

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

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

**THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS ABRIDGED PROSPECTUS. IF IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, PLEASE CONSULT A PROFESSIONAL ADVISER IMMEDIATELY.**

All inquiries concerning the Rights Issue of Warrants, which is the subject matter of this Abridged Prospectus, should be addressed to our Share Registrar, Mega Corporate Services Sdn Bhd (Registration No.: 198901010682 (187984-H)) at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur.

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

The approval from our shareholders for the Rights Issue of Warrants has been obtained at our EGM held on 27 May 2021. The approval from Bursa Securities had also been obtained vide its letter dated 21 April 2021 for the admission of the Warrants to the Official List and the listing of and quotation for the Warrants and the new Engtex Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue of Warrants, and shall not be taken as an indication of the merits of the Rights Issue of Warrants. The admission of the Warrants to the Official List and the listing of and quotation for the Warrants and the new Engtex Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue of Warrants. The admission of the Warrants to the Official List and the listing of and quotation for all the said new securities on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue of Warrants. The admission of the Warrants to the Official List and the listing of and quotation for all the said new securities will commence after the receipt of confirmation from Bursa Depository that all the CDS Accounts of the successful Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

These Documents are only despatched to our Entitled Shareholders whose names appear in our Record of Depositors and who have provided our Share Registrar with a registered address in Malaysia not later than 5.00 p.m. on Thursday, 12 August 2021. These Documents are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue of Warrants complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled Shareholders and/or their renounee(s)/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 and/or renunciation (as the case may be) of all or any part of their entitlements to the Warrants would result in a contravention of any laws of such countries or jurisdictions. Neither we, UOBKH nor any other professional advisers shall accept any responsibility or liability in the event that any acceptance and/or renunciation (as the case may be) of the entitlements to the Warrants made by our Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any such countries or jurisdictions.

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

**FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, PLEASE REFER TO “RISK FACTORS” AS SET OUT IN SECTION 6 OF THIS ABRIDGED PROSPECTUS.**

# Engtex

**ENGTEX GROUP BERHAD**

Registration No. 200101000937 (536693-X)  
(Incorporated in Malaysia)

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 110,829,825 NEW WARRANTS (“WARRANT(S)”) IN ENGTEX GROUP BERHAD (“ENGTEX”) ON THE BASIS OF 1 WARRANT FOR EVERY 4 EXISTING ORDINARY SHARES IN ENGTEX HELD AS AT 5.00 P.M. ON THURSDAY, 12 AUGUST 2021 AT AN ISSUE PRICE OF RM0.03 PER WARRANT**

*Adviser*

**UOB**KayHian

**UOB KAY HIAN SECURITIES (M) SDN BHD**

Registration No. 199001003423 (194990-K)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

**IMPORTANT RELEVANT DATES AND TIME:-**

Entitlement Date : Thursday, 12 August 2021 at 5.00 p.m.

**Last date and time for:-**

Sale of provisional allotment of rights : Thursday, 19 August 2021 at 5.00 p.m.

Transfer of provisional allotment of rights : Monday, 23 August 2021 at 4.30 p.m.

Acceptance and payment : Friday, 27 August 2021 at 5.00 p.m.

Excess application and payment : Friday, 27 August 2021 at 5.00 p.m.

**This Abridged Prospectus is dated 12 August 2021**

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

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

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

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

**YOU SHOULD NOTE THAT YOU MAY SEEK RECOURSE UNDER SECTIONS 248, 249 AND 357 OF THE CMSA FOR BREACHES OF SECURITIES LAWS, INCLUDING ANY STATEMENT IN THIS ABRIDGED PROSPECTUS THAT IS FALSE, MISLEADING, OR FROM WHICH THERE IS A MATERIAL OMISSION; OR FOR ANY MISLEADING OR DECEPTIVE ACT IN RELATION TO THIS ABRIDGED PROSPECTUS OR THE CONDUCT OF ANY OTHER PERSON IN RELATION TO OUR COMPANY. SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC ON THE PREMISE OF FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE OF WARRANTS, FOR WHICH ANY PERSON SET OUT IN SECTION 236 OF THE CMSA, IS RESPONSIBLE.**

**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.**

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

## DEFINITIONS

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

“Abridged Prospectus”	: This abridged prospectus dated 12 August 2021
“Act”	: Companies Act 2016
“Additional Undertaking(s)”	: Irrevocable and unconditional undertaking(s) from the Undertaking Shareholder(s) who has/have irrevocably and unconditionally undertaken to apply and subscribe for additional Warrants in the event there are Warrants not subscribed by the other Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) by way of Excess Warrants Applications
“Bloomberg”	: Bloomberg Finance Singapore L.P. and its affiliates
“Board”	: The Board of Directors of Engtex
“Bursa Depository”	: Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
“Bursa Securities”	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
“CDS”	: Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
“CDS Account(s)”	: Securities account(s) established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of the Bursa Depository for the recording of deposits and dealing in securities by the depositor
“Closing Date”	: Friday, 27 August 2021 at 5.00 p.m., being the last date and time for the acceptance of and payment for the Provisional Warrants and the application and payment for the Excess Warrants
“CMCO”	: Conditional MCO
“CMSA”	: Capital Markets and Services Act 2007
“Code and the Rules”	: The Malaysian Code on Take-overs and Mergers 2016 and the Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the SC
“COVID-19”	: Coronavirus disease 2019
“Deed Poll”	: The deed poll dated 28 July 2021 constituting the Warrants
“Director(s)”	: The director(s) of Engtex having the meaning given in Section 2(1) of the Act and Section 2(1) of the CMSA
“Documents”	: This Abridged Prospectus together with the NPA and RSF, collectively
“e-RSF”	: Electronic RSF
“e-Subscription”	: Electronic subscription via Investor Portal
“EGM”	: Extraordinary general meeting of the Company held on 27 May 2021 in relation to the Rights Issue of Warrants

## DEFINITIONS (Cont'd)

“Engtex” or the “Company”	: Engtex Group Berhad (Registration No. 200101000937 (536693-X))
“Engtex Group” or the “Group”	: Engtex and its subsidiary companies, collectively
“Engtex Share(s)” or “Share(s)”	: Ordinary share(s) in Engtex
“Entitled Shareholder(s)”	: The shareholder(s) of Engtex whose name(s) appear in the Record of Depositors of the Company on the Entitlement Date
“Entitlement Date”	: Thursday, 12 August 2021 at 5.00 p.m., being the date and time on which the names of the Entitled Shareholders must appear in the Record of Depositors of the Company in order to be entitled to participate in the Rights Issue of Warrants
“Entitlement Undertaking(s)”	: Irrevocable and unconditional undertaking(s) dated 26 July 2021 from the Undertaking Shareholder(s), who has/have irrevocably undertaken to apply and subscribe in full for its/their respective entitlements of the Warrants based on their shareholdings as at the Entitlement Date
“EPS”	: Earnings per share
“Excess Warrants”	: Warrants which are not taken up or not validly taken up by our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) by the Closing Date
“Excess Warrants Application(s)”	: Application(s) for the Excess Warrants as set out in <b>Section 10.8</b> of this Abridged Prospectus
“FPE”	: Financial period ended/ending
“FYE”	: Financial year ended/ending
“Investor Portal”	: Mega Corporate’s application to facilitate Entitled Shareholders to subscribe for the Provisional Warrants and to apply for Excess Warrants electronically
“LAT”	: Loss after tax
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities
“LPD”	: 22 July 2021, being the latest practicable date prior to the registration of this Abridged Prospectus with the SC
“Market Day(s)”	: Any day between Monday to Friday (inclusive), excluding public holidays, and any day on which Bursa Securities is open for trading of securities
“Maximum Scenario”	: Assuming all treasury shares are resold to the open market prior to the Entitlement Date
“Mega Corporate” or “Share Registrar”	: Mega Corporate Services Sdn Bhd (Registration No. 198901010682 (187984-H))
“MCO”	: Movement Control Order
“Minimum Scenario”	: Assuming all treasury shares are retained prior to the Entitlement Date
“NA”	: Net assets

## DEFINITIONS (Cont'd)

“NPA”	:	Notice of Provisional Allotment
“Official List”	:	A list specifying all securities which have been admitted for listing on the Main Market of Bursa Securities and not removed
“PAT”	:	Profit after tax
“PBT”	:	Profit before tax
“Price Fixing Date”	:	28 July 2021, being the date on which the issue price and exercise price of the Warrants were fixed pursuant to the Rights Issue of Warrants
“Provisional Warrants”	:	Warrants to be provisionally allotted to the Entitled Shareholders pursuant to the Rights Issue of Warrants
“Record of Depositors”	:	A record of depositors established by Bursa Depository under the Rules of Bursa Depository
“Rights Issue of Warrants”	:	The renounceable rights issue of up to 110,829,825 new Warrants on the basis of 1 Warrant for every 4 existing Engtex Shares held on the Entitlement Date at an issue price of RM0.03 per Warrant
“RM” and “sen”	:	Ringgit Malaysia and sen respectively
“RSF”	:	Rights Subscription Form
“Rules of Bursa Depository”	:	The rules of Bursa Depository as issued pursuant to the SICDA
“SC”	:	Securities Commission Malaysia
“SICDA”	:	Securities Industry (Central Depositories) Act 1991
“Undertaking Shareholder(s)”	:	The shareholder(s) of Engtex who has/have provided its/their respective Entitlement Undertaking(s) and Additional Undertaking(s), the name(s) of whom is/are set out in <b>Section 3</b> of this Abridged Prospectus
“UOBKH” or the “Adviser”	:	UOB Kay Hian Securities (M) Sdn Bhd (Registration No. 199001003423 (194990-K))
“VWAP”	:	Volume-weighted average market price
“Warrant(s)”	:	Up to 110,829,825 new warrants in Engtex to be allotted and issued pursuant to the Rights Issue of Warrants

All references to “our Company” and “Engtex” in this Abridged Prospectus are made to Engtex Group Berhad (Registration No. 200101000937 (536693-X)) and references to “our Group” or “Engtex Group” are made to our Company and our subsidiary companies. All references to “we”, “us”, “our” and “ourselves” are made to our Company, or where the context requires, our Group or any of our subsidiary companies. All references to “you” in this Abridged Prospectus are made to our Entitled Shareholders and/or, where the context otherwise requires, their renounee(s)/transferee(s) (if applicable).

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.

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**DEFINITIONS (Cont'd)**

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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 or date in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise specified. Any discrepancies in the tables included in this Abridged Prospectus between the amounts listed, actual figures and the totals thereof are due to rounding.

