group faces competition from local suppliers that have arrangement with foreign principals and existing foreign competitors providing their services locally, which offer similar products but from different principals.

In view of the competitive market environment, the OGPC Group has exclusive arrangement to represent world-leading principals with established brand names for O&G, petrochemical, power and general industries' equipment.

Nevertheless, there can be no assurance that the OGPC Group would be able to sustain its competitiveness against current and future competitors.

(f) Dependence on key personnel

The OGPC Group's future prospects will depend upon its capability to attract and retain its key personnel after the Acquisitions. The loss of key personnel of the OGPC Group may have an unfavourable and significant impact on the performance of the OGPC Group as the continued achievement of the business is considerably dependent on the management team of the OGPC Group.

The OGPC Group presently enjoys productive working relationships with its management team and will endeavour to continue its effort to maintain such relationships via the ESOS. DNeX has entered into Management Services Agreements with each of Vendors of the OGPC Group to ensure continuity of the OGPC Group's business operations.

(g) **Dependency on the PETRONAS licence**

The OGPC Group is dependent on the licence issued by PETRONAS. The licence permits the OGPC Group to participate and/or to be considered for the projects in the Malaysian O&G industry. The licence is subject to renewal every three (3) years, and the OGPC Group has thus far, renewed its PETRONAS licence successfully every time. However, there can be no assurance that the licence will be maintained or renewed upon expiry in the future. Failure to obtain, maintain or renew the PETRONAS licence would result in the OGPC Group not being able to provide the services to the Malaysian O&G industry, which may have a material adverse effect on the business operations and financial performance of the OGPC Group.

(h) **Dependency on major customers**

The contribution from various customers changes from year to year depending on the projects secured by the OGPC Group and also the duration of these projects. Only PETRONAS Group, which consists of many companies, may be considered as major customer in view that OGPC Group has continuous contracts with PETRONAS Group. Failure to continue to obtain contracts with the PETRONAS Group may have a material adverse effect on the financial performance of the OGPC Group.

6.3 Other risks

(a) **Overall industries' risks**

Our Group is principally involved in the IT and energy businesses. There are various risks associated with the ICT industry, such as indirect taxes for industry players, subsidy and fiscal deficit rationalisation by Government, workforce competency, employability of graduates and talent migration, in particular ICT professionals in search of better remuneration and career advancement and high competition among industry players in terms of innovation. There are existing and also potential industry players that are or will be competing in the same market as DNeX Group and also, bid for Government related jobs.

The Acquisitions which involve the acquisitions of the OGPC Group will enhance our Group's business diversification. However, the performances of the OGPC Group are subject to risks inherent in the O&G industry. These may include fluctuation in world prices of oil, competition from foreign players, depletion of natural resources in the Malaysian market, regulatory compliance and dependence on licences, permits, agency and/or agreements, shortage of skilled workforce, equipment and machineries, rapid changes in industrial technology, operational health and safety risks, increase in cost of labour and equipment, increase in cost of operations and changes in Government policies affecting the O&G industry.

However, our Group seeks to mitigate the risks above, through employing and retaining strong technically capable personnel through various remuneration incentives, implementing prudent business strategies and carrying out continuous research and development and training to always be ahead of its competitors and review of our Group's operations for geographical expansion. However, there is no assurance that any change to the above factors, which are beyond our Group's control, will not materially affect its business.

(b) Acquisition risks

Although that our Group may benefit from the Acquisitions, there is no assurance that the anticipated benefits of the Acquisitions will be materialised or that our Group will be able to generate satisfactory revenues from the Acquisitions to compensate the associated acquisition costs incurred, namely the dilution to the EPS of our Group. There is also no assurance that our Group is able to maintain or improve the standards of quality and services of the business of the OGPC Group.

However, our Group has mitigated such risk by adopting prudent investment strategies and engaging independent experts to conduct evaluation and assessment on the OGPC Group's current capabilities in terms of assets, equipment and technologies prior to making its investment decisions.

(c) Non-completion risks

The completion of the Acquisitions is subjected to certain conditions, which are beyond the control of our Group, such as the completion of the Rights Issue, amongst others. There is no assurance that the Proposals will be completed as contemplated by our Group. However, our Group will take reasonable steps that are within its control to ensure that all relevant conditions are fulfilled by the stipulated date.

6.4 Risks relating to the Rights Issue

(a) Delay in or abortion of the Rights Issue

There is a risk that the Rights Issue may be aborted or delayed on the occurrence of any one or more of the following events:-

(i) as stated in **Section 2.5** this Abridged Prospectus, our Company has procured the Undertaking from our Substantial Shareholder, namely Censof, to subscribe in full for its entitlement under the Rights Issue. While AmInvestment Bank has verified that Censof has sufficient financial resources to subscribe in full for its entitlement to the Rights Shares as specified in the Undertaking, in the event whatsoever Censof does not fulfill its obligations under the Undertaking, the successful and timely implementation of the Rights Issue may be affected; or

(ii) the Managing Underwriter and Joint Underwriters exercising their rights under the Underwriting Agreement to terminate their commitments and discharge themselves from their obligations on the occurrence of any of the termination events set out in the Underwriting Agreement; or

(iii) material adverse change of events/circumstances, which are beyond the control of our Company and AmInvestment Bank, arising during the implementation of the Rights Issue.

In the event that the Rights Issue is aborted, we would need to find alternative funding for the Acquisitions. In this respect, there is no guarantee that we would be able to obtain sufficient funding, and/or if funding is obtained will be based on terms favourable to our Company.

Our Company will exercise its best of endeavours to ensure the successful implementation of the Rights Issue. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or the abortion of the Rights Issue. Pursuant to Section 243 of the CMSA, in the event that the Rights Issue is aborted, our Company will repay without interest all monies received from the applicants and if any such monies is not repaid within fourteen (14) days after it becomes liable, our Company and officers shall be liable to return such money with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC from the expiration of that period until the full refund is made.

(b) Capital market risk

The price of our Shares as traded on Bursa Securities may fluctuate, like all other listed securities. There is a variety of factors that could cause the prices of our Shares to fluctuate, amongst others, changes in trading volume of our Shares on Bursa Securities due to change in demand and supply for our Shares, announcement of material developments of our Group's business and fluctuations in our Group's operating and financial results.

In addition to the fundamentals of our Group, other factors affecting the price performance of our Shares include various external factors such as general economic, political and industry conditions, the performance of regional and world bourses as well as sentiments and liquidity in the local stock market. These factors invariably contribute to the volatility of trading volumes on Bursa Securities, thus adding risk to the market price of our Shares.

Notwithstanding that the issue price of the Rights Shares and the exercise price of the Warrants have been determined, after taking into consideration the factors as set out in **Section 2.2** and **Section 2.3** of this Abridged Prospectus respectively (which includes the funding requirements for the Acquisitions and historical share price volatility of DNeX,etc.), there can be no assurance, subsequent to the listing of and quotation for the Rights Shares and Warrants, that the market price of our Shares and the Warrants will be maintained at or above the issue price of the Rights Shares and exercise price of the Warrants, respectively.

(c) No prior market for Warrants

Prior to the Rights Issue, there has been no established trading market for our Warrants. The market price of our Warrants on Bursa Securities will depend on, amongst others, the prevailing stock market sentiments, the volatility of the stock market, interest rate movements, future profitability of our Group, as well as the future prospects of the industries in which our Group operates. No assurance can be given that an active market will develop upon listing of our Warrants on Bursa Securities, or if developed, that such market will sustain. There can also be no assurance that the market price of our Warrants will be maintained at any particular level subsequent to their issuance.

(d) Potential dilution

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

6.5 Forward-looking statements

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

All forward-looking statements are based on forecasts and assumptions made by our Group and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may affect the actual results, performance or achievements implied in such forward-looking statements. Such factors include, *inter-alia*, the risk factors as set out in this section. In light of these and other uncertainties, the inclusion of forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

Information in this section has been extracted from available government publications, other publicly available sources or IMRR, summary which is set out in **Appendix VIII** of this Abridged Prospectus.

7.1 Overview and prospects of the Malaysian economy

The Malaysian economy expanded by 4.2% in the first quarter of 2016 (Fourth quarter ("**4Q**") 2015: 4.5%). The slight moderation in growth mainly reflected external shocks to the economy and cautious spending by the private sector. On the supply side, growth continued to be driven by the major economic sectors. On a quarter-on quarter seasonally-adjusted basis, the economy recorded a growth of 1.0% (4Q 2015: 1.2%).

Private sector activity remained the key driver of growth, although the pace of expansion moderated amid on-going adjustments in the economy. Private consumption expanded by 5.3% (4Q 2015: 4.9%), supported by continued wage and employment growth. Private investment grew at a slower rate of 2.2% (4Q 2015: 4.9%). This was mainly attributable to the cautious business sentiments and lower investments in the upstream mining sector. Growth of public consumption improved to 3.8% in the first quarter (4Q 2015: 3.3%) due to higher spending on emoluments. On the other hand, public investment declined by 4.5% (4Q 2015: 0.4%), due to lower spending on fixed assets by the public corporations.

On the supply side, the major economic sectors registered a moderate growth performance. The services sector recorded a sustained growth on account of the continued expansion in domestic demand. In the manufacturing sector, growth was supported by the continued expansion in both export- and domestic-oriented industries, although at a slower pace. The agriculture sector registered a contraction, as adverse weather conditions led to lower production of palm oil. The mining sector turned around to record a marginally positive growth following an improvement in the production of natural gas.

Inflation, as measured by the annual change in the Consumer Price Index (CPI), was higher at 3.4% in the first quarter of 2016 due to the reduction in electricity tariff rebates in January 2016 and the base effect from the larger decline in domestic fuel prices in the first quarter of 2015.

The trade surplus amounted to RM23.9 billion in the first quarter of 2016 (4Q 2015: RM30.6 billion). Gross exports continued to increase (1.0%; 4Q 2015: 8.1%), supported mainly by the continued expansion in manufactured exports, despite a larger contraction in commodity exports. Meanwhile, gross imports contracted marginally by 0.4% (4Q 2015: 3.5%), reflecting mainly the lower imports of capital and intermediate goods.

The ringgit and other regional currencies appreciated against the US dollar during the quarter, due to weaker-than-expected economic performance in the US, resulting in expectations of a slower pace of interest rate normalisation by the Federal Reserve. The ringgit, however, appreciated significantly more compared to other major and regional currencies. This is attributable to the release of positive domestic economic data, the recovery of Brent crude oil prices and the 2016 Budget Recalibration announcement. These factors lifted investor sentiments on the Malaysian economy and led to increased demand for ringgit financial assets.

Overall, the ringgit appreciated by 9.4% against the US dollar during the quarter. The ringgit also appreciated against the pound sterling (13.1%), the euro (5.7%), the Australian dollar (4.4%), and the Japanese yen (2.2%). Against all regional currencies, the ringgit also appreciated by between 4.6% and 9.0%.

Going forward, the Malaysian economy is expected to remain on a sustained growth path of 4-4.5%, despite the challenging economic environment globally and domestically. Domestic demand will continue to be the principal driver of growth, sustained primarily by private sector spending. However, domestic consumption is expected to grow at a moderate pace as households continue to adjust to the higher cost of living. Overall investment is also expected to grow at a slower pace but will remain supported by the implementation of infrastructure development projects and capital spending in the manufacturing and services sectors. Uncertainties in the external environment and the on-going adjustments in the domestic economy pose downside risks to growth.

(Source: Economic and financial developments in Malaysia in the First Quarter of 2016, quarterly bulletin, first quarter 2016, BNM)

7.2 Overview and outlook of the O&G industry in Malaysia

The outlook of the OFSE industry in tandem with the O&G industry remains positive in long-term. In 2014, the O&G industry has seen the start-up of Tapis Enhanced Oil Recovery ("**EOR**") project, Malaysia's first large-scale EOR project, the start-up of oil production from a deepwater development namely the Gumusut-Kakap floating platform, and the start-up of natural gas production from Damar field which increases the crude oil supply in Malaysia. Nonetheless, growth is restrained by the slumping crude oil prices which begun around second half of 2014. On the global front, increasing crude oil production from USA coupled with underperforming demand from Europe and Japan have resulted in crude oil oversupply and accordingly, weighted on the pricing of the said commodity.

In 2015, the oil and gas industry registered a contraction mainly due to downward pricing trend of benchmark Dated Brent. Consequently, prices across all petroleum products were lower during the year. However, the negative impact was partially offset by higher oil and gas production that was supported by the production enhancement of existing fields, start-up of new production, coupled with stronger external demand.

In Malaysia, PETRONAS expects oil prices to remain low in 2016 and accordingly, has announced a cut in its operational expenditure and capital expenditure by between RM15 billion to RM20 billion. The reduction is also part of PETRONAS' move to reduce the capital expenditure and operational expenditure by RM50 billion over the next 4 years. Therefore, demand for products and services from the OFSE industry could be affected in the medium term (2015 to 2018).

On a positive note, demand for O&G is projected to be sustainable in long run. OPEC has projected the oil demand to increase by over 18 million barrels per day during the period of 2015-2040, reaching 111.1 million barrels per day by 2040. This indicates the underlying demand for O&G as an energy source in the global market. In addition, the long-term prospect of the O&G industry is supported by an increasing global population and urbanisation that that would drive the energy demand. The United Nations has projected the global population to grow from 7.35 billion in 2015 to reach 9.73 billion by 2050, of which urban population would increase from 54.0% to 66.4% during the same period. Continuous demand for energy sources would contribute to a sustainable O&G industry, and the OFSE industry may benefit from the need of equipment replacement within the O&G industry in long run.

Moving forward the O&G industry is projected to register a compounded annual growth rate ("**CAGR**") of 1.4% from 2015 to 2020. Amid a cut on PETRONAS' operational expenditure and capital expenditure, the continuous investment in the O&G industry particularly from the entry point projects ("**EPPs**") under the Economic Transformation Programme ("**ETP**") is expected to provide the impetus for the sustainable growth in the industry.

(Source: IMRR)

We acknowledge that we are not spared from the impact of a slowdown in the global economy, including declining commodity prices, particularly crude oil, palm oil and rubber, depreciation of the ringgit and slower growth in major advanced economies.

The Government's decision in implementing GST is right, more so as crude oil prices have fallen more than 50% from a level of USD100 per barrel in 2014. The fact is, PETRONAS contributes a certain amount of dividend to Treasury every year. The amount of dividend is dependent on global crude oil prices. For example, when crude oil prices averaged USD100 per barrel in 2014, revenue from PETRONAS dividend and petroleum tax revenue totalled RM62 billion. The scenario, however, changed when crude oil prices declined to around USD50 per barrel. The contribution from PETRONAS and oil-related sectors will be RM44 billion in 2015. As oil prices are expected to remain low in 2016, oil-related revenue is estimated at RM31.7 billion, a decline in Government revenue of more than RM30 billion. As announced several times, the rakyat can be reassured that revenue from GST collection will be returned to benefit the rakyat, in addition we will also clarify how GST will be spent. This is the real intention of the Government and there is no hidden agenda. The situation has changed. This intention must be balanced with the reality of the Government's financial position due to the uncertainty in global crude oil prices as I elaborated earlier. However, due to the reduction in oil-related revenue, the collection from GST has helped to cover a major portion of the shortfall.

As part of Government's Domestic Investment Initiative, an estimated investment of RM18 billion in 2016 has been set aside for the Refinery and Petrochemical Integrated Development Project ("**RAPID**") Complex in Pengerang, Johor.

Additionally with regards to the oil and gas sector, in order to promote the development of supporting services activities, it is proposed that the relief from payment of GST be on the reimportation of equipment such as equipment used in the upstream oil and gas industry for oil and floating platforms that are temporarily exported for the purpose of rental and leasing.

(Source: Excerpts from Budget Speech 2016: Ministry of Finance Malaysia's website)

7.3 Overview and outlook of the ICT industry in Malaysia

In order to achieve an 18.2% or approximately RM324.9 billion ICT contribution to GDP by the year 2020, initiatives to be undertaken during the Eleventh Malaysia Plan period include the development of technology focus areas, infusion of ICT in other sectors and building the support ecosystem. It is targeted that the ICT industry registers an annual average growth rate of 10.7% and Malaysia to maintain its position as a net exporter of ICT products and services valued at RM56.8 billion in 2020. To ensure the shift from supply to demand, consumption to production and low to high knowledge-add is sustainable, nine strategies have been identified in the Eleventh Malaysia Plan.

(Source: Eleventh Malaysia Plan, 2016-2020: Way Forward, Driving ICT in the Knowledge Economy, Strategy Paper 15, Economic Planning Unit, Prime Minister's Department)

7.4 Prospects of the OGPC Group

Moving forward, the OGPC Group expects to derive its future revenue from supplying O&G equipment and parts as well as providing technical support services to the O&G, petrochemical, power and general industries.

In addition to a dedicated workforce of skilled technical personnel to provide its customers with reliable and efficient services, the OGPC Group aims to expand its product range, improve its technical capabilities and maintain its quality operational standards in order to continue providing excellent service to its clients. The OGPC Group has plans to expand the product range that can be offered to its customers in the future by establishing working relationships with new principals or suppliers for products currently not being offered by the OGPC Group In addition, the OGPC Group has the intention to explore further opportunity with its existing principals to increase the number and types of products that the OGPC Group currently represents, for example, to offer different types or models of valves or pumps.

It is anticipated that the revenue arising from new projects will be reduced in the short term in light of the current market conditions. In this situation, O&G companies, including PETRONAS, are facing uncertainties and are slowing down their investment in capital-intensive projects, i.e. new greenfield projects. However, these O&G companies will capitalise this opportunity to undertake, where necessary, MRO work for existing facilities or plants. In addition, these O&G companies will also be reviewing their existing facilities or plants with a view to improve efficiencies and minimise cost or wastage, which include upgrading their existing process or system, where necessary. All the above are done to maximise returns from existing facilities or plants.

The OGPC Group is well positioned to assist its customers in the area of MRO and also the improvements and/or upgrades as the OGPC Group has a wide range of products to offer to its customers. With the reduction in new projects in the O&G industry, the OGPC Group's revenue and profitability is expected to be affected in the next one (1) to three (3) years with brighter prospects in the longer term.

(Source: Management of the OGPC Group)

According to the IMRR, O&G industry is projected to register a CAGR of 1.4% from 2015 to 2020. The O&G industry is expected to continue attracting investment despite the volatility surrounding oil prices albeit most companies would exercise greater caution in their spending. Also, planned long-term investments are less likely to be affected by short-term volatility. In addition, the investment in the O&G industry particularly from the EPPs under the ETP is expected to provide the impetus for the continuing growth in the O&G industry.

Our Board, after having considered all the relevant aspects, including the aforementioned industry outlook as well as prospects of the OGPC Group as set out in **Section 7.2** above and this **Section 7.4** respectively, is of the opinion that the Acquisitions are expected to contribute positively to the future earnings of our Company and to enhance our Shareholders' value in the medium to long-term.

(Source: Board)

7.5 Prospects of our Group

On November 2013, Censof emerged as the new controlling shareholder in DNeX with 45.03% equity interest in DNeX upon completion of the conditional share sale and purchase agreement, which was entered into between Censof and Khazanah Nasional Berhad on 12 September 2013 to acquire 349,112,731 DNeX Shares.

For information purpose, as at the LPD, Censof owns 304,112,731 DNeX Shares, representing 39.23% equity interest in DNeX. Please refer to **Section 8.2** of this Abridged Prospectus for more information on our Company's Substantial Shareholders' shareholdings.

The principal activities of Censof are that of investment holding and the provision of management services whilst its subsidiaries (excluding DNeX) are involved in the activities as follows:-

(a) design, development, implementation and marketing of financial related software and services;

(b) providing services for software development, acting as a service provider for financial applications and electronic payments;

(c) providing ICT business solutions, corporate ICT training and management courses;

(d) providing investment management solutions and software; and

(e) selling of computerised accounting system and providing support services.

The acquisition of DNeX by Censof presents a good and rare opportunity for Censof to not only expand its ICT business but also to leverage on our resources and infrastructure to create strategic benefits, which Censof believes will bring both Censof Group and our Group to the next level of performance.

Moving forward, our Group will be focusing on two businesses which are, a) existing IT business and b) new energy business.

(i) **Existing IT business**

We will continue to expand the IT business by entering into a number of strategic partnerships and expanding the range of IT products which will further contribute positive revenue to our Group.

The main services provided by our Group's IT division are as follows:-

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1. Trade facilitation and e-commerce

(a) National Single Window Trade Facilitation System ("**NSW Trade Facilitation System**")

- DNeX's subsidiary, Dagang Net Technologies Sdn Bhd ("**Dagang Net**"), was appointed to incorporate its value added network with the Sistem Maklumat Kastam ("**SMK**"), which was established in 1995 as "SMK-Dagang*Net". In the same year, the first direct interface between both systems was implemented in the first Kedai National Electronic Data Interchange in Port Klang, which included successful pioneering efforts to commercially use e-government services, smartcards and electronic fund transfers to enhance the effectiveness, efficiency and productivity of the SMK in Port Klang.

- In 2004, the SMK-Dagang*Net's automated trade facilitation system was expanded to East Malaysia (Sabah & Sarawak) and implemented at all the Royal Malaysian Customs Department ("**RMCD**") entry points, which is in line with RMCD's strategy to accelerate SMK's national rollout. During that period, the concept of trade facilitation has already been recognised as the engine of growth for Malaysia to improve its cross border transactions.

- In 2007, National Single Window (**"NSW"**), a national project initiated by the Government, led by the Ministry of International Trade and Industry, was introduced to implement an intelligent IT-environment in Malaysia to handle all data traffic concerning import and export, to reduce substantial administrative burdens for the entrepreneurs and to enhance government services' quality in this field.

- In 2009, Dagang Net was awarded the concession by the Government under the terms of the agreement for the design, development, operation and maintenance of NSW Trade Facilitation System. This was to serve as an integrated gateway to enable trade-related information and documents to be submitted by different parties including exporters, importers, customs brokers, freight forwarders, shipping agents and banks only once at a single entry point. The need to deploy a new NSW in Malaysia has become especially imperative as an enabler for the ASEAN Single Window ("**ASW**") initiative and to improve Malaysian's overall ranking in trading across border. Malaysia is currently gearing up preparations for connection to the ASW initiative of linking all the single windows in ASEAN member countries and become fully operational by the year 2012.

- Dagang Net's concession granted by the Government under the terms of the agreement for NSW, had a contract extension for two (2) years until 24 September 2016. Pursuant to the extension, Dagang Net continues to be the sole service provider of Malaysia's NSW for trade facilitation and provide Dagang Net with the opportunity to further enhance its market presence, particularly to continue introducing new offerings beyond the NSW mandatory services and add value to the business efficiency of the trading and logistics community.

- The NSW Trade Facilitation System is an electronic approach to facilitate trade and increase efficiency of the Government's delivery system. It involves five major areas of coordinated processing of information and data. These areas are as follows:-

No.	Major areas	Services
1.	Customs declaration ("**eDeclare**")	For customs declaration.
2.	Permit issuing agencies/other Government agencies ("**ePermit**")	For permit application system.
3.	Banking ("**ePayment**")	For customs duty payment.
4.	Transport community ("**eManifest**")	For cargo manifest and vessel information.
5.	Trading community ("**ePCO**")	For the issuance of certificate of origin.

(b) National single window service provider (**"NSW Service Provider"**)

- As announced by DNeX on 18 August 2015, Dagang Net was appointed by the RMCD to design, develop, install, configure, test, commission, and provisioning of support and maintenance services for the trade facilitation portal for RMCD. The appointment of Dagang Net as the NSW Service Provider is for a continuous tenure and shall commence from the date of issuance of the Certificate to Operate ("**CTO**") by the Government which is renewable every two (2) years.

- DNeX as the appointed NSW Service Provider, provides services which include the services as stated in **Section 7.5(i)(1)(a)** above for trade facilitation to plan, design, implement and operate.

(c) Mytrade2cash

- Mytrade2cash is a business-to-business ("**B2B**") platform that provides simplified application process to facilitate trade finance which enables information related to international trade, customs clearance, cash flow, credit insurance and financing services to be shared between the exporters and financial institutions.

- By streamlining, simplifying and improving access to trade finance, DNeX connects the exporters and financial institutions electronically, which improves the small and medium enterprises' access to trade finance, speeding up the Malaysian exporters' access to cash/working capital.

- Currently, DNeX operates as Malaysia's first, largest and most established e-transaction exchange. The exchange serves over 13,000 users in the trade facilitation and logistics fraternity with more than 50 million electronic transactions and RM1.8 billion worth of customs duty payment are transacted annually through its single window platform.

(d) MyCargo2u

- Mycargo2u is a B2B platform that empowers logistics players with a GST ready comprehensive software to manage cargo and trade documentation efficiently.

- This is an integrated solution that enables users to save time and skip unnecessary duplication of data entry efforts and simplifies trade documentation submissions to the relevant authorities and regulators, as well as make tracking and tracing of cargo and its documentations.

(e) Global Halal Exchange

- Global Halal Exchange is an e-marketplace which serves as an electronic B2B marketplace connecting traders within the Halal industry across the world and facilitates buyer-seller transactions for Halal goods and services.

2. Solution integration

(a) IT solution

- DNeX specialises in full project management, from design and build right through to installation and commissioning.

- The range of IT solution services provided by DNeX are mainly in the procurement, delivery, installation, testing and commissioning of IT equipment in large and nationwide IT rollout to its customers, while its maintenance coverage encompasses technical support via on-site support from DNeX's technicians.

- DNeX's IT management and consultation approach emphasises a standard operation procedure that includes designing, developing, improving, adopting and maintaining infrastructure to suit the customers' needs.

(b) Cyber security

- DNeX provides a comprehensive suite of enterprise security solution which helps the customers to build a reliable and resilient security defence to ensure the customers' information assets are secured.

DNeX's existing IT business has a strong project management and system integration strength. The IT team will leverage on the OGPC Group's O&G network to expand its business by tapping into the O&G industry i.e. software and IT solutions, where possible.

DNeX has expertise in IT project management, network solutions and systems implementation and integration. As at the LPD, the OGPC Group is the appointed vendor for AspenTech software, which is a niche Petroleum Supply Chain with Advanced Process Control solutions. The DNeX IT solutions team is capable in managing implementation and system integration for this system.

In addition, DNeX has also been in talks with a specialised IT solution service provider for assets management and life extension in the energy industry and expect to be able to penetrate the market at the same time diversify product offering through the OGPC Group's sales & distribution network.

(ii) <u>New energy business</u>

Our Group will continue to diversify into the energy business (i.e. O&G, power, petrochemical and general industries) through strategic acquisitions and/or long-term partnerships. With a know-how heavy and asset light strategy, our Group will work on integrating and developing a commercially sustainable energy business. The relevant segments in the energy business, are as follows:-

1. **O&G product and services**

The completion of the Acquisitions will see the OGPC Group becoming part of our Group, which will contribute to a new stream of revenue through the provision of engineering and technical support services for the O&G industry. Essentially, OGPC Group supplies packaged O&G products and provides support services to clients in the O&G industry.

The OGPC Group has a wide network of clientele in the O&G industry. Meanwhile, our Group's existing IT business has a strong project management and system integration strength. Hence, our Group's existing IT business is able to leverage on the OGPC Group's network of clients in the O&G industry by providing software and IT solutions. We, as a service provider, bring high quality of expertise, fit for purpose and cost-effective solutions to the O&G industry, which can provide added value to the OGPC Group's clients.

The OGPC Group has been providing technical support services to the O&G industry and since DNeX Oilfield is venturing into such business, the experience and expertise of the OGPC Group can be applied by DNeX Oilfield.

Also, the OGPC Group provides equipment to TNB with regards to power generation. Thus, the knowledge of equipment in regards to the power industry will be beneficial to FESB, since it will be involved in the designing, building and operations of small scale and captive market power plants in the Asian region, which is in the power industry.

2. **Power industry**

Design, build and operate small scale and captive market power plants not exceeding 300MW in a safe and reliable manner. DNeX also strives to become a niche reliable regional independent power producers and energy transmission company via its subsidiary FESB. FESB is currently pursuing opportunities in Malaysia, Bangladesh and Indonesia.

3. **Upstream E&P**

With experienced leadership and a team with proven commercial expertise, DNeX will deploy its expertise to own brownfield producing assets in proven hydrocarbon province with transparent fiscal locations via its wholly-owned subsidiary, DNeX Petroleum.

As announced to Bursa Securities on 7 September 2015, DNeX Petroleum had entered into a share subscription agreement in relation to Ping with Ping to subscribe for new ordinary shares of USD0.001 each in Ping, which represent 30% of the enlarged issued share capital of Ping, for a total consideration of USD10.0 million. Through the share subscription agreement, DNeX Petroleum is tapping into the reserves and resources of Ping's direct wholly-owned subsidiary, Ping Petroleum UK Limited, recent acquisition of the Anasuria Cluster (as defined herein), which comprises a geographically focused package of operated producing fields and associated infrastructure of the following:-

(a) 100% interest in the Guillemot A field and the related field facilities ("**Guillemot A Field**");

(b) 100% interest in the Teal field and the related field facilities ("**Teal Field**");

(c) 100% interest in the Teal South field and the related field facilities ("**Teal South Field**");

(d) 38.65% interest in the Cook field and the related field facilities ("**Cook Field**"); and

(e) 100% ownership in the common infrastructure known as the Anasuria Floating Production Storage and Offloading unit and the related equipment ("**Anasuria FPSO**").

The Guillemot A Field, Teal Field, Teal South Field, Cook Field and Anasuria FPSO are collectively referred to as the "**Anasuria Cluster**". The Anasuria Cluster is located about 175km east of Aberdeen in the UK Central North Sea, and the equal joint acquisition between Ping Petroleum UK Limited and Anasuria Hibiscus UK Limited, an indirect wholly-owned subsidiary of Hibiscus Petroleum Berhad of 50% each of the entire interest in the Anasuria Cluster from Shell U.K. Limited, Shell EP Offshore Ventures Limited and Esso Exploration and Production UK Limited, serves as DNeX entry into upstream E&P.

As at the LPD, our Shareholders' approval for the Subscription has been obtained. As at the date of this Abridged Prospectus, the Subscription is completed. DNeX Petroleum holds 30% equity interest in Ping.

(Source: Management of DNeX)

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8. EFFECTS OF THE PROPOSALS

For illustrative purpose, the proforma effects of the Proposals on the issued and paid-up share capital, NA and gearing, earnings and EPS of our Group are set out below.

8.1 Issued and paid-up share capital

The proforma effects of the Rights Issue, Special Issue, Acquisitions and the ESOS on the issued and paid-up share capital of our Company are as follows:-

	Par value RM	No. of Shares	RM
Issued and paid-up share capital as at the LPD	0.20	775,244,683	155,048,937
To be issued pursuant to the Rights Issue	0.20	465,146,809	93,029,361[(1)]
	0.20	1,240,391,492	248,078,298
To be issued pursuant to the Special Issue	0.20	130,000,000	26,000,000
	0.20	1,370,391,492	274,078,298
To be issued pursuant to the Acquisitions	0.20	362,500,000	72,500,000
	0.20	1,732,891,492	346,578,298
To be issued assuming full exercise of the Warrants	0.20	711,396,809	142,279,362
	0.20	2,444,288,301	488,857,660
To be issued assuming full exercise of the ESOS Options	0.20	122,214,415	24,442,882[(1)]
Enlarged issued and paid-up share capital	**0.20**	**2,566,502,716**	**513,300,542**[(1)]

Note:-
(1) Numbers are rounded down for reconciliation purpose.

The ESOS is not expected to have any immediate effect on the issued and paid-up share capital of DNeX until such time when such ESOS Options are exercised. However, the issued and paid-up share capital of DNeX will increase progressively depending on the number of ESOS Options exercised, subject to a maximum of five percent (5%) of the issued and paid-up share capital (excluding treasury shares) of our Company at any point in time during the duration of the ESOS.

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8.2 Substantial Shareholders' shareholdings

The proforma effects of the Proposals on the Substantial Shareholders' shareholdings based on the Register of Substantial Shareholders of our Company as at the LPD are set out below:-

Substantial Shareholders of DNeX	As at the LPD				(I) After Rights Issue				(II) After (I) and Special Issue			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Censof	304,112,731	39.23	-	-	486,580,369	39.23	-	-	486,580,369	35.51	-	-
Datuk Samsul bin Husin	-	-	304,112,731*	39.23	-	-	486,580,369*	39.23	-	-	486,580,369*	35.51
Special Issue investors	-	-	-	-	-	-	-	-	130,000,000	9.49	-	-

Substantial Shareholders of DNeX	(III) After (II) and Acquisitions				(IV) After (III) and assuming full exercise of the Warrants				(V) After (IV) and assuming full exercise of the ESOS Options**			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Censof	486,580,369	28.08	-	-	669,048,007	27.37	-	-	669,048,007	26.07	-	-
Datuk Samsul bin Husin	-	-	486,580,369*	28.08	-	-	669,048,007*	27.37	-	-	669,048,007*	26.07
Special Issue investors	130,000,000	7.50	-	-	195,000,000	7.98	-	-	195,000,000	7.60	-	-
Azman bin Karim	190,906,315	11.02	-	-	286,359,473	11.72	-	-	286,359,473	11.16	-	-
Khoo Kok Seng	105,539,003	6.09	-	-	158,308,504	6.48	-	-	158,308,504	6.17	-	-
ESOS Option holders	-	-	-	-	-	-	-	-	122,214,415	4.76	-	-

Notes:-

* *Deemed interested by virtue of his substantial direct interest in SAAS Global Sdn Bhd, which in turn holds shares in Censof.*

** *Assuming no ESOS Option is being allocated to the Vendors and DNeX's Directors.*

8.3 NA and gearing

The ESOS is not expected to have an immediate effect on the NA, NA per Share and gearing of our Group until such time when the ESOS Options are exercised.

The effect on the NA and gearing of our Group will depend on the number of ESOS Options granted and exercised as well as the fair value of the ESOS Options after taking into account, *inter-alia*, the ESOS Subscription Price. Whilst the granting of the ESOS Options under the ESOS is expected to result in a charge to the statements of comprehensive income of our Group pursuant to the MFRS 2, the recognition of such MFRS 2 charge would not have any material impact on the NA of our Group as the corresponding amount will be classified as an equity reserve which forms part of our Shareholders' equity.

In the event that none of the ESOS Options are exercised within the duration of the ESOS, the amount outstanding in the said equity reserve would be transferred into our Company's retained earnings. On the other hand, if the ESOS Options are exercised, the amount outstanding in the said equity reserve would be transferred into our Company's share capital and/or share premium account.