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

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**ADVISER'S DIRECTORY**

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- ADVISER** : UOB Kay Hian Securities (M) Sdn Bhd  
Suite 19-03, 19<sup>th</sup> Floor  
Menara Keck Seng  
203 Jalan Bukit Bintang  
55100 Kuala Lumpur  
Tel : (03) 2147 1888  
Fax : (03) 2147 1950
- SOLICITORS FOR THE RIGHTS  
ISSUE OF WARRANTS** : Messrs Tay & Helen Wong  
Suite 703 Block F  
Phileo Damansara I  
No. 9 Jalan 16/11  
46350 Petaling Jaya  
Selangor Darul Ehsan  
Tel : (03) 7960 1863  
Fax : (03) 7960 1873
- SHARE REGISTRAR** : Mega Corporate Services Sdn Bhd  
Level 15-2  
Bangunan Faber Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel : (03) 2692 4271  
Fax : (03) 2732 5388  
Email: mega-sharereg@megacorp.com.my
- COMPANY SECRETARIES** : Khoo Chong Keong  
(MIA CA11413)  
Lot 36 Jalan BRP 9/2B  
Putra Industrial Park, Bukit Rahman Putra  
47000 Sg Buloh, Selangor Darul Ehsan  
Tel : (03) 6140 1111  
Fax : (03) 6140 1888  
Lim Seck Wah  
(MAICSA 0799845)  
Tang Chi Hoe (Kevin)  
(MAICSA 7045754)  
Level 15-2  
Bangunan Faber Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel : (03) 2692 4271  
Fax : (03) 2732 5388  
Email: cindy.lim@megacorp.com.my  
Email : kevin.tang@megacorp.com.my
- STOCK EXCHANGE LISTING** : Main Market of Bursa Securities

## SUMMARY OF THE RIGHTS ISSUE OF WARRANTS

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

Key Information	Summary																												
<b>Basis of allotment and number of Warrants to be issued pursuant to the Rights Issue of Warrants</b>	<p>Up to 110,829,825 Warrants on the basis of 1 Warrant for every 4 existing Engtex Shares held on the Entitlement Date at the issue price of RM0.03 per Warrant. Any unsubscribed Warrants will be made available for the Excess Warrants Applications by the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable).</p> <p>Please refer to <b>Section 2.1</b> of this Abridged Prospectus for further details of the basis of allotment and number of Warrants to be issued pursuant to the Rights Issue of Warrants.</p>																												
<b>Issue price and the exercise price of the Warrants</b>	<p>Our Board has fixed the issue price of the Warrants at RM0.03 per Warrant and the exercise price of the Warrants at RM0.70 per Warrant.</p> <p>Please refer to <b>Sections 2.2</b> and <b>2.3</b> of this Abridged Prospectus for the basis and justification for the issue price and the exercise price of the Warrants.</p>																												
<b>Entitlement Undertakings and Additional Undertakings</b>	<p>The Rights Issue of Warrants will be undertaken on a full subscription basis.</p> <p>The shareholders of our Company, namely Dato' Ng Hook and NKG Resources Sdn Bhd have provided their Entitlement Undertakings to subscribe in full for their respective entitlements of 28,691,459 Warrants and the Additional Undertakings to apply and subscribe for up to 82,138,366 additional Warrants in the event there are Warrants not subscribed by the other Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) by way of Excess Warrants Applications under the Rights Issue of Warrants.</p> <p>Please refer to <b>Section 3</b> of this Abridged Prospectus for further details of the Entitlement Undertakings and Additional Undertakings.</p>																												
<b>Utilisation of proceeds</b>	<p>The gross proceeds to be raised from the Rights Issue of Warrants will be utilised in the following manner:-</p> <table border="1" data-bbox="432 1368 1374 1688"> <thead> <tr> <th rowspan="2">Details of utilisation</th> <th rowspan="2">Timeframe for utilisation from the completion of the Rights Issue of Warrants</th> <th colspan="2">Minimum Scenario</th> <th colspan="2">Maximum Scenario</th> </tr> <tr> <th>(RM'000)</th> <th>(%)</th> <th>(RM'000)</th> <th>(%)</th> </tr> </thead> <tbody> <tr> <td>(i) Repayment of bank borrowings</td> <td>Within 3 months</td> <td>2,823</td> <td>86.25</td> <td>2,875</td> <td>86.47</td> </tr> <tr> <td>(ii) Estimated expenses for the Rights Issue of Warrants</td> <td>Within 1 month</td> <td>450</td> <td>13.75</td> <td>450</td> <td>13.53</td> </tr> <tr> <td><b>Total</b></td> <td></td> <td><b>3,273</b></td> <td><b>100.00</b></td> <td><b>3,325</b></td> <td><b>100.00</b></td> </tr> </tbody> </table> <p>Please refer to <b>Section 4</b> of this Abridged Prospectus for further details of the utilisation of proceeds.</p>	Details of utilisation	Timeframe for utilisation from the completion of the Rights Issue of Warrants	Minimum Scenario		Maximum Scenario		(RM'000)	(%)	(RM'000)	(%)	(i) Repayment of bank borrowings	Within 3 months	2,823	86.25	2,875	86.47	(ii) Estimated expenses for the Rights Issue of Warrants	Within 1 month	450	13.75	450	13.53	<b>Total</b>		<b>3,273</b>	<b>100.00</b>	<b>3,325</b>	<b>100.00</b>
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**SUMMARY OF THE RIGHTS ISSUE OF WARRANTS (Cont'd)**

Key Information	Summary
<p><b>Rationale for the Rights Issue of Warrants</b></p>	<p>The Rights Issue of Warrants is undertaken mainly to reward the Entitled Shareholders by providing them with an opportunity to subscribe for an equity derivative of our Company at a relatively low entry cost as well as to raise proceeds to be utilised for partial repayment of our Group's bank overdrafts.</p> <p>In addition, the rationale for the Rights Issue of Warrants also include amongst others, the following:-</p> <ul style="list-style-type: none"> <li>(i) the Rights Issue of Warrants will enable the Entitled Shareholders to further increase their equity participation in our Company at a pre-determined exercise price during the tenure of the Warrants and to benefit from the future growth and any potential capital appreciation arising therefrom;</li> <li>(ii) Engtex will also be able to raise further proceeds as and when the Warrants are exercised without incurring additional interest expenses. In addition, the exercise of the Warrants will increase Engtex's shareholders' funds which will consequently improve our Group's gearing levels; and</li> <li>(iii) the issuance and exercise of the Warrants will further strengthen the capitalisation of our Company as well as potentially improve the trading liquidity of Engtex Shares.</li> </ul> <p>Please refer to <b>Section 5</b> of this Abridged Prospectus for further details of the rationale for the Rights Issue of Warrants.</p>
<p><b>Risk factors</b></p>	<p>You should carefully consider the following risk factors before subscribing for or investing in the Rights Issue of Warrants:-</p> <ul style="list-style-type: none"> <li>(a) our businesses and financial performance are subject to political, economic and regulatory risks in Malaysia, risks relating to the impact of COVID-19 on our businesses, dependence on key management, borrowing and financing risks as well as fluctuations in foreign currency exchange rates;</li> <li>(b) we are also exposed to competition risk, fluctuations in our raw materials prices (such as steel and iron which are utilised by our Group in our manufacturing segment) as well as unexpected equipment failure, flood or fires and burglary;</li> <li>(c) our property development segment is dependent on the availability of land bank, and the performance of the property market as well as risk relating to property overhang and/or unsold property;</li> <li>(d) our hospitality segment has been materially affected by the lockdowns and travel restrictions due to the COVID-19 pandemic; and</li> <li>(e) the market price of our Shares is influenced by the prevailing market sentiments and the volatility of the equity markets. Accordingly, there can be no assurance that the market price of the Engtex Shares and the Warrants will be at a level that meets the specific investment objectives or targets of any subscriber of the Warrants.</li> </ul> <p>Please refer to <b>Section 6</b> of this Abridged Prospectus for further details of the risk factors.</p>
<p><b>Procedures for acceptance and payment</b></p>	<p>Acceptance of and payment for the Provisional Warrants allotted to you and the Excess Warrants Applications must be made by way of the RSF enclosed together with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in the RSF or by way of e-Subscription via Investor Portal at <a href="https://www.megacorp.com.my/investor/">https://www.megacorp.com.my/investor/</a> and must conform with the terms and conditions of Investor Portal contained therein. The last day, date and time for acceptance of and payment for the Provisional Warrants and the application and payment for the Excess Warrants is on <b>Friday, 27 August 2021 at 5.00 p.m.</b></p> <p>Please refer to <b>Section 10</b> of this Abridged Prospectus for further details of the procedures for acceptance and payment.</p>



**ENGTEX GROUP BERHAD**

Registration No. 200101000937 (536693-X)  
(Incorporated in Malaysia)

**Registered Office**

Lot 36 Jalan BRP 9/2B  
Putra Industrial Park  
Bukit Rahman Putra  
47000 Sungai Buloh  
Selangor Darul Ehsan

12 August 2021

**Board of Directors**

Dr. Lim Pang Kiam	(Chairman - Independent Non-Executive Director)
Dato' Ng Hook	(Group Managing Director, Executive Director)
Ng Chooi Guan	(Executive Director)
Datin Yap Seng Kuan	(Executive Director)
Ng Yik Soon	(Executive Director)
Dato' Leanne Koh Li Ann	(Independent Non-Executive Director)
Ho Sin Kheong	(Independent Non-Executive Director)

**To: Our Entitled Shareholders**

Dear Sir/Madam,

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 110,829,825 NEW WARRANTS IN ENGTEX ON THE BASIS OF 1 WARRANT FOR EVERY 4 EXISTING ORDINARY SHARES IN ENGTEX HELD AS AT 5.00 P.M. ON THURSDAY, 12 AUGUST 2021 AT AN ISSUE PRICE OF RM0.03 PER WARRANT**

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**1. INTRODUCTION**

On 25 February 2021, UOBKH had, on behalf of our Board, announced that our Company proposed to undertake the Rights Issue of Warrants.

Subsequently, on 21 April 2021, UOBKH had, on behalf of our Board, announced that Bursa Securities had, vide its letter on even date, approved the following:-

- (a) admission of the Warrants to the Official List; and
- (b) listing of and quotation for the Warrants as well as the new Engtex Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities.

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

	<b>Condition(s)</b>	<b>Status of compliance</b>
(i)	Engtex and UOBKH must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue of Warrants;	To be complied
(ii)	Engtex and UOBKH are required to inform Bursa Securities upon completion of the Rights Issue of Warrants;	To be complied
(iii)	Engtex and UOBKH are required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue of Warrants is completed; and	To be complied
(iv)	Engtex 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 as at the end of each quarter together with a detail computation of the listing fees payable.	To be complied

On 27 May 2021, our shareholders had approved the Rights Issue of Warrants at our EGM.

On 28 July 2021, UOBKH had, on behalf of our Board, announced the issue price of the Warrants has been fixed at RM0.03 per Warrant and exercise price of the Warrants has been fixed at RM0.70 per Warrant. On the same date, UOBKH had also, on behalf of our Board, announced the Entitlement Date and the other relevant dates pertaining to the Rights Issue of Warrants.

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

**YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS ABRIDGED PROSPECTUS. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT A PROFESSIONAL ADVISER IMMEDIATELY.**

## **2. DETAILS OF THE RIGHTS ISSUE OF WARRANTS**

### **2.1 Basis and number of Warrants to be issued**

The Rights Issue of Warrants involves the issuance of up to 110,829,825 new Warrants to the Entitled Shareholders on the basis of 1 Warrant for every 4 existing Engtex Shares held on the Entitlement Date. The Rights Issue of Warrants will be undertaken on a full subscription basis through the Entitlement Undertakings and the Additional Undertakings, further details of the said undertakings by the Undertaking Shareholders (namely Dato' Ng Hook and NKG Resources Sdn Bhd) are set out in **Section 3** of this Abridged Prospectus. The Company is expected to raise proceeds of up to approximately RM3.33 million from the Rights Issue of Warrants.

The actual number of Warrants to be issued will be determined based on the total number of issued Engtex Shares as at the Entitlement Date. As at the LPD, the Company has:-

- (i) 436,343,101 Engtex Shares (excluding 6,976,200 treasury shares); and
- (ii) 6,976,200 treasury shares.

The Rights Issue of Warrants is renounceable in full or in part. Accordingly, the Entitled Shareholders can subscribe for and/or renounce their entitlements to the Warrants in full or in part. The Warrants which are unsubscribed, not taken up or not validly taken up shall be made available for excess applications by the other Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable). It is the intention of our Board to allocate the Excess Warrants in a fair and equitable manner, on a basis as set out in **Section 10.8.1** of this Abridged Prospectus.

Any fractional entitlements that may arise from the Rights Issue of Warrants, if any, shall be disregarded, and dealt with in such manner and on such terms and conditions as our Board in its absolute discretion deems fit or expedient and in the best interest of our Company.

The maximum number of new Engtex Shares to be issued upon full exercise of the Warrants is 109,085,775 new Engtex Shares (under the Minimum Scenario) and up to 110,829,825 new Engtex Shares (under the Maximum Scenario).

As you are an Entitled Shareholder, you will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such number of Provisional Warrants into your CDS Account, and the RSF to enable you to subscribe for such Provisional Warrants as well as to apply for the Excess Warrants if you choose to do so.