For illustration purpose only, based on the latest audited consolidated financial statements of DNeX as at the FYE 2015 and on the assumption that the Acquisitions had been effected on that date, the proforma effects of the Proposals on the NA, NA per DNeX Share and gearing of our Group are as follows:-

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	DNeX Audited as at 31 December 2015 RM'000	(I) After Rights Issue RM'000	(II) After (I) and Special Issue RM'000	(III) After (II) and Acquisitions RM'000	(IV) After (III) and full exercise of the Warrants RM'000	(V) After (IV) and full exercise of the ESOS Options RM'000
Share capital	155,049	248,078	274,078	346,578	488,857	513,300
Reserves						
- Share premium	-	3,489	5,946	17,043(1)	232,188	234,590
- Warrants reserve	-	1,163(2)	1,306(3)	1,726(4)	-	-
- ESOS reserve	-	-	-	-	-	-
- Translation reserve	(54)	(54)	(54)	(54)	(54)	(54)
- Accumulated losses	(53,995)	(53,995)	(53,995)	(55,812)(1)	(55,812)	(56,423)(5)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF OUR COMPANY	101,000	198,681	227,281	309,481	665,179	691,413
NON-CONTROLLING INTERESTS	(747)	(747)	(747)	(747)	(747)	(747)
TOTAL EQUITY/NA	100,253	197,934	226,534	308,734	664,432	690,666
Number of DNeX Shares in issue ('000)	775,245	1,240,391	1,370,391	1,732,891	2,444,288	2,566,502
NA per Share (RM)	0.13	0.16	0.17	0.18	0.27	0.27
Total Borrowings (RM'000)	20,036	20,036	20,036	20,036	20,036	20,036
Gearing ratio (times)	0.20	0.10	0.09	0.06	0.03	0.03

Notes:-

(1) *After netting off estimated expenses incidental to the Proposals of approximately RM4.8 million as disclosed in* ***Section 5*** *of this Abridged Prospectus. RM3.0 million is the weighted average expense for Rights Issue and Special Issue, which is netted off from share premium. RM1.8 million is the weighted average expense, which is charged on retained earnings for the Acquisitions.*

(2) *Based on the issuance of 465,146,809 Warrants pursuant to the Rights Issue at an allocated fair value of RM0.005 per Warrant. The fair value per Warrant is determined using the "American-Binomial Option" pricing model, which takes into account the exercise price per Warrant, tenure of the Warrants, exercise period for the Warrants, risk free interest rate, expected dividend yield of DNeX Shares and expected share price volatility of DNeX Shares.*

(3) *Based on the issuance of 65,000,000 Warrants pursuant to the Special Issue at an allocated fair value of RM0.005 per Warrant. The fair value per Warrant is determined using the "American-Binomial Option" pricing model as Note (2) above.*

(4) *Based on the issuance of 181,250,000 Warrants pursuant to the Acquisitions at an allocated fair value of RM0.005 per Warrant. The fair value per Warrant is determined using the "American-Binomial Option" pricing model as Note (2) above.*

(5) *Based on the issuance of 122,214,415 ESOS Options pursuant to the ESOS at an allocated fair value of RM0.005 per ESOS Option. The fair value per ESOS Option is determined using the "American-Binomial Option" pricing model as Note (2) above.*

8.4 Earnings and EPS

The Proposals are expected to be completed by third (3rd) quarter of the calendar year 2016. As such, the Rights Issue, Special Issue, Acquisitions and ESOS are expected to impact positively on the earnings of our Group for the FYE 2016 despite the possible impact of the MFRS 2. Our Company's future EPS will be impacted with the expected positive earnings contributions of the OGPC Group, after taking into account the increase in the number of DNeX Shares in issue after Rights Issue, Special Issue and Acquisitions.

Under the MFRS 2, the cost arising from the issuance of the ESOS Options is measured by the fair value of the ESOS Options, which is recognised in the statement of comprehensive income when granting the ESOS Options, thereby reducing the earnings of our Group.

In addition, the allotment and issuance of new DNeX Shares pursuant to the exercise of ESOS Options under the ESOS will have a dilutive effect on our Group's EPS due to the increase in number of DNeX Shares.

The quantum of such impact could not be determined at this juncture as it is dependent on the factors mentioned above. However, it should be noted that the expense arising from the granting of the ESOS Options does not represent a cash outflow of our Company as it is merely an accounting treatment. Our Board has taken note of the potential impact of MFRS 2 on the earnings of our Group and shall take proactive measures to manage the earnings impact in the allocation and granting of the ESOS Options to the Eligible Persons.

For illustrative purpose, based on the latest audited consolidated financial statements of DNeX as at the FYE 2015, the proforma effects of the Proposals on the earnings and EPS of our Group assuming the Proposals had been effected on 1 January 2015, being at the beginning of the FYE 2015 are as follows:-

	DNeX Audited as at 31 December 2015	(I) After Rights Issue	(II) After (I) and Special Issue	(III) After (II) and Acquisitions	(IV) After (III) and full exercise of the Warrants	(V) After (IV) and full exercise of the ESOS Options
Number of DNeX Shares in issue ('000)	775,245	1,240,391	1,370,391	1,732,891	2,444,288	2,566,502
PAT attributable to owners of our Company (RM'000)	11,226	11,226	11,226	28,432[(2)(3)]	28,432	28,432
EPS (sen)[(1)]						
- Basic	1.45	0.91	0.82	1.64	1.16	1.11
- Diluted	N/A	0.66	0.78	1.49	1.16	1.11

Notes:-

(1) EPS is calculated based on the PAT attributable to owners of our Company/ number of DNeX Shares in issue.

(2) After taking into account of the OGPC Group's PAT of RM22.006 million based on the Accountants' Report on the OGPC Group for the FYE 2015.

(3) After taking into account of the estimated expenses of RM4.8 million in relation to the Proposals.

8.5 Convertible securities

Our Company does not have any convertible securities as at the date of this Abridged Prospectus.

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

9.1 Working capital

Our Board is of the opinion that after taking into consideration the proceeds arising from the Rights Issue, Special Issue and the funds generated from our operations and banking facilities made available to our Group, our Group will have adequate working capital for a period of twelve (12) months from the date of this Abridged Prospectus.

9.2 Borrowings

As at the LPD, our Group has total outstanding borrowings of approximately RM12.331 million, which are interest-bearing. The details are as follows:-

	RM'000
Non- current borrowings:-	
Term loan	-
Current borrowings:-	
Term loan	12,331
Total borrowings	**12,331**

As at the LPD, our Group does not have any foreign currency borrowings. There has not been any default on payments of either interests and/or principal sums by our Group in respect of any borrowings throughout the FYE 2015 and for the subsequent financial period up to the LPD.

9.3 Contingent liabilities

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

9.4 Material commitments

As at the LPD, other than the Subscription, there are no material commitments for capital expenditure incurred or known to be incurred by our Group that has not been provided for which, upon becoming due or enforceable, may have a material impact on the financial results/position or the business of our Group.

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10. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION FOR THE RIGHTS ISSUE

10.1 General

The Provisional Allotments are prescribed securities pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 and therefore, all dealings in such Provisional Allotments will be by book entries through CDS Accounts and will be governed by the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) (Amendment) Act, 1998 and the Rules of Bursa Depository. As an Entitled Shareholder, you and/or your renouncee(s)/transferee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making applications to subscribe for the Rights Shares.

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

10.2 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the Provisional Allotments is at **5.00 p.m. on 20 July 2016**, or such extended time and date as our Board may decide at their absolute discretion. Where the closing date of the acceptance is extended from the original closing date, the announcement of such extension will be made not less than two (2) Market Days before the original closing date.

10.3 Procedures for acceptance and payment

Acceptance of and payment for the Provisional Allotments 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, RSF and the notes and instructions contained therein 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, APPLICATION AND PAYMENT FOR THE EXCESS RIGHTS SHARES AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/OR YOUR RENOUNCEE(S) AND/OR TRANSFEREE(S) (IF APPLICABLE) WISH TO SELL/TRANSFER ALL OR ANY PART OF YOUR/THEIR ENTITLEMENT(S) ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTION CONTAINED THEREIN.

YOU AND/OR YOUR RENOUNCEE(S) AND/OR TRANSFEREE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY. IN ACCORDANCE WITH THE CMSA, THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THIS ABRIDGED PROSPECTUS.

If you wish to accept the Provisional Allotments, either in full or in part, please complete Part I(A) and 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:-

Mega Corporate Services Sdn Bhd (187984-H)
Level 15-2, Bangunan Faber Imperial Court,
Jalan Sultan Ismail,
50250 Kuala Lumpur.

Tel: (03) 2692 4271
Fax: (03) 2732 5388

so as to arrive not later than **5.00 p.m. on 20 July 2016**, being the last time and date for acceptance and payment, or such extended time and date as our Board may decide at their absolute discretion and announce not less than two (2) Market Days before such stipulatedtime and date.

One (1) RSF can only be used for acceptance of Provisional Allotments standing to the credit of one (1) CDS Account. Separate RSFs must be used for separate CDS Account(s). The Rights Shares subscribed by you in accordance with the procedures set out in the RSF will be credited into the respective CDS Accounts where the Provisional Allotments are standing to the credit.

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

You should take note that a trading board lot for the Rights Shares and Warrants will comprise of 100 Rights Shares and 100 Warrants each respectively. Successful applicants of the Rights Shares will be given Warrants on the basis of one (1) Warrant for every one (1) Right Share successfully subscribed for. The minimum number of Rights Shares that can be accepted is one (1) Rights Share.

Each completed RSF must be accompanied by remittance in RM for the full and exact amount payable for the Rights Shares accepted, in the form of banker's draft(s), cashier's order(s), money order(s) or postal order(s) drawn on a bank or post office in Malaysia crossed "**A/C Payee Only**" and made payable to "**DNeX RIGHTS ISSUE ACCOUNT**" and endorsed on the reverse side with the name, address and CDS Account of the applicant in block letters to be received by our Share Registrar.

If acceptance and payment for the Provisional Allotments (whether in full or in part) is not received by our Share Registrar by **5.00 p.m. on 20 July 2016**, being the last time and date for acceptance and payment, or such later date and time as our Board may, at their absolute discretion, determine and announce, but not less than two (2) Market Days before such stipulated date and time, you will be deemed to have declined the Provisional Allotments made to you and it will be cancelled. Such Rights Shares not taken up will be allotted to the applicants applying for the Excess Rights Shares and subsequently, to the Joint Underwriters, if the Rights Shares are not fully taken up by such applicants in the manner as set out in **Section 10.6** of this Abridged Prospectus.

If you lose, misplace or for any other reasons require another copy of the Abridged Prospectus and/or the RSF, you may obtain additional copies from your stockbrokers, our Company's Registered Office, our Share Registrar or Bursa Securities' website (http://www.bursamalaysia.com).

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY BE REJECTED 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. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ISSUED AND FORWARDED NOTICES OF ALLOTMENT BY ORDINARY POST TO THEM AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

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

PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT OR TO ACCEPT IN PART ONLY ANY APPLICATION WITHOUT PROVIDING ANY REASONS.

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

Notification of the outcome of your application for the Provisional Allotments will be despatched to you by ordinary post to the address as shown in Bursa Depository's record at your own risk within the timelines as follows:-

(a) successful application – a notice of allotment will be despatched within eight (8) Market Days from the last day for acceptance of and payment for the Provisional Allotments; or

(b) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for acceptance of and payment for the Provisional Allotments.

10.4 Procedures for sale or transfer of Provisional Allotments

As the Provisional Allotments are prescribed securities which will be traded on Bursa Securities commencing from 1 July 2016 to 5.00 p.m. on 12 July 2016, you may sell all or part of your entitlement to the Rights Shares during such period. You may transfer all or part of your entitlement to the Rights Shares from 1 July 2016 to 4.00 p.m. on 15 July 2016.

Should you wish to sell or transfer all or part of your entitlement to one (1) or more person(s), you may do so through your stockbrokers without first having to request for a split of the Provisional Allotments standing to the credit of your CDS Account. You may sell such entitlement on Bursa Securities or transfer to such persons as may be allowed pursuant to the Rules of Bursa Depository, both for the period up to the last date and time for the sale or transfer of the Provisional Allotments.

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 NEED NOT DELIVER ANY DOCUMENT INCLUDING THE RSF, TO ANY STOCKBROKER. HOWEVER, YOU MUST ENSURE THAT THERE ARE SUFFICIENT PROVISIONAL ALLOTMENTS STANDING TO THE CREDIT OF YOUR CDS ACCOUNTS THAT ARE AVAILABLE FOR SETTLEMENT OF THE SALE OR TRANSFER.

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. Please refer to **Section 10.3** of this Abridged Prospectus for the procedures for acceptance and payment.

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

10.5 Procedures for acceptance by renouncee(s) and/or transferee(s)

Renouncee(s) or transferee(s) who wish to accept the Provisional Allotments must obtain a copy of the RSF from their stockbrokers, our Company's Registered Office, our Share Registrar or Bursa Securities' website (http://www.bursamalaysia.com).

Please complete the RSF in accordance with the notes and instructions printed therein and submit the same together with the remittance to our Share Registrar at the address as stated in **Section 10.3** above.

As a renouncee or transferee, the procedures for acceptance, payment, selling and transferring of the Provisional Allotments are the same as that applicable to our Entitled Shareholders as set out in **Sections 10.3** and **10.4** above.

RENOUNCEE(S) AND/OR TRANSFEREE(S) ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND RSF CAREFULLY.

10.6 Procedures for application of Excess Rights Shares

You and/or your renouncee(s) and/or transferee(s) (if applicable) may apply for Excess Rights Shares in addition to your Provisional Allotments. If you wish to do so, please complete Part I(B) of the RSF (in addition to Parts I(A) and II) and forward it (together with a **<u>separate remittance</u>** for the full and exact amount payable in respect of the Excess Rights Shares applied for) using the envelope provided (at your own risk) to our Share Registrar at the address stated in **Section 10.3** above, so as to arrive **not later than 5.00 p.m. on 20 July 2016**, being the last time and date for acceptance and payment, or such later date and time as our Board may, at their absolute discretion, decide and announce, but not less than two (2) Market Days before such stipulated date and time.

Payment for the Excess Rights Shares applied for should be made in the same manner as described in **Section 10.3** above, except that the banker's draft(s), cashier's order(s), money order (s) or postal order(s) drawn on a bank or post office in Malaysia crossed "**A/C Payee Only**" should be made payable to "**DNeX EXCESS RIGHTS ISSUE ACCOUNT**" and endorsed on the reverse side with the name, address, and CDS Account of the applicant in block letters to be received by our Share Registrar.

It is the intention of our Board to allot the Excess Rights Shares, if any, in a fair and equitable manner to our Entitled Shareholders and/or their renouncee(s) and/or transferee(s) who have applied for the Excess Rights Shares in the following priority:-

(i) firstly, to minimise the incidence of odd lots;

(ii) secondly, for allocation to Entitled Shareholders who have applied for the Excess Rights Shares, on a pro-rata basis and in board lot, calculated based on their respective shareholdings as per their CDS Account as at the Entitlement Date;

(iii) thirdly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares, on a pro-rata basis and in board lot, calculated based on the quantum of Excess Rights Shares applied for; and

(iv) finally, for allocation to the renouncee(s) and/or transferee(s) who have applied for Excess Rights Shares, on a pro-rata basis and in board lot, calculated based on the quantum of Excess Rights Shares applied for.

Nevertheless, our Board reserves the right to allot the Excess Rights Shares applied for under Part I(B) of the RSF in such manner as our Board deems fit and expedient, and in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board set out in **Section 10.6 (i)** to **(iv)** above is achieved. Our Board also reserves the right to accept any application for the Excess Rights Shares, in full or in part, without assigning any reason.

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICEINT REMITTANCES MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPOPRIATE BOXES PROVIDED IN THE RSF.

PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT OR TO ACCEPT IN PART ONLY ANY APPLICATION WITHOUT PROVIDING ANY REASONS.

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

Notification on the outcome of your application for the Excess Rights Shares will be despatched to you by ordinary post to the address as shown in Bursa Depository's records at your own risk within the timelines as follows:-

(a) successful application – a notice of allotment will be despatched within eight (8) Market Days from the last day for application of and payment for the Excess Rights Shares; or

(b) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application of and payment for the Excess Rights Shares.

10.7 Form of issuance

Bursa Securities has already prescribed our Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Bursa Securities has also approved the admission and listing of and quotation for the Warrants on Bursa Securities. Accordingly, the Rights Shares and Warrants are prescribed securities and as such, the Securities Industry (Central Depositories) Act, 1991, Securities Industry (Central Depositories) (Amendment) Act, 1998 and the Rules of Bursa Depository shall apply in respect of the dealings in the said securities.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected.

No physical share or warrant certificate shall be issued to you under the Rights Issue. Instead, the Rights Shares and Warrants will be credited directly into your CDS Account.

If you have multiple CDS Accounts into which the Rights Shares and Warrants have been credited, you cannot use a single RSF for subscription for all these Rights Shares and Warrants. Separate RSFs must be used for separate CDS Accounts.

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

Any person who intends to subscribe for the Rights Shares and Warrants as a renouncee(s) and/or transferee(s) by purchasing the Provisional Allotments from an Entitled Shareholder will have his Rights Shares and Warrants credited directly as prescribed securities into his CDS Account.

The Excess Rights Shares, if allotted to the successful applicant who applies for Excess Rights Shares, will be credited directly as prescribed securities into his CDS Account.

10.8 Laws of foreign jurisdictions

This Documents have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign jurisdiction other than Malaysia. The Rights Issue to which the Documents relate is only available to Entitled Shareholders receiving the Documents electronically or otherwise within Malaysia.

The Documents are not intended to be (and will not be) issued, circulated or distributed, and the Rights Issue will not be made or offered or deemed made or offered 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.

Foreign Addressed Shareholders and/or their renouncee(s) and/or their transferee(s) (if applicable) may accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue only to the extent that it would be lawful to do so.

Our Principal Adviser, Managing Underwriter, Joint Underwriters, our Company and our Directors and officers and other advisers named herein (collectively, the "**Parties**") would not, in connection with the Rights Issue, be in breach of the laws of any jurisdiction to which the Foreign Addressed Shareholders and/or their renouncee(s) and/or their transferee(s) (if applicable) shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject. The Parties shall not accept any responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject. The Parties shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any Foreign Addressed Shareholders and/or their renouncee(s) and/or their transferee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

Accordingly, the Documents will not be sent to the Foreign Addressed Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) who do not have a registered address in Malaysia. However, such Foreign Addressed Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) may collect the Documents from our Share Registrar, in which event the Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the aforesaid documents.

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

By signing any of the forms in the Documents, the Foreign Addressed Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) the Parties that:-

(i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue, be in breach of the laws of any jurisdiction to which those Foreign Addressed Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) are or may be subject to;

(ii) Foreign Addressed Shareholders and/or their renouncee(s) and/or transferee(s) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation;

(iii) Foreign Addressed Shareholders and/or their renouncee(s) and/or transferee(s) are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation, be in breach of the laws of any jurisdiction to which that person is or may be subject to;

(iv) Foreign Addressed Shareholders and/or their renouncee(s) and/or transferee(s) are aware that the Provisional Allotments can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;

(v) Foreign Addressed Shareholders and/or their renouncee(s) and/or transferee(s) have obtained a copy of this Abridged Prospectus and have had access to such financial and other information and have been afforded the opportunity to pose such questions to the Parties and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares; and

(vi) Foreign Addressed Shareholders and/or their renouncee(s) and/or transferee(s) 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 are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares.

Persons receiving the Documents (including without limitation custodians, nominees and trustees) must not, in connection with the Rights Issue, distribute or send it into any jurisdiction where to do so would or might contravene local securities, exchange control or relevant laws or regulations.

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 unless such offer, invitation or solicitation could lawfully be made without compliance with any registration or other regulatory or legal requirements in such territory.

We reserve the right, in our absolute discretion, to treat any acceptance 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 Excess Rights Shares available for excess application by the other Entitled Shareholders. You and/or your renouncee(s) and/or transferee(s) (if applicable) will also have no claims whatsoever against the Parties in respect of your, and/or your renouncee(s)'s and or transferee(s)'s entitlement under the Rights Issue or to any net proceeds thereof.

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11. TERMS AND CONDITIONS

The issuance of the Rights Shares and the Warrants pursuant to the Rights Issue is governed by the terms and conditions as set out in the Documents and the Deed Poll.

12. FURTHER INFORMATION

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

Yours faithfully
For and on behalf of our Board
DAGANG NeXCHANGE BERHAD

Tan Sri Abd Rahman bin Mamat
Chairman/Independent Non-Executive Director

CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE PROPOSALS PASSED AT OUR COMPANY'S EGM HELD ON 27 JANUARY 2016

DAGANG NeXCHANGE BERHAD
(Company No. 10039-P)
(Incorporated in Malaysia under the Companies Act, 1965)

Extract of the minutes of the Extraordinary General Meeting ("**EGM**") of Dagang NeXchange Berhad ("**DNeX**" or "**the Company**") held at the Ballroom 1, 1st Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Wednesday, 27 January 2016 at 10.00 a.m.

RESOLVED:-

ORDINARY RESOLUTION 1

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF 465,146,809 NEW ORDINARY SHARES OF RM0.20 EACH IN DNeX ("SHARE(S)" OR "DNeX SHARE(S)") ("RIGHTS SHARE(S)") TOGETHER WITH 465,146,809 NEW FREE DETACHABLE WARRANTS ("WARRANT(S)") AT AN ISSUE PRICE OF RM0.21 PER RIGHTS SHARE ON THE BASIS OF THREE (3) RIGHTS SHARES TOGETHER WITH THREE (3) WARRANTS FOR EVERY FIVE (5) EXISTING DNeX SHARES HELD AS AT AN ENTITLEMENT DATE TO BE DETERMINED LATER ("ENTITLEMENT DATE") ("PROPOSED RIGHTS ISSUE")

"**THAT** subject to the passing of Ordinary Resolutions 2 and 3 as well as all approvals and/or consents being obtained from the relevant authorities and/or other parties (where required), approval be and is hereby given to the Board of Directors of DNeX ("**Board**") to allot and issue by way of a renounceable rights issue of 465,146,809 Rights Shares together with 465,146,809 Warrants at an issue price of RM0.21 per Rights Share on the basis of three (3) Rights Shares together with three (3) Warrants for every five (5) existing DNeX Shares held by the shareholders of DNeX ("**Shareholders**") whose names appear in the Company's Record of Depositors at the close of business on the Entitlement Date to be announced by the Board;

THAT approval be and is hereby given to the Board to allot and issue such further Warrants ("**Additional Warrants**") as may be required or permitted to be issued pursuant to any adjustments under the terms and provisions of the deed poll constituting the Warrants to be executed by DNeX ("**Deed Poll**");

THAT approval be and is hereby given to the Board to allot and issue such number of new Shares credited as fully paid-up to be issued pursuant to the exercise of the Warrants and Additional Warrants (if any);

THAT upon allotment and issuance, the Rights Shares shall rank *pari passu* in all respects with the then existing DNeX Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment of the Rights Shares;

THAT upon allotment and issuance, the new Shares to be issued pursuant to the exercise of the Warrants and Additional Warrants (if any) shall rank *pari passu* in all respects with the then existing DNeX Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment of the new Shares to be issued pursuant to the exercise of the Warrants and Additional Warrants (if any);

CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE PROPOSALS PASSED AT OUR COMPANY'S EGM HELD ON 27 JANUARY 2016 *(Cont'd)*

Extract of minutes of EGM
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THAT any Rights Shares which are not taken up or validly taken up shall be made available for excess Rights Shares applications **AND** the Board be and is hereby authorised to allocate any such excess Rights Shares in a fair and equitable manner on a basis to be determined later;

THAT any fractional entitlements that may arise from the Proposed Rights Issue will be disregarded **AND** the Board be and is hereby authorised to deal with any such fractional entitlements in such manner as the Board in its absolute discretion may deem fit and in the best interest of the Company;

THAT authority be and is hereby given to the Board to utilise the proceeds to be raised from the Proposed Rights Issue for the purposes as set out in Section 6.1 of the Circular to the Shareholders dated 12 January 2016 ("**Circular**") **AND** the Board be and is hereby authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary, expedient and/or appropriate and in the best interest of the Company, subject to the receipt of approvals from the relevant authorities (if required);

AND THAT the Board be and is hereby authorised to do all things and acts and/or sign and execute all documents including without limitation, the Deed Poll as the Board may deem fit, necessary, expedient and/or appropriate in order to implement, finalise and/or give effect to the Proposed Rights Issue with full powers to assent to any terms, conditions, modifications, variations and/or amendments as may be required or permitted by any relevant authorities and/or parties, as a consequence of any such requirements and/or as the Board may deem fit, necessary, expedient and/or appropriate and in the best interest of the Company."

ORDINARY RESOLUTION 2

PROPOSED SPECIAL ISSUE OF 130,000,000 SHARES ("SPECIAL ISSUE SHARE(S)") TOGETHER WITH 65,000,000 WARRANTS ON THE BASIS OF ONE (1) WARRANT FOR EVERY TWO (2) SPECIAL ISSUE SHARES AT AN ISSUE PRICE OF RM0.22 PER SPECIAL ISSUE SHARE ("PROPOSED SPECIAL ISSUE")

"**THAT** subject to the passing of Ordinary Resolutions 1 and 3 as well as all approvals and/or consents being obtained from the relevant authorities and/or other parties (where required), including but not limited to, the approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for the Special Issue Shares on the Main Market of Bursa Securities, approval be and is hereby given to the Board to allot and issue 130,000,000 new Shares at an issue price of RM0.22 for each Special Issue Share;

THAT upon allotment and issuance, the Special Issue Shares shall rank *pari passu* in all respects with the then existing DNeX Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment of the Special Issue Shares;

CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE PROPOSALS PASSED AT OUR COMPANY'S EGM HELD ON 27 JANUARY 2016 ***(Cont'd)***

Extract of minutes of EGM
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AND THAT the Board be and is hereby authorised to do all acts, deeds and things as it may deem fit, necessary, expedient and/or appropriate in order to implement the Proposed Special Issue with full power to assent to any terms, conditions, modifications, variations and/or amendments as may be required, at its discretion and/or imposed or required by the relevant authorities and/or parties and to execute, sign and to take all steps to enters into all such agreements, arrangements, undertakings, indemnities, transfers, assignments and guarantees with any party or parties and to carry out any other matters as may be required to implement, finalise and give full effect to the Proposed Special Issue."

<u>ORDINARY RESOLUTION 3</u>

PROPOSED ACQUISITIONS OF OGPC SDN BHD ("OGPC") AND OGPC O&G SDN BHD ("OGPCOG") (COLLECTIVELY, OGPC AND OGPCOG ARE REFERRED TO AS "OGPC GROUP") FOR A TOTAL PURCHASE CONSIDERATION OF RM170 MILLION TO BE SATISFIED VIA PARTIAL CASH CONSIDERATION OF RM83 MILLION AND THE REMAINING RM87 MILLION VIA ISSUANCE OF 362,500,000 NEW DNeX SHARES ("CONSIDERATION SHARE(S)") WITH 181,250,000 WARRANTS AT AN ISSUE PRICE OF RM0.24 PER CONSIDERATION SHARE ON THE BASIS OF ONE (1) WARRANT FOR EVERY TWO (2) CONSIDERATION SHARES ISSUED ("PROPOSED ACQUISITIONS")

"**THAT** subject to the passing of Ordinary Resolutions 1 and 2 as well as all approvals and/or consents being obtained from the relevant authorities and/or other parties (where required), approval be and is hereby given for the Company to acquire 500,000 ordinary shares of RM1.00 each in OGPC, representing the entire issued and paid-up share capital of OGPC and 520,000 ordinary shares of RM1.00 each in OGPCOG, representing the 52.0% of the issued and paid-up share capital of OGPCOG from Azman bin Karim, Abdul Manaf bin Shariff, and Khoo Kok Seng (collectively, referred to as the "**Vendors**") for a total purchase consideration of RM170 million ("**Purchase Consideration**") to be satisfied via partial cash consideration of RM83 million and the remaining RM87 million via issuance of 362,500,000 Consideration Shares with 181,250,000 Warrants at an issue price of RM0.24 for each Consideration Share, subject to the terms and conditions stipulated in the conditional share sale agreement dated 18 June 2014 and supplemental share sale agreement dated 5 March 2015 between DNeX and the Vendors in relation to the Proposed Acquisitions;

AND THAT the Board be and is hereby authorised to do all acts, deeds and things as it may deem fit, necessary, expedient and/or appropriate in order to implement the Proposed Acquisitions with full power to assent to any terms, conditions, modifications, variations and/or amendments as may be required, at its discretion and/or imposed or required by the relevant authorities and/or parties and to execute, sign and deliver all such documents and/or agreements with any party or parties and to take all such steps for and on behalf of the Company as it deem fit, necessary, expedient and/or appropriate in order to implement, finalise, complete and give full effect to the Proposed Acquisitions, including the issuance of the Consideration Shares as partial satisfaction of the Purchase Consideration."

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ORDINARY RESOLUTION 4

PROPOSED ESTABLISHMENT OF AN EMPLOYEE'S SHARE OPTION SCHEME ("ESOS") OF UP TO FIVE PERCENT (5%) OF THE ISSUED AND PAID-UP SHARE CAPITAL OF DNeX ("PROPOSED ESOS")

"**THAT** subject to the passing of Ordinary Resolutions 1, 2 and 3 as well as all approvals and/or consents being obtained from the relevant authorities and/or other parties (where required), approval be and is hereby given to the Board to:-

(a) establish, implement and administer the Proposed ESOS for the benefit of Executive Directors and employees of the Company and its subsidiaries which are not dormant ("**DNeX Group**" or the "**Group**"), who meet the eligibility criteria to participate in the Proposed ESOS ("**Eligible Persons**"), to subscribe for new Shares at a predetermined price (hereinafter referred to as the "**ESOS Option(s)**"), in accordance with the draft by-laws governing the Proposed ESOS ("**By-Laws**"), as set out in Appendix VIII of the Circular;

(b) add, modify, alter, delete and amend the Proposed ESOS, the By-Laws and/or all rules, regulations and administration relating to the Proposed ESOS and/or the administration thereof, from time to time as may be required or permitted or deemed necessary by the authorities or the Board or the committee appointed and authorised by the Board to administer the Proposed ESOS, provided that such additions, modifications, alterations, deletions and/or amendments are effected and permitted in accordance with the provisions of the By-Laws;

(c) offer and grant ESOS Options under the Proposed ESOS and to allot and issue from time to time such number of new Shares as may be required to be issued pursuant to the exercise of the ESOS Options (including such additional ESOS Options issued pursuant to the By-Laws), provided that the total number of new Shares to be allotted and issued under the Proposed ESOS shall not exceed five percent (5%) of the issued and paid-up share capital (excluding treasury shares, if any) of the Company at any point of time throughout the duration of the Proposed ESOS and that such new Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of which the new Shares are credited into the central depository system accounts of the Eligible Persons who have accepted the offers of ESOS Options in accordance with the By-Laws; and

(d) to do all things necessary and make the necessary application at the appropriate time or times to Bursa Securities for the listing of and quotation for the new Shares which may from time to time be allotted and issued pursuant to the Proposed ESOS;

THAT the Board be and is hereby authorised to do all things and acts and/or sign and execute all documents as the Board may deem fit, necessary, expedient and/or appropriate in order to implement, finalise and/or give full effect to the Proposed ESOS with full powers to assent to any terms, conditions, modifications, variations and/or amendments as may be required or permitted by any relevant authorities and/or parties, as a consequence of any such requirement and/or as the Board may deem fit, necessary, expedient and/or appropriate and in the best interest of the Company;

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AND THAT the proposed By-Laws be and is hereby approved."

ORDINARY RESOLUTION 5

PROPOSED GRANT OF ESOS OPTIONS TO DATUK SAMSUL BIN HUSIN, THE EXECUTIVE DEPUTY CHAIRMAN OF THE COMPANY

"**THAT** subject to and conditional upon the passing of Ordinary Resolution 4 taking effect as well as approvals and/or consents being obtained from the relevant authorities and/or parties (where required), approval be and is hereby given to the Board to offer and grant to Datuk Samsul bin Husin, being the Executive Deputy Chairman of the Company, options to subscribe for such number of ESOS Options to be issued (as adjusted or modified from time to time pursuant to the By-Laws) pursuant to the Proposed ESOS, provided that the allocation to any Eligible Persons who, either singly or collectively through Persons Connected (as defined in the Main Market Listing Requirements of Bursa Securities) with him/her, holds twenty percent (20%) or more in the issued and paid-up share capital (excluding treasury shares, if any) of the Company, does not exceed ten percent (10%) of the total number of DNeX Shares to be issued under the Proposed ESOS, and subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws;

AND THAT approval be and is hereby given to the Board to allot and issue from time to time such number of ESOS Options credited as fully paid-up to Datuk Samsul bin Husin pursuant to the exercise of such options."

ORDINARY RESOLUTION 6

PROPOSED GRANT OF ESOS OPTIONS TO ZAINAL 'ABIDIN BIN ABD JALIL, THE GROUP MANAGING DIRECTOR OF THE COMPANY

"**THAT** subject to and conditional upon the passing of Ordinary Resolution 4 taking effect as well as approvals and/or consents being obtained from the relevant authorities and/or parties (where required), approval be and is hereby given to the Board to offer and grant to Zainal 'Abidin bin Abd Jalil, being the Group Managing Director of the Company, options to subscribe for such number of ESOS Options to be issued (as adjusted or modified from time to time pursuant to the By-Laws) pursuant to the Proposed ESOS, provided that the allocation to any Eligible Persons who, either singly or collectively through Persons Connected with him/her, holds twenty percent (20%) or more in the issued and paid-up share capital (excluding treasury shares, if any) of the Company, does not exceed ten percent (10%) of the total number of DNeX Shares to be issued under the Proposed ESOS, and subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws;

AND THAT approval be and is hereby given to the Board to allot and issue from time to time such number of ESOS Options credited as fully paid-up to Zainal 'Abidin bin Abd Jalil pursuant to the exercise of such options."

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ORDINARY RESOLUTION 7

PROPOSED GRANT OF ESOS OPTIONS TO DATO' WONG KAM YIN, AN EXECUTIVE DIRECTOR OF THE COMPANY

"**THAT** subject to and conditional upon the passing of Ordinary Resolution 4 taking effect as well as approvals and/or consents being obtained from the relevant authorities and/or parties (where required), approval be and is hereby given to the Board to offer and grant to Dato' Wong Kam Yin, being an Executive Director of the Company, options to subscribe for such number of ESOS Options to be issued (as adjusted or modified from time to time pursuant to the By-Laws) pursuant to the Proposed ESOS, provided that the allocation to any Eligible Persons who, either singly or collectively through Persons Connected with him/her, holds twenty percent (20%) or more in the issued and paid-up share capital (excluding treasury shares, if any) of the Company, does not exceed ten percent (10%) of the total number of DNeX Shares to be issued under the Proposed ESOS, and subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws;

AND THAT approval be and is hereby given to the Board to allot and issue from time to time such number of ESOS Options credited as fully paid-up to Dato' Wong Kam Yin pursuant to the exercise of such options."

CERTIFIED TRUE EXTRACT

TAN SRI ABD RAHMAN BIN MAMAT
Chairman

KEH CHING TYNG
Secretary
MAICSA 7050134

Dated this 27th day of January, 2016
Kuala Lumpur

INFORMATION ON OUR COMPANY

1. HISTORY AND BUSINESS

Our Company was incorporated in Malaysia under the Act as a private limited company under the name of TIME Engineering Sdn Bhd on 12 October 1970. It was converted to a public limited company on 24 June 1983 and was listed on the Main Board of Kuala Lumpur Stock Exchange (now known as Main Market of Bursa Securities) on 12 September 1983. Our Company later changed its name to Dagang NeXchange Berhad on 19 May 2014.

As at the LPD, the principal activity of our Company is investment holding, whilst our subsidiaries are involved in the information technology and energy businesses. The full details of the principal activities of our subsidiaries are set out in **Section 6** of this **Appendix II.**

2. SHARE CAPITAL

As at the LPD, our Company's authorised and issued and paid-up share capital are as follows:-

Type	No. of Shares	Par value RM	Total RM
Authorised	10,000,000,000	0.20	2,000,000,000
Issued and fully paid-up	775,244,683	0.20	155,048,937

3. CHANGES IN SHARE CAPITAL

3.1 Authorised share capital

As at the LPD, there are no changes in the authorised share capital for the past three (3) years.

3.2 Issued and paid-up share capital

As at the LPD, there are no changes in the issued and paid up share capital for the past three (3) years.

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4. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The proforma effects of the Proposals on the substantial shareholders' shareholding in our Company, based on the Register of Substantial Shareholders as at the LPD, are illustrated below:-

Substantial Shareholders of DNeX	As at the LPD				(I) After Rights Issue				(II) After (I) and Special Issue			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Censof	304,112,731	39.23	-	-	486,580,369	39.23	-	-	486,580,369	35.51	-	-
Datuk Samsul bin Husin	-	-	304,112,731*	39.23	-	-	486,580,369*	39.23	-	-	486,580,369*	35.51
Special Issue investors	-	-	-	-	-	-	-	-	130,000,000	9.49	-	-

Substantial Shareholders of DNeX	(III) After (II) and Acquisitions				(IV) After (III) and assuming full exercise of the Warrants				(V) After (IV) and assuming full exercise of the ESOS Options**			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Censof	486,580,369	28.08	-	-	669,048,007	27.37	-	-	669,048,007	26.07	-	-
Datuk Samsul bin Husin	-	-	486,580,369*	28.08	-	-	669,048,007*	27.37	-	-	669,048,007*	26.07
Special Issue investors	130,000,000	7.50	-	-	195,000,000	7.98	-	-	195,000,000	7.60	-	-
Azman bin Karim	190,906,315	11.02	-	-	286,359,473	11.72	-	-	286,359,473	11.16	-	-
Khoo Kok Seng	105,539,003	6.09	-	-	158,308,504	6.48	-	-	158,308,504	6.17	-	-
ESOS Option holders	-	-	-	-	-	-	-	-	122,214,415	4.76	-	-

Notes:-

* *Deemed interested by virtue of his substantial direct interest in SAAS Global Sdn Bhd, which in turn holds shares in Censof.*

** *Assuming no ESOS Option is being allocated to the Vendors and DNeX's Directors.*

5. BOARD OF DIRECTORS

5.1 Details of our Directors

Name *(Designation)*	Age	Address	Nationality	Profession
Tan Sri Abd Rahman bin Mamat *(Chairman/ Independent Non-Executive Director)*	63	3-11-1, The Residence, Jalan Wan Kadir 5, Taman Tun Dr. Ismail, 60000 Kuala Lumpur.	Malaysian	Company Director
Datuk Samsul bin Husin *(Executive Deputy Chairman)*	53	No. 63, Jalan 5/9, Warisan Setia Kota Warisan, Bandar Baru Salak Tinggi, 43900 Sepang, Selangor.	Malaysian	Company Director
Zainal 'Abidin bin Abd Jalil *(Group Managing Director)*	57	No. 26, Jalan Awan Larat U8/74, Bukit Jelutong, 40150 Shah Alam, Selangor.	Malaysian	Company Director
Dato' Wong Kam Yin *(Executive Director)*	47	Block B-11-10, 10 Semantan, Jalan Semantan, Damansara Heights, 50490 Kuala Lumpur.	Malaysian	Company Director
Ang Hsin Hsien *(Non-Independent Non-Executive Director)*	48	6, Jalan Jambu Bol 4/3E, Seksyen 4, 40000 Shah Alam, Selangor.	Malaysian	Company Director
Rosli bin Abdullah *(Senior Independent Non-Executive Director)*	62	No. 11A, Jalan SS4A/2, Kelana Jaya, 47301 Petaling Jaya, Selangor.	Malaysian	Company Director
Norlila binti Hassan *(Independent Non-Executive Director)*	54	No. 92, Jalan Kiambang Indah 6, Taman Kiambang Indah, Senawang, 70450 Seremban, Negeri Sembilan.	Malaysian	Company Director
Satria bin Ahmad *(Independent Non-Executive Director)*	59	No. 5, Jalan Cembul 11/8B, Seksyen 11, 40100 Shah Alam, Selangor.	Malaysian	Company Director

5.2 Directors' shareholdings

The proforma effects of the Proposals on our Directors' shareholding based on our Company's Register of Directors' shareholdings as at the LPD are set out below based on the following scenarios:-

	As at the LPD				(I) After Rights Issue				(II) After (I) and Special Issue			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Directors of DNeX	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Tan Sri Abd Rahman bin Mamat	-	-	-	-	-	-	-	-	-	-	-	-
Datuk Samsul bin Husin	-	-	304,112,731*	39.23	-	-	486,580,369*	39.23	-	-	486,580,369*	35.51
Zainal 'Abidin bin Abd Jalil	5,000,000***	0.64	-	-	-	-	***	***	-	-	***	***
Dato' Wong Kam Yin	-	-	-	-	-	-	-	-	-	-	-	-
Ang Hsin Hsien	-	-	-	-	-	-	-	-	-	-	-	-
Rosli bin Abdullah	-	-	-	-	-	-	-	-	-	-	-	-
Norlila binti Hassan	-	-	-	-	-	-	-	-	-	-	-	-
Satria bin Ahmad	-	-	-	-	-	-	-	-	-	-	-	-

Notes:-

* *Deemed interested by virtue of his substantial direct interest in SAAS Global Sdn Bhd, which in turn holds shares in Censof.*

** *Assuming no ESOS Option is being allocated to the Vendors and DNeX's Directors.*

*** *As at the LPD, Zainal holds 5,000,000 Shares or 0.64% shareholding in DNeX. After the Rights Issue, in view of the Commitment, his indirect interest in DNeX may increase. Please refer to* ***Section 2.5*** *of this Abridged Prospectus.*

	(III) After (II) and Acquisitions				(IV) After (III) and assuming full exercise of the Warrants				(V) After (IV) and assuming full exercise of the ESOS Options**			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Directors of DNeX	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Tan Sri Abd Rahman bin Mamat	-	-	-	-	-	-	-	-	-	-	-	-
Datuk Samsul bin Husin	-	-	486,580,369*	28.08	-	-	669,048,007*	27.37	-	-	669,048,007*	26.07
Zainal 'Abidin bin Abd Jalil	-	-	***	***	-	-	***	***	-	-	***	***
Dato' Wong Kam Yin	-	-	-	-	-	-	-	-	-	-	-	-
Ang Hsin Hsien	-	-	-	-	-	-	-	-	-	-	-	-
Rosli bin Abdullah	-	-	-	-	-	-	-	-	-	-	-	-
Norlila binti Hassan	-	-	-	-	-	-	-	-	-	-	-	-
Satria bin Ahmad	-	-	-	-	-	-	-	-	-	-	-	-

Notes:-

* *Deemed interested by virtue of his substantial direct interest in SAAS Global Sdn Bhd, which in turn holds shares in Censof.*

** *Assuming no ESOS Option is being allocated to the Vendors and DNeX's Directors.*

*** *As at the LPD, Zainal holds 5,000,000 Shares or 0.64% shareholding in DNeX. After the Rights Issue, in view of the Commitment, his indirect interest in DNeX may increase. Please refer to* ***Section 2.5*** *of this Abridged Prospectus.*

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6. SUBSIDIARIES

As at the LPD, our subsidiaries are set out below:-

Name of company	Date/ Place of incorporation	Issued and paid-up share capital (RM)	Effective equity interest (%)	Principal activities
Subsidiaries of DNeX				
Dagang Net Technologies Sdn Bhd (177974-T)	18 January 1989/ Malaysia	19,237,520.50	100.00	Development, management and provision of business-to-government e-commerce and computerised transaction facilitation services.
DNeXPORT Sdn Bhd *(formerly known as DNeX Hallmark e-Commerce Sdn Bhd)* (1093694-H)	16 May 2014/ Malaysia	1,000,000	80.00	Providing technical consultancy, implementation, training, maintenance and technical support services related to e-business and the operations of business-to-business e-commerce portal.
DNeX Oilfield Services Sdn Bhd (1136772-T)	24 March 2015/ Malaysia	100,000	80.00	Involved in O&G oilfield services in the area of directional drilling services.
DNeX Petroleum Sdn Bhd (1105981-U)	22 August 2014/ Malaysia	5,000,000	100.00	Involved in upstream O&G exploration and production.
DNeX Solutions Sdn Bhd (78454-P)	25 November 1981/ Malaysia	6,500,000	100.00	Providing expertise in IT project management and consultancy, supply of IT hardware equipment, maintenance and asset management.
DNeX Technology Sdn Bhd (304964-H)	17 June 1994/ Malaysia	25,000,000	100.00	Providing IT solutions, cyber security, managed services and supply of computer hardware, software and peripherals.
Forward Energy Sdn Bhd (626089-V)	25 August 2003/ Malaysia	3,000,000	51.00	Involved in power plant, engineering and energy related business specifically in the area of Independent Power Producer (IPP).
Subsidiaries of Dagang Net				
DNeX RFID Sdn Bhd (1140186-M)	13 April 2015/ Malaysia	100	51.00	Research and development, design, manufacturing and trading of radio-frequency technology.
Global eCommerce Limited *(formerly known as Global Energy Corp Limited)* (LL11950)	20 May 2015/ Labuan	USD10	100.00	Yet to commence business.

INFORMATION ON OUR COMPANY *(Cont'd)*

Subsidiaries of FESB				
Forward Energy Ltd ("**FEL**") (LL05620)	24 November 2006/ Labuan	USD100	100.00	Holding of off-shore investments involved in power plant.
Solution Power Matrix Sdn Bhd (1114441-V)	21 October 2014/ Malaysia	100	60.00	Design, develop, construct, operation and maintenance of power plant in Malaysia.
Subsidiaries of FEL				
Forward Energy Generation Ltd (LL05415)	10 July 2006/ Labuan	USD100	100.00	Design, develop, construct, operation and maintenance of power plant.

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7. PROFIT AND DIVIDEND RECORDS

The financial information of DNeX for the past three (3) financial years from audited financial statements for the FYE 2013 to FYE 2015 and unaudited financial statements for the three (3)-months FPE 2015 and FPE 2016, is as follows:-

	AUDITED			UNAUDITED	
	FYE 2013 RM'000	FYE 2014 RM'000	FYE 2015 RM'000	FPE 2015 RM'000	FPE 2016 RM'000
Revenue	85,800	86,802	95,550	21,990	26,892
Cost of sales	(24,324)	(16,721)	(22,191)	(5,153)	(8,174)
Gross profit	**61,476**	**70,081**	**73,359**	**16,837**	**18,718**
Sales and marketing expenses	(1,640)	(995)	(2,203)	(450)	(776)
Administrative expenses	(8,056)	(6,904)	(5,673)	(1,501)	(1,542)
Other operating expenses	(47,431)	(36,309)	(45,117)	(13,649)	(10,309)
Other operating income	1,146	2,422	2,866	802	290
Operating profit	**5,495**	**28,295**	**23,232**	**2,039**	**6,381**
Finance costs	(3,442)	(2,390)	(1,449)	(421)	(197)
Finance income	1,851	1,772	1,644	503	88
PBT	**3,904**	**27,677**	**23,427**	**2,121**	**6,272**
Zakat	(266)	(259)	(359)	-	-
Tax expense	(3,659)	(9,649)	(7,243)	(984)	(1,592)
PAT/ (LAT)	**(21)**	**17,769**	**15,825**	**1,137**	**4,680**
PAT attributable to:-					
- Owners of our Company	(5,971)	12,215	11,226	467	5,373
- Non-controlling interests	5,950	5,554	4,599	670	(693)
Number of DNeX Shares in issue ('000)	775,245	775,245	775,245	775,245	775,245
Other selected financial data:-					
EBITDA(1)	30,047	39,179	34,716	4,948	8,335
Gross profit margin (%)(2)	71.65	80.74	76.78	76.57	69.60
PBT margin (%)(3)	4.55	31.89	24.52	9.65	23.32
PAT/(LAT) margin (%)(4)	(0.02)	20.47	16.56	5.17	17.40
Net EPS/(LPS) (Sen)(5)					
- Basic	(0.77)	1.58	1.45	0.06	0.69
- Diluted	N/A	N/A	N/A	N/A	N/A
Dividend per share (Sen)	-	-	-	-	1.00*

**Dividend was declared on 13 May 2016 and paid on 15 June 2016.*

Notes:-

(1) Calculated as PBT before finance costs, depreciation & amortisation and impairment of plant & equipment.
(2) Calculated as gross profit over revenue.
(3) Calculated as PBT over revenue.
(4) Calculated as PAT/(LAT) over revenue.
(5) Calculated as PAT attributable to owners of our Company over the number of DNeX Shares in issue.

Financial commentary:-

Unaudited three (3)-months FPE 2016 vis-à-vis unaudited three (3)-months FPE 2015

Our Group recorded a revenue of RM26.9 million in the FPE 2016 and RM22.0 million in the corresponding quarter of the preceding year. The increase in revenue in the FPE 2016 was mainly contributed by a 10% growth in our Group's business-to-government ("B2G") business and recurring revenue from the leasing of directional drilling equipment from energy division.

Our Group recorded a PAT of RM4.7 million in the FPE 2016 as compared to RM1.1 million in the corresponding quarter of the preceding year. The increase in PAT in the FPE 2016 was mainly attributable to the growth in trade facilitation business and operational efficiency.

The FPE 2015 was affected by one-off payment of voluntary separation scheme and other compensation cost ("VSS Payment") of RM5.55 million for the quarter.

FYE 2015 vis-à-vis FYE 2014

Our Group recorded a revenue of RM95.6 million for the FYE 2015 as compared to RM86.8 million in the preceding year. The higher revenue in the FYE 2015 as compared to the FYE 2014 was mainly due to the growth in our Group's B2G in trade facilitation business and recurring revenue from leasing of directional drilling equipment for O&G activities.

Our Group recorded a PAT of RM15.8 million in the FYE 2015 compared to RM17.8 million in the preceding year. Included in the FYE 2015 PAT was one-off payment of VSS payment of RM5.70 million for the whole year.

FYE 2014 vis-à-vis FYE 2013

Our Group recorded a revenue of RM86.8 million for the FYE 2014 as compared to RM85.8 million in the preceding year. The higher revenue in the FYE 2014 was mainly due to the provision of professional services for implementation of GST integrated logistics portal.

Our Group recorded a PAT of RM17.8 million in the FYE 2014 compared to an LAT of RM21,000 in the preceding year. The favourable result in the FYE 2014 as compared to the FYE 2013 was attributable to revenue growth in the B2G and B2B businesses and effective cost management.

Our Group's results for the FYE 2013 was affected by provision for a legal claim of RM3.0 million, the impairment loss of plant and equipment of RM9.8 million and also, a very high depreciation charge of RM11.6 million, mainly due to our Group's investment in the Integration Enterprise Center at Cyberjaya.

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8. HISTORICAL PRICES

The monthly highest and lowest prices of our Shares as traded on Bursa Securities for the past twelve (12) months from June 2015 up to May 2016 are as follows:-

	Highest RM	Lowest RM
2015		
June	0.275	0.235
July	0.285	0.230
August	0.260	0.180
September	0.255	0.215
October	0.290	0.230
November	0.280	0.245
December	0.260	0.230
2016		
January	0.255	0.215
February	0.250	0.220
March	0.235	0.220
April	0.245	0.220
May	0.280	0.220

	RM
The last transacted price of DNeX Shares on 17 June 2014, being the last Market Day immediately prior to the announcement of the Rights Issue.	0.330
The last transacted price of DNeX Shares on 31 May 2016, being the LPD.	0.245
The last transacted price of DNeX Shares on 27 June 2016, being the last Market Day prior to the ex-date of the Rights Issue.	0.235

(Source: Bloomberg)

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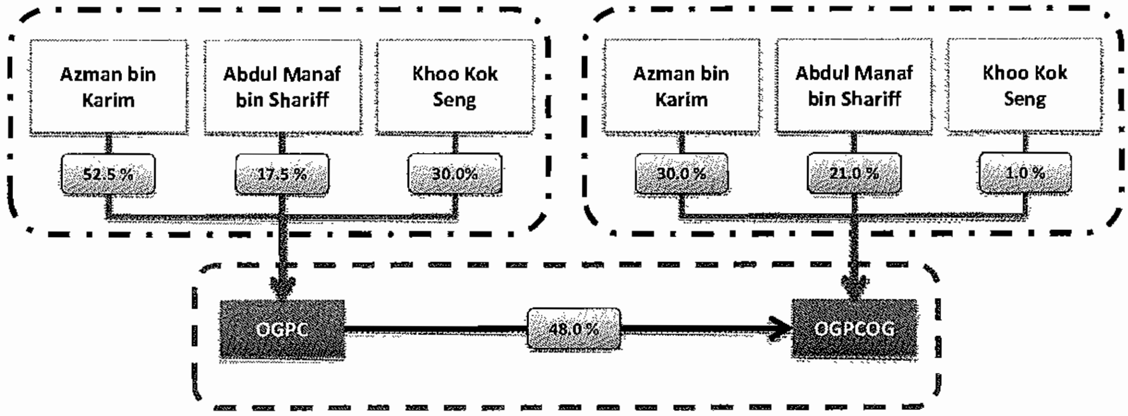
BACKGROUND INFORMATION ON THE OGPC GROUP

1. HISTORY AND BUSINESS

1.1 OGPC Group's group structure

As at the LPD, the shareholding and group structure of the OGPC Group are as follows:-



The information on OGPC and OGPCOG is set out in **Section 3.2.1(ii)** and **Section 3.2.2(ii)** of this Abridged Prospectus respectively.

OGPC and OGPCOG share the same management and service offices. The head office is situated in iParc 3, Shah Alam, whereas two (2) service offices are strategically located within the Malaysian O&G hub namely, Kemaman, Terengganu and Miri, Sarawak. The details of the premises occupied by the OGPC Group are as follows:-

Premises	Location
Head office	No. 1 and No. 3, Jalan Riyal U3/37, iParc 3 @ Shah Alam, Seksyen U3, 40150 Shah Alam, Selangor Darul Ehsan. Please refer to **Section 12.1** of this **Appendix III(A)** for more information.
Service office	First Floor, No. 9682, Taman Chukai Utama, Jalan Kubang Kurus, 24000 Kemaman, Terengganu. Please refer to **Section 12.2** of this **Appendix III(A)** for more information.
Service office	Lot 575, First Floor, Pelita Commercial Centre, 98000 Miri, Sarawak. Please refer to **Section 12.2** of this **Appendix III(A)** for more information.

1.2 OGPC Group history

The history of OGPC can be traced back to 1996 with the establishment of OGPC by Mr Azman bin Karim, Mr Abdul Manaf bin Shariff and Mr Khoo Kok Seng, as a result of the acquisition of a dormant company which was incorporated in 1994.

Upon completion of the acquisition, the initial period was spent on obtaining the necessary licences from MOF and PETRONAS, in which, both the licences were obtained in 1996. Subsequently, it began its operations for the supply and distribution of O&G equipment and services to the upstream and downstream segments of the O&G industry, which include industrial equipment, computer software, operating system and communication equipment.

Since its establishment, it has collaborated with a number of international O&G equipment manufacturers which include, amongst others, Clarcor Industrial Air Ltd, (formerly known as Altair Filters International Ltd) ("**Clarcor**") UK, Liquip International Pty Ltd, ("**Liquip**") UK and FMC Technologies Inc, Fluid Control division, USA ("FMC Fluid Control"). The collaboration with these parties enable OGPC to provide equipment and solutions for loading arms, pumping and metering solutions and engineered valves to its customers, namely Petron Malaysia Refining & Marketing Bhd (formerly known as Esso Malaysia Berhad), Mobil Oil Malaysia Sdn Bhd, PETRONAS, Technip Bechtel and Nigerian National Petroleum Corporation.

Over the years, OGPC expanded its range of products to include pipeline cleaning systems (pigging), compressors and agitators. Customers for the new range of products include Malaysia Shipyard and Engineering Sdn Bhd, Technip Geoproduction (M) Sdn Bhd, Shell Refining Co (FOM) Bhd, Sime Sembawang Engineering Sdn Bhd, Stone & Webster Ltd., UK, Toyo Engineering Co. Japan, PETRONAS Gas Bhd, Chiyoda Malaysia Sdn Bhd ("**Chiyoda Malaysia**") and Esso Production Malaysia Incorporation.

In 1999, OGPC established its service centre in one of Malaysia's O&G hub located in Kemaman, Terengganu, as part of its initiative to be closer to its customers.

In 2000, OGPC relocated from its old office in Old Klang Road to its premise located at Bukit Jelutong in Shah Alam. OGPC expanded its business to the power sector and was licenced by TNB as an approved supplier and service contractor. OGPC has supplied some boiler related equipment to TNB throughout the years. During the same year, OGPC was also licenced by CIDB to be an approved contractor for general building construction, general engineering work and all types of mechanical and electrical work. OGPC's business has then expanded to include installation and commissioning services for the equipment supplied by them and further strengthened its arrangement with the manufacturers or principals to include collaboration in the areas of technical servicing and product improvements. Under this arrangement, the principals will, as and when required, send their technical personnel to assist in servicing the customers of the OGPC. This strengthened arrangement, has provided OGPC with the platform to provide additional value to its customers while at the same time allowing it to increase its customer base and bolster its position as a solution provider.

OGPC Industries Sdn Bhd and OGPC Resources Sdn Bhd, subsidiaries of OGPC, were incorporated on 21 April 2003 and 21 June 2004 respectively. OGPC Industries Sdn Bhd was involved in the electronics industry since the date of its incorporation until the date of disposal, mainly in the manufacturing and trading of speaker boxes and units, whereas OGPC Resources Sdn Bhd was involved in plastic injection moulding activities.

In 2006, OGPC expanded into the East Malaysian market with the establishment of its second service centre located in Miri, Sarawak. The same year also saw OGPC expanded its customer reach by supplying its products and providing services to customers in Thailand, Singapore, Indonesia, Vietnam, Myanmar and Brunei, albeit on a smaller scale.

In 2008, OGPCOG was incorporated to be principally involved in the provision of value-add services, as well as the supply of specialised equipment to the O&G, petrochemical, power and general industries. The value-add services include filter retrofitting, pump servicing, repair and alignment, compressor servicing, flare system servicing and replacement, marine loading arm inspection, maintenance and servicing, as well as troubleshooting as and when required by customers. Later in 2008, OGPC received the "Outstanding Achievement Silver Award" and "Contributor's Award" from Pentair Group for the former's sales of Pentair Flow Control and Pentair Thermal Controls, respectively.

In 2009, OGPC disposed its subsidiaries, OGPC Industries Sdn Bhd and OGPC Resources Sdn Bhd, to Flexi Components Sdn Bhd. The reason for the disposal of aforesaid subsidiaries was because the OGPC Group wanted to focus on its O&G business operation.

In 2011, OGPC purchased two (2) units of semi-detached factory lots located at iParc 3 in Bukit Jelutong, Shah Alam, as part of its expansion plans to better service its customers, both locally and overseas (regional as well as Middle Eastern customers). In addition, OGPC received the "Good Achievement Award" from Pentair Group for its outstanding sales of Pentair Thermal Control products. It also received the "Excellent Achievement Award" in 2012 from Pentair Group for achieving the highest year-on-year sales growth for the Pentair Thermal Control products. OGPC also received "Highest Single Project Value Achiever Award" from Pentair Group in 2012.

In 2013, OGPC embarked on its first project for underwater services which include surface oriented air diving services, saturation diving services, remotely operated vehicle ("**ROV**") services and underwater engineering, construction and maintenance services for PETRONAS. In the same year, it received "Highest Sales Revenue Award" for Pentair Thermal products.

The OGPC ventured into the Middle East market in 2014 by registering with PETRONAS Carigali Iraq Holdings B.V., which enables it to undertake projects in the region. In the same year, OGPC has successfully registered as a vendor with FELDA.

In 2015, the OGPC Group has moved into its current head office at iParc 3, Shah Alam. In the same year, it received "2015 Top Sales Performance Award" from Pentair Thermal. In 2016, OGPC successfully obtained the Certificate of Registration for ISO 9001:2008, OHSAS 18001:2007 and ISO 14001:2004.

1.3 Key achievement and milestones

The OGPC Group's key development and achievement milestones over the years are as follows:-

Year	Achievement/Milestones
1996	• OGPC commenced operation from a rented office premise located at Petaling Utama, Jalan Klang Lama. • OGPC obtained the PETRONAS' and MOF's licences.
1999	• OGPC purchased its previous head office in Bukit Jelutong, Shah Alam, Selangor. • OGPC established a branch in Kemaman, Terengganu.

BACKGROUND INFORMATION ON THE OGPC GROUP *(Cont'd)*

Year	Achievement/Milestones
2000	• OGPC moved into its previous head office in Bukit Jelutong, Shah Alam, Selangor. • OGPC obtained the CIDB licence. • OGPC obtained the TNB licence.
2003	• OGPC Industries Sdn Bhd was incorporated.
2004	• OGPC Resources Sdn Bhd was incorporated.
2005	• OGPC received a plaque of appreciation for the successful completion of Yoho YP Topsides by Consortium of Sime Darby Engineering Sdn Bhd, ExxonMobil and Saipem S.p.A. • OGPC received a plaque of appreciation for an Outstanding Safety Performance Award for the Amenam Kpono Oil and Gas Export Project ("**AKOGEP**"*)* Phase 2 Project by ExxonMobil, Saibos Akogep Snc and Total S.A.
2006	• OGPC set up a branch in Miri, Sarawak.
2007	• A plaque of appreciation in 2007 for the contribution to SUPG-B MCD Achievement for Sumandak Selatan ("**SUPG-B**") and SumandakTepi ("**SUJT-C**") Development Project Phase 2 by PETRONAS Carigali.
2008	• Incorporation of OGPCOG. • OGPC received "Outstanding Achievement Silver Award" for Pentair Flow Control products. • OGPC received "Contributor's Award" for Pentair Thermal Controls products. • OGPC has received a certificate of appreciation for the successful completion of work to client's satisfaction and fully complied with all the terms and conditions of the contract for Yarway Desuperheater Control Valve overhaul by PETRONAS Penapisan (Terengganu) Sdn Bhd and Aromatics Malaysia Sdn Bhd.
2009	• OGPC disposed OGPC Industries Sdn Bhd and OGPC Resources Sdn Bhd to Flexi Components Sdn Bhd.
2011	• OGPC purchased new factory/office at iParc 3 Bukit Jelutong, Shah Alam, which has an office space of 15,000 square feet and operation floor of 10,000 square feet. • OGPC was conferred with "Good Achievement Award for year on year sales growth for financial year 2011" for Pentair Thermal Control products.
2012	• OGPC was conferred with "Excellent Achievement Award for highest year on year sales growth for financial year 2012" for Pentair Thermal Control products. • OGPC was awarded "Highest Single Project Value Achiever Award" for Pentair Thermal Control products.
2013	• OGPC executed its first project for underwater services. • OGPC was awarded "Highest Sales Revenue Award" for Pentair Thermal products.
2014	• OGPC was registered with PETRONAS Carigali Iraq Holding B.V. • OGPC was registered as a vendor with FELDA.
2015	• The OGPC Group moved its current head office at iParc 3, Shah Alam. • OGPC was awarded the "2015 Top Sales Performance Award" for Pentair Thermal products.
2016	• OGPC was awarded Certificate of Registration for ISO 9001:2008, OHSAS 18001:2007 and ISO 14001:2004.

2. SHARE CAPITAL

The authorised, issued and paid-up share capital of OGPC as at the LPD are as follows:-

	No. of OGPC Shares	Par Value (RM)	Amount (RM)
Authorised share capital	500,000	1.00	500,000
Issued and paid-up share capital	500,000	1.00	500,000

The authorised, issued and paid-up share capital of OGPCOG as at the LPD are as follows:-

	No. of OGPCOG Shares	Par Value (RM)	Amount (RM)
Authorised share capital	1,000,000	1.00	1,000,000
Issued and paid-up share capital	1,000,000	1.00	1,000,000

3. CHANGES IN SHARE CAPITAL

3.1 Authorised share capital

As at the LPD, there are no changes in the authorised share capital of OGPC and OGPCOG for the past three (3) years.

3.2 Issued and paid-up share capital

As at the LPD, there are no changes in the issued and paid up share capital of OGPC and OGPCOG for the past three (3) years.

4. SUBSTANTIAL SHAREHOLDERS

4.1 Particulars and shareholdings

The details of Substantial Shareholders of OGPC and their shareholdings in OGPC before and after the Proposals are as follows:-

			No. of OGPC Shares held before the Proposals				No. of OGPC Shares held after the Proposals			
Name	Designation	Nationality	Direct	(%)	Indirect	(%)	Direct	(%)	Indirect	(%)
Azman bin Karim	Director	Malaysian	262,500	52.5	-	-	-	-	-	-
Abdul Manaf bin Shariff	Director	Malaysian	87,500	17.5	-	-	-	-	-	-
Khoo Kok Seng	Director	Malaysian	150,000	30.0	-	-	-	-	-	-

The details of Substantial Shareholders of OGPCOG and their shareholdings in OGPCOG before and after the Proposals are as follows:-

			No. of OGPCOG Shares held before the Proposals				No. of OGPCOG Shares held after the Proposals			
Name	**Designation**	**Country of incorporation/ Nationality**	**Direct**	**(%)**	**Indirect**	**(%)**	**Direct**	**(%)**	**Indirect**	**(%)**
OGPC	N/A	Malaysia	480,000	48.0	-	-	480,000	48.0	-	-
Azman bin Karim	Director	Malaysian	300,000	30.0	480,000[(1)]	48.0	-	-	-	-
Abdul Manaf bin Shariff	Director	Malaysian	210,000	21.0	480,000[(1)]	48.0	-	-	-	-
Khoo Kok Seng	Director	Malaysian	10,000	1.0	480,000[(1)]	48.0	-	-	-	-

Note:-

(1) Deemed interested by virtue of shareholdings in OGPC, which in turn holds shares in OGPCOG.

4.2 Changes in the Substantial Shareholders for the past three (3) years

As at the LPD, there are no changes in the Substantial Shareholders' shareholdings for the past three (3) years.

5. DIRECTORS

5.1 Particulars and shareholdings

The details of Directors of OGPC and their shareholdings in OGPC before and after the Proposals are as follows:-

			No. of OGPC Shares held before the Proposals				No. of OGPC Shares held after the Proposals			
Name	**Designation**	**Nationality**	**Direct**	**(%)**	**Indirect**	**(%)**	**Direct**	**(%)**	**Indirect**	**(%)**
Azman bin Karim	Director	Malaysian	262,500	52.5	-	-	-	-	-	-
Abdul Manaf bin Shariff	Director	Malaysian	87,500	17.5	-	-	-	-	-	-
Khoo Kok Seng	Director	Malaysian	150,000	30.0	-	-	-	-	-	-

The details of Directors of OGPCOG and their shareholdings in OGPCOG before and after the Proposals are as follows:-

			No. of OGPCOG Shares held before the Proposals				No. of OGPCOG Shares held after the Proposals			
Name	**Designation**	**Nationality**	**Direct**	**(%)**	**Indirect**	**(%)**	**Direct**	**(%)**	**Indirect**	**(%)**
Azman bin Karim	Director	Malaysian	300,000	30.0	480,000[(1)]	48.0	-	-	-	-
Abdul Manaf bin Shariff	Director	Malaysian	210,000	21.0	480,000[(1)]	48.0	-	-	-	-
Khoo Kok Seng	Director	Malaysian	10,000	1.0	480,000[(1)]	48.0	-	-	-	-

Note:-

(1) Deemed interested by virtue of shareholdings in OGPC, which in turn holds shares in OGPCOG.

5.2 Profile of the Directors

Please refer to Section 3.2.1(iii) and Section 3.2.2(iii) of this Abridged Prospectus for information on the Directors of OGPC and OGPCOG respectively.

5.2.1 Azman bin Karim

Azman bin Karim has been a Director of OGPC and OGPCOG since 1996 and 2008 respectively. Please refer to **Section 3.2.1(iii)(a)** of this Abridged Prospectus for further information on Azman bin Karim.

5.2.2 Abdul Manaf bin Shariff

Abdul Manaf bin Shariff has been a Director of OGPC and OGPCOG since 1996 and 2008 respectively. Please refer to **Section 3.2.1(iii)(b)** of this Abridged Prospectus for further information on Abdul Manaf bin Shariff.

5.2.3 Khoo Kok Seng

Khoo Kok Seng has been a Director of OGPC and OGPCOG since 1996 and 2008 respectively. Please refer to **Section 3.2.1(iii)(c)** of this Abridged Prospectus for further information on Khoo Kok Seng.

5.3 Directors' remuneration and benefits

The aggregate remuneration and material benefits-in-kind paid for the FYE 2015 and proposed to be paid for the FYE 2016 to Directors of OGPC for services rendered in all capacities to OGPC are set out below in bands of RM50,000:-

Directors	FYE 2015 Remuneration band (RM)	Proposed for FYE 2016 Remuneration band (RM)
Azman bin Karim	600,000 - 650,000	650,000 - 700,000
Abdul Manaf bin Shariff	500,000 - 550,000	550,000 - 600,000
Khoo Kok Seng	600,000 - 650,000	600,000 - 650,000

The aggregate remuneration and material benefits-in-kind paid for the FYE 2015 and proposed to be paid for the FYE 2016 to Directors of OGPCOG for services rendered in all capacities to OGPCOG are set out below in bands of RM50,000:-

Directors	FYE 2015 Remuneration band (RM)	Proposed for FYE 2016 Remuneration band (RM)
Azman bin Karim	0 - 50,000	0 - 50,000
Abdul Manaf bin Shariff	0 - 50,000	0 - 50,000
Khoo Kok Seng	0 - 50,000	0 - 50,000

5.4 Principal directorships in other corporations and principal business activities performed outside for the past five (5) years

Save as disclosed below, Directors of OGPC and OGPCOG do not have any other principal directorship or any principal business activities performed outside the OGPC Group for the past five (5) years prior to the LPD:-

5.4.1 Azman bin Karim

No.	Company	Position	Principal activities
1.	Magfield Power Technology (M) Sdn Bhd	Director and shareholder	Providing technical assistance in construction of power plant.
2.	HM Properties Sdn Bhd	Alternate Director	Real property and housing development.

5.4.2 Abdul Manaf bin Shariff

Abdul Manaf bin Shariff does not have other principal directorship or any principal business activities performed outside the OGPC Group for the past five (5) years prior to the LPD.

5.4.3 Khoo Kok Seng

No.	Company	Position	Principal activities
1.	Magfield Power Technology (M) Sdn Bhd	Director and shareholder	Providing technical assistance in construction of power plant.

5.5 Declaration by Directors

As at the LPD, none of the Directors of OGPC or OGPCOG has been involved in any of the following events (whether in or outside Malaysia):-

(a) petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;

(b) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;

(c) charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;

(d) judgment was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or

(e) was the subject of any order, judgment or ruling of any court, government or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

5.6 Involvement of Directors in any other businesses/corporations

Save as disclosed in Section 5.4 above, Directors of OGPC and OGPCOG are not involved in any other businesses/corporations.

Their involvements in the other businesses/corporations do not have any impact on their contribution to the OGPC Group.

5.7 Service agreements

Save for the Management Services Agreement, the Directors of OGPC and OGPCOG do not have any existing or proposed service agreements with the OGPC Group.

6. BOARD PRACTICES

6.1 Directors' term of office

The number of years that Directors of OGPC have served in office and the dates of expiration of their respective terms of office are as follows:-

Name	Designation	Length of service as Director of OGPC as at the LPD	Date of appointment	Date of expiration of current term of office
Azman bin Karim	Director	More than 20 years	09.01.1996	Pursuant to the M&A of OGPC, one third of the Directors will retire at every Annual General Meeting ("**AGM**"). Hence, each director shall retire every three (3) years and eligible to offer himself for re-election.
Abdul Manaf bin Shariff	Director	More than 20 years	09.01.1996	
Khoo Kok Seng	Director	More than 20 years	09.01.1996	

The number of years that Directors of OGPCOG have served in office and the dates of expiration of their respective terms of office are as follows:-

Name	Designation	Length of Service as Director of OGPCOG as at the LPD	Date of Appointment	Date of Expiration of Current Term of Office
Azman bin Karim	Director	More than 8 years	06.02.2008	Pursuant to the M&A of OGPCOG, one third of the Directors will retire at every AGM. Hence, each director shall retire every three (3) years and eligible to offer himself for re-election.
Abdul Manaf bin Shariff	Director	More than 8 years	06.02.2008	
Khoo Kok Seng	Director	More than 8 years	06.02.2008	

6.2 Audit and risk management committee

The OGPC Group does not have an audit and risk management committee.

6.3 Nomination and remuneration committee

The OGPC Group does not have a nomination and remuneration committee.

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7. SENIOR MANAGEMENT

7.1 Particulars and shareholdings

None of the senior management personnel of the OGPC Group has any equity interest in the OGPC Group as at the LPD.

7.2 Profiles of senior management personnel

(a) Mohd Rajab Bin Abdullah

Mohd Rajab Bin Abdullah, aged 35, is the Assistant General Manager of the OGPC Group. He graduated with a Bachelor's Degree in Engineering (Electrical and Electronics) from Universiti Teknologi Malaysia in 2003. After his graduation, he started his career as Industrial/Product Engineer with Vacuumschmelze (M) Sdn Bhd in Pahang. In 2005, he moved to Selangor and joined Sime Darby Offshore Engineering Sdn Bhd ("**SDOESB**") as Project/Service Engineer. He left SDOESB to join the Malaysian office of Krohne Oil & Gas B.V. as Systems/Commissioning Engineer in 2008 and was there until 2009. Prior to joining OGPC as Senior Sales Engineer in November 2010, he was also attached to TriSystems Flow Products Sdn Bhd as Senior Metering Engineer. He was promoted to Product Manager in July 2012 and assume his current position in January 2016. He will be assisting the General Manager in the management and operation of the OGPC Group as well as responsible for Jiskoot, AspenTech and Pentair product sales and after-sales, developing and maintaining business and customers contact base information and promoting good image of the OGPC Group.