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

## **2.2 Basis and justification for the issue price of the Warrants**

The issue price of RM0.03 per Warrant was determined and fixed by our Board on the Price Fixing Date after taking into consideration, amongst others, the following:-

- (i) the amount to be raised from the Rights Issue of Warrants which will be channeled towards the proposed utilisation of proceeds as set out in **Section 4** of this Abridged Prospectus;
- (ii) a suitable issue price that is deemed attractive to encourage the subscription of the Warrants by the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable); and
- (iii) the theoretical fair value of the Warrants, which has been determined using the Trinomial Option Pricing Model in which the computation was based on the 5-day VWAP of Engtex Shares immediately preceding the Price Fixing Date, taking into consideration, amongst others, the historical volatility of Engtex Shares, the risk free rate, the exercise price and the tenure of the Warrants.

The issue price of RM0.03 per Warrant represents a discount of approximately 88.89% to the theoretical fair value of the Warrants of RM0.27, as determined using the Trinomial Option Pricing Model, based on the 5-day VWAP of Engtex Shares up to and including 27 July 2021, being the last trading day immediately preceding the Price Fixing Date of RM0.6303. Such a discount is deemed appropriate and attractive as it will provide shareholders with an incentive to subscribe for the Warrants.

## **2.3 Basis and justification for the exercise price of the Warrants**

The exercise price of RM0.70 per Warrant was determined and fixed by our Board on the Price Fixing Date after taking into consideration the prevailing market conditions, the historical trading price of Engtex Shares and the prospects of the Group as set out in **Section 7.6** of this Abridged Prospectus.

The exercise price of RM0.70 per Warrant represents a premium of RM0.0697 or approximately 11.06% to the 5-day VWAP of Engtex Shares up to and including 27 July 2021, being the last trading day immediately preceding the Price Fixing Date of RM0.6303.

## 2.4 Ranking of the new Engtex Shares to be issued pursuant to the exercise of the Warrants

The new Engtex Shares arising from the exercise of the Warrants will, upon allotment and issue, rank equally in all respects with the existing Engtex Shares, save and except that the new Engtex Shares to be issued pursuant to the exercise of the Warrants shall not be entitled to any dividends, rights, allotments and/or other forms of distribution that may be declared, made or paid to shareholders of the Company, where the entitlement date of such dividends, rights, allotment and/or other forms of distribution is prior to the date of allotment of the new Engtex Shares.

## 2.5 Salient terms of the Warrants

The salient terms of the Warrants are as follows:-

- Number of Warrants** : Up to 110,829,825 new Warrants to be issued to the Entitled Shareholders on the basis of 1 Warrant for every 4 existing Engtex Shares held as at the Entitlement Date
- Form and Denomination** : The Warrants will be traded on Bursa Securities and will be issued in registered form and constituted by the Deed Poll
- Exercise Rights** : The Warrants entitle the registered holders, at any time during the Exercise Period, to subscribe for new Shares on the basis of 1 new Engtex Share for 1 Warrant at the Exercise Price at any time during the Exercise Period, subject to adjustments in accordance with the provisions of the Deed Poll
- Tenure of Warrants** : 5 years from the date of issuance of the Warrants
- Issue Price** : RM0.03 per Warrant
- Exercise Period** : Exercise period of 5 years from the date of the issuance of the Warrants, and that the Warrants may be exercised at any time within the exercise period. Any Warrant not exercised within the Exercise Period will thereafter lapse and cease to be valid
- Exercise Price** : RM0.70 per Warrant or such adjusted price as determined in the Deed Poll
- Expiry Date** : A date being 5 years from and including the date of issuance of the Warrants
- Mode of Exercise** : The registered holder of the Warrant is required to lodge a subscription form as set out in the Deed Poll with the Company's registrar, duly completed, signed and stamped together with payment of the subscription sum by electronic crediting, bankers' draft or cashier's order drawn on a bank operating in Malaysia or a money order or postal order issued by a post office in Malaysia in accordance with the provisions of the Deed Poll



- Mode of Transfer** : The Warrants may be transferred in accordance with the SICDA and the Rules of Bursa Depository, and traded on Bursa Securities and subject to the provisions thereof, the Warrants shall be transferable in a board lot of 100 Warrants carrying the right to subscribe for 100 new Engtex Shares, or in multiples thereof or in such other denomination as may be determined by Bursa Securities. No person shall be recognised by the Company as having title to the Warrants entitling the Warrant holder thereof to subscribe for a fractional part of a Engtex Share or otherwise than as the sole holder of the entirety of such Engtex Share and save as provided under the Deed Poll, the Warrants shall not be transferred prior to the listing of and quotation for the Warrants on the Bursa Securities
- Voting Rights of Warrants** : The Warrant holders are not entitled to any voting right or participation in any forms of distribution and/or offer of further securities in the Company until and unless such Warrant holders exercise the Warrants for the new Shares in accordance with the provisions of the Deed Poll and such new Shares have been allotted and issued to the Warrant holders
- Ranking of new Shares arising from the exercise of the Warrants** : The new Engtex Shares arising from the exercise of the Warrants will, upon allotment and issue, rank equally in all respects with the existing Engtex Shares except that they shall not be entitled to any dividends, rights, allotment and/or other distributions that may be declared, made or paid to shareholders of the Company, the entitlement date of which (namely, the date as at the close of business on which shareholders must be entered in the Record of Depositors with Bursa Depository in order to participate in any dividends, rights, Warrants or other distributions) is prior to the date of allotment and issuance of the new Engtex Shares
- Board Lot** : For the purpose of trading on Bursa Securities, a board lot of Warrants shall comprise 100 Warrants carrying the right to subscribe for 100 new Engtex Shares at any time during the Exercise Period, or such denomination as determined by Bursa Securities
- Listing Status** : Approval has been obtained from Bursa Securities on 21 April 2021 for the admission of the Warrants to the Official List and for the listing of and quotation for the Warrants and the new Engtex Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities
- Adjustments in the exercise price and/or number of Warrants** : The exercise price and/or number of unexercised Warrants may be adjusted, calculated or determined by the Board from time to time, at any time during the tenure of the Warrants in consultation with its professional advisers and/or auditors, in the event of alteration to the share capital of the Company, whether by way of, amongst others, rights issue, bonus issue, consolidation or subdivision or conversion of shares, reduction of capital, issuance of shares to our shareholders by way of capitalisation of profits or reserves or capital distribution or allotment of shares, offer or invitation to its shareholders or any other events in accordance with the provisions of the Deed Poll



**Modification** : Save as expressly provided in the Deed Poll, no modification, amendment, deletion or addition may be made to the provisions of the Deed Poll without the sanction of a special resolution of the Warrant holders unless the modifications, amendments, deletions or additions are required to correct any typographical errors or relate purely to administrative matters or are required to comply with any provisions of the prevailing laws or regulations of Malaysia or in the opinion of the Company, will not be materially prejudicial to the interests of the Warrant holders.

Any modification, amendment, deletion or addition to the Deed Poll (including the form and content of the warrant certificate) may be effected only (i) by deed executed by the Company and expressed to be supplemental thereof and (ii) subject to the provisions of the Deed Poll, if the approval of the Warrant holders by way of a special resolution has been obtained

**Rights in the event of winding-up, liquidation, compromise and/or arrangement** : Where a resolution has been passed for a member's voluntary winding-up of the Company, or where there is a compromise or arrangement whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with 1 or more companies, then:-

- (i) for the purposes of such a winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation), to which the Warrant holders (or some persons designated by them for such purposes by a special resolution) shall be a party, the terms of such winding up, compromise or arrangement shall be binding on all the holders of the Warrants;
- (ii) in any other cases, every holder of the Warrants shall be entitled at any time within 6 weeks after the passing of such resolution for a members' voluntary winding-up of the Company or within 6 weeks after the granting of the court order approving the compromise or arrangement (whichever is later), by irrevocable surrender of his/her Warrants to the Company, to elect to be treated as if he/she 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 relevant subscription forms and be entitled to receive out of the assets of the Company (which would be available in liquidation) if he/she had on such date been the holder of the new Engtex Shares, to which he/she would have been entitled to pursuant to such exercise.

All exercise rights which has not been exercised within the above 6 weeks of either the passing of such resolution for the members' voluntary winding up or the granting of the court order for the approval of such winding-up, compromise or arrangement, as the case may be, will lapse and all the unexercised Warrants will cease to be valid for any purpose

**Governing Law** : Laws and regulations of Malaysia

## 2.6 Details of other corporate exercises

As at the LPD, save for the Rights Issue of Warrants, there are no other corporate exercises which have been announced by our Company but pending completion.

## 3. ENTITLEMENT UNDERTAKINGS AND ADDITIONAL UNDERTAKINGS

The Rights Issue of Warrants will be undertaken on a full subscription level basis via the following:-

- (i) the Entitlement Undertakings by the Undertaking Shareholders to subscribe in full for their respective entitlements of the Warrants under the Rights Issue of Warrants based on their shareholdings as at the LPD; and
- (ii) the Additional Undertakings by the Undertaking Shareholders to apply and subscribe for up to 82,138,366 additional Warrants in the event that there are Warrants that are not subscribed by the other Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) by way of Excess Warrants Application.

The details of the Entitlement Undertakings and the Additional Undertakings are as follows:-

Undertaking Shareholders	As at the LPD		Entitlement Undertakings		Additional Undertakings		Total	
	No. of Shares	(1)%	No. of Warrants	(2)(%)	No. of Warrants	(2)(%)	No. of Warrants	(2)(%)
Dato' Ng Hook	95,113,339	21.80	23,778,334	21.46	32,855,346	29.64	56,633,680	51.10
NKG Resources Sdn Bhd	19,652,500	4.50	4,913,125	4.43	49,283,020	44.47	54,196,145	48.90
<b>Total</b>	<b>114,765,839</b>	<b>26.30</b>	<b>28,691,459</b>	<b>25.89</b>	<b>82,138,366</b>	<b>74.11</b>	<b>110,829,825</b>	<b>100.00</b>

Undertaking Shareholders	Assuming the full exercise of Warrants	
	No. of Shares	(3)%
Dato' Ng Hook	151,747,019	27.38
NKG Resources Sdn Bhd	73,848,645	13.33
<b>Total</b>	<b>225,595,664</b>	<b>40.71</b>

**Notes:-**

- (1) Based on the share capital of Engtex as at the LPD comprising of 436,343,101 Shares (excluding 6,976,200 treasury shares) as at the LPD.
- (2) Based on 110,829,825 Warrants to be issued pursuant to the Rights Issue of Warrants under the Maximum Scenario.
- (3) Based on the enlarged share capital comprising 554,149,126 Shares assuming full exercise of Warrants under the Maximum Scenario.

Pursuant to the Entitlement Undertakings and Additional Undertakings, the Undertaking Shareholders have:-

- (i) vide the Entitlement Undertakings, irrevocably and unconditionally undertaken to subscribe in full for their entitlements under the Rights Issue of Warrants calculated based on their shareholdings as at the date of the respective Entitlement Undertakings;

- (ii) vide the Additional Undertakings, irrevocably and unconditionally undertaken to apply and subscribe for up to 82,138,366 additional Warrants not subscribed by the other Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) by way of Excess Warrants Applications, to the extent such that the full subscription level basis under the Rights Issue of Warrants is met. For avoidance of doubt, the Company will treat the allocation of Excess Warrants Application to all the Entitled Shareholders (including the Undertaking Shareholders) and/or their renounee(s)/transferee(s) (if applicable) on a fair and equitable basis in accordance with the procedures of Excess Warrants Application set out in **Section 10.8.1** of this Abridged Prospectus;
- (iii) irrevocably and unconditionally undertaken that they will not dispose of or transfer their existing interest in our Company or any part thereof during the period commencing from the date of the Entitlement Undertakings and Additional Undertakings up to the Entitlement Date; and
- (iv) vide their Entitlement Undertakings and Additional Undertakings dated 26 July 2021 confirmed that they have sufficient financial resources and have obtained all approvals and authorisations necessary to pay for and to take up their Entitlement Undertakings and Additional Undertakings at any issue price that may be determined by Engtex.

The Entitlement Undertakings and Additional Undertakings provided by the Undertaking Shareholders reflect their commitment and confidence in growing our Group's business and driving the financial performance of our Group.

UOBKH, being the Adviser for the Rights Issue of Warrants has also verified that the Undertaking Shareholders have sufficient financial resources to take up the number of Warrants as specified in their respective Entitlement Undertakings and Additional Undertakings.

In view that the Rights Issue of Warrants will be undertaken on a full subscription level basis via the Entitlement Undertakings and Additional Undertakings, we will not procure any underwriting arrangement for the remaining Warrants not subscribed for by the other Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) pursuant to the Rights Issue of Warrants.

Pursuant to Paragraphs 3.06(1) and 8.02(1) of the Listing Requirements, we must ensure that at least 25% of the total listed Engtex Shares (excluding treasury shares) are in the hands of a minimum number of 1,000 public shareholders holding not less than 100 Engtex Shares each.

For illustration purposes, the pro forma effects of the Rights Issue of Warrants (under the Minimum Scenario) on our public shareholding spread are set out below, assuming only the Undertaking Shareholders subscribe for all the Warrants to be issued under the Rights Issue of Warrants pursuant to their Entitlement Undertakings and Additional Undertakings:-

	As at the LPD		After the Rights Issue of Warrants and assuming the Undertaking Shareholders fully exercised their Warrants	
	No. of Shares	%	No. of Shares	%
Share capital (excluding treasury shares)	436,343,101	100.00	545,428,876	100.00
Less: Shareholdings of Directors/ substantial shareholders/ associates	218,120,998	49.99	327,206,773	60.00
<b>Public shareholdings</b>	<b>218,222,103</b>	<b>50.01</b>	<b>218,222,103</b>	<b>40.00</b>

As illustrated in the table above, upon completion of the Rights Issue of Warrants under the Minimum Scenario, and assuming the full exercise of Warrants, our public spread may reduce from approximately 50.01% to 40.00%. In this respect, our public shareholding spread will not fall below 25% of our enlarged issued share capital after the completion of the Rights Issue of Warrants.

In addition, we confirm that the resultant shareholdings of the Undertaking Shareholders upon completion of the Rights Issue of Warrants will not give rise to any consequences of mandatory take-over obligation under the Code and the Rules. However, should the Undertaking Shareholder(s) and/or persons acting in concert with them exercise their Warrants, such that their shareholdings in Engtex increases to more than 33.0%, whether on an individual or collective basis, the Undertaking Shareholder(s) and/or any persons acting in concert with them are obliged to undertake a mandatory offer for all the remaining Engtex Shares not already held by them after the exercise of the Warrants.

Notwithstanding the above, the Undertaking Shareholders and persons acting in concert with them may, at a later stage after the completion of the Rights Issue of Warrants, seek an exemption from the obligation to undertake a mandatory offer for all the remaining Engtex Shares not already held by them that may arise pursuant to their exercise of the Warrants.

Further, the Undertaking Shareholders have also confirmed that they will observe and comply at all times with the provisions of the Code and the Rules with regards to their subscription and exercise of the Warrants under the Rights Issue of Warrants.

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#### 4. UTILISATION OF PROCEEDS

Based on the issue price of RM0.03 per Warrant, the gross proceeds to be raised from the Rights Issue of Warrants will be utilised in the following manner:-

Details of utilisation	Timeframe for utilisation from the completion of the Rights Issue of Warrants	Minimum Scenario		Maximum Scenario	
		(RM'000)	(%)	(RM'000)	(%)
(i) Repayment of bank borrowings	Within 3 months	2,823	86.25	2,875	86.47
(ii) Estimated expenses for the Rights Issue of Warrants	Within 1 month	450	13.75	450	13.53
<b>Total</b>		<b>3,273</b>	<b>100.00</b>	<b>3,325</b>	<b>100.00</b>

#### Notes:-

##### (i) Repayment of bank borrowings

As at the LPD, the total bank borrowings of our Group stood at approximately RM489.55 million, of which RM46.76 million are long term borrowings and RM442.79 million are short term borrowings. The borrowings comprise of, amongst others, term loans, bankers' acceptances and overdraft facilities.

The Group has earmarked up to approximately RM2.88 million for the partial repayment of secured bank overdrafts in the manner set out as follows:-

Facility	Total amount outstanding as at the LPD (RM'000)	Effective interest rate per annum (%)	Minimum Scenario		Maximum Scenario	
			Proposed repayment (RM'000)	Interest savings per annum (RM'000)	Proposed repayment (RM'000)	Interest savings per annum (RM'000)
Secured bank overdrafts <sup>(1)</sup>	4,736	6.70	2,823	189	2,875	193

#### Note:-

(1) The bank overdraft was drawn down to finance the working capital requirements of our Group with maturity of less than 1 year.

For illustrative purposes, the partial repayment of our Group's secured bank overdrafts set out in the table above amounting to approximately RM2.82 million (under the Minimum Scenario) and RM2.88 million (under the Maximum Scenario) are expected to result in interest savings of approximately RM0.19 million (under the Minimum Scenario and Maximum Scenario) per annum, assuming an effective interest rate of 6.70% per annum.

**(ii) Estimated expenses for the Rights Issue of Warrants**

The proceeds earmarked for the estimated expenses relating to the Rights Issue of Warrants shall be utilised in the following manner:-

	<b>RM'000</b>
Professional fees <sup>(1)</sup>	250
Regulatory fees <sup>(2)</sup>	80
Contingencies and other incidental expenses in relation to the Rights Issue of Warrants (i.e. convening of the EGM, printing and advertisement expenses)	120
<b>Total</b>	<b>450</b>

**Notes:-**

- (1) *Include advisory fees payable to the Adviser and other professional fees payable to the company secretary, share registrar and solicitors.*
- (2) *Include fees payable to Bursa Securities, the SC and the Registrar of Companies.*

If the actual expenses are higher than budgeted, the deficit will be funded from the portion allocated for the repayment of bank borrowings. Conversely, any surplus of funds following the payment of expenses will be utilised for repayment of bank borrowings.

The exact quantum of proceeds to be raised from the exercise of the Warrants are dependent on the actual number of Warrants as and when exercised during the tenure of the Warrants. As such, the exact timeframe for utilisation of such proceeds arising from the exercise of Warrants is not determinable at this juncture. Our Company is expected to utilise the proceeds within 6 months from the date of receipt of the proceeds (arising from the exercise of the Warrants) and such proceeds shall be utilised for additional working capital to finance our Group's day-to-day operations, such as purchase of raw materials, general administrative and daily operation expenses (i.e. staff related costs, utilities, and any other overhead expenditures), the breakdown of which has yet to be determined by the management at this juncture. For illustrative purposes, based on the exercise price of RM0.70 per Warrant, the maximum gross proceeds expected to be raised from the full exercise of the Warrants is up to approximately RM77.58 million.

**5. RATIONALE AND JUSTIFICATION FOR THE RIGHTS ISSUE OF WARRANTS**

The Rights Issue of Warrants is undertaken mainly to reward the Entitled Shareholders by providing them with an opportunity to subscribe for an equity derivative of our Company at a relatively low entry cost as well as to raise proceeds to be utilised for partial repayment of our Group's bank overdrafts. After due consideration of the above as well as various fund raising options available to the Company, our Board is of the opinion that the Rights Issue of Warrants is the most appropriate means of raising funds for the following reasons:-

- (i) the Rights Issue of Warrants will enable the Entitled Shareholders to further increase their equity participation in our Company at a pre-determined exercise price during the tenure of the Warrants and to benefit from the future growth and any potential capital appreciation arising therefrom;
- (ii) Engtex will also be able to raise further proceeds as and when the Warrants are exercised. Our Company could potentially raise up to approximately RM77.58 million from the full exercise of the Warrants. The issuance and exercise of the Warrants will allow our Company to raise funds without incurring additional interest expenses. In addition, the exercise of the Warrants will increase Engtex's shareholders' funds which will consequently improve our gearing levels;

- (iii) the issuance and exercise of the Warrants will further strengthen the capitalisation of our Company as well as potentially improve the trading liquidity of Engtex Shares; and
- (iv) the Rights Issue of Warrants will not result in an immediate dilution of the EPS of the Company until such time new Engtex Shares are issued pursuant to the exercise of the Warrants.

## 6. RISK FACTORS

Our principal activities can be divided into four business segments as follows:-

- (i) wholesale and distribution, which includes wholesale and distribution of pipes, valves, fittings, plumbing materials, steel-related products, general hardware products and construction materials;
- (ii) manufacturing, which includes manufacturing and sale of steel and ductile iron pipes and fittings, valves, manhole covers, hydrants, industrial casting products, welded wire mesh, hard-drawn wire and other steel-related products;
- (iii) property development and investment activities; and
- (iv) hospitality, which involves the operation of Avenue J Hotel (located at Leboh Pasar, Kuala Lumpur), Ibis Style Hotel (located at Bandar Sri Damansara, Selangor) and Mercure Hotel (located at Selayang, Selangor).

You should consider carefully, in addition to other information contained elsewhere in this Abridged Prospectus, the following risk factors which may have an impact on the future performance of our Group before subscribing for or investing in the Rights Issue of Warrants.

### 6.1 Risks relating to our Group

#### 6.1.1 Political, economic and regulatory risks in Malaysia and the occurrence of force majeure events

As we derive our revenue predominantly from Malaysia, any adverse changes or uncertainties in regulation, political and economic condition and investment sentiments in Malaysia as well as any force majeure events, such as terrorist acts, war, riots, epidemics (including but not limited to the COVID-19 pandemic) and natural disasters globally or locally could adversely affect our business operations and financial prospects. The political, economic and regulatory risks which may affect us include unfavourable changes in inflation rates, foreign exchange rates, expropriations, adverse changes in political leadership, and unfavourable changes in government policies or regulations.

The occurrence of any abovementioned events is beyond our control and may have an adverse impact on the demand of our Group's products and/or services or cause reduction in our Group's revenue. As at the LPD, save for the COVID-19 pandemic as disclosed in **Section 7.5** of this Abridged Prospectus, we have not experienced any adverse political, economic and regulatory changes or force majeure events which has a direct impact on our business operations.



### **6.1.2 Risks relating to the impact of COVID-19 on our businesses**

The COVID-19 pandemic and the ensuing introduction of the various movement control orders have had materially affected our businesses. In particular, our hospitality segment is one of the hardest-hit segments of our Group. The lockdowns and traveling restrictions worldwide due to the COVID-19 pandemic had abruptly halted the tourism industry for an unprecedented long period, which in turn materially affected the business operations and financial performance of many hotel operators such as our Group, being the hotel operator of Avenue J Hotel (located at Leboh Pasar, Kuala Lumpur), Ibis Style Hotel (located at Bandar Sri Damansara, Selangor) and Mercure Hotel (located at Selayang, Selangor). As a result, we had to temporarily close down our Ibis Style Hotel and undertake various cost control measures to manage our hospitality operating costs. Further details on the impact of COVID-19 on our hospitality segment are set out in **Section 6.5.1** of this Abridged Prospectus.

Our other business operations, being our wholesale and distribution, manufacturing and property development segments were also materially affected by the COVID-19 pandemic. In particular, these business segments were suspended and closed during the implementation of the first MCO in view that all our business operations were deemed as non-essential services. Further details on the impact of COVID-19 on our businesses are set out in **Section 7.5** of this Abridged Prospectus.

Hence, the prolonged adverse developments brought about by the COVID-19 pandemic may lead to more restrictions being imposed by the authorities which may result in, among others, higher operating costs and disruption to our business operations. These impacts will potentially adversely impact our financial performance.

### **6.1.3 Dependence on key management**

The performance and continued success of our Group's business and operations are dependent, among others, on the skills, abilities, experience, competencies and continued efforts of our Group's key management and personnel. The loss of and failure to recruit suitable candidates to timely replace any such key management or personnel may adversely affect our Group's business and operations. Our Group's success also depends on our ability to hire, train and retain qualified and competent personnel. The process of identifying personnel with the necessary capabilities, combination of skills and attributes required to carry out our Group's strategies and business direction can be difficult, time consuming and expensive.

There may be a material adverse impact on our Group's business and financial performance in the event we are unable to successfully retain our key management and personnel, or recruit suitable candidates to replace any such key management or personnel in the future.