(b) Shamir Mohammad Bin Mohamad Ritha Satiabalan

Shamir Mohammad Bin Mohamad Ritha Satiabalan, aged 29, is the Project Engineer of the OGPC Group. He graduated with a Bachelor's Degree in Engineering (Mechatronic) from Universiti Malaysia Perlis, Malaysia in 2010. He worked as Project Engineer in Unit Concept Sdn Bhd after his graduation until he joined OGPC in 2012 as Project Engineer. He is mainly responsible for project management and overall site supervision and execution including direct interface with clients and suppliers.

(c) Meor Azizi Bin Meor Baharom

Meor Azizi Bin Meor Baharom, aged 39, is the Branch Manager of the Kemaman Branch. He graduated from Institut Kemahiran Mara with an Advance Certificate Mechanical Engineering in 1997. Prior to joining OGPC in 2012, he had worked in O&G Industry under ProEight Offshore Engineering Sdn Bhd and SAAG for approximately five (5) years. He also has experience in various other industries such as plastic injection moulding and electronics industries. He is responsible for the overall operations of the branch, to explore new opportunities and manage existing business of the branch.

(d) **Francis Chin Fui Phin**

Francis Chin Fui Phin, aged 42, is the Branch Manager of Miri Branch. He graduated with a Bachelor's Degree in Business Studies majoring in Finance from the University of Nebraska-Lincoln, USA in 1996.

He joined OGPC as Branch Manager of Miri Branch in 2006 and is responsible for the overall operations of the branch, to explore new opportunities and manage existing business of the branch. Prior to that, he worked with various other companies since 1997 including Parker Hannifin Singapore Pte Ltd, Sony (M) Sdn Bhd and Flowtech Resources Sdn Bhd.

(e) **Ooi Huay Shien**

Ooi Huay Shien, aged 41, is the Senior Finance and Accounts Executive of the OGPC Group. She graduated with a Bachelor of Business Studies (Finance & Economics) from Massey University, New Zealand in 1997 and a Master in Business Studies from University of Malaya in 2002. Prior to joining OGPC in her current position in 2002, she has worked in the areas of accounting, administration and customer service. She is in charge of the overall finance, accounts and administrative functions of the OGPC Group.

(f) **Ahmad Saufi Bin Hazimi**

Ahmad Saufi Bin Hazimi, aged 32, is the Senior Project and Service Manager of the OGPC Group. He graduated with a Diploma in Mechanical Engineering from Universiti Teknologi Malaysia in 2005. After graduating from Universiti Teknologi Malaysia, he joined Continental Sime Tyre Sdn Bhd as Senior Supervisor before leaving for Rhomax (M) Sdn Bhd as Field Services Engineer. He joined OGPC as Service Engineer in 2008 and was promoted to his current position in 2015. He is in charge of Jiskoot, Pipeline Engineering and Pentair product after-sales service, developing and maintaining business and customers contact base information and promoting good image of the OGPC Group.

7.3 Involvement of senior management personnel in any other businesses/corporations

Save as disclosed below, the senior management personnel of the OGPC Group are not involved in any other businesses/corporations:-

No.	Senior management personnel	Company	Position	Principal activities
1.	Ooi Huay Shien	PPT Transport Co Sdn Bhd	Director	Transport agency.

The involvement of the senior management personnel in the abovementioned activities does not affect her contribution to the OGPC Group.

7.4 Service agreements

The senior management personnel of the OGPC Group do not have any existing or proposed service agreements with the OGPC Group.

7.5 Declaration by senior management personnel

As at the LPD, none of the senior management personnel of the OGPC Group has been involved in any of the following events (whether in or outside Malaysia):-

(a) petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;

(b) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;

(c) charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;

(d) judgment was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or

(e) was the subject of any order, judgment or ruling of any court, government or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

8. RELATIONSHIPS AND ASSOCIATIONS

There are no family relationships/associations between OGPC Group's Substantial Shareholders, Directors and senior management personnel.

9. AMOUNTS OF BENEFITS PAID TO DIRECTORS OR SUBSTANTIAL SHAREHOLDERS WITHIN THE TWO (2) YEARS PRECEDING THE DATE OF THIS ABRIDGED PROSPECTUS

Save and except for the remuneration and benefits for services rendered in all capacities to the OGPC Group as detailed in Section 5.3 of this Appendix III(A), there have been/are no other amounts or benefits paid or intended to be paid or given to any of the Directors or Substantial Shareholders of the OGPC Group, within the two (2) years immediately preceding the date of this Abridged Prospectus.

10. SUBSIDIARIES AND ASSOCIATED COMPANIES

As at the LPD, OGPC owns 48.0% of the issued and paid-up share capital in OGPCOG. As both OGPC and OGPCOG have common Directors, as stated in **Section 5.2** of this **Appendix III(A)**, who exercise management control over these both OGPC and OGPCOG, OGPCOG is deemed as a subsidiary of OGPC, in line with the provision of the MFRSs.

As at the LPD, OGPCOG does not have any subsidiary or associated company.

11. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

11.1 Recurring related party transactions

For the past four (4) financial years from the FYE 2012 to FYE 2015 and up to the LPD, the OGPC Group does not have any existing and/or proposed material related party transactions or subsisting contracts or arrangement entered into which involves the interest, direct or indirect, of OGPC Group's Directors, Substantial Shareholders and/or key management and/or persons connected to them as defined under the Listing Requirements. Nonetheless, the Accountants' Report on the OGPC Group as set out in **Appendix VII** of this Abridged Prospectus has the following transactions between the OGPC Group and its related parties from the FYE 2012 to FYE 2015:-

Description	FYE 2012	FYE 2013	FYE 2014	FYE 2015
	RM'000			
(i) Staff secondment charges from a related party[1]	154	170	186	193
(ii) Key management personnel compensation[2]				
- short term remuneration of Directors and key management personnel	1,151	1,341	1,801	2,019

Notes:-

(1) Staff secondment to Magfield Power Technology (M) Sdn Bhd, in which, both Azman bin Karim and Khoo Kok Seng have directorships and shareholdings.

(2) Short term remuneration paid to Directors and key management personnel of the OGPC Group is to be disclosed in the Accountants' Report on the OGPC Group based on requirements of latest accounting standards.

Any future recurrent related party transactions will be conducted on an arm's length basis and on terms not more favourable to the related parties than those generally available to the public.

After the Acquisitions, the Audit Committee of DNeX will supervise the terms of any related party transactions and the Directors of our Company will report related party transactions, if any, annually in our Company's annual report.

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11.2 Non-recurrent RPT

For the past four (4) financial years from the FYE 2012 to FYE 2015 and up to the LPD, the OGPC Group does not have any existing and/or proposed non-recurrent material related party transactions or subsisting contracts or arrangement entered into which involves the interest, direct or indirect, of OGPC Group's Directors, Substantial Shareholders and/or key management and/or persons connected to them as defined under the Listing Requirements.

Any future non-recurrent related party transactions will be conducted on an arm's length basis and on terms not more favourable to the related parties than those generally available to the public.

11.3 Transactions that are unusual in their nature or conditions

Directors of OGPC and OGPCOG have confirmed that there are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which OGPC Group was a party for the past four (4) financial years from the FYE 2012 to FYE 2015 and up to the LPD.

11.4 Outstanding loans (including guarantees of any kind) made to/for the benefit of related parties

There are no outstanding loans (including guarantees of any kind) made by the OGPC Group to/for the benefit of any related parties as at the end of each of the past four (4) financial years from the FYE 2012 to FYE 2015 and up to the LPD.

11.5 Interests in similar businesses

As at the LPD, none of the Directors and Substantial Shareholders of the OGPC Group has any interest, direct and/or indirect, in other businesses and/or corporations carrying on a similar trade as the OGPC Group or in any other businesses and/or corporation that are the customers or suppliers of the OGPC Group that would give rise to a conflict of interest situation.

11.6 Conflicts of interest

As at the LPD, there is no existing and potential interests/conflicts of interest in relation to the advisory capacity of any expert vis-à-vis the OGPC Group.

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BACKGROUND INFORMATION ON THE OGPC GROUP *(Cont'd)*

12. PROPERTY AND ASSET OWNED

12.1 Properties owned

As at the LPD, OGPC owns the following material properties:-

No.	Registered owner/ Beneficial owner	Title Particulars/ Postal address	Description/ Existing use	Approximately age of building/ Tenure/ Approximate land area/ Approximate built-up Area	Restriction in interest/ Encumbrances	Date of issuance of CF/ CCC	Audited NBV @ 31.12.2015 (RM)
1.	OGPC	GRN 58889, Lot 64303, Mukim Damansara, Daerah Petaling, Negeri Selangor. No. 24, Jalan Astaka L U8/L, Bukit Jelutong, Section U8, 40150 Shah Alam, Selangor Darul Ehsan.	Three storey shop office/ vacant	16 years/ Freehold/ 167 square meters/ 484 square meters	None	12 October 1999	541,248
2.	OGPC	H.S.(D) 278000, PT No. 35211, Mukim Damansara, Daerah Petaling, Negeri Selangor. No. 1, Jalan Riyal U3/37, iParc 3 @ Shah Alam, Seksyen U3, 40150 Shah Alam, Selangor Darul Ehsan.	Three storey semi-detached factory building/ OGPC Group's head office	2 years/ Freehold/ 1,115.98 square meters/ 672 square meters	None	10 June 2013	3,563,183
3.	OGPC	H.S.(D) 277999, PT No. 35210, Mukim Damansara, Daerah Petaling, Negeri Selangor. No. 3, Jalan Riyal U3/37, iParc 3 @ Shah Alam, Seksyen U3, 40150 Shah Alam, Selangor Darul Ehsan.	Three storey semi-detached factory building/ OGPC Group's head office	2 years/ Freehold/ 735.8 square meters/ 672 square meters	None	10 June 2013	3,254,393

BACKGROUND INFORMATION ON THE OGPC GROUP *(Cont'd)*

As at the LPD, OGPCOG does not own any properties.

The Directors of the OGPC Group have confirmed that none of the properties owned by OGPC as disclosed above are in breach of any land use conditions nor have there been any non-compliance with the applicable prevailing statutory requirements, land rules or building regulations which will have a material adverse impact on the OGPC Group's operations or the utilisation of the OGPC Group's assets on the said properties.

12.2 Properties tenanted

As at the LPD, the details of properties tenanted by OGPC are set out below:-

No.	Name of landlord/ tenant	Location/ Postal address	Description/ Existing use	Approximate Built-up area	Tenure(s)/ Period of tenancy	Date of issuance of CF/CCC/ Occupation permit	Rental (RM)
1.	Wong Tiing Song/ OGPC	Lot no 575, Block No 7, Miri Concession Land District. Lot 575, First Floor, Pelita Commercial Centre, 98000 Miri, Sarawak.	The whole first floor of the three-storey shophouse/ Currently used as service office by the OGPC Group.	133 square meters	A tenancy for a period of three (3) years from 1 May 2015 to 30 April 2018	7 September 1993	1,300 per month
2.	Choo Onn Nee/ OGPC	PT 9682, Mukim Chukai, Daerah Kemaman, Negeri Terengganu. First Floor, No. 9682, Taman Chukai Utama, Jalan Kubang Kurus, 24000 Kemaman, Terengganu.	First floor of a two-storey shophouse/ Currently used as service office by the OGPC Group.	130 square meters	A tenancy for a period of two (2) years from 1 March 2015 to 28 February 2017	19 December 1996	650 per month

As at the LPD, there is no property being rented by OGPCOG.

The Directors of the OGPC Group have confirmed that none of the properties tenanted by OGPC as disclosed above are in breach of any land use conditions nor have there been any non-compliance with the applicable prevailing statutory requirements, land rules or building regulations which will have a material adverse impact on the OGPC Group's operations or the utilisation of the OGPC Group's assets on the said properties.

12.3 Plant and equipment owned

As at the LPD, the OGPC Group does not own any material plant and equipment.

BACKGROUND INFORMATION ON THE OGPC GROUP *(Cont'd)*

12.4 Production facilities and operation capacities

Measures of output, capacity and utilisation are not relevant for the OGPC Group's principal business activities in importing, distributing and supplying various ranges of equipment and parts for O&G, petrochemical, power and general industries in Malaysia and other countries.

12.5 Material plans to construct, expand or improve facilities

As at the LPD, the OGPC Group does not have any immediate plans to construct, expand or improve on its existing facilities.

12.6 Material capital expenditures and divestitures

The OGPC Group has not incurred any other material capital expenditures and divestitures in the past four (4) years (i.e. FYE 2012 to FYE 2015) to the date of this Abridged Prospectus.

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13. APPROVALS, MAJOR LICENCES AND PERMIT

OGPC holds major licences and permits as follows:-

No.	Licence/ Reference No.	Licencee	Subject matter/description	Validity	General Conditions
1.	300347-H	PETRONAS	Licences to carry out procurement of material and services.	From 10 August 2015 to 9 August 2018	The general conditions are, among others:- 1. OGPC is required to register, obtain a licence, permit or authorisation from the relevant authority to carry out the services or supply of product or material used in company's operation and activities. 2. The licence is not transferable to any company/other party. 3. OGPC shall inform PETRONAS on any changes related to company's position such as equity ownership, board of Directors and management staff within fourteen (14) days. Failure to do so can result in the licence being revoked. 4. The licence is only valid for services and supply of products as stated in the appendix of the PETRONAS licence certificate. 5. OGPC is not allowed to take another company as principal, agent, sub-contractor or otherwise to provide any service or supply of any facility, fittings or equipment on its behalf without prior written consent from PETRONAS. The licence may be revoked, suspended or blacklisted at any tie if any of the conditions specified in the licence and registration and any other conditions set in PETRONAS licence and Registration General Guidelines are not fulfilled.

BACKGROUND INFORMATION ON THE OGPC GROUP *(Cont'd)*

13.1 Dependency on any contract/arrangement/document/other matters

Save as disclosed in **Section 13** above, OGPC and OGPCOG do not depend on any other any contract/arrangement/ document/other matters, which are material to business or profitability.

13.2 Brand names, patents, trademarks, technical assistance agreements, franchises and other intellectual property rights

As at the LPD, OGPC and OGPCOG do not own any brand names, patents, trademarks, technical assistance agreements, franchises and other intellectual property rights.

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14. QUALITATIVE ASSESSMENT OF THE OGPC GROUP

14.1 Business overview

Since its establishment, the OGPC Group has been focusing on importing, distributing and supplying various ranges of specialised equipment including installation and commissioning for the O&G, petrochemical, power and general industries in Malaysia. The OGPC Group will occasionally supply small quantity of its products, which is less than 3% of its revenue, to customers in South East Asia and Turkmenistan, when the orders arise.

In addition to the sale of equipment, the OGPC Group also provides continuous after-sales service which includes inspection, servicing, maintenance, repair work and the supply of parts and components for the installed equipment.

The OGPC Group has undertaken and is capable to act as a Packager for products and equipment supplied by the OGPC Group, which entails the collaboration with customers' and principals' product engineering team as well as other external consultants/fabricators from initial design and engineering up to installation and commissioning to meet customers' requirements, which includes, amongst others, certain modification of the products/equipment to suit the local condition.

The business focuses for OGPC and OGPCOG are detailed below:-

14.2 Products

All the products depicted in the photographs of this section do not belong to DNeX or the OGPC Group. The OGPC Group sells these products, which are sourced from various principals.

(a) Pumps

A pump is a device that moves fluids (liquids or gases), or in some cases, slurries, by mechanical action. Pumps can be classified into three major groups, namely direct lift, displacement, and gravity pumps. The O&G industry places some of the toughest demands on pumps for its day-to-day operations for pumping catalyst slurries, closed drain liquids, condensate, corrosion inhibitor, crude oil, drilling mud, multiphase, produced water, and refinery phase water.

The pumps offered by the OGPC Group are designed for heavy industrial applications, mainly for use in the O&G production and refining and petrochemical industries. Most of the pumps supplied comply with American Petroleum Institute ("**API**") Standards and are manufactured to stringent performance and quality standards for safety and reliability.

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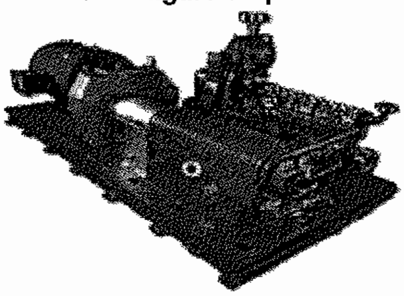
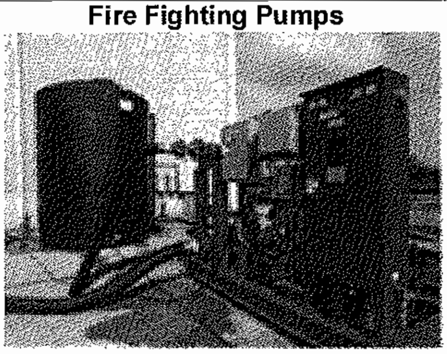
BACKGROUND INFORMATION ON THE OGPC GROUP *(Cont'd)*

The OGPC Group currently supplies the following range of pumps:-

- Centrifugal pumps (API 610);
- Reciprocating pumps (API 674);
- Process and general application pumps;
- Submersible pumps;
- Overhung pumps;
- Vertical can pumps;
- Barred pumps;
- Fire-fighting pumps (National Fire Protection Association ("**NFPA**")'s 20, Underwriters Laboratories/Factory Mutual); and
- General American National Standards Institute/water services pumps.

These pumps are sourced from reputable pump manufacturers which include SPX's Clyde Union Limited (UK, USA, Canada, Scotland, and France) and Peerless Pump (USA) with decades of research and development and experience in the O&G sector.

Centrifugal Pumps	**Fire Fighting Pumps**
	

(b) Valves

Valves are mechanical devices that are used to regulate, direct and/or control the flow of fluids or gases by opening, closing or partially obstructing the intended passageways.

Each segment of the O&G industry (upstream, midstream and downstream) offers its own challenges of extreme conditions for valves. In the upstream segment, valves control the flow of crude oil and natural gas from high-pressure injection systems to choke valves and blow-out preventers at the top of wells. Standard options for this segment include gate valves produced with higher alloy materials and, on occasion, ball valves. They are used for a variety of reasons including resistance to corrosion and damage caused by constant exposure to raw sea water. In addition, these valves offer low-depth sensitivity and have proven over time to perform well in this high- pressure, remote environment.

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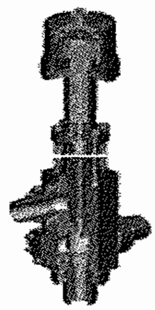
The midstream segment, storage and transportation of O&G resources from remote sources such as the deep-water fields have another unique set of conditions. Long pipelines require compressors along the way to keep the product moving, and valves are used to protect equipment while offering minimal restriction to the flow. In midstream applications that involve transportation of O&G, isolation valves play an important role in pipelines. There are primarily two types of pipelines for the power industry, those for oil and those for natural gas. Within each group are subsets that serve specific applications.

The third industry segment (downstream) brings challenges to find solutions for the refining process of crude oil, as well as the sale and distribution of both the refined product (i.e. gasoline, fuel, asphalt, etc.) and natural gas. This sector is made up of industrial, retail and distribution businesses and is the segment that provides products such as heating and transportation fuels to consumers and businesses, where valve requirements for the downstream market include higher pressure designs and metal-seating technology and metallurgies to accommodate the temperatures at which modern refineries operate.

The OGPC Group provides technical services and supply of engineered valves for production and test valve manifolds, injection valves manifolds, ball valves, check valves, popper diverter valves, ball diverter valves and throttle ball valves for all the O&G industry segments, with exclusive arrangement with FMC Fluid Control, which has been manufacturing valves for more than thirty (30) years.



Poppet Diverter Valves

Compact Floating Ball Valves

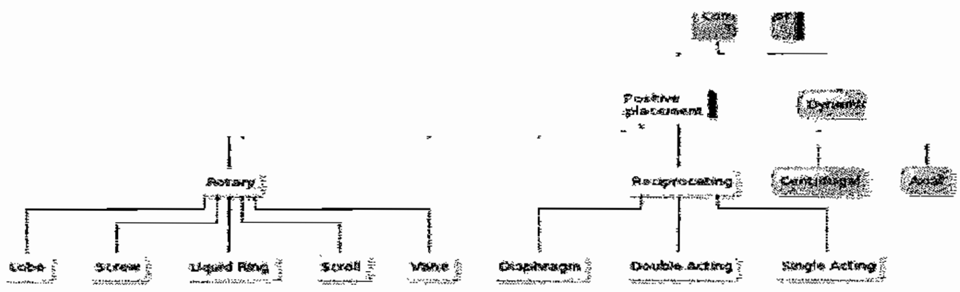
Throttle Valves

(c) Compressors

A compressor is a mechanical device that increases the pressure of gas by reducing its volume. An air compressor is a specific type of gas compressor.

Compressors are similar to pumps both are designed to boost the flowing pressure of a fluid and both can transport the fluid through a pipe. As gases are compressible, the compressor also reduces the volume of a gas. Liquids are relatively incompressible; while some can be compressed, the main action of a pump is to pressurise and transport liquids.

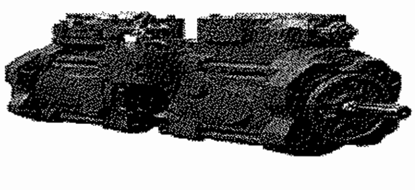
The main types of gas compressors are illustrated and discussed below:-



Centrifugal compressors use a rotating disk or impeller in a shaped housing to force the gas to the rim of the impeller, increasing the velocity of the gas. A diffuser (divergent duct) section converts the velocity energy to pressure energy primarily used for continuous, stationary service in industries such as oil refineries, chemical and petrochemical plants and natural gas processing plants.

Reciprocating compressors use pistons driven by a crankshaft, either stationary or portable, can be single or multi-staged, and can be driven by electric motors or internal combustion engines.

Rotary screw compressors use two meshed rotating positive-displacement helical screws to force the gas into a smaller space. These are usually used for continuous operation in commercial and industrial applications and may be either stationary or portable.

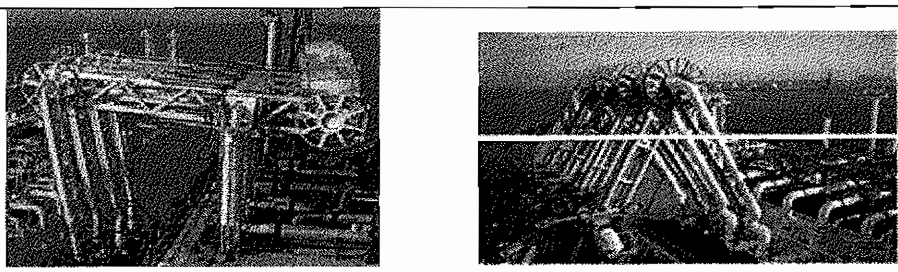
	
Centrifugal Compressors	**Rotary Compressor Systems**

(d) Loading arms

Marine loading arm, also known as a mechanical loading arm, or MLA is a device consisting of articulated steel pipes that connect a tank ship such as an oil tanker or chemical tanker to a cargo terminal. It is an alternative to direct hose hook-ups and is particularly useful for larger vessels and transfers at higher loading rates and pressures. Controlled manually or hydraulically, a loading arm employs swivel joints and can, to some extent, follow the movement of a moored vessel.

Loading arm installation may include add-ons such as hydraulic or manual quick connect couplers, position monitoring systems, emergency release systems, and piggyback vapor return lines.

The OGPC Group's loading arms product and services are applied onshore and offshore i.e. loading/unloading arms for liquid petroleum/chemical products, liquefied petroleum/natural gas, cryogenic loading arm for truck and railcar loading/unloading with exclusive arrangement with FMC.



Loading Arm System

(e) **Heating systems**

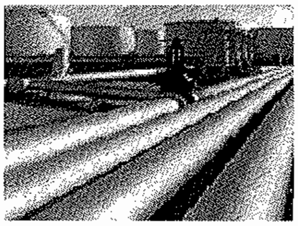
A heat management system ("**HMS**") is an engineered system designed to maintain or protect process piping, equipment, vessels and instrumentation at pre-determined temperatures, and within defined design criteria. HMS components include heat delivery system, utility distribution system, control and monitoring system, thermal insulation system, and heated instrument enclosures.

The OGPC Group offers complete HMS for O&G customers, starting from the engineering, procurement and fabrication, site services and post-installation services. It includes full range of heating systems, self-regulating heating cables, mineral insulation heating cables, heated tubing bundles, long line heating systems, tank heaters, and thermal insulation with principal arrangement with Tyco Thermal Control and Tyco Flow Controls of USA.

For information purpose, Tyco Thermal Control and Tyco Flow Controls of USA are amongst two of the divisions within Tyco International Ltd group of companies ("**Tyco Group**"). In 2012, the two divisions were spun off into Tyco Flow Controls, which in turn, merged with Pentair Inc. Tyco Thermal Control which has been renamed as Pentair Thermal Solution is the manufacturer for the electrical heat tracing system in Shanghai/Belgium while Tyco Flow Controls, which has been renamed as Pentair Valves & Controls is the manufacturer for the various type of valves including pressure safety relief valves in USA/France/Shanghai.

Tyco Group is a manufacturer of electric heat-tracing systems, combining years of experience and expertise with the most extensive range of technologies, products, systems and services available from any single supplier in the field.

Electric Heat Tracing Systems

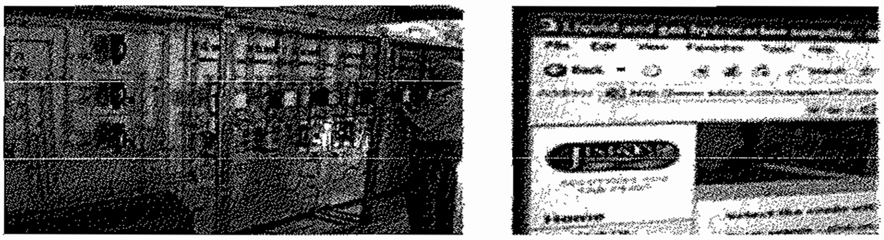


Long Line Heating Systems

(f) Sampling systems

Sampling and analysis systems for O&G industry are applied for obtaining true and accurate values for LNG analysis, British Thermal Unit analysis, specific gravity analysis and/or compositional analysis. The key feature for an accurate product analysis is having a representative sample of gas or liquid which is required to obtain a true representation of the actual flow through a process line over a given period (for example day, week or month).

OGPC is able to provide customised sampling system which prepares, withdraws and stores sample, based upon proven design and techniques and in accordance to various local/authority standards with the sampling systems. The OGPC Group's HMS production solutions include Liquid Probe/Cell Sampler, Gas Sampler, Pipeline Mixers, Flow Meters, Loop Extractors, Sample Receivers, Control Systems, Laboratory Equipment, On-Line measurement devises.



Sampling and Analysis Systems

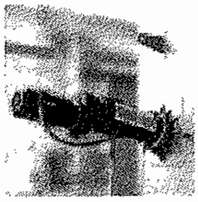
Sampling Products

(g) Agitators

An agitator is a device or mechanism to put something into motion by shaking or stirring. Mud mixing is a key component of any O&G operation. Control of mud mixing or drilling fluids can be a significant determinant of a drilling operation as related to well bore problems. Management of viscosities specific gravities and chemical compositions are key to the mud mixing and the circulation system.

An industrial agitator for mud mixing is used to guarantee the quality of the drilling fluids. This line of mixers can be used in production or at the point of application. Often, the ability to use the mixers in the field is just as important to the success of the drilling operation. Drilling fluids serve many functions in O&G acquisition, from removing well cuttings, to maintaining wellbore stability and controlling corrosion. The composition of the drilling muds is critical to efficiently acquiring resources and maintaining well bore.

The OGPC Group is also capable of providing agitators as well as related technical services to its O&G customers. It currently provides two types of agitators, shown in the table below.

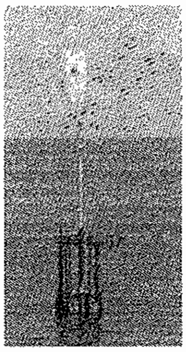
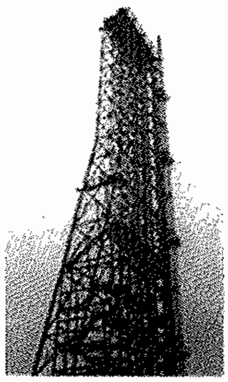
 **Reactor Agitators for Industrial Mixing and Blending**	 **Customised Agitators**

(h) Flare system

A gas flare system, alternatively known as a flare stack, is a gas combustion device used in industrial plants such as petroleum refineries, chemical plants and natural gas processing plants, as well as at oil or gas production sites having oil wells, gas wells, offshore O&G rigs and landfills.

When petroleum crude oil is extracted and produced from onshore or offshore oil wells, raw natural gas associated with the oil is produced to the surface as well. Especially in areas of the world lacking pipelines and other gas transportation infrastructure, vast amounts of such associated gas are commonly flared as waste or unusable gas. The flaring of associated gas may occur at the top of a vertical flare stack (shown below) or it may occur in a ground-level flare in an earthen pit.

OGPC is pioneering the use of remote flare system for the Sarawak Shell Berhad ("**Sarawak Shell**") /Sarawak Shell Petroleum Co South Furious field in 2002 where a special low voltage electrical ignition system is installed and used to ignite the flare gas.

 **Special Flare System at SSB/SSPC South Furious Field**	 **AES-S-SP Flare Burner**

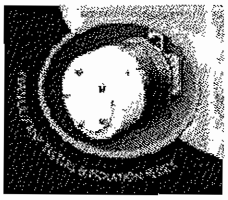
(i) Pipeline pigging

The OGPC Group is also capable of providing various range of pipeline intervention gadgets ("**Pig(s)**") and associated services, also known as "Pigging". A "Pig" in the pipeline industry is a tool that is sent down a pipeline and propelled by the pressure of the product flow in the pipeline itself to perform various maintenance operations on a pipeline. This is done without stopping the flow of the product in the pipeline. Pigging in the context of pipelines refers to the practice of Pigs.

Company No. 10039-P

There are four main uses for Pigs, namely physical separation between different fluids flowing through the pipeline/gel Pigs; internal cleaning of pipelines/utility Pigs; inspection of the condition of pipeline walls (also known as an Inline Inspection tool)/inspection Pigs; and capturing and recording geometric information relating to pipelines (e.g., size, position)/specialty Pigs.

The maintenance tool, pipeline Pigs are introduced into the line via a Pig trap, which includes a launcher and receiver. Without interrupting flow, the Pig is then forced through it by product flow, or it can be towed by another device or cable. Usually cylindrical or spherical, Pigs sweep the line by scraping the sides of the pipeline and pushing debris ahead. As the travel along the pipeline, there are a number functions the Pig can perform, from clearing the line to inspecting the interior.

		
Pipeline Pigs	**Flange/Joint Tester and Isolation Plugs**	**Installation of Pigs**

In this respect, the OGPC Group works with Pipeline Engineering & Supply Company Ltd, UK. The OGPC Group's services in this segment include the provision of a full range of pipeline Pigging tools, Pig signallers (provide confirmation of the movement of pipeline Pigs through a pipeline), Pig launchers and Pig receivers, and quick opening closures.

In addition to the above, the OGPC Group also provides pipeline planned cleaning programme aimed to prevent the build-up of debris or deposits. The cleaning of production pipeline services includes:-

(i) data gathering/ site surveys;
(ii) pre-inspection cleaning;
(iii) preparation of cleaning methodology;
(iv) preparation of Pigging procedures;
(v) design, testing and validation of specialist cleaning tools;
(vi) supply of specialist cleaning tools and cleaning equipment;
(vii) progressive cleaning of pipelines;
(viii) execution of field operations;
(ix) management of third party services;
(x) hazard / risk assessments; and
(xi) design, fabrication and installation of Pig launchers/receivers.

14.3 After-sales services

In addition to the sales of products and equipment, the OGPC Group also provides a wide range of after-sales services which include the followings:-

(a) filter retrofit;
(b) pump servicing, repairing and alignment;
(c) pipeline cleaning and Pigging;
(d) marine loading arm fabrication, servicing, maintenance and inspection;
(e) compact manifold system fabrication and testing;
(f) steam trap servicing and survey;
(g) safety relief valve servicing and testing;

(h) valve servicing, maintenance and testing; and
(i) pipeline insulation & heat tracing.

The OGPC Group also offers a wide range of specialist underwater services and it aims to provide a range of underwater services, which includes underwater inspection, repair and maintenance. The underwater services that the OGPC Group provides include:-

(i) surface oriented air diving services;
(ii) saturation diving services;
(iii) ROV services; and
(iv) underwater engineering, construction and maintenance services.

14.4 Revenue segmentation by products and engineering services

The OGPC Group's revenue segmentation by products and services for the FYE 2015 is as follows:-

	Revenue for the FYE 2015	
	RM'000	%
Revenue from sale of equipment		
Pumps	18,657	18.3
Valves	12,498	12.3
Heating systems	10,199	10.0
Flare system	7,832	7.7
Ancillary equipment, parts and components	7,321	7.2
Compressors	7,014	6.9
Sampling systems	5,638	5.5
Filters	5,539	5.4
Fire fighting pumps	3,147	3.1
Loading arms	2,997	2.9
Software	2,586	2.5
Pipeline Pigging	2,090	2.1
Agitators	1,786	1.8
Total Revenue from sale of equipment	**87,304**	**85.7**
Revenue from engineering services	**14,606**	**14.3**
Total	**101,910**	**100.0**

For the FYE 2015, revenue of the OGPC Group comprised mainly sales of equipment which amounted to RM87.3 million or 85.7% of the total revenue. Revenue from the top three (3) products, namely pumps, valves and heating systems accounted for RM41.4 million or 40.6% of the total revenue. Revenue from services accounted for 14.3% of the total revenue of the OGPC Group.

The product mix for any financial years depends highly on the type of projects undertaken by the industry players and the requirements of the customers of the OGPC Group. The sale of specialised equipment is important as this will create further opportunities for future generation of sale of spare parts and the provision of after-sales services.

14.5 Quality management programmes

The OGPC Group has to follow stringent technical and quality assurance management programmes set by its principals and customers. These include the ISO certification, API standard, as well as PETRONAS standard and policy requirements.

OGPC's PETRONAS licence also means that OGPC will have to meet the technical requirements for the scope of work based on a set of Standardised Work & Equipment Categories, which allows the holder of the licence to participate in the upstream sector, downstream sector and maritime sector of the O&G industry.

In continuous compliance with these technical requirements, the OGPC Group participates in the training and events organised by its principals and customers.

OGPC has established an Integrated Management System policy to set out its commitment to apply quality, healthy, safe and environmental friendly work ethic in all activities, deliveries, projects and jobs in O&G, petrochemical and general industries, which includes, *inter-alia*, the following commitment from the company:-

(a) to meet customer Quality, Health, Safety and Environment ("**QHSE**") legal and other requirements;

(b) to continually improve internal operation and QHSE performance to enhance QHSE Management System; and

(c) prevention of injury or ill health and pollution from all activities, deliveries and projects.

OGPC was awarded the Certificate of Registration for ISO 9001:2008, OHSAS 18001:2007 and ISO 14001:2004 on 20 February 2016.

Due to the nature of the OGPC Group's operations, wherein products are mostly delivered from suppliers directly to the customers, quality inspections will be performed by customers at their premises. Some customers will request the OGPC Group to send its representatives to perform joint inspection. Should there be any non-conformance or defects in products, the supplier will be notified and the supplier will decide whether to send its representative(s) to rectify the issues at customers' site or to return the products to their factory for rectification work.