### **6.1.4 Borrowings and financing risks**

Our bank borrowings as at the LPD are primarily term loans, bankers' acceptances and bank overdrafts and our total borrowings as at the LPD amounted to approximately RM489.55 million, all of which are interest-bearing and denominated in RM. Accordingly, our gearing as at the LPD was 0.68 times. Our total finance cost relating to our bank borrowings based on the average interest rate of 3.42% per annum amounted to approximately RM8.77 million from 1 January 2021 up to the LPD. As such, any additional borrowings and/or adverse movement in the prevailing market interest rates may result in a higher interest expenses, which in turn may materially affect the profitability of our Group.



There can be no assurance that current interest rates will be maintained in the future and/or that any increase in our borrowings will not have any material impact on our financial performance. Further, there can also be no assurance that our performance will not be adversely affected in the event of any breach of covenants for any of our credit facility agreements. As at the LPD, we have not breached any covenants under our credit facility agreements.

#### **6.1.5 Fluctuations in foreign currency exchange rates**

Our business is exposed to the risk of foreign currency exchange rates fluctuations where approximately 24.1% of our purchases of raw materials and trading products for the FYE 31 December 2020 were sourced from overseas and were primarily denominated in United States Dollar (“USD”). At present, our Group does not have any form of currency hedging arrangements in place with respect to our foreign currency denominated purchases and sales.

As our revenue is predominantly denominated in RM, whilst some of our purchases or raw materials and trading products are denominated in USD, any adverse changes in the exchange rates between RM and USD will increase our procurement cost and will negatively impact our Group’s profitability. There is hence no assurance that there will not be any significant and/or volatile fluctuation in the foreign currency exchange rates which may affect the financial performance and position of our Group.

### **6.2 Risks relating to the wholesale and distribution industry**

#### **6.2.1 Competition risk**

Our Group faces competition from predominantly local competitors in distributing pipes, valves and fittings, construction materials, plumbing materials and general hardware products. Our Group’s ability to compete depends on many factors which includes, amongst others, quality, pricing, scalability, innovation in products, reliability, reputation as well as customer service.

Our Group’s competitors may vary in size, scope and breadth of the products offered. Although our Group strives to remain competitive in providing our services and products, it cannot be assured that our Group will be able to maintain our competitiveness against current and future competitors or that the competitive pressure will not materially and adversely affect our business, operating results and/or financial condition.

### **6.3 Risks relating to the manufacturing industry**

#### **6.3.1 Fluctuations in raw materials prices**

Steel and iron are key raw materials (which made up of more than 55% of our Group’s total cost of goods sold for the FYE 31 December 2020) used in our manufacturing of mild steel and ductile iron pipes and fittings, valves, manhole covers, hydrants, industrial casting products, welded wire mesh, hard drawn wire, and other steel-related products. The cost of sourcing steel and iron as a raw material for our Group’s manufacturing activities is subject to price fluctuations which are beyond our control. The prices of the raw materials of our Group’s products are dependent on, amongst others, global and local demand and supply of steel and iron as well as other external factors such as outbreak of disease, delivery delays or other disruptions on a significant scale.

Our Group’s margins and earnings would be adversely affected when the increase in the prices of steel and iron which would directly increase the cost of our raw materials if we are unable to pass the increase in cost of our raw materials to our customers in a timely manner. Alternatively, if the increase in cost is passed onto our customers, our Group may not be price competitive. Hence, a significant increase in the prices of raw materials will have an adverse effect on the business and future earnings of our Group.

### **6.3.2 Risk of unexpected equipment failure, flood or fires and burglary**

We rely on machinery and equipment such as melting and annealing furnaces, pipe forming and coating machines, hydrotesting machines, wire drawing and cutting machines, wire mesh welding machines and overhead gantry cranes, to carry out manufacturing activities in our manufacturing facilities. These machinery and equipment may, on occasion, be out of service due to sudden breakdowns or damages sustained during business operations. Further, our business is also subject to loss due to fires or natural disasters such as floods or storms.

The occurrence of these unexpected events that are beyond our control may cause interruptions in, or prolonged suspension of, all or any part of our manufacturing activities. Any prolonged interruptions to our manufacturing activities will affect our production schedules and timely delivery of our products to our customers. This could adversely impact our relationships with customers, financial performance and industry reputation. Further, the occurrence of unforeseen event such as floods, fire and burglary on our manufacturing facilities may result in an immediate financial loss.

We have not experienced any incidents of sudden breakdowns of machinery and equipment or damages as a result of fires or floods, which led to major interruptions in our operations during the past years up to the LPD. However, there can be no assurance that such incidences will not happen in the future, which may result in interruptions to our manufacturing activities and adversely affect our business operations and financial performance.

## **6.4 Risks relating to the property development industry**

### **6.4.1 Property overhang and/or unsold property**

Our Group's properties are susceptible to the risk of not achieving full take-up rate or that it may take a longer time to achieve full take-up rate leading to a longer payback period. Property overhang is commonly caused by oversupply of properties leading to low take-up rate of newly launched properties. Other factors contributing to property overhang may include economic downturn, tightening of credit and unfavourable market conditions.

A prolonged property overhang situation or an increase in the number of unsold properties in the property market may also be due to other factors such as weak response to property launches, location of the properties and changes in consumer preferences.

Currently, our Group is focusing on actively selling the remaining unsold property units to pare down our bank borrowings. As at the LPD, our total inventories that comprise unsold units are as follows:-

- (i) Tiara Residence, a residential development project located at Selayang has a total of 7 unsold units representing approximately 15.2% of total built with a book value of approximately RM8.85 million;
- (ii) Emerald Avenue, a mixed residential and commercial development project located at Selayang has unsold stocks and investment properties in respect of its retail and duplex residential units representing approximately 7.2% of total built with a book value of approximately RM36.25 million; and
- (iii) Amanja Project, a residential development project located at Kepong, Selangor, has unsold stocks and investment property representing approximately 14.1% of total built with a book value of approximately RM27.23 million.

There can be no assurance that our Group's projects will achieve a favourable take-up rate or that our Group's property launches will not be affected by property overhang.

#### **6.4.2 Dependence on the performance of the property market**

The performance of our Group's property development business is dependent on the performance of the property market in Malaysia, in particular the residential and commercial sub-segment. The performance of the property market in Malaysia is generally affected by, amongst others, population growth, economic growth, government policies and regulations as well as demographic trends.

Any adverse developments affecting the property market may result in adverse impact on the performance of our property development businesses, which in turn may adversely affect the financial performance of our Group. Hence, in view of the current weak property market as set out in **Section 7.4** of this Abridged Prospectus, our Group is currently putting on hold launching of new property development projects on our existing land bank of approximately 131.3 acres located in Selangor, Pahang and Kuala Lumpur.

#### **6.4.3 Availability of land bank for our property development business**

Our property development business relies on our ability to identify and acquire suitable and sizeable land bank at strategic locations with development potential to deliver growth and profitability. However, we face competition in identifying and acquiring strategically located land bank at commercially viable prices. The competition among industry players has, to a certain extent, resulted in scarcity of sizeable and strategically located land bank. This may lead to higher land acquisition cost, which will potentially affect our profitability and prospects.

There can be no assurance that we will be able to identify new land bank on commercially viable prices and on suitable terms to increase our land bank for our property development segment.

### **6.5 Risks relating to the hospitality industry**

#### **6.5.1 Lockdowns and travel restrictions due to the COVID-19 pandemic as well as the uncertainty of hospitality industry**

The hospitality industry was one of the hardest-hit sectors following the outbreak of the COVID-19 pandemic due to the imposition of restrictions on international and domestic travel and the prohibition of Meetings, Incentives, Conventions and Exhibitions ("**MICE**") sector. With tourism (being the main driver of the hospitality business) halted abruptly for an unprecedented long period, the business operations and financial performance of most hotel operators were severely impacted with a major slump in their occupancy rate and revenue.

In response to the unprecedented disruptions to our hotel operations, our Group has since implemented cost control measures to manage our operating costs of our hotels, which includes, amongst others, a targeted pay cut of our hotel workforce for a specified period together with increment freeze, and the lay-off of hotel staff due to closure of our Ibis Styles hotel located at Bandar Sri Damansara. However, it is pertinent to note that there is no assurance that these cost control measures will be adequate for our hospitality segment to weather the current business condition.

Although, we have implemented various procedures and practices in line with the directives issued by the Government of Malaysia to reduce the risks of the spread of COVID-19 and to safeguard our employees, there can be no assurance that the outbreak of COVID-19 pandemic can be effectively controlled or other pandemics will not happen in the future. Other outbreak or pandemics may occur in the future and could persist for a substantial period, and this may materially and adversely affect our hospitality business operations and financial performance. Please refer to **Section 7.5** of this Abridged Prospectus for further details on the impact of COVID-19 pandemic on the business operations of our Group.

## **6.6 Risks relating to the Rights Issue of Warrants**

### **6.6.1 Investment risks**

The price of the Warrants, is influenced by, among others, the market price of the underlying Engtex Shares, the remaining tenure of the Warrants and the volatility of the price of Engtex Shares. In view of this, there can be no assurance that the Warrants will be traded higher or above the issue price of RM0.03 per Warrant subsequent to the listing of and quotation for the Warrants on Bursa Securities. Similarly, there can be no assurance that the underlying Shares will be traded at or above the exercise price of the Warrants upon listing of the Warrants on the Main Market of Bursa Securities.

On the other hand, the market price of Engtex Shares is influenced by, among others, the prevailing market sentiments, the liquidity of Engtex Shares, the volatility of equity markets, the outlook of the Malaysian economy, particularly on the manufacturing, property development, hospitality industry and our financial performance. In view of this, there can be no assurance that the Warrants will be in-the-money during the exercise period of the Warrants.

Accordingly, there is no assurance that the market price of the Engtex Shares and Warrants will be at a level that meets the investment objectives of the subscriber of the Warrants.

### **6.6.2 Market risks and no prior market for the Warrants**

The price of the Warrants when traded on Bursa Securities may fluctuate due to factors such as, amongst others, the prevailing market sentiments, the volatility of the stock market, the outlook of the industry which we operate in and our financial performance. In view of this, there can be no assurance that the Warrants will trade at or above the issue price of the Warrants after the listing of and quotation for the Warrants on the Main Market of Bursa Securities.

Further, as the Warrants are a new type of security issued by our Company, there can also be no assurance that an active market for the Warrants will develop upon listing on Bursa Securities, or if developed, that it will sustain.

### **6.6.3 Delay in or abortion of the implementation of the Rights Issue of Warrants**

The Rights Issue of Warrants may be aborted or delayed on the occurrence of any material adverse change of events or circumstances, unfavourable changes in government policies as well as other force majeure events, which is beyond our control, arising prior to or during the implementation of the Rights Issue of Warrants. There is no assurance that the abovementioned events will not occur or cause a delay in or abortion of the Rights Issue of Warrants.

In the event the implementation of the Rights Issue of Warrants is cancelled or aborted, our Group will repay without interest all monies received in respect of the accepted applications for the subscription of the Warrants pursuant to the Rights Issue of Warrants and if such monies are not repaid within 14 days after it becomes liable, we will repay such monies with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC in accordance with Section 243(2) of the CMSA.

#### **6.6.4 Potential dilution of existing shareholders' shareholdings**

Entitled Shareholders who do not or are unable to subscribe for their entitlement of Warrants pursuant to the Rights Issue of Warrants will have their proportionate percentage of shareholdings and voting interest in our Company reduced in the enlarged issued share capital of our Company as a result of the exercise of Warrants. It should also be noted that consequently, their proportionate entitlement to any future distribution, rights and/or, allotment that our Company may make after completion of the Rights Issue of Warrants will also correspondingly be diluted.

## **7. INDUSTRY OVERVIEW AND OUTLOOK**

### **7.1 Overview and outlook of the economy in Malaysia**

The Malaysian economy contracted by 5.6% in 2020, the lowest since 1998 (-7.4%). This was due to broad-based weaknesses in exports, production and domestic demand, arising from adverse external spillovers and the introduction of stringent domestic containment measures to combat COVID-19. The weaker domestic economic activities led to a deterioration in labour market conditions and income losses, thereby impacting consumer spending. Private investment activity was affected by adverse business confidence and the slower implementation of projects. Public expenditure was also affected mainly by the initial implementation of the MCO. The impact was the largest in the second quarter of 2020, with Gross Domestic Product contracting by 17.1%. Growth gradually improved in the second half of 2020, partly supported by the improvement in external demand and reopening of the domestic economy amid a more targeted approach to containment measures. Lingering uncertainties surrounding the development of the pandemic, however, continued to weigh on Malaysia's growth recovery.

The Malaysian economy is projected to rebound to between 6.0% and 7.5% in 2021. Growth will be underpinned by the recovery in global demand and the gradual improvement in domestic economic activity. The growth trajectory will be mainly influenced by the COVID-19 developments, particularly the extent and duration of containment measures and the rollout of vaccines.

*(Source: Economic and Monetary Review 2020, Bank Negara Malaysia)*

The Malaysian economy registered a smaller decline of 0.5% in the first quarter (4Q 2020: -3.4%). The growth performance was supported mainly by the improvement in domestic demand and robust exports performance, particularly for electrical and electronics ("E&E") products. Growth was also supported by the continued policy measures. The imposition of the Second Movement Control Order ("MCO 2.0") and the continued closure of international borders and restrictions on inter-state travel, however, weighed on economic activity. Nevertheless, as restrictions were eased in February and March, economic activity gradually picked up. All economic sectors registered an improvement, particularly in the manufacturing sector. On the expenditure side, growth was driven by better private sector spending and strong growth in trade activity. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a growth of 2.7% (4Q 2020: -1.5%).

The construction sector contracted by a smaller rate of 10.4% (4Q 2020: -13.9%). Activity was supported by the ramp up of construction works in commercial projects that are nearing completion and the continued implementation of small-scale projects. This resulted in a strong positive growth in the special trade subsector. However, activity in the residential, non-residential and civil engineering subsectors remained weak, affected by labour shortages and site shutdowns due to COVID-19 outbreaks. The implementation of MCO 2.0 also weighed on growth, as activity in construction sites that did not meet the conditions to operate were halted.

*(Source: Quarterly Bulletin, First Quarter of 2021, Bank Negara Malaysia)*

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

The manufacturing sector contracted by 8.7% during the first half of 2020, as almost all industry operations were temporarily halted, following supply chain disruptions amid the MCO. Within the export-oriented industries, the E&E cluster was severely affected as global demand decelerated sharply. Domestic-oriented industries also recorded sluggish growth, with transport equipment; and non-metallic mineral products, basic metal and fabricated metal products segments registering a double-digit contraction.

Nonetheless, the manufacturing sector is expected to improve by 2.4% in the second half of 2020, as industrial activities resume operations in line with the gradual lifting of the MCO. Within the export-oriented industries, the E&E segment is projected to improve following rising demand for computer and electronic products. Chemical and rubber products are anticipated to continue to record high growth, benefitting from higher demand for rubber gloves and pharmaceutical products. Within the domestic-oriented industries, the food products and transport equipment segments are expected to rebound, supported by higher demand. Overall, for the year, the manufacturing sector is expected to decline by 3%.

The manufacturing sector is forecast to rebound by 7% in 2021, driven by steady improvement in both the export- and domestic-oriented industries.

*(Source: Economic outlook 2021, Ministry of Finance Malaysia)*

In terms of sectoral performance, all economic sectors registered an improvement. The manufacturing sector expanded at a higher pace of 6.6% (4Q 2020: 3.0%), driven by the robust E&E production and continued recovery in the consumer-, primary- and construction-related clusters. The strong performance of the E&E subsectors reflected the higher global demand for semiconductor components, as reflected by the improvement in the World Semiconductor Trade Statistics. Despite the imposition of MCO 2.0, the consumer- and primary-related manufacturing also recorded higher growth, as most manufacturing sectors were allowed to operate while adhering to stringent standard operating procedures (SOPs).

Global concerns surrounding electronic-chip shortages on the automotive sector had only a limited impact on the strong domestic passenger car production due to the lower chip intensity of most mass market vehicles. In addition, the extension of Sales and Services Tax (SST) exemption for the purchase of motor vehicles until June 2021 also helped Malaysia's motor vehicle production.

*(Source: Quarterly Bulletin, First Quarter of 2021, Bank Negara Malaysia)*

The Industrial Production Index ("IPI") jumped 9.3 per cent in March 2021 as compared to the same month of the previous year. The growth of IPI in March 2021 was driven by the manufacturing and electricity index which increased 12.7 per cent and 10.3 per cent respectively. Meanwhile, mining index dropped 1.9 per cent.



The manufacturing sector output based on year-on-year comparison rose by 12.7 per cent in March 2021 after recording a growth of 4.5 per cent in February 2021. The major sub-sectors contributing to the growth in manufacturing sector in March 2021 were transport equipment & other manufactures (20.9%), petroleum, chemical, rubber & plastic products (14.1%) and E&E Products (13.8%). The export-oriented industries driven the growth of the manufacturing sector by 12.4 per cent while domestic-oriented industries increased by 13.4 per cent. The growth of the manufacturing sector was also driven by the high capacity utilization rate especially in E&E products and petroleum, chemical, rubber & plastic products sub-sectors.

*(Source: Index of Industrial Production Malaysia March 2021, Department of Statistics Malaysia)*

### **7.3 Overview and outlook of the Malaysian tourism, leisure and hospitality industry**

The tourism industry, with a share of 15.9% of GDP, is one of the main contributors to the services sector in 2019. Domestic tourists contributed RM92.6 billion while international tourists spent RM89.4 billion in 2019. The implementation of the MCO in Malaysia and the closure of international borders to contain the virus outbreak have affected people's movements and activities, particularly in tourism-related sub-sectors. According to Malaysia Association of Hotels, hotel booking cancellations from January 2020 to 20 March 2020 breached over 193,000 rooms, which translates into RM76 million losses in revenue for the industry. At the same time, the hotel occupancy rate dropped from 61.6% in January 2020 to 25% in March 2020. With the gradual recovery of the economy, the accommodation industry started to pick-up with the occupancy reaching 42.1% from 30 August to 5 September 2020. In addition, the Malaysian aviation industry is projected to lose RM13 billion in 2020 as air travel plummeted following international travel restrictions.

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

The services sector recorded a smaller decline of 2.3% in the first quarter of 2021 (4Q 2020: -4.8%). This was due to the improvement in the consumer-related activities, supported by the relaxation of containment measures such as dine-ins and inter-district travel beginning from middle of February 2021. Nevertheless, the weakness in tourism activity continues to affect key subsectors such as accommodation as well as air travel under the transport and storage subsector. Meanwhile, growth in the finance and insurance subsector improved, attributed to higher fee income, stable loan and deposit growth, and higher net insurance premiums. The information and communication subsector continued to benefit from demand for data communication services following the adoption of remote working and learning arrangements.

*(Source: Quarterly Bulletin, First Quarter of 2021, Bank Negara Malaysia)*

### **7.4 Overview and outlook of the Malaysian property development industry**

The property market performance recorded a significant decline in 2020 compared to 2019. A total of 295,968 transactions worth RM119.08 billion were recorded, showing a decrease of 9.9% in volume and 15.8% in value compared to 2019, which recorded 328,647 transactions worth RM141.40 billion. Volume of transactions across the subsectors contracted sharply in 2020. The residential, commercial, industrial, agriculture and development land sub-sectors recorded contraction of 8.6%, 21.0%, 24.0%, 10.7% and 2.6% respectively.

The property market performance in 2021 is much dependant on the country's economic and financial outlook. The availability and rolling out of COVID-19 vaccine throughout the country is seen as fundamental to deter any new wave of infection spread. This will help boost business confidence, household sentiments as well as the general economy, which will likely see a soft upturn in the property market in the second half of 2021.

Based on the current prolonged COVID-19 pandemic and the foreseeable impact on the overall economy, the property market performance is expected to remain cautious and soft in 2021. Bank Negara Malaysia is forecasting the Malaysia's GDP to grow within the range of 5.5% to 8.0% in 2021 while the World Bank is forecasting Malaysia's economy to grow by 6.7%.

*(Source: Property Market Report 2020, Valuation & Property Services Department, Ministry of Finance Malaysia)*

The construction sector contracted by a smaller rate of 10.4% (4Q 2020: -13.9%). Activity was supported by the ramp up of construction works in commercial projects that are nearing completion and the continued implementation of small-scale projects. This resulted in a strong positive growth in the special trade subsector. However, activity in the residential, non-residential and civil engineering subsectors remained weak, affected by labour shortages and site shutdowns due to COVID-19 outbreaks. The implementation of MCO 2.0 also weighed on growth, as activity in construction sites that did not meet the conditions to operate were halted.

*(Source: Quarterly Bulletin, First Quarter of 2021, Bank Negara Malaysia)*

## 7.5 Impact of COVID-19 to our Group

Our Group suffered a setback during the first half of 2020 when the Government implemented the nationwide MCO to counter the COVID-19 pandemic outbreak from 18 March 2020 until 3 May 2020. The enforcement of the MCO resulted in the mandatory closure of all Government and private premises (except those involved in providing essential services). Our business operations, being the wholesale and distribution, manufacturing, property development and hospitality segments were suspended and closed during this period as a result of the implementation of the MCO as they were deemed as non-essential services.

The restrictions under the MCO were gradually eased and relaxed and extended under a CMCO from 4 May 2020 to 9 June 2020. During this period, we resumed all our business operations. During the second quarter of 2020, we suspended our hotel operations at Ibis Styles hotel located at Bandar Sri Damansara to curtail further operating losses arising from the implementation of the MCO and the CMCO.

The economic recovery gained momentum during the second half of 2020 and our Group adapted well to pose a strong performance in this period. Please refer to **Section 9 of Appendix I** of this Abridged Prospectus for our financial commentary for the FYE 31 December 2020.

The CMCO was subsequently replaced with the Recovery MCO ("**RMCO**"), which took effect from 10 June 2020 until 31 December 2020. The surge in new COVID-19 cases in the states designated as the red zone areas during the last quarter of 2020 has resulted in the reintroduction of CMCO from 13 October 2020 onwards and the re-introduction of MCO 2.0 in Selangor, Kuala Lumpur and Putrajaya from 13 January 2021 to 5 March 2021, to counter the third wave of the pandemic outbreak. However, all our operating segments, except for the hospitality segment, were allowed to operate unlike the first MCO.

On 28 May 2021, the Government of Malaysia had announced the enforcement of a two-week nationwide full lockdown ("**MCO 3.0**"), which came into effect from 1 June 2021 until 28 June 2021 and has since been extended until further directives by the Government in view of the significant surge of COVID-19 infections in Malaysia. On 15 June 2021, the Government of Malaysia had introduced a four-phase National Recovery Plan ("**NRP**"), which came into effect from 29 June 2021. As each phase in the NRP is based on the amount of new cases and vaccination rates, it can be extended, or moved on to the next phase, whenever possible.

The enforcement of the MCO 3.0 and phase 1 of NRP ("**NRP Phase 1**") have resulted in the mandatory closure of all Government and private premises except those involved in providing essential services, and those which have been granted with approval to operate subject to strict conditions imposed by the Ministry of International Trade and Industry ("**MITI**"). Our Group was able to operate during the MCO 3.0 and NRP Phase 1 as we have been granted approval by MITI to operate with restriction of at least 60% workforce nationwide during the MCO 3.0 and NRP Phase 1, except for one of our subsidiaries in Melaka where the restriction is at 10% of workforce during NRP Phase 1. Our hotel business only allows guests involved in the provision of essential services during the MCO 3.0 and NRP Phase 1.



On 1 July 2021, the Government of Malaysia announced the imposition of the Enhanced MCO (“**EMCO**”) for most parts of Selangor and Kuala Lumpur from 3 July 2021 to 16 July 2021. During the EMCO period, all of our Group’s businesses were suspended in view of the restrictions imposed, save for our hotel businesses that only allowed guests involved in the provision of essential services.