In continuous compliance with the technical requirements, the OGPC Group sends its employees to be trained in courses organised by its principals and customers to further equip its employees with the required knowledge and skills.

14.6 The operating or trading mechanisms

The general process flow of OGPC's supply of specialised equipment and engineering and technical support services is summarised in the following diagram:-

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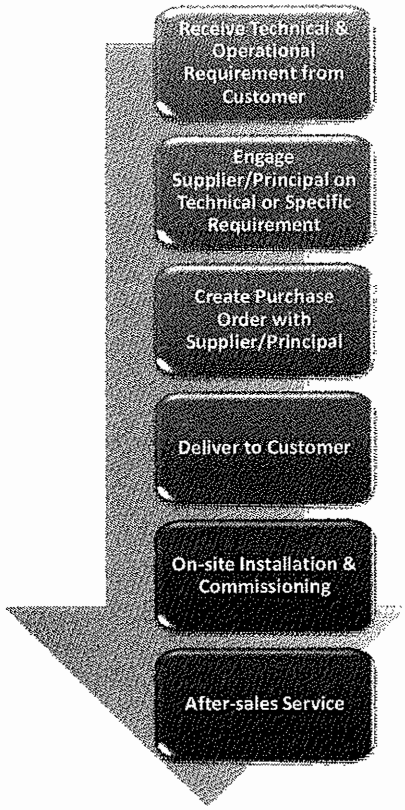

Receive technical & operational requirement from customer

Upon receiving customer's requirement, the OGPC Group's technical team will identify and understand the concept of operation in terms of needs and expectations, cost, technologies and performance requirement.

Engage supplier/principal on technical or specific requirement

Once the technical and operational requirements are confirmed, the team will engage the related supplier/principal for the project. In some cases, customers will specify the supplier/principal for the project. For such cases, the OGPC Group will appoint the service of supplier's/principal's technical team. On rare occasions, if the supplier of a particular product specified by the customer is different from the supplier/principal that the OGPC Group has entered into an exclusive agreement with the OGPC Group will or obtain written consent from the supplier/principal, in required, before dealing with other suppliers. In other circumstances, the OGPC Group technical team may collaborate with the supplier/principal's engineering team as well as other external consultants/fabricators during the initial design stage such as piping layout and associated dimensions should the need arises prior to installation and commissioning.

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Create purchase order with supplier/principal

Once the customer and the OGPC Group agreed with the working arrangement, a purchase order will be issued to its supplier/principal to place the order.

Deliver to customer

The OGPC Group will then work with the supplier/principal to ship the ordered equipment from the supplier's/principal's premises to the intended location. The services of shipping agents are used for the shipment of equipment, and the ordered equipment are often shipped directly to customers' yard or warehouse.

International Commercial Terms ("**Incoterms**") 2010 or Incoterms 2000 is applied for the delivery. Incoterms are a series of pre-defined commercial terms published by International Chamber of Commerce which are widely used in international commercial transactions or procurement processes.

On-site installation & commissioning

Depending on the type of working arrangement, the OGPC Group also offers on-site installation and commissioning for some of the products and equipment supplied. The OGPC Group's installation and commissioning personnel or sub-contractor will be sent to the yard or site to install and commission the equipment once it has reached the intended location. In some cases where products or equipment are delivered as a project system package, the OGPC Group in collaboration with its supplier/principal and other external consultants/fabricators will jointly install and commission the project.

After-sales services

The OGPC Group also provides after-sales services which include inspection, servicing and repair work for products and equipment supplied to its customers. Please refer to **Section 14.3** of this **Appendix III(A)** for more information.

14.7 Types, sources and availability of resources

The OGPC Group sources its products from various suppliers/principals worldwide that have been in the business for decades. Such products are needed for the continued operations of the O&G industry.

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For the FYE 2015, the OGPC Group's cost of sales reached RM69.9 million and the breakdown of the cost items are as follows:-

Cost items*	Cost of sales FYE 2015 RM'000	%	Location of suppliers/principals Europe %	North America %	Asia %
Pumps	13,009	18.6	11.5	3.7	3.4
Others**	9,103	13.1	**	**	**
Compressors	8,565	12.3	-	0.1	12.2
Heating system	8,365	12.0	-	-	12.0
Valves	7,285	10.4	-	2.4	8.0
Flares systems	6,431	9.2	0.1	-	9.1
Sampling system	4,648	6.6	6.6	-	-
Filter	3,515	5.0	5.0	-	-
Software	2,481	3.5	-	3.5	-
Fire fighting pumps	2,023	2.9	-	2.9	-
Loading arms	1,672	2.4	2.4	-	-
Pipeline Pigging	1,409	2.0	2.0	-	-
Agitators	1,394	2.0	0.8	-	1.2
Total	**69,900**	**100.0**	**28.4**	**12.6**	**45.9**

Note:-
* *Consist of purchases of equipment and costs of related services.*
** *Others consist of ancillary equipment, parts and components sourced from various locations including custom duties and freight and handling charges and sub-contractors.*

Pumps were the largest cost item for the FYE 2015, representing 18.6% of the total purchases. The OGPC Group sources 61.8%, 19.7% and 18.5% of its pumps from suppliers in Europe, North America and Asia respectively. Other than pumps, the OGPC Group also sourced its sampling systems, filters, pipeline Pigging, loading arms and about 42.0% of the agitators and a small amount of its flare system from suppliers in Europe. Software, fire fighting pumps, about 23.2% of valves and 0.5% of compressors are sourced from the USA while the heating system, 99.3% of the flares system, more than 99% of the compressors, about 76.8% of valves and approximately 58.0% of agitators are sourced from Asia.

14.8 Strategy and modes of marketing

14.8.1. Marketing strategies and activities

The following marketing strategies are employed by the OGPC Group to sustain and expand the business:-

(a) keep abreast in the technological advancement for products and services via trade fairs and direct meetings with suppliers/principals and technology providers;

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(b) keep abreast in the commercial development in particular development of its customers in relation to new project planning and improvements required on current plant operations by constantly keeping in touch with its customers, including PETRONAS;

(c) communicating directly with customers rather than through third parties to provide personal touch and better understanding of their technical and operational requirements and provide suggestions and/or recommendations on the most relevant technologies available in the market;

(d) work with customers from the early stage of project development such as during design, front end engineering and detailed engineering work for the project;

(e) highlight the most relevant technology used in a wide range of specialised equipment in the market and identify suitable product/solution to customers;

(f) position the OGPC Group as engineering and technical support service providers and supplier of specialised engineered equipment and;

(g) continue to meet and exceed the quality and reliability expectations of customers.

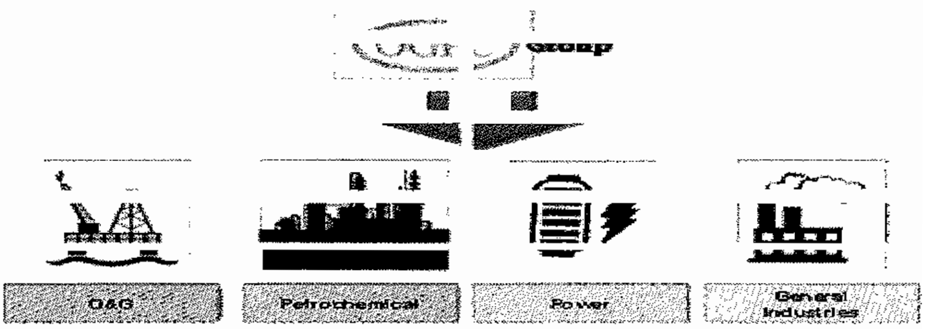
In addition, the OGPC Group also undertakes the following promotional and marketing activities:-

(h) participation in trade fairs and exhibitions; and

(i) continuously creating awareness to its customers on new technology, products and plant operational improvements.

14.8.2. Distribution channel strategy

The OGPC Group adopts a direct distribution channel strategy whereby sales are generated through its in-house engineering/technical team, as depicted in the diagram below.



The OGPC Group does not use any third (3rd) party agent or distributor.

The OGPC Group had 42, 40, 43 and 49 employees as at the end of the financial years under review of FYE 2012, FYE 2013, FYE 2014 and FYE 2015 respectively.

As at the LPD, the OGPC Group has 46 employees, all of which are Malaysians.

Out of 46 employees, around 56.5% of the staff are involved in engineering and technical sales related activities. The breakdown of employees by department are as follows:-

Department	Total number of employees	Average year(s) of services			
		<1 year	1 – 5 years	6 – 10 years	>10 years
Directors' Office*	3	-	-	-	3
Human Resource, Accounts and Administration	10	2	2	-	6
Documentation and Logistic	4	-	3	-	1
Product Sales, Project and Services**	22	4	10	6	2
Sales and Marketing*	4	-	3	1	-
Internal Audit	1	1	-	-	-
Quality, Health, Safety and Environment (QHSE)	2	1	1	-	-
Total employees	**46**	**8**	**19**	**7**	**12**

Notes:-

* *Involved in engineering and technical sales related activities.*

** *19 out of the 22 staff are involved in engineering and technical sales related activities.*

The Kemaman and Miri branches are supported by the employees from the head office for sales and after-sales services.

All employees have employment contracts with the OGPC Group. The OGPC Group does not have any temporary staff and does not experience any significant seasonal fluctuations in the number of employees. There has not been any incidence of work stoppage or labour dispute, which affected the OGPC Group's operations. As at the LPD, none of the OGPC Group's employees belong to any union.

Other than those training provided or organised by its principals and major customers, the OGPC Group has planned and implemented some of the following training and development programmes for its employees:-

(a) fire drill and emergency preparedness and response training;

(b) hand and finger campaign and reflective learning for road safety;

(c) training associated with the implementation of the integrated management system;

(d) ergonomic training;

(e) leadership critical thinking, problem solving and creativity;

(f) chemical and schedule waste management;

(g) handling and managing difficult customers; and

(h) team building.

14.9 Technology used/To be used

The products and equipment supplied by the OGPC Group are manufactured and produced by its principals using their proprietary technologies. These technologies are developed by long standing international manufacturers that have been producing products for the global O&G industry.

The agreements with the suppliers/principals provide the OGPC Group with the advantage of assessing these technologies and its applications for the local O&G industry as well as providing after-sales services for the products.

14.10 Research and development

The OGPC Group is not directly involved in the development, design and manufacturing of the specialised engineered equipment, which are all undertaken by the principals.

However, the OGPC Group provide value add by bringing in its field experience to the principals during this development work to ensure that the products and equipment delivered, meet the customers' requirements in terms of product reliability and economic benefits.

14.11 Seasonality

In general, the OGPC Group's business is not affected by seasonality factors.

14.12 Regulatory requirement and environmental issue

Save as disclosed in **Section 14.20** of this **Appendix III(A)**, there are no regulatory requirement and environmental issue, which may materially affect the OGPC Group's operations and utilisation of assets.

14.13 Principal markets

The OGPC Group supplies principally to customers in Malaysia with occasionally less than 3% of its annual revenue is derived from overseas market for the past four (4) FYEs.

14.14 Overall industry structure

The OFSE industry plays an important supporting role to the upstream sector through the provision of services and equipment that are required for E&P activities. Generally, the provision of services and equipment by the OFSE industry can be categorised into seven (7) main segments, namely reservoir information, drilling equipment and services, rig and equipment, completion equipment and services, production equipment and services, infrastructure, and lastly, logistics and support services.

The different segments of the OFSE industry caters to different stages in the E&P activities. Out of the four (4) stages of E&P activities (i.e. formation evaluation, exploration and appraisal, field development and operations and maintenance), field development is the most expenditure intensive and dependent on the OFSE industry for the provision of rig and equipment, drilling equipment and services, completion equipment and services, and infrastructure, logistics and other support services.

The OGPC Group is involved in the OFSE industry with the provision of completion equipment and services, as well as production equipment and services.

(Source: IMRR)

14.15 OGPC Group's positioning

The OGPC Group's positioning is within the supply chain of the OFSE industry.

The OGPC Group has exclusive agreements with its suppliers/principals which allow the OGPC Group to supply and to provide services of specialised equipment including pumps, compressors, valves, filters, loading arms, heating systems, pipeline Pigging and sampling systems amongst others. The specialised equipment and the principal's technical support to the OGPC Group are required across the O&G value chain.

Pumps for example are used in the following whole spectrum of the O&G value chain:-

(a) Oil production – injection, crude oil booster and pipeline, main oil line, seawater lift, firefighting, subsea multiphase, single phase and hybrid/associated auxiliary, crude shipping;

(b) FPSO - FPSO pumps for injection, firewater, seawater lift, offloading process and auxiliary;

(c) Pipelines – booster pumps and main line pipeline pumps for upstream and mid-stream applications, crude oil diluted bitumen, diluent, natural gas liquids, refinery products and petrochemicals, super critical ethylene etc.; and

(d) Pump services – diagnostic and consulting, maintenance and support, technical and economic optimization through retrofits.

Hence, the OGPC Group has positioned itself to provide engineering and technical support services and supply of specialised equipment across the O&G industry, be it for new development of projects, or during project operations period through periodic inspection, services and maintenance.

14.16 Substitute products

There is no substitution for the OFSE industry. The market plays a supporting role to the O&G industry, and market players function as suppliers for all services and equipment pertaining to E&P activities of hydrocarbon.

(Source: IMRR)

14.17 Supply dependency

The oil, gas and energy industry has been identified as one of the National Key Economic Area ("**NKEA**") under the ETP and it is forecasted to bring in an additional of RM131.4 billion of Gross National Income ("**GNI**") by 2020. The Malaysian OFSE industry is set to grow as the government aims to position Malaysia as an OFSE hub for Asia Pacific as outlined under the oil, gas and energy NKEA of the ETP.

This move helps to transform the country into a cost-efficient base for engineering, procurement, installation and commissioning activities in the Asia Pacific region. As outlined under EPP 6, the Government focuses on attracting international firms, especially technology-based companies, to use Malaysia as a base for their regional operations as well as encourage domestic direct investments to acquire proprietary technology and capital-intensive assets.

In addition, EPP 8 targets to encourage multinational firms to relocate or start up regional operations in Malaysia and to start up joint ventures with local O&G services and equipment firms. This will help to strengthen local companies' competitiveness in domestic and international job tenders.

The involvement of foreign players helps to strengthen the competitiveness of local OFSE players, especially the fabricators, in both domestic and international job tenders. Therefore, the sub-contractors in the OFSE industry are likely to benefit from this as more equipment and services will then be required by the fabricators.

(Source: IMRR)

14.18 Demand dependency

The demand for the OFSE products and services of the OGPC Group comes from local consumption and exports, which are dependent on user industries. The products and services supplied by the OGPC Group are used by the O&G, petrochemical, power and general industries usage. Demand from the O&G industry is set to be sustainable moving forward, amongst others, due to the following:-

(a) continuous investment in the upstream sector of the O&G industry;

(b) increasing push towards unconventional exploration and production activities and revitalising mature fields; and

(c) fossil fuels persist as the main energy source.

Continuous investment in the upstream sector of the O&G industry

The Malaysian O&G industry continues to invest and develop its upstream sector, which brings derived demand for the service offerings of the OFSE industry. Investments and further development in the upstream sector include PETRONAS' activities, such as partnering with foreign contractors that possess the technologies and know-how to exploit deepwater and mature fields. The first deepwater field, Kikeh field in Sabah, with water depth of 1,341 metres went on-stream in 2007 as a result of collaboration between PETRONAS Carigali and Murphy Oil. With the assistance of foreign players, PETRONAS has also begun revitalising its matured field via EOR technology. One of them is the Baram oilfield project that is being co-developed by PETRONAS and Shell.

In terms of PETRONAS' expenditure in the upstream sector in particular for exploration, development and production activities, a total of RM52.32 billion was spent in 2014, up by approximately 44.5% compared to the previous year's expenditure of approximately RM36.22 billion. Out of the expenditure of RM52.32 billion, 54.0 percent or RM28.25 billion was invested in Malaysia.

Despite anticipation of continuous investment, the OFSE industry may see reduced demand from the O&G industry going forward as the industry shies away or defers from making new investments due to unfavorable oil prices. Crude oil prices dropped to an average of USD50.8 in 2015. Already, PETRONAS has announced a cut in its operational expenditure and capital expenditure for 2016 by between RM15 billion to RM20 billion. The reduction is also part of PETRONAS' move to reduce the capital expenditure and operational expenditure by RM50 billion over the next 4 years. Therefore, demand for products and services from the OFSE industry could be affected in the medium term (2015 to 2018).

Increasing push towards unconventional exploration and production activities and revitalising mature fields

There has been a decreasing trend in oil reserves discovered in shallow water fields. Meanwhile, the maturity of domestic fields, after years of steady and continuous production has resulted in lower production. Hence, the trend is shifting towards the deep and ultra-deep-water exploration and production, looking into the development of marginal fields as well as revitalise mature fields to increase the remaining output.

Malaysia's O&G reserves are located in geologically complex frontier acreages where in 2010, approximately 14.5% of total reserves lie in deep-water blocks while another 22.6% of gas reserves have a high content of carbon dioxide. PETRONAS' discovery of gas reserves from the country's first High Pressure High Temperature well in the Kinabalu field offshore Sabah marked a key milestone for the O&G industry and potentially opens up new exploration prospective for deeper reservoirs.

In addition, marginal fields that typically hold less than 30 million barrels of reserve are also being looked into as a potential source of development. Due to the small size of the reserve, major O&G players often pay little interest towards marginal fields. Therefore, PETRONAS implemented the Risk Service Contract ("**RSC**") model for marginal field contracts to motivate and encourage smaller players to participate in the development of marginal fields. This is certainly an advantage for smaller players as a RSC is more flexible than the usual Production Sharing Contracts ("**PSC**") mechanism.

Nonetheless, PETRONAS has announced a cut in its operational expenditure and capital expenditure for 2016 by between RM15 billion to RM20 billion. The reduction is also part of PETRONAS' move to reduce the capital expenditure and operational expenditure by RM50 billion over the next 4 years. Therefore, demand for products and services from the OFSE industry could be affected in the medium term (2015 to 2018).

Fossil fuels persist as the main energy source

Within Malaysia, the demand for energy is growing at a pace correlated with the industrialisation and economic development of the country.

Despite the Government's recent effort to diversify the country's energy sources and promote the use of renewable energy, fossil fuels remain the most important source of energy supply in Malaysia. In 2013, petroleum products alone accounted for 56.6% of total energy consumption while natural gas made up another 21.9%. Coal and coke formed another 3.0% of total energy consumption electricity formed 20.5%. In terms of electricity generation, the sector again possesses relatively high reliance on fossil fuels. In 2013, gas was the main energy source for electricity generation, constituting about 50.4% of total electricity generation. Coal comes second with 38.0% of total electricity generation. Hydro contributed 8.4% whereas diesel and oil contributed 1.2% and 1.1% respectively in 2013.

This shows that Malaysia relies heavily on fossil fuels especially that from the O&G industry, for energy supply. Despite the Government's ambition to increase the shares of renewable energy as outlined in the Eleventh Malaysia Plan, the demand for fossil fuels is not likely to decrease and renewable energy is likely serve only as a supplement to fossil fuels. Therefore, Malaysia's dependence on fossil fuel for energy is anticipated to remain over the forecast period.

(Source: IMRR)

14.19 Nature of competition in the industry

The OFSE industry is highly competitive and comprises around 4,000 market participants with high degree of differentiation and diversification in terms of technical expertise, product/ services offerings, as well as business models by market participants. Market participants of various sizes may cater to different sets of clienteles depending on their technical expertise, or they may focus on certain product / services ranges and types. These market participants can be broadly grouped into two (2) categories i.e. the fabricators and sub-contractors as follows:-

Fabricators

Fabricators participate in the OFSE industry through the provision of E&P facilities development services to PSC contractors. The provision of E&P facilities development services ranges from fabrication of new E&P facilities to conversion or refurbishment of existing E&P facilities. These fabricators are companies with strong technical background and are capable of carrying out large-scale integrated projects. Fabricators are likely to assume the lead role in the projects and delegate different packages of works to sub-contractors. In addition, some OFSE fabricators that are awarded with RSC may also assume this role.

Number of market participants in the fabrication segment is limited by the local technical expertise and capabilities in carrying out a facilities development project. Therefore, it is common for local fabricators to team up or partner with foreign players to supplement their operations. This helps the local fabricators to boost their technical profile and keep them abreast of the latest technological development in the industry. Fabricators in the OFSE industry include SapuraKencana, Malaysian Marine and Heavy Engineering Sdn Bhd ("**MMHE**"), TH Heavy Engineering Berhad, Boustead Heavy Industries Corporation Berhad, Labuan Shipyard & Engineering Sdn Bhd, Brooke Dockyard and Engineering Works Corporation, KKB Engineering Berhad and Muhibbah Engineering (M) Berhad.

Sub-contractors

The sub-contractors in the OFSE industry consist of players that provide various equipment and services to supplement the completion of an E&P project. This includes OFSE players that supply individual equipment and spare parts to the fabricators. These sub-contractors deal mainly with the fabricators via service tenders by the fabricators or equipment procurement for the fabricators, although the sub-contractors also hold the opportunity to supply directly to the PSC. Leveraging on their knowledge on equipment and spare parts, some sub-contractors are also involved in the provision of maintenance services.

The OGPC Group, for example, is a market participant in the sub-contracting segment with the provision of equipment and spare parts of foreign brands to the fabricators, in addition to the provision of equipment maintenance services.

(Source: IMRR)

14.20 Barriers to entry

Barriers to entry are factors that affect the entry of new players into the said industry. Industries with high barriers to entry are more difficult for new market players to penetrate; these barriers to entry prevent or discourage new market players from establishing themselves as strong competitors, and often limit their growth potential. Low barriers to entry allow easy entrance of new market players and are conducive for facilitating a greater number of new market players.

Government policies - The O&G industry in the country is regulated by PETRONAS. All participants who intend to supply goods and services to O&G industry in Malaysia are required to obtain a licence from PETRONAS or be registered with PETRONAS. This policy is implemented to ensure the quality of services and products provided to the O&G industry and to maintain the safety standard within the industry. The possibility of failing to secure a PETRONAS licence or being registered with PETRONAS could essentially forbid one from participating in the Malaysian O&G industry. Hence, obtaining a licence becomes a crucial issue for new entrant to join the market.

Product and Technical Knowledge - Product and technical knowledge is important in the OFSE industry as the requirement varies for onshore and offshore projects. Having extensive product and technical knowledge allows a market participant to understand the customers' requirements for respective project thus specifying and supplying the right products accordingly. This products and technical knowledge typically comes along with industrial experience. Leveraging on the product and technical knowledge, market players may also offer value-added engineering solutions that suit the specific need of their customers, thus enhancing their overall attractiveness to prospective customers. Therefore, potential entrants may find it difficult to compete against established market players.

Reputation and track record - Due to the high standard the industry is subjected to, and the complexity of the services needed, parties within the industry tend to engage with reputable players and those they have experience dealing with. Besides that, contractors in the industry usually scrutinise the background of their counterparts like their financial standing, technological background and their past projects before going into a contract with them. These actions essentially prevent some weaker players with less than stellar record from winning a contract.

(Source: IMRR)

14.21 Reliance on and vulnerability to imports

The OFSE industry is fairly reliant on imported technologically advanced and sophisticated services and equipment. Local players tend to depend on their foreign counterparts to provide certain forms of technology or engineering advice, as well as sourcing equipment and parts from them. This happens as the equipment and expertise used in the O&G industry is sophisticated. Therefore, local OFSE players have to import certain equipment, parts and systems that are not commonly found in Malaysia.

In order to mitigate the risk of exposure from relying on imports of equipment and to obtain the necessary skillsets to operate and manage the equipment, local OFSE players tend to form joint ventures with their foreign partners, or have foreign parties act as their strategic partners. They may also act as the exclusive distributors with foreign suppliers to mitigate the risk of import disruption.

(Source: IMRR)

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BACKGROUND NFORMATION ON THE OGPC GROUP *(Cont'd)*

15. MAJOR CUSTOMERS

The total number of customers of the OGPC Group for the FYEs 2012, 2013, 2014 and 2015 are 141, 144, 137 and 119 respectively. The major customers of the OGPC Group, who contributed more than 10% to the revenue of OGPC Group, for each of the last four (4) FYEs 2012 to 2015 are as follows:-

FYE	Name of customers	Total revenue RM'000	Contribution to total revenue (%)	Length of relationship (Year(s))	Country of origin	Main services rendered
2012	Ranhill Worley[(1)]	24,453	21.3	17	Malaysia	Supply of marine loading arm and heating systems and related services
	MMHE[(2)]	16,201	14.1	17	Malaysia	Supply of pumps and related services
	PETRONAS Group[(3)]	13,299	11.6	19	Malaysia	Supply of all types of products of the OGPC Group
	ExxonMobil[(4)]	12,383	10.8	17	Malaysia	Supply of pumps and valves and related services
2013	MMHE[(2)]	27,569	20.1	17	Malaysia	Supply of pumps and valves and related services
	PETRONAS Group[(3)]	18,819	13.7	19	Malaysia	Supply of all types of products of the OGPC Group
	ExxonMobil[(4)]	17,906	13.1	17	Malaysia	Supply of pumps and valves related services
2014	MMHE[(2)]	18,545	20.8	17	Malaysia	Supply of valves and pumps and related services
	PETRONAS Group[(3)]	23,111	25.9	19	Malaysia	Supply of all types of products of the OGPC Group
	ExxonMobil[(4)]	9,825	11.0	17	Malaysia	Supply of pumps and valves and related services
2015	PETRONAS Group[(3)]	24,169	23.7	19	Malaysia	Supply of all types of products of the OGPC Group
	Shell group of companies	11,713	11.5	17	Malaysia	Supply of all types of products of the OGPC Group

BACKGROUND INFORMATION ON THE OGPC GROUP *(Cont'd)*

Notes:-
*(1) Ranhill Worley : Perunding Ranhill Worley Sdn Bhd ("**Ranhill Worley**").*
(2) MMHE : Malaysian Marine and Heavy Engineering Sdn Bhd.
(3) PETRONAS Group: PETRONAS and its subsidiaries, including small amount to its overseas subsidiaries.
(4) ExxonMobil : ExxonMobil Production and Exploration Malaysia Inc.

For the FYE 2012, there were four (4) customers, including PETRONAS Group that individually contributed to more than 10% of the total revenue of the OGPC Group. The other three (3) companies are Ranhill Worley, MMHE and ExxonMobil. These customers accounted for approximately 57.8% of the total revenue of the OGPC Group for the FYE 2012. MMHE, PETRONAS Group and ExxonMobil were the three (3) customers that individually contributed to more than 10% of the total revenue of the OGPC Group in the FYE 2013. The sales to them amounted to RM64.3 million or 46.9% of the total revenue of the OGPC Group. In the FYE 2014, MMHE, PETRONAS Group and ExxonMobil were the three (3) customers that individually contributed to more than 10% to the total revenue of the OGPC Group. The sales to these three (3) customers amounted to RM51.5 million or 57.7% of total revenue of the OGPC Group. In the FYE 2015, PETRONAS Group and Shell group of companies were the two (2) customers that individually contributed to more than 10% individually to the total revenue of the OGPC Group. These group of customers accounted for approximately 35.2% of the total revenue.

Ranhill Worley ceased to be a major customer of the OGPC Group since 2013 as Ranhill Worley has ceased to undertake engineering, procurement, construction and commission work. Subsequent to 2013, Ranhill Worley only focuses on providing engineering services and does not procure equipment directly from suppliers.

The OGPC Group has enjoyed long and stable business relationships with these customers for over seventeen (17) years. The long standing business relationships serve as an endorsement for the customer satisfaction on the products and services of the OGPC Group. It also shows that the OGPC Group has a stable customer base to sustain and grow its business in the future. As seen above, the OGPC Group is not heavily dependent on any single customer as most of its customers, other than the those stated above, contributed to less than 10% of its total revenue for the past four (4) FYEs. As in product mix explained earlier, the key customers of the OGPC Group in any particular financial years may change depending on the level of activities and projects undertaken by the customers in their respective industries.

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BACKGROUND INFORMATION ON THE OGPC GROUP *(Cont'd)*

16. MAJOR SUPPLIERS

The total number of suppliers of the OGPC Group for the FYEs 2012, 2013, 2014 and 2015 are 103, 126, 110 and 109 respectively. The OGPC Group's suppliers who individually accounted for more than 10% of the OGPC Group's total purchases for each of the last four (4) FYEs from 2012 to 2015 are as follows:-

FYE	Name of suppliers	Total purchases (RM '000)	Contribution to total purchases (%)	Length of relationship (Year(s))	Country of origin	Service rendered
2012	SPX Group[(1)]	28,805	33.5	17	UK, Singapore, Canada, USA	Supply of pumps
	FMC Group[(2)]	13,076	15.2	16	France, Singapore, USA	Supply of loading arms and valves
2013	SPX Group[(1)]	35,298	35.1	17	UK, Singapore, Canada, USA	Supply of pumps
2014	SPX Group[(1)]	17,743	30.9	17	UK, Singapore, Canada, USA	Supply of pumps
	FMC Group[(2)]	6,494	11.3	16	France, Singapore, USA	Supply of loading arms and valves
2015	SPX Group[(1)]	13,009	18.6	17	UK, Singapore, Canada, USA	Supply of pumps

Notes:-

(1) SPX Group : SPX Corporation and its subsidiaries.
(2) FMC Group : FMC Technologies Inc and its subsidiaries.

In the past four (4) FYEs, the SPX Group was the largest supplier to the OGPC Group. This was followed closely by the FMC Group in the FYE 2012 and FYE 2014. Both suppliers, individually contributed more than 10% of the total purchases of the OGPC Group.

In the FYE 2012, the OGPC Group purchased a total of RM41.9 million or 48.7% of total purchases from both the SPX Group and the FMC Group. In the following financial year, FYE 2013, the SPX Group emerged as the only supplier that contributes more than 10% of the total purchases.

In the FYE 2014, the OGPC Group purchased a total of RM24.2 million or 42.2% of total purchases from both the SPX Group and the FMC Group. In the following financial year, FYE 2015, the SPX Group accounted for 18.6% of the total purchases of the OGPC Group.

BACKGROUND INFORMATION ON THE OGPC GROUP *(Cont'd)*

The product mix which determine the key suppliers, changes from year to year as it depends on the project and requirements of the customers and the activities in the O&G industry and other industries that the OGPC Group is involved in.

The OGPC Group has exclusive arrangement with the SPX Group and the FMC Group for the supply of pumps and loading arms and valves. Hence, the OGPC Group can only source similar products from other suppliers or principals on the expiry or termination of the exclusive agreements. In rare circumstances where these suppliers declined to quote, the OGPC Group would inform/obtain consent from them, if required, before dealing with other suppliers. The OGPC Group enjoys a long-term and cordial business relationship with its suppliers as evidenced by the fact that the above suppliers have been with the OGPC Group for more than sixteen (16) years.

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17. INTERRUPTION IN BUSINESS THAT HAS SIGNIFICANT IMPACT ON OPERATIONS FOR PAST TWELVE (12) MONTHS

The OGPC Group did not experience any interruption in its business, which had a significant effect on its operations during the past twelve (12) months prior to the date of this Abridged Prospectus.

18. COMPETITIVE STRENGTHS AND ADVANTAGES

The OGPC Group's competitive strengths and advantages are key in sustaining the business as well as providing future business expansion and growth.

The competitive strengths and advantages of the OGPC Group in the O&G industry include the following:-

- Registration and licensing from relevant authorities;
- Market recognition and quality services;
- Access to technology and strategic alliances with key global principals;
- Value add services;
- Close working relationship with customers;
- Competent Packager; and
- Strong financial strength.

18.1 Registration and licensing from relevant authorities

OGPC is licenced/registered with PETRONAS, TNB, CIDB, FELDA and MOF after having met the stringent criteria of experiences, delivery capability and safety track record set out by the respective authorities/organisations above.

The registration with PETRONAS, TNB, CIDB and FELDA would require the registration with MOF as a pre-condition. OGPC being registered with these various authorities/organisations is deemed as an approved vendor to provide services in this sector, thus giving the OGPC Group an advantage.

With the range of licences and registrations, the OGPC Group will be able to further expand its business from the current concentration in the O&G and petrochemical sectors to the power and other industrial sectors both for the private and public sectors.

18.2 Market recognition and quality services

Since its establishment, the OGPC Group has completed numerous projects for local O&G industry players. The projects include supplying of specialised O&G equipment to fulfil its customers' needs, as well as engineering and technical works associated with these equipment. The OGPC Group believes that continuous supply of quality products and services to cater the industry's needs is one of the key essential factors that has allowed it to excel in the industry.

Its track record in the industry is made possible through the continuous technical training provided to its experienced and skilled technical personnel. The OGPC Group provides them with the necessary technical know-how through in-house and on-the-job training. In addition, the technical workers are also sent for training at the suppliers'/principals' offices overseas for in-depth knowledge of various products and its applications as well as to have direct interaction with the suppliers'/principals' research and development's team.

18.3 Access to technology and strategic alliances with key global principals

The Directors of the OGPC Group have maintained close and long relationship with its principals. Over the years, OGPC has attained confidence of international principals like AspenTech, Pentair Group, Zeeco, Applicot, James Walker, FMC Group, Cameron/Jiskoot and Thermax to represent their respectives organisations for the supply of their products in the region. Some of these principals have been with the OGPC Group for more than sixteen (16) years.

The vast range of specialised equipment offered by OGPC Group allows it to market and sell a wider range of products and enable it to cater to various requirements and solutions of its customers.

18.4 Value-add services

The OGPC Group's experience in the supply of products and equipment which generally comes with other ancillaries to suit specific engineering solutions provide the OGPC Group with a network of specialised engineering consultants and fabricators. This collaborative relationship allows the OGPC Group to also undertake certain assignments which requires high-end engineering input during the initial design and layout stage, which is the pre-sale services, as well as during installation and commissioning of the products and equipment. Such services provide the OGPC Group with an edge over its peers as it is able to supply not only products and equipment but installation and commissioning work. This enables the OGPC Group to provide value-add services to widen its customers' base.

18.5 Close working relationship with customers

The OGPC Group's more than fifteen (15) years' relationship with thirty (30) customers is a testimony of its established credibility and reliability. Approximately 33.3% of these customers have transactions with the OGPC Group every year since 2001 and 46.7% of these customers have transactions with the OGPC Group between ten (10) and fourteen (14) years out of the past fifteen (15) years starting from 2001.

In addition, the OGPC Group maintains constant and close customers' involvement in each stage of the projects undertaken by its customers, which has allowed the OGPC Group to forge a close working relationship with its customers. This enhanced understanding of its customers' needs arising from the constant customers' feedback has resulted in positive goodwill for the OGPC Group's reputation and is indicative of its capabilities to provide effective and cost-efficient specialised engineering services to its customers. This can be seen from the long and cordial business relationships with its customers.

Over the years, as set out in **Section 1.2** and **Section 1.3** of this **Appendix III(A)**, the OGPC Group has received various certificates of appreciation and awards from its customers for the successful completion of projects which include Yoho YP Topsides by Consortium of Sime Darby Engineering Sdn Bhd, ExxonMobil and Saipem S.p.A, SUPG-B and SUJT-C Development Project Phase 2 by PETRONAS Carigali, AKOGEP Phase 2 Project by ExxonMobil, Saibos Akogep Snc and Total S.A. and Yarway Desuperheater Control Valve overhaul by PETRONAS Penapisan (Terengganu) Sdn Bhd and Aromatics Malaysia Sdn Bhd.

18.6 Competent Packager

The OGPC Group's success also comes from its ability to act as a Packager which collaboration with customers' and principals' product engineering team as well as other external consultants/fabricators from initial design and engineering up to installation and commissioning to meet customers' requirement. In addition, the OGPC Group also provides continuous after-sales services and the supply of parts and components for the installed equipment.

With twenty (20) years of experiences in the O&G industry, this has provided the OGPC Group the required knowledge to provide its customers with various solutions ranging from products supply to engineering services as well as after-sales services, giving customers what they require under one roof. The OGPC Group has the ability to source, import and/or procure the products based on the requirements given by its customers, as well as sourcing third (3rd)-party contractors for engineering services. Apart from these, OGPC has set up branches in the East Coast of Peninsular Malaysia and in East Malaysia to be closer to its customers.

By offering such services, the OGPC Group is able to position itself in a favourable position to assist customers in terms of time savings, effort and cost.

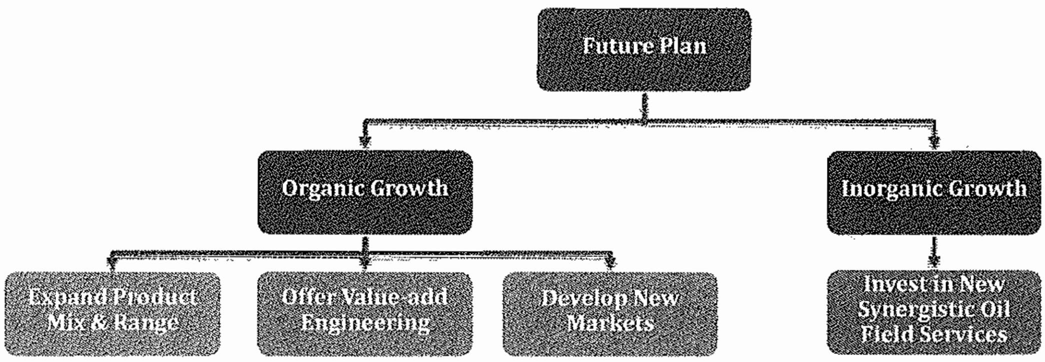
18.7 Strong financial strength

The OGPC Group has been profitable and operating in positive net cash position over the last four (4) financial years, save for the FYE 2012. The negative net operating cash flows of OGPC's audited accounts FYE 2012 at approximately RM6.97 million was mainly due to the timing mismatch of receipts from a customer in FYE 2011 and payments to suppliers made in FYE 2012, both transactions of which are related to the Lekas Project and the reversal on an one-off downpayment received from a customer in FYE 2011, which was subsequently recognised as sales in FYE 2012.

The strong financial strength is reflected by the no-gearing position except for trading facilities from the financial institutions. This reduces its financing cost and give it the competitive edge and flexibility to embark on any job/projects.

19. FUTURE PLANS, STRATEGIES AND PROSPECTS

The future plans of the OGPC Group will focus on four (4) key areas aiming to grow the OGPC Group organically as well as inorganically. The four key areas are depicted in the diagram below:-



Organic Growth

(a) Expand product mix and range

The OGPC Group has since its inception continued to expand its product mix to better serve the requirements of its customers. This is evidenced by the fact that the OGPC Group started with only three principals namely Clarcor, Liquip and FMC Fluid Control in 1996, dealing in loading arms, pumping and metering solutions, engineered valves and filters. Today, the OGPC Group is working with over twenty (20) principals for the supply of specialised engineering equipment and services with wide-ranging product mix covering amongst others, pumps, valves, compressors, loading arms, heating systems, passive fire protectors, filters, pipeline Pigging, flares system and automatic sampling systems.

In addition to its extended list of specialised equipment, the OGPC Group has also expanded the services aspect of its business to include installation and commissioning services, technical servicing and product improvements services as well as underwater engineering, and maintenance services which include the ROV services, as well as the after-sales service such as inspection, servicing, repair and maintenance.

Going forward, the OGPC Group plans to further expand the mix and range of the products and services it carries to better serve the industry and lend support to its plans to enhance its offerings on value-add engineering services and develop new markets.

(b) Offer value-add services

Over the years, the OGPC Group has not only supplied and serviced the equipment to its customers but is also involved in providing the specific technical and engineering solutions to them especially in situations where innovative and customised equipment and technical solutions are needed.

As a case in point, the OGPC Group had in 2002 successfully collaborated with oil major operating an O&G field in Sarawak to jointly with its supplier/principal develop a remote sensing flare system at a flare platform that is located far from the main platform. The system is a major milestone for both the oil major and the OGPC Group as the solution helped to achieve zero gas venting/emission from the field's operations. In another case, the OGPC Group had also successfully collaborated with its principals and other consultants/fabricators in developing a compact manifold system that can be installed and operated in a small work area for O&G production operations since 1999 and has since been supplying this to its customers. As part of DNeX's business diversification, DNeX is exploring the opportunity to scale up the OGPC Group's business model of packaging such as the remote sensing flares system. Currently, DNeX is in the process of evaluating the technical capabilities of various service providers (i.e. fabricators, design consultant) and principals in scaling up the OGPC Group's business model.

Apart from the above, the after-sales service provided by the OGPC Group include pump servicing, repair and alignment, marine loading arm servicing, compressor servicing, flare system servicing as well as equipment replacement where major retrofitting, repair and overhaul are done at the principals' authorised workshop or third party workshop.

In line with the OGPC Group's plans to deepen its value-add engineering offerings to its customers and potential customers, the OGPC Group plans to establish a new workshop and fabrication facilities at the newly acquired factory cum office to provide in-house maintenance, repair and overhaul services for pumps, compressors, valves, loading arms, flares system and cooling systems and other equipment. The new workshop will be equipped with the relevant machinery and equipment that will be able to allow the OGPC Group to provide value-add engineering services in-house.

The in-house workshop will be staffed with qualified technical personnel to provide high quality services to OGPC's customers to reduce reliance on third party contractors and enhance the OGPC Group's engineering capabilities to offer and/or to address the specific technical/engineering requirements of the customers.

(c) Develop new markets

The OGPC Group primarily services the local market over the last four (4) years. Notwithstanding this, the OGPC Group has also registered aggregate sales of approximately RM12 million from customers in the Asia region, Netherlands and Turkmenistan.

As part of the OGPC Group's forward strategies, the OGPC Group plans to expand and strengthen its presence in the South East Asian and Middle East markets where opportunities in O&G industry exist by amongst others participating in the tenders bid and became registered vendors of major O&G players in these areas. From current low base, the OGPC Group aims to gradually increase the revenue generated from these new markets to account for a sizeable proportion of the OGPC Group's revenue by the FYE 2017. In addition, the OGPC Group has initiated to expand overseas. In the FYE 2015, there are no material contribution from these initiatives.

Apart from the abovementioned geographical expansion strategy, the OGPC Group also plans to expand its operations in Malaysia by entering into the non-traditional sectors including power and general industries. The OGPC Group will deepen its coverage in these sectors by establishing dedicated teams with the relevant knowledge and provide the right products in terms of functionality, specifications and pricing in serving these sectors.

Inorganic growth

Whilst a key thrust of the OGPC Group's future plans is to grow its business organically, the OGPC Group will stay agile looking out for opportunities to broaden the scope and scale of its operations inorganically. Selective investment either through acquisition or joint venture will be made principally targeting synergistic O&G services that are skills and knowledge based and preferably with asset-light operating model. In the medium to long term, the OGPC Group strives to become an integrated O&G equipment and services provider serving its customers in Malaysia and in the region.

20. PROSPECTS OF THE OGPC GROUP

The future prospects of the OGPC Group are set out in Section 7.4 of this Abridged Prospectus.

21. INDUSTRY OVERVIEW

The overview of the industry in which the OGPC Group operates is set out in the Executive Summary of the IMRR on strategic analysis of the oil field services and equipment industry in Malaysia prepared by Protégé Associates Sdn Bhd in **Appendix VIII** of this Abridged Prospectus.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS, RESULTS OF OPERATIONS AND PROSPECTS OF THE OGPC GROUP

1. OVERVIEW OF THE OGPC GROUP'S OPERATIONS

The following management's discussion and analysis for the past four (4) FYEs 2012 to 2015 are based on the OGPC Group.

This discussion and analysis for the past four (4) FYEs 2012 to 2015 should be read in conjunction with the Accountants' Report on the OGPC Group as set out in **Appendix VII** of this Abridged Prospectus. As stated in the Accountants' Report on the OGPC Group, for the four (4) FYEs 2012 to 2015, historical information is reviewed under the historical cost convention and modified to include other bases of valuation as disclosed in other sections of the Accountants' Report on the OGPC Group under significant accounting policies, and in compliance with MFRSs and IFRSs.

This discussion and analysis contains data derived from the audited financial statements of the OGPC Group as well as forward-looking statements that involve risks and uncertainties. Accordingly, the results may differ significantly from those projected in the forward-looking statements include, but not limited to, those discussed below and everywhere else in this Abridged Prospectus, particularly the risk factors as set out in **Section 6** of this Abridged Prospectus.

The financial information of the OGPC Group for the past four (4) financial years from the FYE 2012 to FYE 2015 extracted from the Accountants' Report on the OGPC Group (attached in **Appendix VII** of this Abridged Prospectus) is as the following:-

	Audited			
	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000	FYE 2015 RM'000
Revenue	114,565	137,066	89,306	101,910
Cost of sales	(85,921)	(100,597)	(57,408)	(69,900)
Gross profit	**28,644**	**36,469**	**31,898**	**32,010**
Other income	2,294	3,816	2,472	7,777
	30,938	**40,285**	**34,370**	**39,787**
Administrative expenses	(6,547)	(6,879)	(7,720)	(8,371)
Other expenses	(1,370)	(891)	(685)	(2,236)
PBT	**23,021**	**32,515**	**25,965**	**29,180**
Depreciation	405	548	547	482
Interest income	(65)	(65)	(244)	(59)
Earnings before depreciation, interest and taxation	**23,361**	**32,998**	**26,268**	**29,603**
Depreciation	(405)	(548)	(547)	(482)
Interest income	65	65	244	59
PBT	**23,021**	**32,515**	**25,965**	**29,180**
Income tax expense	(6,296)	(7,236)	(7,075)	(7,174)
PAT	**16,725**	**25,279**	**18,890**	**22,006**
Other comprehensive income	-	-	-	-
Total comprehensive income	**16,725**	**25,279**	**18,890**	**22,006**
Total PAT/comprehensive income attributable to:-				
Owner of the parent	16,087	24,745	18,804	21,690
Non-controlling interests	638	534	86	316
Total PAT/comprehensive income	**16,725**	**25,279**	**18,890**	**22,006**

Number of OGPC Shares in issue ('000)	500	500	500	500
Total equity/NA[1](RM'000)	70,833	80,578	73,382	80,072
NA per Share (RM)[1]	141.67	161.16	146.76	160.14
Total borrowings	-	-	-	-
Other selected financial data:-				
Gross profit margin (%)[2]	25.00	26.61	35.72	31.41
PBT margin (%)[3]	20.09	23.72	29.07	28.63
PAT margin (%)[4]	14.60	18.44	21.15	21.59
Gross EPS (RM)[5]	46.04	65.03	51.93	58.36
Net EPS (RM)[6]	33.45	50.56	37.78	44.01
Current ratio (times)[7]	3.65	3.37	4.22	6.15
Gearing ratio (times)[8]	-	-	-	-

Notes:-

(1) Excluding non-controlling interests.
(2) Calculated as gross profit over revenue.
(3) Calculated as PBT over revenue.
(4) Calculated as PAT over revenue.
(5) Calculated as PBT over the number of OGPC Shares in issue.
(6) Calculated as PAT over the number of OGPC Shares in issue.
(7) Calculated as current assets over current liabilities.
(8) Calculated as total borrowings over total equity/NA.

1.1 Overview

OGPC was incorporated in Malaysia on 14 May 1994 as a private limited company under the Act. The principal activities of the OGPC and OGPCOG are the sale of O&G related equipment, provision of engineering and technical support services for the O&G industry.

Over the past twenty (20) years, the OGPC Group has established itself as one of the leading supplier and service provider for specialised equipment and parts as well as technical support services including offshore services principally for the O&G industry. Other markets for the OGPC Group's products and services include the petrochemical, power and general industries. To complement the sale of equipment and engineering services, the OGPC Group has also started to offer a wide range of specialist underwater services, which includes underwater inspection, repair, maintenance and engineering works.

Further information on the business of the OGPC Group is set out in **Appendix III(A)** of this Abridged Prospectus.

1.2 Results of operations

1.2.1 Revenue

The core revenue streams of the OGPC Group are as follows:-

(a) supply, installation and commissioning of equipment, ancillary parts and replacement parts which is inclusive of the pre-sales services ("**Sale of Equipment**"); and

(b) comprehensive after-sales services which include inspection, servicing, maintenance and repair work ("**Engineering Services**").

For the Sale of Equipment segment, the OGPC Group holds exclusive arrangement with international brand names which include Altair, Applicot, SPX, Exterran, FMC, Cameron/Jiskoot, Peerless Grundfos, Pentair Valve and Pentair Thermal. The OGPC Group is the appointed sales representative in Malaysia for a wide range of equipment including but not limited to pumps, valves, compressors, loading arms, heating systems, filters, pipeline Pigging, flare system and sampling systems. It is also the authorised representative for AspenTech software.

For Engineering Services segment, the OGPC Group has entered into long term service contracts (in respect of pricing for spare parts) ranging from two (2) years to five (5) years with certain key customers, including but not limited to PETRONAS Carigali, Sarawak Shell and ExxonMobil.

In line with the stringent regulations governing the O&G industry, the OGPC Group has to ensure that the products and equipment supplied meet the specifications of the customers and that most of these products and equipment are manufactured by its principals. The OGPC Group's staff, of which 56.5% (with 19 qualified engineers, excluding the Directors) were involved in engineering and technical sales related activities, have over the years garner valuable experience in the application and installation of the products and equipment and able to provide technical input and recommendations on the use of specific products or equipment to meet customers' requirements.

Further information on the business processes are as detailed in **Section 14.6** of **Appendix III(A)** of this Abridged Prospectus. Please refer to **Section 15** of **Appendix III(A)** of this Abridged Prospectus for further information on the major customers of the OGPC Group.

The main factors affecting the revenue are as detailed in this Section.

On average, financial arrangements with major O&G customers are based on open credit terms ranging from thirty (30) days to sixty (60) days. However, payment terms with other customers are assessed depending on the customer's profile and subject to Directors of the OGPC Group's approval.

(a) Revenue analysis

The revenue analysis by companies for the four (4) audited FYEs 2012, 2013, 2014 and 2015 is as follows:-

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	Audited			
	FYE 2012	FYE 2013	FYE 2014	FYE 2015
	RM'000	RM'000	RM'000	RM'000
OGPC				
- Sale of Equipment	98,067	110,683	77,182	82,588
- Engineering Services	9,270	16,919	10,399	14,485
	107,337	127,602	87,581	97,073
OGPCOG				
- Sale of Equipment	7,121	9,430	1,379	4,716
- Engineering Services	107	34	346	121
	7,228	9,464	1,725	4,837
OGPC Group	**114,565**	**137,066**	**89,306**	**101,910**

The revenue analysis by product mix is as follows:-

	Audited							
	FYE 2012		FYE 2013		FYE 2014		FYE 2015	
Segments	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Sale of Equipment								
- Pumps	37,912	33.1	46,470	33.9	23,952	26.8	18,657	18.3
- Valves	6,587	5.7	12,547	9.2	13,504	15.1	12,498	12.3
- Heating systems	19,545	17.1	9,780	7.1	6,814	7.6	10,199	10.0
- Sampling systems	4,049	3.5	8,254	6.0	6,589	7.4	5,638	5.5
- Loading arms	13,704	12.0	5,791	4.2	5,401	6.0	2,997	2.9
- Ancillary equipment, parts and components	1,873	1.7	5,694	4.1	4,393	5.0	6,607	6.5
- Flare system	775	0.7	3,199	2.3	3,727	4.2	7,832	7.7
- Filters	1,955	1.7	3,836	2.8	3,387	3.8	5,539	5.4
- Pipeline Pigging	3,297	2.9	2,968	2.1	3,233	3.6	2,090	2.1
- Software	2,047	1.8	1,525	1.1	2,440	2.7	2,586	2.5
- Compressors	9,210	8.0	8,042	5.9	1,989	2.2	7,014	6.9
- Fire fighting pumps	308	0.3	624	0.5	1,860	2.1	3,147	3.1
- Agitators	1,941	1.7	2,642	1.9	983	1.1	1,786	1.8
- Mechanical seal	151	0.1	1,175	0.9	289	0.3	-	-
- Passive fire protectors	-	-	6,300	4.6	-	-	-	-
- Scaffoldings	-		1,175	0.9	-	-	714	0.7
- Flange	1,941	1.6	91	0.1	-	-	-	-
Total Sale of Equipment	105,295	91.9	120,113	87.6	78,561	87.9	87,304	85.7
Engineering Services	9,270	8.1	16,953	12.4	10,745	12.1	14,606	14.3
Total	**114,565**	**100.0**	**137,066**	**100.0**	**89,306**	**100.0**	**101,910**	**100.0**

Revenue from Sale of Equipment was the primary contributor for the OGPC Group ranging from 85.7% to 91.9% of the total revenue; whilst the remaining revenue came from Engineering Services.

Revenue by product mix is determined by the demands from the projects undertaken by the OGPC Group's customers, which in turn determines the type of products required. The product mix varies every year with pumps remaining as the most popular equipment with the highest percentage of total revenue for the FYE 2012, FYE 2013, FYE 2014 and FYE 2015 at 33.1%, 33.9%, 26.8% and 18.3% respectively.

For the FYE 2015, the O&G industry contributed the highest revenue (more than 90%) followed by petrochemicals, general industry and power sector.

FYE 2012

For the FYE 2012, Sale of Equipment was the major contributor at 91.9% of total revenue. The three (3) main contributors were pumps, heating systems and loading arms, which accounted for 33.1%, 17.1% and 12.0% of the total revenue respectively. Pumps, which contributed RM37.9 million (a slight increase from RM36.9 million recorded in the FYE 2011) were mainly sold to ExxonMobil, MMHE and Kebabangan Petroleum Operating Company Sdn Bhd ("**KPOC**").

Heating systems' contribution increased from approximately RM4.0 million in the FYE 2011 to RM19.5 million due to sale to Perunding Ranhill Worley-Muhibbah Consortium ("**Ranhill-Muhibbah**") and Kemaman Bitumen Company Sdn Bhd ("**Kemaman Bitumen**") for use in its plant in Bitumen. Contribution from loading arms of RM13.7 million, reduced from RM46.6 million recorded in the FYE 2011, was mainly from sales to Ranhill-Muhibbah and Cericorn (M) Sdn Bhd ("**Cericorn**"). The reduction in sale of loading arms was due to lower sale to Ranhill-Muhibbah, as bulk of the orders had been supplied and invoiced in the FYE 2011.

FYE 2013

For the FYE 2013, contribution from Sale of Equipment reduced to 87.6%, with the increase in contribution from Engineering Services to 12.4%. Under Sale of Equipment, pumps continued to be the main contributor at approximately RM46.5 million or 33.9% of total revenue, increased from RM37.9 million recorded in prior year. Higher sales to ExxonMobil, MMHE, Petrofac (Malaysia – PM304) Ltd, PETRONAS Carigali and Sarawak Shell contributed to the increase in sale of pumps. Valves also recorded higher sales from RM6.6 million to RM12.5 million or 9.2% of total revenue, which was mainly contributed by higher sales to MMHE, ExxonMobil and Optimal Chemicals (Malaysia) Sdn Bhd ("**Optimal**"). Sale of loading arms dropped further from RM13.7 milion to RM5.8 million (4.2% of total revenue), due to completion of delivery of most of the orders to Ranhill-Muhibbah and Cericorn. The lower sales of heating systems for the FYE 2013 from RM19.5 million to RM9.8 million or 7.1% of total revenue was also due to completion of bulk of the delivery of orders to Ranhill-Muhibbah in the previous financial year.

FYE 2014

The total revenue for the FYE 2014 was RM89.3 million. This was lower than that for the FYE 2013 of approximately RM137.1 million by approximately RM47.8 million or 34.9%. The lower revenue for the FYE 2014 was mainly due to deferment in the commencement of several projects which included the refinery and RAPID project in Johor and the EOR projects including the Bokor fields.

For the FYE 2014, the percentage contributions from Sale of Equipment and Engineering Services was consistent at 87.9% and 12.1% respectively, with that recorded for the FYE 2013. Under Sale of Equipment, the main contributor, pumps, recorded a sale of approximately RM24.0 million or 26.8% of total revenue. The percentage of contribution reduced from 33.9% recorded in the FYE 2013. This was mainly due to lower sale to ExxonMobil, MMHE, Petrofac (Malaysia – PM304) Ltd and Sarawak Shell, which was slightly offset by increase in sale to PETRONAS Carigali and Carigali-Hess Operating Company Sdn Bhd ("**Carigali-Hess**"). Sale of valves increased slightly from RM12.5 million in the FYE 2013 to RM13.5 million with higher contribution of 15.1%, compared to 9.2% in the FYE 2013, to total revenue. Higher sales of valves for MMHE, ExxonMobil, PETRONAS Penapisan (Melaka) Sdn Bhd ("**PETRONAS Penapisan**"), Shapadu Energy and Engineering Sdn Bhd ("**Shapadu**") and Sabah Shell Petroleum Co Ltd ("**Sabah Shell**") were the main reasons for the improved performance of valves.

Contribution from loading arms reduced slightly from RM5.8 million to RM5.4 million but percentage contribution had improved from 4.2% to 6.0%. The lower sales value was due to completion of sales to Ranhill-Muhibbah in the FYE 2013 and cushioned by sales to MMHE, PETRONAS Carigali and PETRONAS Penapisan. Sales of heating systems also reduced from RM9.8 million to RM6.8 million, despite improved in percentage contribution from 7.1% to 7.6%. The lower sales were mainly resulted from reduction in sales to Shapadu, Kemaman Bitumen, Ranhill-Muhibbah and Shell Chemical Seraya Pte Ltd which was slightly offset with higher sales to MMHE, KNM Process Systems Sdn Bhd ("**KNM Process**") and THHE Fabricators Sdn Bhd ("**THHE Fabricators**").

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<u>**FYE 2015**</u>

For the FYE 2015, contribution from Sale of Equipment was slightly lower at 85.7% compared to that in the FYE 2014 and contribution from Engineering Services increased to 14.3%. Under Sale of Equipment, pump remained as the main contributor with sales at approximately RM18.7 million or 18.3% of total revenue. The sale reduced from RM24.0 million or 26.8% of total revenue recorded in the FYE 2014. This was mainly caused by lower sales to ExxonMobil, MMHE and Carigali-Hess, which was slightly offset by increase in sale to KPOC, which is undertaking the Kebabangan platform project. Sale of valves also reduced slightly from RM13.5 million to RM12.5 million and the percentage contribution to total revenue also reduced from 15.1% recorded in the FYE 2014 to 12.3% in the FYE 2015. This was mainly due to lower sales to MMHE, Shapadu, PETRONAS Penapisan and cushioned by sales to KPOC, KNM Process and higher sales to Sabah Shell.

Sale of heating systems, flare systems and compressors improved from approximately RM6.8 million, RM3.7 million and RM2.0 million recorded in the FYE 2014 to RM10.2 million, RM7.8 million and RM7.0 million in the FYE 2015, respectively. In the FYE 2015, contribution to total revenue by heating systems, flare systems and compressors are 10.0%, 7.7% and 6.9% respectively. Good improvement in sales to KNM Process and sales to Austen Maritime Services Pte Ltd and PFC Engineering Sdn Bhd had contributed significantly to the higher sales of heating systems, which was dampen slightly by the lower sales to MMHE and THHE Fabricators. Increased in sales of flare systems is mainly due to sale to BASF Petronas Chemicals Sdn Bhd, Malaysian LNG Sdn Bhd, Sabah Shell and Chiyoda Malaysia whereas the main contributors to the higher sale of compressors are Sabah Shell, PETRONAS Penapisan, Malaysian Refining Company Sdn Bhd and Optimal.

Among the projects undertaken by Ranhill Worley and ExxonMobil during the years under review were Lekas Regasification project and Tapis EOR project respectively. On the other hand, MMHE has been involved in Gumusut-Kakap project, Tapis-R top sides' project and Damar natural gas field offshore project. Among the projects that Sabah Shell is involved in includes Gumusut-Kakap project.

(b) Analysis of gross profit and PBT

	Audited			
	FYE 2012	FYE 2013	FYE 2014	FYE 2015
Gross profit (RM'000)	28,644	36,469	31,898	32,010
PBT (RM'000)	23,021	32,515	25,965	29,180
Gross profit margin	25.0%	26.6%	35.7%	31.4%
PBT margin	20.1%	23.7%	29.1%	28.6%

The OGPC Group practices cost plus approach to its selling prices where costs are typically cost of products, sub-contracting works and outsourcing manpower, and other shipping and handling cost.

Gross profit margin ("**GP margin**") varied depending on the type of sales made i.e. Sale of Equipment or Engineering Services that were offered to its customers. The overall improvement in GP margins and PBT margins were in line with the increase in Engineering Services revenue, where generally higher profit margin was reported.

FYE 2012

The GP margin for the FYE 2012 increased from 20.3% to 25.0% with the reduction of sale of loading arms, which were sold at a lower margin. In addition, higher contribution from Engineering Services, which generated higher margin, from approximately RM3.5 million (2.9% of total revenue) in the FYE 2011 to approximately RM9.3 million (8.1% of total revenue) in the FYE 2012 helped in improving the GP margin.

FYE 2013

During the FYE 2013, contribution from Engineering Services further increased from approximately RM9.3 million (8.1% of total revenue) to approximately RM17 million (12.4% of total revenue). This resulted in an improved GP margin from 25.0% in the FYE 2012 to 26.6% for the FYE 2013 and PBT margin increased to 23.7% in the FYE 2013 as compared to 20.1% in the FYE 2012.

FYE 2014

During the FYE 2014, GP margin increased from 26.6% to 35.7% whereas PBT margin increased from 23.7% to 29.1%. The higher margins were due mainly to the increase in sales of parts and MRO businesses from the recently completed projects which generates higher margin.

FYE 2015

During the FYE 2015, both GP margin and PBT margin had reduced from 35.7% and 29.1% recorded in the FYE 2014 to 31.4% and 28.6%, respectively. The lower margins were mainly due to more discount being requested by and given to customers in order to secure the sales, in view of the slowing down of the projects in the O&G industry.

Included in the PBT for the years and periods under review were the foreign exchange gain/loss summarised in the schedule below:-

	Audited			
	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000	FYE 2015 RM'000
Realised gain/(loss)	2	(8)	(105)	378
Unrealised (loss)/gain	(976)	3,419	1,113	6,309
Total foreign exchange (loss)/gain	(974)	3,411	1,008	6,687

The OGPC Group received approval from BNM for it to receive foreign currency from all of its major customers. With the BNM approval, which were given based on individual customers, the OGPC Group is then able to bill its customers based on the currency of its purchases, providing natural hedge against foreign currency fluctuations. The payment for purchases and billing are made through foreign currency accounts and the balance of foreign currencies will be translated into RM at each financial year end for financial reporting purposes. Hence, the low realised gain/loss on foreign exchange recorded in the FYE 2012 to FYE 2014 due to less volatility of RM.

The impact of foreign exchange gain/loss on PBT margin of the OGPC Group is not material. However, due to the volatile RM in the FYE 2015, there was a significant gain arising from the translation of foreign currencies cash balances in the said financial year. The OGPC Group also made use of forward foreign currency contracts for hedging purposes.

1.2.2 Cost of sales

The cost of sales comprises mainly of the cost of products, services and the shipping and handling costs in connection with the shipping of the products to its customers located mainly in Malaysia. The OGPC Group usually delivers the products to its customers through forwarding agents or courier services. All these costs have been taken into consideration when quotations are provided to the customers. Products from overseas are primarily send by ship or by air in circumstances requiring urgent delivery and are usually shipped directly to the customers' premises.

As an authorised representative of specialised equipment, the costs of sales are largely dependent on the customers' specifications for the equipment and the demand for such equipment. As most of the suppliers of OGPC Group are foreign companies, billings in most cases are denominated in foreign currency such as USD, Euro ("**EUR**"), British Pound ("**GBP**"), Japanese Yen ("**Yen**") and Singapore Dollar ("**SGD**"). Please refer to **Section 16** of **Appendix III(A)** of this Abridged Prospectus for further information on the OGPC Group's major suppliers.

On average, the credit terms extended by the suppliers range from thirty (30) days to sixty (60) days upon delivery.

1.2.3 Other income

The main items included in other income for the years and periods under review are as follows:-

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	Audited			
	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000	FYE 2015 RM'000
Unrealised gain on foreign currency	-	3,419	1,143	6,309
Bad debts recovered	289	95	66	238
Settlement sum received	1,700	-	-	-

The unrealised gain on foreign currency recorded in the FYE 2013, FYE 2014 and FYE 2015 were due to fluctuation in foreign exchange rates. For the FYE 2015, due to the volatile RM, there was a significant increase in unrealised foreign exchange gain arising from the translation of foreign currencies cash balances in the said financial year.

The bad debts recovered for the four (4) FYEs were from a project in Sudan.

The settlement sum received in the FYE 2012 was pursuant to a consent judgement entered in respect of a litigation case involving the disposal of the OGPC's previously owned subsidiaries in 2009, namely OGPC Industries Sdn Bhd and OGPC Resources Sdn Bhd, which were incorporated on 21 April 2003 and 21 June 2004 respectively to Flexi Components Sdn Bhd. The reason for the disposal of aforesaid subsidiaries was because the OGPC Group wanted to focus on its O&G business operation.

OGPC Industries Sdn Bhd was involved in the electronics industry since the date of its incorporation until the date of disposal, mainly in the manufacturing and trading of speaker boxes and units, whereas OGPC Resources Sdn Bhd was involved in plastic injection moulding activities.

The buyer, Flexi Components Sdn Bhd, filed a suit against OGPC, its Directors and auditors for, inter alia, the losses suffered from purchase of those two previously owned subsidiaries. OGPC further denied and counter claim for the balance of the purchase consideration of RM2.0 million. In 2012, the consent judgement was entered and pursuant to which the buyer, Flexi Components Sdn Bhd, was ordered to pay RM1.7 million as settlement sum, which the buyer had duly paid in 2012.

1.2.4 Operating expenses

The OGPC Group operating expenses mainly consist of salary cost, depreciation, insurance, travelling, entertainment and office administrative charges. The OGPC Group's total operating expenses for the FYE 2012, FYE 2013, FYE 2014 and FYE 2015 were RM7.92 million, RM7.77 million, RM8.41 million and RM10.61 million, respectively.

Salary cost which was the biggest operating expense for the OGPC Group comprises of salary and related cost to personnel of OGPC Group, including its Directors. Salary cost accounted for 49.2%, 68.1%, 67.0% and 45.3% of the OGPC Group's total operating expenses for the FYEs 2012, 2013, 2014 and 2015 respectively. As a percentage of the OGPC Group's revenue, it amounted to 3.4%, 3.9%, 6.3% and 4.7% of the OGPC Group's revenue for the FYEs 2012, 2013, 2014 and 2015 respectively.

Depreciation expenses comprise of depreciation charges for OGPC's property, plant and equipment. For the past four (4) financial years, depreciation expenses accounted to approximately 5.1%, 7.1%, 6.5% and 4.5% of the OGPC Group's total operating expenses and amounted to less than 1% of the OGPC Group's total turnover for the past four (4) financial years.

Other operating expenses comprise mainly of travelling expenses incurred by the service personnel in carrying out Engineering Services at customers' premises, postage and courier charges, insurance and for certain years, realised and unrealised foreign exchange losses.

Other operating expenses that include an unrealised foreign exchange loss of RM0.98 million recorded in the FYE 2012, accounted for 45.6% of the OGPC Group's total operating expenses for the FYE 2012. For the FYE 2015, the other operating expenses includes an impairment of trade receivables of RM1.6 million. The other operating expenses for the FYEs 2013, 2014 and 2015 accounted for 24.8%, 26.5% and 31.1% of total operating expenses of the OGPC Group.

The current organisation set up of the OGPC Group is highly scalable and allow it to expand its operations with just a core team of personnel, without much increase in its operating expenses.

1.2.5 Taxation

The OGPC Group is subjected to the income tax at the applicable statutory rates in Malaysia. For the FYEs 2012 to 2015, the applicable statutory tax rate on the first RM500,000 of chargeable income was 20%. The applicable statutory tax rate to the balance of the chargeable income was 25%.

The effective income tax rates were 27.35%, 22.25%, 27.25%, and 24.59% of the OGPC Group's PBT for the FYEs 2012, 2013, 2014 and 2015 respectively. The higher effective income tax rates for the FYEs 2012 and 2014 as compared to the statutory tax rate of 25% was due to the high add back of non-deductible expenses. The lower effective income tax rates for the FYEs 2013 and 2015 as compared to the statutory tax rate of 25% was due to the low add back of non-deductible expenses.

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2. FACTORS AND TRENDS AFFECTING FUTURE FINANCIAL CONDITION AND RESULTS

The primary factors affecting the OGPC Group's financial condition and results include but are not limited to the follows:-

2.1 Internal factors affecting operations and financial results

2.1.1 Demand and supply conditions

The OGPC Group's revenue and profit are dependent on the supply and demand conditions as set out in **Section 14.17** and **Section 14.18** of **Appendix III(A)** of this Abridged Prospectus.

2.1.2 Support from principals

As set out in **Section 18.3** of **Appendix III(A)** of this Abridged Prospectus, the OGPC Group has been maintaining good working relationships with its principals, some of which have been with the OGPC Group for more than sixteen (16) years. For clarification, product/equipment warranty is provided by the suppliers/principals. In the event that warranty is provided by OGPC directly to its clients, OGPC will obtain "back to back" warranty from its suppliers/principals. In the event of any issues with the product, the supplier/principal either replace the relevant parts/equipment and/or rectify the problem. The continued support from its principals for the supply of specialised products and equipment together with its warranties are important to the OGPC Group business. The OGPC Group's ability to secure new principals is also a key factor to its ability to continue supplying the wide range of products.

2.1.3 Product mix

The revenue, gross margin and operating margin are substantially affected by the product mix or type of services offered. Generally, Sale of Equipment is the main contributor to OGPC Group revenue, whilst Engineering Services and sale of replacement parts provide higher margin. The revenue stream from replacement parts and maintenance is dependent on Sale of Equipment as high Sale of Equipment will create new opportunities for OGPC Group to provide Engineering Services and sale of replacement parts to these customers.

However, the selling prices of the equipment are largely dependent on the suppliers, as the cost of sales of this equipment typically represents a larger proportion of the final selling prices of new equipment. In contrast, there is greater flexibility and variability for the amount charged for Engineering Services.

2.2 External factors affecting operations and financial results

2.2.1 Competition

OGPC Group operates in the O&G industry which is a relatively competitive industry. However, OGPC Group offers a wide range of equipment and solution services in support of the industry which include amongst others, heating systems, compressors, pumps, flange, valves, flare system, filters and loading arms.

The OGPC Group is the appointed sales representative in Malaysia for a wide range of equipment and holds exclusive arrangement for equipment sale with international brand names. Types of equipment sold are primarily pumps, valves, compressors, loading arms, heating systems, filters, pipeline Pigging, flare system and sampling systems with exclusivity for brand names such as Altair, Applicot, SPX, Exterran, FMC, Cameron/Jiskoot, Peerless Grundfos, Pentair Valve, Pentair Thermal and AspenTech software.

The OGPC Group's products and services are provided to the giants of the industries namely, PETRONAS, ExxonMobil, Shell, MMHE, Talisman Malaysia Limited and Ranhill Worley. The OGPC Group share a long term business relationship with these customers, which some spans over seventeen (17) years.

The OGPC Group has an established presence in the industry with competent personnel, diverse range of products and the continued support of its customers. With that, the Directors and management of the OGPC Group are confident that OGPC Group is well positioned to withstand future competition and to secure projects in the future despite heavy competition from existing and potential customers.

It is also the intention of the OGPC Group to further expand business within and beyond Malaysia.

2.2.2 Effect of crude oil prices

Most of the OGPC Group's major customers are involved extensively in the entire value chain of the O&G and petrochemical industry. One of the major factors which may affect the level of oil exploration, development, production and refining activities is the level of crude oil prices. Therefore, it follows that high crude oil prices will spur the activities of the O&G industry and vice versa. The level of activity in the O&G and petrochemical industries will affect the demand for the OGPC Group's specialised equipment.

The OPEC has considerable influence on the price of hydrocarbons through their control of a sizeable proportion of the world's production capacity and reserves. Although the influence of OPEC over the market price of hydrocarbons is not absolute, OPEC has a vested interest in ensuring that hydrocarbon prices do not collapse, and as such are likely to actively attempt to sustain hydrocarbon prices at an 'acceptable' level.