In line with the directives issued by the Government of Malaysia, our Group has implemented various procedures in our business conduct to reduce the risks of the spread of COVID-19 and to safeguard our employees. These procedures include, amongst others, the following:-

- (i) prohibiting visitors from visiting our offices unless absolutely necessary;
- (ii) all our employees are required to wear face masks at all times in the workplace and undergo temperature measurement and report immediately to the Human Resource Department and refrain from coming to the workplace should there be incidence of close contact with potentially infected or infected persons;
- (iii) a flexible work arrangement has been adopted that allows our managerial level to work from home, of which laptops and desktops are provided for our employees who are required to perform critical function within their departments; and
- (iv) cleaning and sanitising of our workplace are conducted 3 times a day by our in-house cleaners at common area such as meeting rooms and washrooms.

We have also created a working committee headed by our Group Human Resource and Administration Manager to handle any emergency cases involving COVID-19 infection(s) or investigation(s).

We incurred a total cost of approximately RM0.32 million in the FYE 31 December 2020 on the COVID-19 testing and upgrading of accommodation facilities of our foreign workers to comply with the Employees’ Minimum Standards of Housing Accommodations and Amenities Regulations 2020. We had also incurred additional costs of approximately of RM0.10 million for all the workers of our Group to carry out COVID-19 testing and vaccination up to the LPD. The temporary suspension of our businesses operations, in particular, our manufacturing, wholesale and distribution as well as hospitality segment, following the implementation of the various MCOs in 2020 had impacted our business and financial performance. This was evidenced by the dip in our revenue from RM1.12 billion in the FYE 31 December 2019 to RM0.99 billion in the FYE 31 December 2020. It is also pertinent to note that the recent resurgence in the number of COVID-19 cases and a further deterioration to the current state of the COVID-19 pandemic may lead to further stringent lockdowns, which in turn may materially affect our business operations and financial performance. In view of such uncertainty moving forward, we are unable to determine or quantify the estimated impact of such factors on our businesses and financial performance as at this juncture.

We have not been in material breach of any directives/restrictions issued by the Government of Malaysia in the past up to the LPD. We will continue to strictly adhere to the COVID-19 directives and restrictions as may be imposed by the regulatory authorities from time to time to mitigate disruptions to our Group’s business and ensure the safety and wellbeing of our stakeholders including employees, customers and the local communities.

However, there can be no assurance that any prolonged adverse development arising from recent MCO 3.0 and NRP Phase 1 imposed by the Government of Malaysia from 1 June 2021 onwards, the COVID-19 and/or any other external factors will not have a material adverse effect on our financial performance and operations.

## 7.6 Prospects of our Group

Our Group is principally involved in four business segments as disclosed under **Section 6** of this Abridged Prospectus. The uncertainties in local and global economic outlook coupled with the COVID-19 pandemic will provide a challenging platform for our Group's existing businesses in all segments which focus primarily on domestic market.

The performance of our Group will be further affected by factors such as the recovery of domestic demand, the volatility in the international and domestic metal prices and the timely implementation of projects in the construction, utilities, infrastructure and property development sectors. Notwithstanding this, the wholesale and distribution, and manufacturing segments of our Group shall continue to be the pillar for our sustainable revenue and profitability growth during this challenging time as we strive to become a one-stop solution provider to our established and growing customer network in Malaysia. We will continue to expand and maximise our warehousing facilities based in Selangor and Penang, and deploy effective utilisation of resources to source for existing and new trading products locally and abroad. We will also continue to improve our manufacturing segment, expand our operating capacity and continue to look for new business opportunity.

Our property development segment is currently putting on hold launching of new property development projects in our existing land bank at their various stages of preliminary works due to the weak property market. We will focus on selling our remaining unsold residential and commercial properties in Kepong and Selangor to pare down our Group's bank borrowings. Our Group's intention is to review and revise the earlier development plans to find the right product to market or put the land for sale in order to maximise the value of the existing land bank. We will also explore property development opportunities on our existing land bank.

The re-introduction of the MCO in designated states including Selangor, Kuala Lumpur, Johor, Penang and Sarawak from 7 May 2021 to 31 May 2021 and MCO 3.0 from 1 June 2021 onwards which imposes restrictions on inter-district and inter-state travels and prohibition of the MICE sector have put a dampening effect on the hospitality industry which has been adversely affected by the COVID-19 pandemic.

Further, the MCO 3.0 and NRP Phase 1 have resulted in total business closure except for those that have been granted approval to operate subject to strict conditions imposed by the MITI and hotel business which allow for staying guests involved in the provision of essential services. We will closely monitor the performance of our remaining two hotels' operations and managing our Group's operating costs to remain sustainable.

We expect that the performance of our Group will remain challenging which is dependent on the domestic demand and global economic environment.

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## 8. EFFECTS OF THE RIGHTS ISSUE OF WARRANTS

### 8.1 Issued share capital

The pro forma effects of the Rights Issue of Warrants on the issued share capital of Engtex are set out below:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	(RM)	No. of Shares	(RM)
Share capital as at the LPD	443,319,301	269,933,734	443,319,301	269,933,734
Less: treasury shares	(6,976,200)	(5,928,069)	(3) <sub>-</sub>	(3) <sub>-</sub>
	<b>436,343,101</b>	<b>264,005,665</b>	<b>443,319,301</b>	<b>269,933,734</b>
To be issued pursuant to the exercise of the Warrants	109,085,775	(1)76,360,043	110,829,825	(1)77,580,878
Reversal of warrants reserve pursuant to the full exercise of Warrants	-	(2)3,272,573	-	(2)3,324,895
<b>Enlarged issued share capital</b>	<b>545,428,876</b>	<b>343,638,281</b>	<b>554,149,126</b>	<b>350,839,507</b>

**Notes:-**

- (1) Based on the exercise price of RM0.70 per Warrant.
- (2) Being the transfer of warrants reserve into the share capital based on the number of Warrants multiplied by the indicative issue price of RM0.03 per Warrant.
- (3) Assuming all 6,976,200 treasury shares are resold to the open market at cost.

### 8.2 NA, NA per Share and gearing

Based on the latest unaudited consolidated financial statements of Engtex Group for the 3-month FPE 31 March 2021 and on the assumption that the Rights Issue of Warrants had been effected on that date, the pro forma effects of the Rights Issue of Warrants on the consolidated NA per Share and gearing of Engtex Group are set out below:-

**Minimum Scenario**

	Unaudited 3-month FPE 31 March 2021 (RM'000)	Proforma I After the Rights Issue of Warrants (RM'000)	Proforma II After Proforma I and assuming full exercise of Warrants (RM'000)
Share capital	269,934	269,934	(4)349,567
Warrants reserve	-	(1)3,273	-
Translation reserve	(85)	(85)	(85)
Treasury shares	(5,928)	(5,928)	(5,928)
Retained earnings	448,728	(2)448,278	448,278
<b>Total equity attributable to owners of the Company/NA</b>	<b>712,649</b>	<b>715,472</b>	<b>791,832</b>
Non-controlling interests	19,602	19,602	19,602
<b>Total equity</b>	<b>732,251</b>	<b>735,074</b>	<b>811,434</b>
No. of Shares in issue^ ('000)	436,343	436,343	545,429
<b>NA per Share (RM)</b>	<b>1.63</b>	<b>1.64</b>	<b>1.45</b>
Borrowings (RM'000)	489,746	(3)486,923	486,923
<b>Gearing (times)</b>	<b>0.69</b>	<b>0.68</b>	<b>0.61</b>

**Notes:-**

- ^ Excluding 6,976,200 treasury shares.
- (1) After recognising the warrants reserve of approximately RM3.27 million arising from the issuance of 109,085,775 Warrants, computed based on the number of Warrants multiplied by the issue price of RM0.03 per Warrant.
- (2) After deducting the estimated expenses of RM0.45 million pursuant to the Rights Issue of Warrants.
- (3) After adjusting for the utilisation of proceeds pursuant to the Rights Issue of Warrants of which RM2.82 million is earmarked for the partial repayment of bank borrowings.
- (4) Based on the exercise price of RM0.70 per Warrant and after accounting for the reversal of warrant reserve account.

**Maximum Scenario**

	Unaudited 3-month FPE 31 March 2021 (RM'000)	Proforma I ( <sup>1</sup> )Assuming all treasury shares are resold (RM'000)	Proforma II After Proforma I and the Rights Issue of Warrants (RM'000)	Proforma III After Proforma II and assuming full exercise of Warrants (RM'000)
Share capital	269,934	269,934	269,934	<sup>(5)</sup> 350,840
Warrants reserve	-	-	<sup>(2)</sup> 3,325	-
Translation reserve	(85)	(85)	(85)	(85)
Treasury shares	(5,928)	-	-	-
Retained earnings	448,728	448,728	<sup>(3)</sup> 448,278	448,278
<b>Total equity attributable to owners of the Company/NA</b>	<b>712,649</b>	<b>718,577</b>	<b>721,452</b>	<b>799,033</b>
Non-controlling interests	19,602	19,602	19,602	19,602
<b>Total equity</b>	<b>732,251</b>	<b>738,179</b>	<b>741,054</b>	<b>818,635</b>
No. of Shares in issue <sup>^</sup> ('000)	436,343	443,319	443,319	554,149
<b>NA per Share (RM)</b>	<b>1.63</b>	<b>1.62</b>	<b>1.63</b>	<b>1.44</b>
Borrowings (RM'000)	489,746	489,746	<sup>(4)</sup> 486,871	486,871
<b>Gearing (times)</b>	<b>0.69</b>	<b>0.68</b>	<b>0.67</b>	<b>0.61</b>

**Notes:-**

- ^ Excluding 6,976,200 treasury shares.
- (1) Assuming all the treasury shares are resold to the open market at cost.
- (2) After recognising the warrants reserve of approximately RM3.33 million arising from the issuance of 110,829,825 Warrants, computed based on the number of Warrants multiplied by the issue price of RM0.03 per Warrant.
- (3) After deducting the estimated expenses of RM0.45 million pursuant to the Rights Issue of Warrants.
- (4) After adjusting for the utilisation of proceeds pursuant to the Rights Issue of Warrants of which RM2.88 million is earmarked for the partial repayment of bank borrowings.
- (5) Based on the exercise price of RM0.70 per Warrant and after accounting for the reversal of warrant reserve account.

**8.3 Earnings and EPS**

The Rights Issue of Warrants is not expected to have any material effect on our consolidated earnings for the FYE 31 December 2021. However, the EPS of our Company may be diluted as a result of the increase in the number of Engtex Shares in issue as and when the Warrants are exercised. Nevertheless, the Rights Issue of Warrants is expected to contribute positively to the future earnings of Engtex when the benefits of the utilisation of proceeds from the Rights Issue of Warrants and conversion of the Warrants into Engtex Shares are realised.

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

### 9.1 Working capital

Our Group's working capital is funded through cash generated from operating activities as well as our Group's existing cash and bank balances. As at the LPD, we have cash and bank balances of RM51.73 million, deposits with licensed banks of RM22.01 million and highly liquid investments with other institutions of RM50.80 million.

Our Board is of the opinion that, after taking into consideration the proceeds from the Rights Issue of Warrants, our cash and bank balances and the banking facilities available to our Group as well as the funds generated from our Group's operations, we will have sufficient working capital available for a period of 12 months from the date of this Abridged Prospectus as well as to cater for any further potential impact arising from the COVID-19 pandemic.

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

### 9.2 Borrowings

As at the LPD, our Group has a total outstanding borrowings of approximately RM489.55 million. All of our borrowings are interest-bearing and denominated in RM, further details of which are set out as follows:-

	Current RM'000	Non-current RM'000	Total RM'000
Secured			
- Bankers' acceptances	62,885	-	62,885
- Bank overdrafts	4,736	-	4,736
- Term loans	15,850	46,670	62,520
- Hire purchase liabilities	434	92	526
	<b>83,905</b>	<b>46,762</b>	<b>130,667</b>
Unsecured			
- Bankers' acceptances	280,264	-	280,264
- Bank overdrafts	6,012	-	6,012
- Revolving credit	72,612	-	72,612
	<b>358,888</b>	-	<b>358,888</b>
<b>Total borrowings</b>	<b>442,793</b>	<b>46,762</b>	<b>489,555</b>

As at the LPD, our Group does not have any non-interest bearing borrowings from local and foreign financial institutions. There has not been any default on payments of either interest and/or principal sums in respect of any borrowings throughout the FYE 31 December 2020 and the subsequent financial period up to the LPD.