2.3 Exceptional and extraordinary items

For the past four (4) FYEs 2012 to 2015, there were no exceptional and extraordinary items except that in the FYE 2012, OGPC received a settlement sum of RM1.7 million from a litigation case involving the disposal of OGPC's previous subsidiaries.

Please refer to **Section 1.2.3** of this **Appendix III(B)** for more details.

2.4 Impact of inflation

The historical profit of the OGPC Group for the past four (4) FYEs 2012 to 2015 were not materially affected by the impact of inflation. However, there can be no assurance that future inflation will not have an impact on the OGPC Group's business and financial performance.

2.5 Impact of government, economic, fiscal or monetary policies

Risks relating to government, economic, fiscal or monetary policies, which may materially affect the OGPC Group's operations, are as set out in **Section 6** of this Abridged Prospectus.

There are no government, economic, fiscal or monetary policies or factors that have materially impacted the historical profits for the past four (4) FYEs 2012 to 2015.

2.6 Impact of foreign exchange/interest rates/commodity prices

The functional and reporting currency of the OGPC Group is Ringgit Malaysia. Nevertheless, due to the nature of the O&G industry and its products are mainly sourced from international suppliers, the purchase of the products are mainly in foreign currencies such as USD, EUR, GBP, Yen and SGD. Therefore, the OGPC Group is also maintaining foreign currency accounts in USD, GBP and EUR.

As stated above, the costs of sales are mainly denominated in foreign currencies. Therefore, the revenue is also mainly denominated in foreign currencies such as USD, EUR and GBP, whereby, the denomination of revenue billings will usually follow OGPC Group suppliers' currency. This provides natural hedging whereby OGPC Group uses its proceeds in a particular currency to pay for the costs of sale in the same currency. This minimise the OGPC Group's foreign exchange exposure risk. In view of the volatile position of Ringgit Malaysia, the OGPC Group has also extended the scope of its existing facilities to include the hedging of foreign exchange fluctuations.

Operational expenses for its business operations such as manpower, travelling expenses and other administrative costs are denominated in RM.

The OGPC Group's provision of services and equipment, it is not materially affected by the fluctuations in commodity prices.

Other than trade lines, the OGPC Group does not have any financing facilities such as term loans and hence, the impact of interest rate on the operations is not expected to be material.

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3. LIQUIDITY AND CAPITAL RESOURCES

3.1 Working capital

The internal sources of cash comprise mainly cash generated from the revenue from operations, shareholders' equity, internally generated funds and retained earnings while external sources of financing are primarily from credit extended by the suppliers and the trade financing facilities.

OGPC Group generally reinvest most of the internally generated funds into the business and have a healthy cash balance without any gearing.

As at 31 December 2015, OGPC Group's total current assets stood at RM88.7 million and current liabilities stood at RM14.4 million, which gave rise to net working capital of RM74.3 million. Net working capital is defined as the difference between current assets and current liabilities. The current assets of OGPC Group comprised mainly of inventories of RM3.9 million, trade and other receivables (including tax recoverable) amounting to RM23.4 million and fixed deposits and cash and bank balances amounting to RM61.4 million.

Most of the customers normally settle outstanding bills within thirty (30) to ninety (90) days. At this juncture, the Directors of the OGPC Group do not foresee any circumstances which may materially affect the liquidity of the OGPC Group.

OGPC Group has low capital expenditure requirements as they are the authorised representative of specialised customised equipment and technical service provider. Currently, OGPC Group does not have any borrowing except for trade facilities with local financial institutions. OGPC Group has been maintaining good relationship with its bankers and is expected to be able to have the flexibility to take advantage of any new projects or investments as and when the need arises.

The Directors of the OGPC Group are of the opinion that after taking into account the existing unutilised sources of liquidity, banking facilities currently available to it and the dividend to be paid by OGPC Group (whereby the OGPC Group's adjusted net tangible assets would be rendered not less than RM44.38 million consisting of a cash balance of not less than RM25.20 million as at the completion date of the Acquisitions), the OGPC Group has adequate working capital for a period of twelve (12) months from the date of this Abridged Prospectus.

3.2 Cash flow

A summary of the cash flow of the OGPC Group for the FYE 2015 is as follows:-

	FYE 2015 RM'000
Net cash flow from operating activities	19,604
Net cash flow used in investing activities	(2,918)
Net cash flow used in financing activities	(13,701)
Net change in cash and cash equivalents	**2,985**
Currency translation differences	6,309
Cash and cash equivalents at the beginning of the financial year	50,206
Cash and cash equivalents at the end of the financial year	**59,500**

	FYE 2015 RM'000
Cash and cash equivalents comprise the following:-	
Fixed deposits with licenced banks	1,872
Cash and cash balances	59,500
	61,372
Less: Fixed deposits pledged with licenced banks	(1,872)
Net cash flow	**59,500**

(a) Net cash flows generated from operating activities

For the FYE 2015, the net cash inflow from operating activities amounted to RM19.6 million. This was due to the PBT of RM29.18 million recorded for the year adjusted for unrealised foreign exchange gain, depreciation, impairment loss on trade receivables, loss on disposal and written off of property, plant and equipment and interest income of RM6.31 million, RM0.48 million, RM1.64 million, RM0.06 million and RM0.06 million respectively.

The changes in working capital was due to cash outflows arising from decrease in trade and other payables of RM4.04 million, offset by decrease in receivables and inventories of RM5.78 million and RM1.52 million respectively. The OGPC Group paid income tax of RM8.66 million during the FYE 2015.

(b) Net cash flows used in investing activities

Using the cash flow generated from operating activities, the OGPC Group purchased new equipment amounting to approximately RM2.98 million during the FYE 2015. This was offset by interest received by the OGPC Group amounting to RM0.06 million.

(c) Net cash flows used in financing activities

In the FYE 2015, the net cash outflow from financing activities was mainly attributed to the payment of dividends of RM15.0 million and offset by withdrawal of pledged deposits of RM1.3 million.

The Directors of OGPC Group are of the opinion there are no legal, financial or economic restrictions on the ability of OGPCOG to transfer funds to OGPC and therefore, confirm that the OGPC Group can meet its cash obligations.

3.3 Capitalisation and indebtedness

As at the LPD, below are the capitalisation of the OGPC Group before and after the Proposals:-

Capitalisation	Before the Proposals	After the Proposals
		RM'000
Total shareholders' equity (excluding minority interest)	80,072	80,072

As at the LPD, the OGPC Group does not have any borrowings except for some trade lines used for its operations, which is in the usual course of day-to-day business of the OGPC Group.

3.4 Breach of terms and conditions/covenants associated with credit arrangement/bank loan

As at the LPD, the OGPC Group is not in breach of any terms and conditions or covenants associated with credit arrangement or bank loan, which can materially affect the financial results or business operations, or the investments by holders of securities in the respective companies.

3.5 Type of financial instruments used

For the past four (4) FYEs, the OGPC Group's financial instruments comprised mainly cash and bank balances, trade and other receivables, trade and other payables. As at the LPD, the outstanding foreign exchange forward contracts of the OGPC Group, which is used for foreign exchange hedging purposes, stands at RM2.3 million.

3.6 Treasury policies and objectives

The OGPC Group has been financing its operations through a combination of cash generated from operations, share capital, retained profits and credit from the suppliers. The principal uses of these cash resources are for the purchases of goods and to defray operating expenses as well as other expenses such as employee benefits expenses, upkeep of equipment, transport and travelling expenses. The funds were also used to finance capital expenditure and extending trade credit to the OGPC Group's customers.

The OGPC Group's purchases are denominated in various foreign currencies. Accordingly the sale to customer is also denominated in the same foreign currencies to provide natural hedge.

Further information on the OGPC Group's foreign exchange exposure, impact and mitigating factors are as described in **Section 2.6** of this **Appendix III(B)**.

3.7 Material commitment

As at the LPD, the Directors of the OGPC Group confirms that there are no material commitments for capital expenditure, which upon becoming enforceable may have a material effect on the financial position of the OGPC Group.

3.8 Material litigation/arbitration

As at the LPD, save as disclosed in **Section 3.2** of **Appendix XIII** of this Abridged Prospectus, both OGPC and OGPCOG are not engaged whether as plaintiff or defendant in any legal action, proceedings, arbitration or prosecution for any criminal offence, which has a material effect on the financial position of these companies, and the Directors of the OGPC Group do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position of the OGPC Group.

3.9 Contingent liabilities

As at the LPD, the Directors of the OGPC Group confirms that there are no contingent liabilities incurred or known to be incurred by the OGPC Group, which upon becoming due or enforceable, may have a material impact on the business, results of operations and financial results/position of the OGPC Group.

3.10 Key financial ratios

The key financial ratios of OGPC Group are as follows:-

	FYE			
	2012	2013	2014	2015
Trade receivables over turnover period (days)[3]	87	87	120	81
Trade payables turnover period (days)[3]	99	97	87	65
Inventories turnover period (days)[3]	14	21	35	21
Current ratio (times)[1]	3.7	3.4	4.2	6.2
Gearing ratio (times)[2]	nil	nil	nil	nil

Notes:-

(1) Computed based on total current assets divided by total current liabilities.

(2) Computed based on total borrowings over total equity/NA.

(3) Computed based on closing balances in the FYEs 2012, 2013, 2014 and 2015.

The current ratio of OGPC Group, which ranges from 3.4 times to 6.2 times, remained healthy throughout the financial years under review. The current ratio were quite consistent for the FYE 2012 and FYE 2013 and increased to 4.2 times in the FYE 2014. The higher current ratio in the FYE 2014 was mainly due to the decrease of trade payables from RM26.6 million to RM13.7 million. For the FYE 2015, the improvement in current ratio is mainly due to decrease in trade and other payables by approximately RM4.1 million.

3.10.1 Trade receivables turnover days

The OGPC Group's normal credit period given to trade debtors ranges from thirty (30) days to sixty (60) days. Other credit terms are assessed and approved on a case-by-case basis after taking into consideration, *inter-alia*, the background and credit-worthiness of the customers, payment history of the customers and the relationship with the customers.

Customers undertaking major projects may have more stringent requirement before payment can be processed and hence, result in longer turnover period. Despite the fluctuations in trade receivables turnover period, majority of the customers will usually settle their accounts within one hundred and twenty (120) days. During the past three (3) FYEs 2012 to 2014, the OGPC Group's trade receivables turnover period increased from eighty seven (87) days to one hundred and twenty (120) days. The increase in trade receivable turnover in the FYE 2014 was due to a customer requiring a longer approval process for finalising the Certificate of Progress Claim which was needed before payment can be made by the customer to the OGPC Group. For the FYE 2015, the trade receivables turnover period improved to eighty one (81) days, which is quite consistent with the FYE 2012 and FYE 2013.

Additionally, OGPC Group shares long term relationships with its major customers and has not encountered any significant difficulty in the collection of receivables. For the past three (3) FYEs 2012 to 2014, the OGPC Group did not make any provisions for doubtful debts as in the past, most outstanding trade receivables had been subsequently collected. In the FYE 2015, an impairment of trade receivables of RM1.6 million was made due to long duration of outstanding trade receivables.

As at the LPD, approximately 88.0% or RM19.9 million of the total trade receivables for the FYE 2015 had been subsequently collected. The Directors of the OGPC Group are of the opinion that all remaining outstanding receivables are recoverable.

3.10.2 Trade payables turnover days

The normal credit terms granted by the trade suppliers range from thirty (30) to sixty (60) days. The OGPC Group matches the payment with the collection from customers by assigning corresponding credit terms to its customers. In the event of delay in payment by customers, e.g. due to approval process, OGPC Group will still pay its creditors when the payment is due and payable from internally generated funds and trade facilities, if and when necessary. The OGPC Group's cash and bank balances as at the FYE 2012 to FYE 2015 are RM59 million, RM69 million, RM53 million and RM61 million respectively and hence the OGPC Group is able to meet its payment obligations. During the past four (4) FYEs 2012 to 2015, the OGPC Group's trade payables turnover period ranges from a low of sixty five (65) days to a high of ninety nine (99) days. Overall, for the past four (4) FYEs, the trade payables turnover period is on a declining trend owing healthy level of cash flow from the operations.

3.10.3 Inventories turnover days

The inventory turnover period of the OGPC Group for the past four (4) FYEs 2012 to 2015, as shown in the table above, has been consistently below forty (40) days. The increase in the inventories turnover period from fourteen (14) days in the FYE 2012 to thirty five (35) days in the FYE 2014 was due to a higher stocks in transit as at 31 December 2014. Most of the inventories of OGPC Group were stock in transit, which means, in the process of being delivered to the customers.

The business of OGPC Group includes, amongst others, selling customised designed/engineered products, including operating spare and capital spare. Operating spare is spare parts that are needed during operation and will constantly be replaced due to wear and tear. Capital spare is spare parts which are critical and have to be replaced immediately to ensure continuation of operation. These spare parts are usually purchased upfront and kept by its customers at their premises to reduce down time in the event of breakdowns. Hence, the OGPC Group is only required to maintain minimal inventories which are adequate for the efficient day-to-day running of the business.

Given that most of the inventories are work in progress and stock in transit, there is no material slow-moving or obsolete inventories as at 31 December 2015. There has not been any write-off of obsolete inventories in the past four (4) FYEs 2012 to 2015.

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3.10.4 Ageing analysis

The following table sets forth the ageing analysis for the trade receivables:-

RM'000	0 – 30 days	31 – 60 days	61 – 90 days	91 – 120 days	>120 days	Total
Trade payables (RM'000)	8,861	3,222	126	45	266	12,520
% of total trade payables	70.8	25.7	1.0	.0.4	2.1	100.0
Trade receivables (RM'000)	8,117	7,317	2,857	1,520	2,846	22,657
% of total trade receivables	35.8	32.3	12.6	6.7	12.6	100.0

The total trade payables of OGPC Group as at 31 December 2015 of RM12.5 million are mainly within credit term. RM12.1 million or 96.5% of the total trade payables are within the period of sixty (60) days while RM12.3 million or 97.7% is within one hundred and twenty (120) days.

The total trade receivables as at 31 December 2015 amounts to RM22.7 million, of which RM15.4 million or 68.1% are within sixty (60) days. Approximately RM19.8 million of the total trade receivables within one hundred and twenty (120) days and only RM2.8 million or 12.6% is more than 120 days. As stated in **Section 3.10.1** of this **Appendix III(B)**, normal credit period given to customers ranges from thirty (30) days to sixty (60) days. However, certain customers undertaking major projects may have more stringent requirement before payment can be processed and hence, result in longer turnover period.

4. TREND INFORMATION

4.1 Business and financial prospects

As at the LPD, the conditions and operations of the OGPC Group have not been and are not expected to be affected by any of the following:-

(a) known trends, demands, commitments, events or uncertainties that have had or that reasonably expect to have, a material favourable or unfavourable impact on the OGPC Group's financial performance, position and operations other than those discussed in this section, **Section 6** and **Section 7** of this Abridged Prospectus;

(b) material commitment for capital expenditure;

(c) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the OGPC Group, save as disclosed in this section and **Section 6** and **Section 7** of this Abridged Prospectus;

(d) known trends, demands, commitments, events or uncertainties that had/may resulted in a material impact on the OGPC Group revenue and/or profits save for those that have been disclosed in this section, O&G industry overview as set out in **Section 7.2** of this Abridged Prospectus and future plans, strategies and prospects of the OGPC Group as set out in **Section 19** and **Section 20** of **Appendix III(A)** of this Abridged Prospectus;

(e) known trends, demands, commitments, events or uncertainties that are reasonably likely to make the OGPC Group's historical financial statements not indicative of the future financial performance and position other than those disclosed in **Appendix VII** of this Abridged Prospectus; and

(f) known trends, demands, commitments, events or uncertainties that have had or that reasonably expect to have, a material favourable or unfavourable impact on the OGPC Group's liquidity and capital resources, other than those discussed in **Appendix VII** of this Abridged Prospectus.

The Directors of the OGPC Group are optimistic on the future prospect of the OGPC Group given the O&G industry outlook as set out in **Section 7.2** of this Abridged Prospectus, the OGPC Group's qualitative assessment set out in **Section 14** of **Appendix III(A)** of this Abridged Prospectus and the OGPC Group's dedication to implement the future plans and strategies set out in **Section 19** of **Appendix III(A)** of this Abridged Prospectus.

4.2 Order book

It is common that in the O&G industry, customers do not place long-term orders for Sale of Equipment and Engineering Services. As at the LPD, the OGPC Group has unbilled confirmed orders on-hand amounting to approximately RM18.9 million, the details of which are as follows:-

	Total	Estimated outstanding period of delivery 0 – 3 months	4 – 6 months	7 – 9 months
	RM 'Mil	RM 'Mil	RM 'Mil	RM 'Mil
Sale of Equipment				
OGPC	15.0	12.2	2.8	-
OGPCOG	1.1	1.1	-	-
Engineering Services				
OGPC	2.8	*	*	*
OGPCOG	-	-	-	-
Total	**18.9**			

Note:-

* *Relates to Engineering Services (including on-going services which cannot be quantified as at the LPD) rendered by the OGPC Group to its customers which such services are mostly rendered over a period of time, which an exact end date is not feasible to be accurately estimated. The RM2.8 million order book is not pursuant to any of the long term contract with its customers. Although the OGPC Group's customers are not obliged to engage the OGPC Group to perform the after-sales services, they would usually hire the OGPC Group for such services due to the close and cordial working relationships established throughout the years.*

These orders are however subject to cancellation, deferral or rescheduling by the customers. Accordingly, the order book as at any particular date may not be indicative of revenue for any succeeding period. In certain situations, such as major projects (with greater risk undertaking), the OGPC Group may include contractual terms to provide for the right to seek for compensation from its customers in the event of cancellation, not due to the OGPC Group's fault.

4.3 Dividend policy

Currently, the OGPC Group does not have a dividend policy. Upon the completion of the Acquisitions, the OGPC Group's dividend policy will be determined by its holding company, DNeX.

The actual dividend proposed and declared may vary depending on the financial performance and cash flow of the OGPC Group.

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Crowe Horwath™

Crowe Horwath AF 1018
Chartered Accountants
Member Crowe Horwath International

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Reporting Accountants' Letter on the Pro Forma Consolidated Statements of Financial Position (Prepared for the purpose of inclusion in this Abridged Prospectus)

Date: 20 JUN 2016

The Board of Directors
Dagang NeXchange Berhad
Tower 3, Avenue 5,
The Horizon, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.

Dear Sirs

DAGANG NeXCHANGE BERHAD ("DNeX")
REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

We have completed our assurance engagement to report on the compilation of the Pro Forma Consolidated Statements of Financial Position of DNeX and its subsidiaries ("DNeX Group" or "Group") as at 31 December 2015, together with the accompanying notes thereto. The Pro Forma Consolidated Statements of Financial Position, as set out in the accompanying statements (which we have stamped for the purpose of identification), has been compiled by the Board of Directors of DNeX ("Board") for the inclusion in the Abridged Prospectus of DNeX in connection with the following:

(i) Renounceable rights issue of 465,146,809 new DNeX Shares of RM0.20 each in DNeX ("Share(s)" or "DNeX Share(s)") ("Rights Share(s)") together with 465,146,809 new free detachable warrants ("Warrant(s)") at an issue price of RM0.21 for each Rights Share on the basis of three (3) Rights Shares together with three (3) Warrants for every five (5) existing DNeX Shares held as at an entitlement date to be determined later ("Entitlement Date") ("Rights Issue");

(ii) Special issue of 130,000,000 Shares together with 65,000,000 Warrants on the basis of one (1) Warrant for every two (2) special issue shares at an issue price of RM0.22 per Share ("Special Issue Share(s)") ("Special Issue");

(iii) Acquisition of OGPC Sdn. Bhd. ("OGPC") and OGPC O & G Sdn. Bhd. ("OGPCOG") (collectively, referred to as "OGPC Group") for RM170,000,000 to be satisfied by partial cash consideration of RM83,000,000 and remaining RM87,000,000 via issuance of 362,500,000 new DNeX Shares with 181,250,000 Warrants at an issue price of RM0.24 per DNeX Share (Consideration Shares") on the basis of one (1) Warrant for every two (2) Consideration Shares issued ("Acquisitions"); and

(iv) Establishment of an Employee's Share Option Scheme ("ESOS") of up to five percent (5%) of the issued and paid-up capital of DNeX ("ESOS").

(Collectively, referred to as the "Proposals").

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The applicable criteria on the basis of which the Board has compiled the Pro Forma Consolidated Statements of Financial Position are described in Note 1 of the Pro Forma Consolidated Statements of Financial Position.

The Pro Forma Consolidated Statements of Financial Position has been compiled by the Board, for illustrative purposes only, to illustrate the effect of the completed Proposals as described in Note 1 of the Pro Forma Consolidated Statements of Financial Position, on DNeX's financial position as at 31 December 2015. As part of this process, information about DNeX's and OGPC Group financial position have been extracted by the Board from the following:

- DNeX's audited consolidated financial statements for the financial year ended 31 December ("FYE") 2015, on which the audit report was dated 26 February 2016; and

- Accountants' Report on OGPC Group for the FYE 2015 which was prepared in compliance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

THE BOARD OF DIRECTORS' RESPONSIBILITIES

The Board is responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis as described in Note 1 of the Pro Forma Consolidated Statements of Financial Position.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion about whether the Pro Forma Consolidated Statements of Financial Position has been compiled, in all material respects, by the Board on the basis as described in Note 1 of the Pro Forma Consolidated Statements of Financial Position.

We conducted our engagement in accordance with the **International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagement to Report on the Compilation of Pro Forma Financial Information included in a Prospectus***, issued and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board has compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis of the applicable criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinion on any historical financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position. In providing this opinion, we do not accept any responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions where addressed by us at the dates of their issue.

The purpose of the Pro Forma Consolidated Statements of Financial Position included in the Abridged Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2015 would have been as presented.

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A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of DNeX, the events or transactions in respect of which the Pro Forma Consolidated Statements of Financial Position has been compiled, and other relevant engagement circumstances. The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

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

OPINION

In our opinion, the Pro Forma Consolidated Statements of Financial Position has been compiled, in all material respects, on the basis of the applicable criteria.

OTHER MATTER

This letter has been prepared solely for the purpose of inclusion in the Abridged Prospectus in connection with the Proposals. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully,

Crowe Horwath

Crowe Horwath
Firm No: AF 1018
Chartered Accountants
Kuala Lumpur

Chan Kuan Chee
Approval No: 2271/10/17 (J)
Chartered Accountant

OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(Cont'd)*

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DAGANG NeXCHANGE BERHAD ("DNeX")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015
MAXIMUM SCENARIO

	Note	DNeX Audited as at 31 December 2015 RM'000	Adjustments RM'000	Pro Forma I After Rights Issue with Warrants RM'000	Adjustments RM'000	Pro Forma II After Pro Forma I and Special Issue with Warrants RM'000	Adjustments RM'000	Pro Forma III After Pro Forma II and Acquisitions with Warrants RM'000	Adjustments RM'000	Pro Forma IV After Pro Forma III and full exercise of the Warrants RM'000	Adjustments RM'000	Pro Forma V After Pro Forma IV and full exercise of the ESOS Options RM'000
ASSETS												
NON-CURRENT ASSETS												
Plant and equipment	2	21,250		21,250		21,250	10,137	31,387		31,387		31,387
Goodwill on consolidation	3	1,636		1,636		1,636	111,985	113,821		113,821		113,821
Intangible assets		3,553		3,553		3,553		3,553		3,553		3,553
Other investments		4,172		4,172		4,172		4,172		4,172		4,172
Trade and other receivables		985		985		985		985		985		985
		31,596		31,596		31,596		153,718		153,718		153,718
CURRENT ASSETS												
Receivables, deposits and prepayments	4	93,657		93,657		93,657	23,128	116,785		116,765		116,785
Inventories	5	-		-		-	3,932	3,932		3,932		3,932
Tax recoverable	6	1,916		1,916		1,916	276	2,192		2,192		2,192
Cash and cesh equivalents	7	46,120	97,681	143,801	28,600	172,401	(51,428)	120,973	355,698	476,671	26,234	502,905
		141,693		239,374		267,974		243,882		599,580		625,814
TOTAL ASSETS		173,289		270,970		299,570		397,600		753,298		779,532

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Company No. 10039-P

OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(Cont'd)*

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DAGANG NeXCHANGE BERHAD ("DNeX")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 (CONT'D)
MAXIMUM SCENARIO

	Note	DNeX Audited as at 31 December 2015 RM'000	Adjustments RM'000	Pro Forma I After Rights Issue with Warrants RM'000	Adjustments RM'000	Pro Forma II After Pro Forma I and Special Issue with Warrants RM'000	Adjustments RM'000	Pro Forma III After Pro Forma II and Acquisitions with Warrants RM'000	Adjustments RM'000	Pro Forma IV After Pro Forma III and full exercise of the Warrants RM'000	Adjustments RM'000	Pro Forma V After Pro Forma IV and full exercise of the ESOS Options RM'000
EQUITY AND LIABILITIES												
EQUITY												
Share capital	8	155,049	93,029	248,078	26,000	274,078	72,500	346,578	142,279	488,857	24,443	513,300
Reserves												
- Share premium	9	-	3,489	3,489	2,457	5,946	11,097	17,043	215,145	232,188	2,402	234,590
- Warrants reserve	10	-	1,163	1,163	143	1,306	420	1,726	(1,726)	-		-
- ESOS reserve	11	-		-		-		-		-	-	-
- Translation reserve		(54)		(54)		(54)		(54)		(54)		(54)
- Accumulated losses	12	(53,995)	-	(53,995)		(53,995)	(1,817)	(55,812)		(55,812)	(611)	(56,423)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		101,000		198,681		227,281		309,481		665,179		691,413
NON-CONTROLLING INTERESTS		(747)		(747)		(747)		(747)		(747)		(747)
TOTAL EQUITY		100,253		197,934		226,534		308,734		664,432		690,666
NON-CURRENT LIABILITIES												
Deferred tax liabilities	13	658		658		658	1,408	2,066		2,066		2,066
Borrowings		1,541		1,541		1,541		1,541		1,541		1,541
Deferred income		-		-		-		-		-		-
		2,199		2,199		2,199		3,607		3,607		3,607
CURRENT LIABILITIES												
Trade and other payables	14	50,733		50,733		50,733	14,422	65,155		65,155		65,155
Borrowings		18,495		18,495		18,495		18,495		18,495		18,495
Tax payable		1,609		1,609		1,609	-	1,609		1,609		1,609
		70,837		70,837		70,837		85,259		85,259		85,259
TOTAL LIABILITIES		73,036		73,036		73,036		88,866		88,866		88,866
TOTAL EQUITY AND LIABILITIES		173,289		270,970		299,570		397,600		753,298		779,532

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OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(Cont'd)*

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DAGANG NeXCHANGE BERHAD ("DNeX")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 (CONT'D)
MAXIMUM SCENARIO

	Note	DNeX Audited as at 31 December 2015 RM'000	Adjustments RM'000	Pro Forma I After Rights Issue with Warrants RM'000	Adjustments RM'000	Pro Forma II After Pro Forma I and Special Issue with Warrants RM'000	Adjustments RM'000	Pro Forma III After Pro Forma II and Acquisitions with Warrants RM'000	Adjustments RM'000	Pro Forma IV After Pro Forma III and full exercise of the Warrants RM'000	Adjustments RM'000	Pro Forma V After Pro Forma IV and full exercise of the ESOS Options RM'000
Number of ordinary shares of RM0.20 each ('000)	8	775,245	465,146	1,240,391	130,000	1,370,391	362,500	1,732,891	711,397	2,444,288	122,214	2,566,502
Net assets/(liabilities) ("NA/(NL)") (RM'000)		100,253		197,934		226,534		308,734		684,432		690,666
Net tangible assets ("NTA") (RM'000)		95,064		192,745		221,345		191,560		547,258		573,492
NA/(NL) per ordinary share (RM)		0.13		0.16		0.17		0.18		0.27		0.27
NTA per ordinary share (RM)		0.12		0.16		0.16		0.11		0.22		0.22
EPS (Sen)												
- Basic		1.45		0.91		0.82		1.64		1.16		1.11
- Diluted		n/a		0.66		0.78		1.49		1.16		1.11
Borrowings		20,036		20,036		20,036		20,036		20,036		20,036
Debt to equity ratio		0.20		0.10		0.09		0.06		0.03		0.03

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OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(Cont'd)*

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DAGANG NeXCHANGE BERHAD ("DNeX")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 (CONT'D)
MINIMUM SCENARIO

	Note	DNeX Audited as at 31 December 2015 RM'000	Adjustments RM'000	Pro Forma I After Rights Issue with Warrants RM'000	Adjustments RM'000	Pro Forma II After Pro Forma I and Special Issue with Warrants RM'000	Adjustments RM'000	Pro Forma III After Pro Forma II and Acquisitions with Warrants RM'000	Adjustments RM'000	Pro Forma IV After Pro Forma III and no Warrants exercised RM'000	Adjustments RM'000	Pro Forma V After Pro Forma IV and full exercise of the ESOS Options RM'000
ASSETS												
NON-CURRENT ASSETS												
Plant and equipment	2	21,250		21,250		21,250	10,137	31,387		31,387		31,387
Goodwill on consolidation	3	1,636		1,636		1,636	111,985	113,621		113,621		113,621
Intangible assets		3,553		3,553		3,553		3,553		3,553		3,553
Other investments		4,172		4,172		4,172		4,172		4,172		4,172
Trade and other receivables		985		985		985		985		985		985
		31,596		31,596		31,596		153,716		153,718		153,718
CURRENT ASSETS												
Receivables, deposits and prepayments	4	93,657		93,657		93,657	23,128	116,785		116,785		116,785
Inventories	5	-		-		-	3,932	3,932		3,932		3,932
Tax recoverable	6	1,916		1,916		1,916	276	2,192		2,192		2,192
Cash and cash equivalents	7	46,120	97,681	143,801	28,600	172,401	(51,428)	120,973		120,973	18,598	139,571
		141,693		239,374		267,974		243,882		243,882		262,480
TOTAL ASSETS		173,289		270,970		299,570		397,600		397,600		416,198

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OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(Cont'd)*

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DAGANG NeXCHANGE BERHAD ("DNeX")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 (CONT'D)
MINIMUM SCENARIO

	Note	DNeX Audited as at 31 December 2015 RM'000	Adjustments RM'000	Pro Forma I After Rights Issue with Warrants RM'000	Adjustments RM'000	Pro Forma II After Pro Forma I and Special Issue with Warrants RM'000	Adjustments RM'000	Pro Forma III After Pro Forma II and Acquisitions with Warrants RM'000	Adjustments RM'000	Pro Forma IV After Pro Forma III and no Warrants exercised RM'000	Adjustments RM'000	Pro Forma V After Pro Forma IV and full exercise of the ESOS Options RM'000
EQUITY AND LIABILITIES												
EQUITY												
Share capital	8	155,049	93,029	248,078	26,000	274,078	72,500	346,578		346,578	17,329	363,907
Reserves												
- Share premium	9	-	3,489	3,489	2,457	5,946	11,097	17,043		17,043	1,702	18,745
- Warrants reserve	10	-	1,163	1,163	143	1,306	420	1,726		1,726		1,726
- ESOS reserve	11	-		-		-		-		-	-	-
- Translation reserve		(54)		(54)		(54)		(54)		(54)		(54)
- Accumulated losses	12	(53,995)	-	(53,995)		(53,995)	(1,817)	(55,812)		(55,812)	(433)	(56,245)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		101,000		198,681		227,281		309,481		309,481		328,079
NON-CONTROLLING INTERESTS		(747)		(747)		(747)		(747)		(747)		(747)
TOTAL EQUITY		100,253		197,934		226,534		308,734		308,734		327,332
NON-CURRENT LIABILITIES												
Deferred tax liabilities	13	658		658		658	1,408	2,066		2,066		2,066
Borrowings		1,541		1,541		1,541		1,541		1,541		1,541
Deferred income		-		-		-		-		-		-
		2,199		2,199		2,199		3,607		3,607		3,607
CURRENT LIABILITIES												
Trade and other payables	14	50,733		50,733		50,733	14,422	65,155		65,155		65,155
Borrowings		18,495		18,495		18,495		18,495		18,495		18,495
Tax payable		1,609		1,609		1,609	-	1,609		1,609		1,609
		70,837		70,837		70,837		85,259		85,259		85,259
TOTAL LIABILITIES		73,036		73,036		73,036		88,866		88,866		88,866
TOTAL EQUITY AND LIABILITIES		173,289		270,970		299,570		397,600		397,600		416,198

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OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(Cont'd)*

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DAGANG NeXCHANGE BERHAD ("DNeX")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 (CONT'D)
MINIMUM SCENARIO

	Note	DNeX Audited as at 31 December 2015 RM'000	Adjustments RM'000	Pro Forma I After Rights Issue with Warrants RM'000	Adjustments RM'000	Pro Forma II After Pro Forma I and Special Issue with Warrants RM'000	Adjustments RM'000	Pro Forma III After Pro Forma II and Acquisitions with Warrants RM'000	Adjustments RM'000	Pro Forma IV After Pro Forma III and no Warrants exercised RM'000	Adjustments RM'000	Pro Forma V After Pro Forma IV and full exercise of the ESOS Options RM'000
Number of ordinary shares of RM0.20 each ('000)	6	775,245	465,146	1,240,391	130,000	1,370,391	362,500	1,732,891	-	1,732,891	86,645	1,819,536
Net assets/(liabilities) ("NA/(NL)") (RM'000)		100,253		197,934		226,534		308,734		308,734		327,332
Net tangible assets ("NTA") (RM'000)		95,064		192,745		221,345		191,560		191,560		210,158
NA/(NL) per ordinary share (RM)		0.13		0.16		0.17		0.18		0.18		0.18
NTA per ordinary share (RM)		0.12		0.16		0.16		0.11		0.11		0.12
EPS (Sen)												
- Basic		1.45		0.91		0.82		1.64		1.64		1.56
- Diluted		n/a		0.66		0.76		1.49		1.16		1.11
Borrowings		20,036		20,036		20,036		20,036		20,036		20,036
Debt to equity ratio		0.20		0.10		0.09		0.06		0.06		0.06

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DAGANG NeXCHANGE BERHAD ("DNeX")
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

1. BASIS OF PREPARATION

The Pro Forma Consolidated Statements of Financial Position of DNeX have been prepared based on audited consolidated statements of financial position of DNeX as at 31 December 2015 had the Rights Issue, Special Issue, Acquisitions and ESOS (as defined above) and full exercise of the Warrants issued pursuant to the Rights Issue, Special Issue and Acquisitions as described in Note 1(a) and 1(b) below, been effected on that date. The Pro Forma Consolidated Statements of Financial Position of DNeX have been properly compiled on the basis stated using financial statements prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") in Malaysia, and in a manner consistent with both the format of the financial statements and the accounting policies of DNeX except for the adoption of the following new accounting policies:

(a) *Share-based Payment Transactions*

The Group operates an equity-settled share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of DNeX (known as "share options").

At grant date, the fair value of the share options is recognised as an expense on a straight-line method over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding credit to employee share option reserve in equity. The amount recognised as an expense is adjusted to reflect the actual number of the share options that are expected to vest. Service and non-market performance conditions attached to the transaction are not taken into account in determining the fair value.

In DNeX separate financial statements, the grant of the share options to the subsidiaries' employees is not recognised as an expense. Instead, the fair value of the share options measured at the grant date is accounted for as an increase to the investment in subsidiary undertaking with a corresponding credit to the employee share option reserve.

Upon expiry of the share option, the employee share option reserve is transferred to retained profits. When the share options are exercised, the employee share option reserve is transferred to share capital or share premium if new ordinary shares are issued.

(b) *Warrants*

Amount allocated in relation to the issuance of warrants are credited to the warrant reserve which is non-distributable. The warrant reserve is transferred to the share premium account upon the exercise of the warrants and the warrant reserve in relation to the unexercised warrants at the expiry of the warrants period will be transferred to the retained earnings.

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DAGANG NeXCHANGE BERHAD ("DNeX")
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

1. BASIS OF PREPARATION (CONT'D)

The Pro Forma Consolidated Statements of Financial Position has been prepared solely for illustrative purposes, to show the effects of:

(i) The Rights Issue, Special Issue, Acquisitions and ESOS to raise gross proceeds of approximately RM508,213,000 for Maximum Scenario (Assuming all entitled shareholders to exercise in full for their entitlements of Warrants and all eligible persons who meet the criteria of eligibility for participation in the ESOS as set out in the by-laws governing the ESOS to be adopted by DNeX prior to the implementation of the ESOS ("Eligible Person(s)") ("By-Laws") to subscribe their ESOS options ("ESOS Option(s)"); and

(ii) The Rights Issue, Special Issue, Acquisitions and ESOS to raise gross proceeds of approximately RM144,879,000 for Minimum Scenario (Assuming all Eligible Person to subscribe in full for their entitlements ESOS Options and none of Warrants are exercised).

As the Pro Forma Consolidated Statements of Financial Position is prepared on the basis as described above, the final determination of the purchase price allocation will be based on the established fair value of the assets acquired, including the fair value of the identifiable intangible assets, liabilities assumed as of the acquisition date, in accordance with MFRS 3 – Business Combinations. The excess of the purchase price over the fair value of the net assets acquired is allocated to goodwill, or vice versa be reflected as discount on acquisition. Accordingly, the final determination of the purchase price fair value and resulting goodwill or discount on acquisition may differ significantly from what is reflected in the Pro Forma Consolidated Statements of Financial Position.

The details of the maximum and minimum scenarios are set out below:-

(a) Maximum Scenario

The maximum scenario assumes the following:-

(i) Full subscription and issuance of 465,146,809 Rights Shares with 465,146,809 Warrants at an issue price of RM0.21 per Rights Share to raise gross proceeds of approximately RM97,681,000 on the basis of three (3) Rights Share together with three (3) Warrants for every five (5) existing DNeX Shares held. The warrants reserve assumes the fair value of the Warrants of approximately RM0.0050 each, being the values determined and used to allocate the proceeds of the Rights Issue;

(ii) Special Issue of 130,000,000 Shares with 65,000,000 Warrants on the basis of one (1) Warrant for every two (2) Special Issue Shares at an issue price of RM0.22 per Share to raise gross proceeds of approximately RM28,600,000. The warrants reserve assumes the fair value of the Warrants of approximately RM0.0050 each, being the values determined and used to allocate the proceeds of the Special Issue;

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DAGANG NeXCHANGE BERHAD ("DNeX")
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

1. BASIS OF PREPARATION (CONT'D)

(a) Maximum Scenario (Cont'd)

The maximum scenario assumes the following (Cont'd):-

(iii) The Acquisitions involves the acquisition of the OGPC Group as follows:

(a) The OGPC Acquisition involves the acquisition of 500,000 ordinary shares of RM1.00 each representing 100% of the issued and paid-up capital of OGPC for a purchase consideration of RM164,636,700 to be satisfied via partial cash consideration of RM80,381,448 and remaining via issuance of 351,063,550 new DNeX Shares with 175,531,775 Warrants at an issue price of RM0.24 per Share on the basis of one (1) Warrant for every two (2) new DNeX Shares issued for the balance amount of RM84,255,252; and

(b) The OGPCOG Acquisition involves the acquisition of 520,000 ordinary shares of RM1.00 each representing 52% of the issued and paid-up capital of OGPCOG for a purchase consideration of RM5,363,300 to be satisfied via partial cash consideration of RM2,618,552 and remaining via issuance of 11,436,450 new DNeX Shares with 5,718,225 Warrants at an issue price of RM0.24 per Share on the basis of one (1) Warrant for every two (2) new DNeX Shares issued for the balance amount of RM2,744,748.

The warrants reserve assumes the fair value of the Warrants of approximately RM0.0050 each, being the values determined and used to allocate the issuance of new DNeX Shares.

The estimated expenses for the completion of the Rights Issue, Special Issue and Acquisitions are estimated at a total of approximately RM4,800,000. The estimated expenses relating to the Acquisitions on a weighted average method basis of approximately RM1,817,000 will be charged to retained earnings.

(iv) The ESOS of up to five percent (5%) of the issued and paid-up capital of DNeX (122,214,415 ESOS Options) to Eligible Persons. The option granted under the ESOS shall entitle the Entitled Persons to subscribe for new DNeX Shares at a pre-determined price ("ESOS Options").

The ESOS reserve assumes the fair value of the ESOS Options of approximately RM0.0050 each of the five percent (5%) of the issued and paid-up capital.

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DAGANG NeXCHANGE BERHAD ("DNeX")
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

1. BASIS OF PREPARATION (CONT'D)

(b) Minimum Scenario

The minimum scenario assumes the following:

(i) Full subscription and issuance of 465,146,809 Rights Shares with 465,146,809 Warrants at an issue price of RM0.21 per Rights Share to raise gross proceeds of approximately RM97,681,000 on the basis of three (3) Rights Share together with three (3) Warrants for every five (5) existing DNeX Shares held. The warrants reserve assumes the fair value of the Warrants of approximately RM0.0050 each, being the values determined and used to allocate the proceeds of the Rights Issue;

(ii) Special Issue of 130,000,000 Shares with 65,000,000 Warrants on the basis of one (1) Warrant for every two (2) Special Issue Shares at an issue price of RM0.22 per Share to raise gross proceeds of approximately RM28,600,000. The warrants reserve assumes the fair value of the Warrants of approximately RM0.0050 each, being the values determined and used to allocate the proceeds of the Special Issue;

(iii) The Acquisitions involves the acquisition of the OGPC Group as follows:

(a) The OGPC Acquisition involves the acquisition of 500,000 ordinary shares of RM1.00 each representing 100% of the issued and paid-up capital of OGPC for a purchase consideration of RM164,636,700 to be satisfied via partial cash consideration of RM80,381,448 and remaining via issuance of 351,063,550 new DNeX Shares with 175,531,775 Warrants at an issue price of RM0.24 per Share on the basis of one (1) Warrant for every two (2) new DNeX Shares issued for the balance amount of RM84,255,252; and

(b) The OGPCOG Acquisition involves the acquisition of 520,000 ordinary shares of RM1.00 each representing 52% of the issued and paid-up capital of OGPCOG for a purchase consideration of RM5,363,300 to be satisfied via partial cash consideration of RM2,618,552 and remaining via issuance of 11,436,450 new DNeX Shares with 5,718,225 Warrants at an issue price of RM0.24 per Share on the basis of one (1) Warrant for every two (2) new DNeX Shares issued for the balance amount of RM2,744,748.

The warrants reserve assumes the fair value of the Warrants of approximately RM0.0050 each, being the values determined and used to allocate the issuance of new DNeX Shares.

The estimated expenses for the completion of the Rights Issue, Special Issue and Acquisitions are estimated at a total of approximately RM4,800,000. The estimated expenses relating to the Acquisitions on a weighted average method basis of approximately RM1,817,000 will be charged to retained earnings.

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DAGANG NeXCHANGE BERHAD ("DNeX")
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

1. BASIS OF PREPARATION (CONT'D)

(b) Minimum Scenario (Cont'd)

The minimum scenario assumes the following (Cont'd):

(iv) The ESOS of up to five percent (5%) of the issued and paid-up capital of DNeX (86,644,574 ESOS Options) to Eligible Persons. The option granted under the ESOS shall entitle the Entitled Persons to subscribe for new DNeX Shares at a pre-determined price ("ESOS Options").

The ESOS reserve assumes the fair value of the ESOS Options of approximately RM0.0050 each of the five percent (5%) of the issued and paid-up capital.

The latest practicable date ("LPD") prior to the issuance of the Pro Forma Consolidated Statements of Financial Position for the inclusion in the Abridged Prospectus of DNeX was on 31 May 2016. For illustrative purposes, the date of the market price used to estimate the fair value of the Warrants was on 31 May 2016.

1.1 Pro Forma I

The full subscription of 465,146,809 Rights Shares under maximum and minimum scenarios would give rise to an increase in the issued and paid-up capital of DNeX of approximately RM93,029,000. Share premium will increase by RM3,489,000 to RM3,489,000. The full subscription of 465,146,809 Rights Shares will generate total gross cash proceeds of approximately RM97,681,000.

The Rights Shares and Warrants are recognised at their fair values. The fair values of the Rights Shares and Warrants were proportionately adjusted to their issued price of RM0.21 per Rights Share.

The fair value of the warrants of approximately RM0.0050 per Warrant is determined using the "American-Binomial Option" pricing model based on the following key assumptions:

Exercise price	RM0.50 per Warrant
Tenure of the Warrants	Five (5) years from the issuance of the Warrants
Exercise period	The Warrants may be exercised at any time on and including the date of issuance and ending on the business day immediately preceding the fifth anniversary of the date of issuance
Risk free interest rate	3.68%
Expected dividend yield	0.00%
Expected share price volatility	30.59%

The 465,146,809 Warrants under maximum and minimum scenarios will generate a total of approximately RM1,163,000 warrants reserve respectively.

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DAGANG NeXCHANGE BERHAD ("DNeX")
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

1. BASIS OF PREPARATION (CONT'D)

1.2 Pro Forma II

The 130,000,000 Special Issue Shares under maximum and minimum scenarios will give rise to an increase in the issued and paid-up capital of DNeX of RM26,000,000 respectively. Share premium will increase by RM2,457,000 to RM5,946,000. The Special Issue will generate total gross cash proceeds of approximately RM28,600,000.

The Special Issue Shares and Warrants are recognised at their fair values. The fair values of the Special Issue Shares and Warrants were proportionately adjusted to their issued price of RM0.22 per Share.

The fair value of the warrants of approximately RM0.0050 per Warrant is determined using the "American-Binomial Option" pricing model as disclosed in Note 1.1 above.

The 65,000,000 Warrants under maximum and minimum scenarios will generate a total of approximately RM143,000 warrants reserve respectively.

1.3 Pro Forma III

The Acquisitions of the 100% equity interest in OGPC and 52% equity interest in OGPCOG at a Purchase Consideration to be satisfied via the cash consideration and the issuance of new DNeX Shares as disclosed in Note 1(a)(iii) and 1(b)(iii) respectively are as follows:

Consideration	RM
Cash consideration	83,000,000
New DNeX Shares	87,000,000
Total Purchase Consideration	**170,000,000**

Upon completion of the Acquisitions, OGPC Group will be the wholly-owned subsidiaries of DNeX.

The Acquisitions would give rise to an increase in the issued and paid-up capital of DNeX of RM72,500,000 for both maximum and minimum scenarios respectively. Share premium will increase by approximately RM11,097,000 to RM17,043,000 after netting off against the estimated expenses relating to the Rights Issue and Special Issue on a pro-rated basis of approximately RM2,968,000.

The estimated expenses relating to the Acquisitions on a pro-rated basis of approximately RM1,817,000 will be charged to retained earnings.

The new DNeX Shares and Warrants are recognised at their fair values. The fair values of the new DNeX Shares and Warrants were proportionately adjusted to their issued price of RM0.24 per Share.

The fair value of the warrants of approximately RM0.0050 per Warrant is determined using the "American-Binomial Option" pricing model as disclosed in Note 1.1 above.

The 181,250,000 Warrants under maximum and minimum scenarios will generate a total of approximately RM420,000 warrants reserve respectively.

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DAGANG NeXCHANGE BERHAD ("DNeX")
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

1.4 Pro Forma IV

The full exercise of 711,396,809 Warrants under maximum scenario will generate total cash proceeds of approximately RM355,698,000. The exercise price of RM0.50 per Warrant represents a premium of RM0.2647 to the theoretical ex-rights price of DNeX Shares of RM0.2353 based on five (5)-day volume weighted average market price up to LPD of RM0.2504.

Pursuant to the full exercise of the 711,396,809 Warrants, 711,396,809 new DNeX Shares will be issued and this will increase the issued and paid-up capital and share premium account of DNeX by approximately RM142,279,000 and RM215,145,000 respectively. The amount of approximately RM1,726,000 of the warrants reserve will be transferred to share premium.

None of the Warrants are exercised under minimum scenario.

1.5 Pro Forma V

The fair value of the ESOS Options of approximately RM0.0050 per Share Option is determined using the same assumptions as defined in the warrants.

The granting and vesting of the ESOS Options of approximately RM611,000 under maximum scenario will be charged to retained earnings. The full exercise of the ESOS Options will generate total cash proceeds of approximately RM24,234,000. Pursuant to the full exercise of the ESOS Options, 122,214,415 new DNeX Shares will be issued and this will increase the issued and paid-up capital and share premium account of DNeX by approximately RM24,443,000 and RM2,402,000 respectively.

The granting and vesting of the ESOS Options of RM433,000 under minimum scenario will be charged to retained earnings. The full exercise of the ESOS Options will generate total cash proceeds of approximately RM18,598,000. Pursuant to the full exercise of the ESOS Options, 86,644,574 new DNeX Shares will be issued and this will increase the issued and paid-up capital and share premium account of DNeX by approximately RM17,329,000 and RM1,702,000 respectively.

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DAGANG NeXCHANGE BERHAD ("DNeX")
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

2. PLANT AND EQUIPMENT

The movements in plant and equipment of DNeX are as follows:-

	Maximum Scenario RM'000	Minimum Scenario RM'000
At 31 December 2015/As per Pro Forma I/II	21,250	21,250
Acquisition of OGPC Group	10,137	10,137
As per Pro Forma III/IV/V	31,387	31,387

3. GOODWILL ON CONSOLIDATION

The movements in goodwill on consolidation of DNeX are as follows:-

	Maximum Scenario RM'000	Minimum Scenario RM'000
At 31 December 2015/As per Pro Forma I/II	1,636	1,636
Acquisition of OGPC Group	111,985	111,985
As per Pro Forma III/IV/V	113,621	113,621

The final goodwill on acquisition will depend on the purchase price allocation to be conducted in accordance with MFRS 3 – Business Combinations, whereby the fair value of the assets and liabilities of OGPC Group acquired will be ultimately determined. Accordingly, the final determination of the purchase price fair value and resulting goodwill or discount on acquisition may differ significantly from what is reflected in the Pro Forma Consolidated Statements of Financial Position.

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DAGANG NeXCHANGE BERHAD ("DNeX")
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

4. RECEIVABLES, DEPOSITS AND PREPAYMENTS

The movements in receivables, deposits and prepayments of DNeX are as follows:-

	Maximum Scenario RM'000	Minimum Scenario RM'000
At 31 December 2015/As per Pro Forma I/II	93,657	93,657
Acquisition of OGPC Group	23,128	23,128
As per Pro Forma III/IV/V	116,785	116,785

5. INVENTORIES

The movements in inventories of DNeX are as follows:-

	Maximum Scenario RM'000	Minimum Scenario RM'000
At 31 December 2015/As per Pro Forma I/II	-	-
Acquisition of OGPC Group	3,932	3,932
As per Pro Forma III/IV/V	3,932	3,932

6. TAX RECOVERABLE

The movements in tax recoverable of DNeX are as follows:-

	Maximum Scenario RM'000	Minimum Scenario RM'000
At 31 December 2015/As per Pro Forma I/II	1,916	1,916
Acquisition of OGPC Group	276	276
As per Pro Forma III/IV/V	2,192	2,192

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DAGANG NeXCHANGE BERHAD ("DNeX")
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

7. CASH AND CASH EQUIVALENTS

The movements in cash and cash equivalents of DNeX are as follows:-

	Maximum Scenario RM'000	Minimum Scenario RM'000
At 31 December 2015	46,120	46,120
Arising from rights issue	97,681	97,681
As per Pro Forma I	143,801	143,801
Arising from special issue	28,600	28,600
As per Pro Forma II	172,401	172,401
Dividend ^	(25,000)	(25,000)
Acquisition of OGPC Group		
- OGPC Group cash and cash equivalents	61,372	61,372
- Cash consideration for Acquisitions	(83,000)	(83,000)
- Estimated expenses related to Acquisitions	(4,800)	(4,800)
As per Pro Forma III	120,973	120,973
Arising from full exercise of Warrants	355,698	-
As per Pro Forma IV	476,671	120,973
Arising from grant, vesting and full exercise of ESOS Options	26,234	18,598
As per Pro Forma V	502,905	139,571

^ - Dividend of RM25,000,000 is to be paid by the OGPC Group's former shareholders prior to the completion of the Acquisitions by DNeX. The OGPC Group's adjusted net tangible assets would be rendered not less than RM44,380,000 consisting of a cash balance of not less than RM25,200,000.

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DAGANG NeXCHANGE BERHAD ("DNeX")
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

8. SHARE CAPITAL

The movements in share capital of DNeX are as follows:-

	Maximum Scenario		Minimum Scenario	
	No. of Ordinary Share ('000)	RM'000	No. of Ordinary Share ('000)	RM'000
At 31 December 2015	775,245	155,049	775,245	155,049
Arising from rights issue	465,146	93,029	465,146	93,029
As per Pro Forma I	1,240,391	248,078	1,240,391	248,078
Arising from special issue	130,000	26,000	130,000	26,000
As per Pro Forma II	1,370,391	274,078	1,370,391	274,078
Acquisition of OGPC Group	362,500	72,500	362,500	72,500
As per Pro Forma III	1,732,891	346,578	1,732,891	346,578
Arising from full exercise of Warrants	711,397	142,279	-	-
As per Pro Forma IV	2,444,288	488,857	1,732,891	346,578
Arising from grant, vesting and full exercise of ESOS Options	122,214	24,443	86,645	17,329
As per Pro Forma V	2,566,502	513,300	1,819,536	363,907

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DAGANG NeXCHANGE BERHAD ("DNeX")
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

9. SHARE PREMIUM

The movements in share premium of DNeX are as follows:-

	Maximum Scenario RM'000	Minimum Scenario RM'000
At 31 December 2015	-	-
Arising from rights issue	3,489	3,489
As per Pro Forma I	3,489	3,489
Arising from special issue	2,457	2,457
As per Pro Forma II	5,946	5,946
Acquisition of OGPC Group	14,065	14,065
Estimated expenses related to rights issue and special issue *	(2,968)	(2,968)
As per Pro Forma III	17,043	17,043
Arising from full exercise of Warrants	215,145	-
As per Pro Forma IV	232,188	17,043
Arising from grant, vesting and full exercise of ESOS Options	2,402	1,702
As per Pro Forma V	234,590	18,745

* - Represents 62.15% of the total estimated expenses of approximately RM4,800,000 less the fair value of warrants to warrants reserve of approximately RM0.0050 per Warrant amounting to approximately RM15,000 in relation to the Proposals.

The basis of 62.15% is derived by way of applying the weighted average method according to the total number of new DNeX Shares issued, which is based on the recommended practice stated in Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 9.

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DAGANG NeXCHANGE BERHAD ("DNeX")
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

10. WARRANTS RESERVE

The movements in warrants reserve of DNeX are as follows:-

	Maximum Scenario RM'000	Minimum Scenario RM'000
At 31 December 2015	-	-
Arising from issuance of the warrants	1,163	1,163
As per Pro Forma I	1,163	1,163
Arising from issuance of the warrants	143	143
As per Pro Forma II	1,306	1,306
Arising from issuance of the warrants	435	435
Estimated expenses related to rights issue and special issue *	(15)	(15)
As per Pro Forma III	1,726	1,726
Transfer to share premium upon full exercise of Warrants	(1,726)	-
As per Pro Forma IV/V	-	1,726

* - Represents the estimated expenses for the fair value of warrants to warrants reserve of approximately RM0.0050 per Warrant amounting to approximately RM15,000 in relation to the Proposals as disclosed in Note 9 above.

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DAGANG NeXCHANGE BERHAD ("DNeX")
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

11. ESOS RESERVE

The movements in ESOS reserve of DNeX are as follows:-

	Maximum Scenario RM'000	Minimum Scenario RM'000
At 31 December 2015/As per Pro Forma I/II/III/IV	-	-
Arising from ESOS Options granted	611	433
Arising from full exercise of ESOS Options	(611)	(433)
As per Pro Forma V	-	-

12. ACCUMULATED LOSSES

The movements in accumulated losses of DNeX are as follows:-

	Maximum Scenario RM'000	Minimum Scenario RM'000
At 31 December 2015/As per Pro Forma I/II	(53,995)	(53,995)
Estimated expenses related to Acquisitions *	(1,817)	(1,817)
As per Pro Forma III/IV	(55,812)	(55,812)
Arising from ESOS Options granted	(611)	(433)
As per Pro Forma V	(56,423)	(56,245)

* - Represents 37.85% of the total estimated expenses of approximately RM4,800,000 in relation to the Proposals. The basis of 37.85% is derived by way of applying the weighted average method according to the total number of new DNeX Shares issued, which is based on the recommended practice stated in Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 9.

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DAGANG NeXCHANGE BERHAD ("DNeX")
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

13. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities of DNeX are as follows:-

	Maximum Scenario RM'000	Minimum Scenario RM'000
At 31 December 2015/As per Pro Forma I/II	658	658
Acquisition of OGPC Group	1,408	1,408
As per Pro Forma III/IV/V	2,066	2,066

14. TRADE AND OTHER PAYABLES

The movements in trade and other payables of DNeX are as follows:-

	Maximum Scenario RM'000	Minimum Scenario RM'000
At 31 December 2015/As per Pro Forma I/II	50,733	50,733
Acquisition of OGPC Group	14,422	14,422
As per Pro Forma III/IV/V	65,155	65,155

Initialed For Identification Purposes Only
Crowe Horwath
AF 1018

DAGANG NeXCHANGE BERHAD ("DNeX")
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

Approved and adopted by the Board in accordance with a resolution dated 15 JUN 2016

DATUK SAMSUL BIN HUSIN

ZAINAL 'ABIDIN BIN ABD JALIL

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CHAN KUAN CHEE
Partner
Crowe Horwath AF 1018
Chartered Accountants

Dagang NeXchange Berhad

(Company No. 10039-P)
(Incorporated in Malaysia)

and its subsidiaries

Financial statements for the year ended 31 December 2015

Dagang NeXchange Berhad

(Company No. 10039-P)
(Incorporated in Malaysia)

and its subsidiaries

Directors' report for the year ended 31 December 2015

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

Principal activities

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	11,226	600
Non-controlling interests	4,599	-
	15,825	600

Reserves and provisions

All material transfers to or from reserves and provisions during the financial year under review are disclosed in the financial statements.

Dividends

The Directors do not recommend the payment of any dividend for the financial year under review.

Directors of the Company

Directors who served since the date of the last report are:

Tan Sri Abd Rahman Mamat (Chairman)
Datuk Samsul Husin
Zainal 'Abidin Abd Jalil
Dato' Wong Kam Yin
Dato' Arif Ambrose Leonard Ng
Rosli Abdullah
Norlila Hassan
Ang Hsin Hsien
Satria Ahmad

Directors' interests

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.20 each			
	At 1.1.2015	**Bought**	**Sold**	**At 31.12.2015**
Interests in the Company:				
Datuk Samsul Husin*				
- Indirect	304,112,731	-	-	304,112,731
Dato' Arif Ambrose Leonard Ng				
- Direct	900,000	-	-	900,000
Zainal 'Abidin Abd Jalil				
- Direct	5,000,000	-	-	5,000,000

* Deemed interest through Censof Holdings Berhad pursuant to Section 6A of the Companies Act, 1965.

None of the other Directors holding office at 31 December 2015 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 28 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate allowance had been made for impairment losses on receivables, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would further render the amount written off for bad debts, or the additional amount of the allowance for impairment losses on receivables in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

Other statutory information (continued)

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or in the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the operations of the Group and of the Company for the financial year ended 31 December 2015 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant Events

The significant events are disclosed in Note 30 to the financial statements.

Auditors

The auditors, Messrs. Crowe Horwath, have expressed their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....
Datuk Samsul Husin

....
Norlila Hassan

Kuala Lumpur,

Date: 26 FEB 2016

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CHAN KUAN CHEE
Partner
Crowe Horwath AF 1018
Chartered Accountants

Dagang NeXchange Berhad

(Company No. 10039-P)
(Incorporated in Malaysia)

and its subsidiaries

Statements of financial position at 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Assets					
Plant and equipment	3	21,250	14,143	28	60
Goodwill		1,636	-	-	-
Intangible assets	4	3,553	2,948	-	-
Investments in subsidiaries	5	-	-	69,975	68,345
Investments in associates	6	-	-	-	-
Other investments	7	4,172	-	-	-
Trade and other receivables	8	985	24,577	-	-
Total non-current assets		31,596	41,668	70,003	68,405
Trade and other receivables	8	93,657	57,838	13,654	12,415
Amount due from subsidiaries	9	-	-	15,454	2,521
Tax recoverable		1,916	1,985	1,727	1,727
Cash and cash equivalents	10	46,120	70,828	2,290	1,792
Total current assets		141,693	130,651	33,125	18,455
Total assets		173,289	172,319	103,128	86,860
Equity					
Share capital	11	155,049	155,049	155,049	155,049
Translation reserve	11	(54)	-	-	-
Accumulated losses		(53,995)	(68,859)	(70,721)	(71,321)
Total equity attributable to owners of the Company		101,000	86,190	84,328	83,728
Non-controlling interests	12	(747)	21,996	-	-
Total equity		100,253	108,186	84,328	83,728
Liabilities					
Deferred tax liabilities	13	658	2,796	-	-
Borrowing	14	1,541	20,036	-	-
Deferred income	15	-	4,056	-	-
Total non-current liabilities		2,199	26,888	-	-
Trade and other payables	16	50,733	17,312	3,452	2,611
Borrowing	14	18,495	18,494	-	-
Amount due to subsidiaries	9	-	-	15,348	521
Tax payable		1,609	1,439	-	-
Total current liabilities		70,837	37,245	18,800	3,132
Total liabilities		73,036	64,133	18,800	3,132
Total equity and liabilities		173,289	172,319	103,128	86,860

The notes on pages 12 to 77 are an integral part of these financial statements.

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CHAN KUAN CHEE
Partner
Crowe Horwath AF 1018
Chartered Accountants

Dagang NeXchange Berhad
(Company No. 10039-P)
(Incorporated in Malaysia)
and its subsidiaries

Statements of profit or loss and other comprehensive income for the year ended 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Revenue	17	95,550	86,802	1,200	3,857
Cost of sales		(22,191)	(16,721)	-	-
Gross profit		73,359	70,081	1,200	3,857
Sales and marketing expenses		(2,203)	(995)	-	-
Administrative expenses		(5,673)	(6,904)	(724)	(1,187)
Other operating expenses		(45,117)	(36,309)	(11,910)	(11,180)
Other operating income	18	2,866	2,422	12,083	11,014
Results from operating activities		23,232	28,295	649	2,504
Finance costs	19	(1,449)	(2,390)	(264)	-
Finance income	19	1,644	1,772	215	98
Share of results in associates, net of tax *		-	-	-	-
Profit before tax	20	23,427	27,677	600	2,602
Zakat		(359)	(259)	-	-
Tax expense	21	(7,243)	(9,649)	-	-
Profit for the year		15,825	17,769	600	2,602
Other comprehensive income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(54)	-	-	-
Total comprehensive income for the year		15,771	17,769	600	2,602
Profit attributable to:					
Owners of the Company		11,226	12,215	600	2,602
Non-controlling interests		4,599	5,554	-	-
Profit for the year		15,825	17,769	600	2,602
Total comprehensive income attributable to:					
Owners of the Company		11,188	12,215	600	2,602
Non-controlling interests		4,583	5,554	-	-
Total comprehensive income for the year		15,771	17,769	600	2,602
Basic earnings per ordinary share (sen)	22	1.45	1.58		

* Share of results in associates, net of tax represents RM36 only.

The notes on pages 12 to 77 are an integral part of these financial statements.

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Partner
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Chartered Accountants

Dagang NeXchange Berhad
(Company No. 10039-P)
(Incorporated in Malaysia)
and its subsidiaries

Statements of changes in equity for the year ended 31 December 2015

	Attributable to the owners of the Company					
		Non- distributable				
Group	Share capital RM'000	Accumulated losses RM'000	Translation reserve RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2014	155,049	(81,074)	-	73,975	17,795	91,770
Profit for the year	-	12,215	-	12,215	5,554	17,769
Total comprehensive income for the year	-	12,215	-	12,215	5,554	17,769
Contributions by and distribution to owners of the Company						
- Dividend paid by a subsidiary to non-controlling interests	-	-	-	-	(1,553)	(1,553)
- Issue of share capital of a subsidiary to non-controlling interests	-	-	-	-	200	200
Total transactions with non-controlling interests	-	-	-	-	(1,353)	(1,353)
At 31 December 2014/1 January 2015	155,049	(68,859)	-	86,190	21,996	108,186
Profit for the year	-	11,226	-	11,226	4,599	15,825
Effect of translation of foreign subsidiaries	-	-	(54)	(54)	-	(54)
Total comprehensive income for the year	-	11,226	(54)	11,172	4,599	15,771
Contributions by and distribution to owners of the Company						
- Dividend paid by a subsidiary to non-controlling interests	-	-	-	-	(300)	(300)
- Effect of acquisition of subsidiaries	-	-	-	-	(117)	(117)
- Selective capital reduction and repayment	-	-	-	-	(23,287)	(23,287)
	-	-	-	-	(23,704)	(23,704)
Changes in a subsidiary's ownership interests that do not result in loss of control	-	3,638	-	3,638	(3,638)	-
Total transactions with non-controlling interests	-	3,638	-	3,638	(27,342)	(23,704)
At 31 December 2015	155,049	(53,995)	(54)	101,000	(747)	100,253
	Note 11		Note 11		Note 12	

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Partner
Crowe Horwath AF 1018
Chartered Accountants

Statement of changes in equity for the year ended 31 December 2015 (continued)

		Attributable to the owners of the Company		
		Non-distributable		
Company	**Note**	**Share capital RM'000**	**Accumulated losses RM'000**	**Total equity RM'000**
At 1 January 2014		155,049	(73,923)	81,126
Profit for the year		-	2,602	2,602
Total comprehensive income for the year		-	2,602	2,602
At 31 December 2014/1 January 2015		155,049	(71,321)	83,728
Profit for the year		-	600	600
Total comprehensive income for the year		-	600	600
At 31 December 2015		155,049	(70,721)	84,328
		Note 11		

The notes on pages 12 to 77 are an integral part of these financial statements.

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Crowe Horwath AF 1018
Chartered Accountants

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Dagang NeXchange Berhad
(Company No. 10039-P)
(Incorporated in Malaysia)
and its subsidiaries

Statements of cash flows for the year ended 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Cash flows from operating activities					
Dividends received from investees		-	-	-	3,847
Management fee received from subsidiaries		-	-	11,088	12,764
Cash receipts from customers		112,977	107,708	-	818
Cash payments to suppliers		(25,800)	(17,663)	(175)	(105)
Cash payments to employees and for expenses		(56,637)	(38,560)	(13,229)	(9,101)
Cash flows generated from/(used in) operating activities		30,540	51,485	(2,316)	8,223
Net taxation		(9,204)	(7,926)	-	-
Interest and other income received		-	-	215	98
Zakat paid		(359)	(259)	-	-
Net cash generated from/(used in) operating activities		20,977	43,300	(2,101)	8,321
Cash flows from investing activities					
Advances to subsidiaries		-	-	(17,191)	(4,778)
Interest received		1,644	1,772	-	-
Proceeds from disposal of plant and equipment		6	611	3	-
Purchase of plant and equipment, and intangible assets		(18,385)	(6,783)	-	(82)
Acquisition of subsidiaries		(1,377)	-	(1,477)	(800)
Deposit for acquisition of investments		(7,621)	(10,153)	-	(10,153)
Net cash used in investing activities		(25,733)	(14,553)	(18,665)	(15,813)
Cash flows from financing activities					
Dividend paid by a subsidiary to non-controlling interests		-	(1,553)	-	-
Interest paid		(1,458)	(2,473)	(264)	-
Increase in pledged deposits and restricted cash		(2,001)	(5,550)	-	-
Payment from subsidiary companies		-	-	21,528	4,064
Proceeds from issue of share capital of a subsidiary company		-	200	-	-
Repayment of borrowing		(18,494)	(18,494)	-	-
Net cash (used in)/generated from financing activities		(21,953)	(27,870)	21,264	4,064

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CHAN KUAN CHEE
Partner
Crowe Horwath AF 1018
Chartered Accountants

Statements of cash flows for the year ended 31 December 2015

(continued)

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Net change in cash and cash equivalents		(26,709)	877	498	(3,428)
Cash and cash equivalents at 1 January		63,610	62,733	1,792	5,220
Cash and cash equivalents at 31 December	(i)	36,901	63,610	2,290	1,792

Notes to the statements of cash flows

i) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Current				
Restricted and pledged				
- Cash and bank balances	8,169	7,218	-	-
- Deposits with licensed banks	1,050	-	-	-
	9,219	7,218	-	-
Unrestricted				
- Cash and bank balances	10,755	11,945	2,290	1,792
- Deposits with licensed banks	15,180	51,665	-	-
- Short-term investments	10,966	-	-	-
	36,901	63,610	2,290	1,792
	46,120	70,828	2,290	1,792
Less: Cash and cash equivalents pledged as security	(9,219)	(7,218)	-	-
	36,901	63,610	2,290	1,792

The notes on pages 12 to 77 are an integral part of these financial statements.

Dagang NeXchange Berhad

(Company No. 10039-P)
(Incorporated in Malaysia)

and its subsidiaries

Notes to the financial statements

Dagang NeXchange Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The address of its registered office and principal place of business is as follows:

Registered office and principal place of business
Tower 3, Avenue 5
The Horizon, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests in associates.

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 26 February 2016.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

During the current financial year, the Group has adopted the following new accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 119 : Defined Benefit Plans – Employee Contributions

Annual Improvements to MFRSs 2010 – 2012 Cycle

Annual Improvements to MFRSs 2011- 2013 Cycle

The adoption of the above accounting standard(s) and/or interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The Group has not applied in advance the following accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	**Effective Date**
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers & Amendments to MFRS 15 : Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The above accounting standard(s) and/or interpretation(s) (including the consequential amendments) are not relevant to the Group's operations except as follows:- (Continued)

(i) MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. The Group is in the process of making an assessment of the financial impact arising from the adoption of MFRS 9 and the extent of the impact has not been determined.

(ii) MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customers. In addition, extensive disclosures are required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to nearest thousand, unless otherwise stated.

1. Basis of preparation (continued)

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation of uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements, other than the Group's contract for the implementation of National Single Window ("NSW") which will be ending in September 2016. Thus, there can be no assurance that the Group will be able to continue to enjoy similar level of revenue when the NSW contract expires.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power as an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the entity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Associates (continued)

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2. Significant accounting policies (continued)

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising from retranslation are recognised in profit or loss, except for differences arising from the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising from acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2012 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the date of the transactions.

The income and expenses of foreign operations in hyperinflationary economies are translated to RM at the exchange rate at the end of the reporting period. Prior to translating the financial statements of foreign operations in hyperinflationary economies, their financial statements for the current period are restated to account for changes in the general purchasing power of the local currency. The restatement is based on relevant price indices at the end of the reporting period.

2. Significant accounting policies (continued)

(b) Foreign currency (continued)

(ii) Operations denominated in functional currencies other than Ringgit Malaysia (continued)

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is in a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivates (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(c) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(h)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2. Significant accounting policies (continued)

(d) Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and is recognised net within "other operating income" or "other operating expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

2. Significant accounting policies (continued)

(d) Plant and equipment (continued)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment from the date that they are available for use. Plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• Office renovations	5 years
• Plant and machinery	3 - 8 years
• Office equipment, furniture and fittings	5 - 10 years
• Computer equipment	3 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

(e) Leased assets

Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised in the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

2. Significant accounting policies (continued)

(f) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

2. Significant accounting policies (continued)

(f) Intangible assets (continued)

(v) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives of capitalised development costs and software are 3 years respectively.

(g) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of pledged deposits and restricted cash.

(h) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and investments in associates) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the financial asset's recoverable amount is estimated.

2. Significant accounting policies (continued)

(h) Impairment (continued)

(i) Financial assets (continued)

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for deferred tax liabilities) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at each period at the same time.