### 9.3 Contingent liabilities

As at the LPD, save as disclosed below, our Board confirms that there are no contingent liabilities incurred or known to be incurred by our Group, which upon becoming enforceable, may have a material impact on the financial results or position of our Group:-

	(RM'000)
<b>Corporate guarantees issued to:-</b>	
- financial institutions for bank facilities granted to our subsidiaries	489,282
- suppliers for credit facilities granted to our subsidiaries	10,037
<b>Total</b>	<b>499,319</b>

### 9.4 Material commitments

As at the LPD, save as disclosed below, our Board confirms that there are no material commitments for capital expenditure incurred or known to be incurred by our Group, which upon becoming enforceable, may have a material impact on the financial results or position of our Group:-

	(RM'000)
<b><u>Property, plant and equipment</u></b>	
- Authorised but not contracted for	4,461
- Contracted but not provided for	16,631
<b>Total</b>	<b>21,092</b>

We intend to fund the above material commitments through a combination of internally generated funds and/or bank borrowings.

### 9.5 Material transactions

Save for the Rights Issue of Warrants, our Board confirms that there are no other material transactions which may have a material effect on our Group's operations, financial position and results since our Group's most recently announced unaudited consolidated financial statement for the 3-month FPE 31 March 2021.

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**10. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS WARRANTS APPLICATION FOR THE RIGHT ISSUE OF WARRANTS**

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL WARRANTS, EXCESS WARRANTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/OR YOUR RENOUNCEE(S)/TRANSFeree(S) (IF APPLICABLE) WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

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

**10.1 General**

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

We shall make an announcement to Bursa Securities on the outcome of the Rights Issue of Warrants after the Closing Date.

**10.2 NPA**

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

**10.3 Methods of acceptance and application**

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

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

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

The last date and time for acceptance of and payment for the Provisional Warrants is at **5.00 p.m. on Friday, 27 August 2021.**

**10.5 Procedures for acceptance and payment**

**10.5.1 By way of RSF**

Acceptance of and payment for the Provisional Warrants to you as an Entitled Shareholder and/or your renounee(s)/transferee(s) (if applicable) must be made on the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not strictly conform to the terms of this Abridged Prospectus, the NPA or the RSF or the notes and instructions contained therein or which are illegible may not be accepted at the absolute discretion of our Board.



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

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

If you and/or your renounee(s)/transferee(s) (if applicable) wish to accept either in full or in part of the Provisional Warrants of your entitlement, please complete Parts I(a) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF together with the relevant payment must be sent to our Share Registrar using the envelope provided (at your own risk) by **ORDINARY POST, COURIER or DELIVERED BY HAND** at the address stated below:-

**Mega Corporate Services Sdn Bhd**

Level 15-2  
Bangunan Faber Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur

Tel. : (03) 2692 4271 / 2694 8984

Fax. : (03) 2732 5388

so as to arrive **not later than 5.00 p.m. on Friday, 27 August 2021**, being the last date and time for acceptance and payment.

If you and/or your renounee(s)/transferee(s) (if applicable) lose, misplace or for any other reasons require another copy of the RSF, you and/or your renounee(s)/transferee(s) (if applicable) may obtain additional copies from your stockbroker, our Share Registrar at the address stated above or the website of Bursa Securities at <https://www.bursamalaysia.com>.

1 RSF can only be used for acceptance of Provisional Warrants standing to the credit of 1 CDS Account. Separate RSF(s) must be used for the acceptance of Provisional Warrants standing to the credit of more than 1 CDS Account(s). If successful, the Warrants that you have subscribed for will be credited into the respective CDS Account(s) as stated in the completed RSF(s).

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

You and/or your renounee(s)/transferee(s) (if applicable) should take note that a trading board lot for the Warrants comprises 100 Warrants. Any fractional entitlements arising from the Rights Issue of Warrants shall be disregarded and the aggregate of such fractions shall be dealt with in a fair and equitable manner as our Board in its discretion deems fit and in the best interest of our Company.

If acceptance of and payment for the Provisional Warrants is not received by our Share Registrar on Friday, 27 August 2021 by 5.00 p.m., being the last date and time for acceptance and payment, you and/or your renounee(s)/transferee(s) (if applicable) will be deemed to have declined the Provisional Warrants made to you and/or your renounee(s)/transferee(s) (if applicable) and it will be cancelled.



In the event that the Warrants are not fully taken up by such applicants, our Board will then have the right to allot such Warrants to the applicants who have applied for the Excess Warrants in the manner as sets out in **Section 10.8** of this Abridged Prospectus. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar. Our Board reserves the right not to accept any application or to accept any application in part only without providing any reason.

**EACH COMPLETED RSF MUST BE ACCOMPANIED BY THE APPROPRIATE REMITTANCE MADE IN RM FOR THE FULL AMOUNT PAYABLE FOR THE WARRANTS 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", MADE PAYABLE TO "ENGTEX RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME IN BLOCK LETTERS AND CDS ACCOUNT NUMBER SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR NOT LATER THAN THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT AS SET OUT IN THE COVER PAGE OF THIS ABRIDGED PROSPECTUS.**

**APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. 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. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST OR ELECTRONIC NOTICES OF ALLOTMENT WILL BE SENT VIA EMAIL TO THE POSTAL ADDRESS OR EMAIL ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 8 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE OF AND PAYMENT FOR THE WARRANTS OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.**

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

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

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

**ALL WARRANTS TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE OF WARRANTS WILL BE ALLOTTED BY WAY OF CREDITING SUCH WARRANTS INTO THE CDS ACCOUNTS OF THE ENTITLED SHAREHOLDERS AND/OR THEIR RENOUNCEE(S)/TRANSFeree(S) (IF APPLICABLE). NO PHYSICAL SHARE OR WARRANT CERTIFICATES WILL BE ISSUED.**

### 10.5.2 By way of e-Subscription

You and/or your renounee(s)/transferee(s) (if applicable) can have the option to accept your or their entitlement to the Provisional Warrants and payment for the Provisional Warrants through e-Subscription available on Investor Portal at <https://www.megacorp.com.my/investor/>. The e-Subscription is available to all Entitled Shareholders including individuals, corporation or institutional shareholders.

The e-RSF is available to you upon your login to Investor Portal at <https://www.megacorp.com.my/investor/>. You are advised to read the instructions as well as the terms and conditions of the e-Subscription.

Registered Entitled Shareholders who wish to subscribe for the Provisional Warrants and apply for Excess Warrants by way of e-Subscription shall take note of the following:-

- (a) any e-Subscription received by the Share Registrar after the Closing Date for acceptance, Excess Warrants Application and payment shall be regarded as null and void and of no legal effect unless the Board in its absolute discretion determines otherwise. Any e-Subscription, once received by the Share Registrar, is irrevocable and shall be binding on you;
- (b) the e-Subscription made must be in accordance with the procedures of e-Subscription using Investor Portal at <https://www.megacorp.com.my/investor/>, the terms and conditions of Investor Portal at <https://www.megacorp.com.my/investor/>, this Abridged Prospectus and the e-RSF. Any e-Subscription submitted that does not conform to the terms and conditions of Investor Portal at <https://www.megacorp.com.my/investor/>, this Abridged Prospectus and the e-RSF may not be accepted at the sole discretion of the Company. The Company reserves the right at its absolute discretion to reject any e-Subscription which are incomplete or incorrectly completed or with excess or insufficient remittances;
- (c) the number of Provisional Warrants you are entitled to under the Rights Issue of Warrants is set out in the NPA. You are required to indicate the number of Provisional Warrants you wish to accept and number of Excess Warrants you wish to apply in the e-RSF;
- (d) the e-Subscription must be accompanied by remittance in RM which is to be made through online transfer or telegraphic transfer;
- (e) a handling fee is payable should you make e-Subscription. You will also need to pay a stamp duty of RM10.00 for each e-RSF; and
- (f) the Warrants arising from the Provisional Warrants accepted and Excess Warrants applied (if successful pursuant to procedures for the Excess Warrants Application as stated in this Abridged Prospectus) will be issued and credited into your CDS Account as stated in the Record of Depositors as at the last date for transfer of Provisional Warrants.

All Entitled Shareholders who wish to opt for e-Subscription, either in full or in part of your Provisional Warrants, please read and follow the procedures set below:-

**(i) Sign up as a user of Investor Portal**

- (a) Access Investor Portal at <https://www.megacorp.com.my/investor/>.

- (b) Click “Register Account” and select “Individual” which is applicable for individual shareholders. For corporation or institutional shareholders, its authorised or nominated representative, select “Nominees/Corporate”. You may refer to the tutorial guide posted on the homepage for assistance.
- (c) Proceed to verify your account with the verification code sent to you via your registered email.
- (d) Account will activated within 1 to 2 Market Days and you will be notified by email.

*Note: An email address is allowed to be used only once to register as a new user account, and the same email address cannot be used to register for another user account. If you are already a user of Investor Portal at <https://www.megacorp.com.my/investor/>, you are not required to sign up again. If you are signing up to represent corporate holder account(s), please contact our Share Registrar for further details and requirements.*

**(ii) Procedures for e-Subscription**

**Individual Registered Entitled Shareholder**

- (a) Login to Investor Portal at <https://www.megacorp.com.my/investor/>.
- (b) Select the corporate exercise name: Engtex Rights Issue.
- (c) Preview your CDS Account details and your Provisional Warrants.
- (d) Select the relevant CDS Account and insert the number of Warrants to subscribe for and the number of Excess Warrants to apply (if applicable) in the e-RSF.
- (e) Review and confirm the number of Warrants which you are subscribing and the number of Excess Warrants you are applying (if applicable) and the total amount payable for the Warrants and Excess Warrants (if applicable).
- (f) Review the payment of stamp duty at RM10.00 for each e-RSF and handling fee of RM5.00 for each e-RSF which is included in the total amount payable.
- (g) Arrange to pay for the subscription of Warrants and Excess Warrants (if applicable) via online transfer or telegraphic transfer into our designated bank account as follows:-

Account Name:	<b>ENGTEX RIGHTS ISSUE ACCOUNT</b>	<b>ENGTEX EXCESS RIGHTS ISSUE ACCOUNT</b>
Bank:	Standard Chartered	Standard Chartered
Bank Account No.:	312192900305	312192900291

- (h) Arrange to pay stamp duty at RM10.00 for each e-RSF and handling fee of RM5.00 for each e-RSF into the Shares Registrar's bank account as follows:-

Account Name:	MEGA CORPORATE SERVICES SDN BHD
Bank:	Malayan Banking Berhad
Bank Account No.:	5143 4720 1971

- (i) Print the online transfer receipt and upload as payment proof to your e-RSF.
- (j) Read and agree to the terms & conditions and confirm the declaration.
- (k) Select "Submit" to complete your submission.
- (l) Download a copy of your submission for your record.

**Corporation or Institutional Registered Entitled Shareholder**

- (a) Login to Investor Portal website at <https://www.megacorp.com.my/investor/>.
- (b) Select the corporate exercise name: Engtex Rights Issue.
- (c) Preview the CDS Account details and the Provisional Warrants.
- (d) Prepare the submission of the e-RSF file on the acceptance of the Provisional Warrants and the Excess Warrants by completing with the required information.
- (e) Arrange to pay for the subscription of Warrants and Excess Warrants (if applicable) via online transfer or telegraphic transfer into our designated bank account as follows:-

Account Name:	<b>ENGTEX RIGHTS ISSUE ACCOUNT</b>	<b>ENGTEX EXCESS RIGHTS ISSUE ACCOUNT</b>
Bank:	Standard Chartered	Standard Chartered
Bank Account No.:	312192900305	312192900291

- (f) Arrange to pay stamp duty at RM10.00 for each e-RSF and handling fee of RM5.00 for each e-RSF into the Share Registrar's bank account as follows:-

Account Name:	MEGA CORPORATE SERVICES SDN BHD
Bank:	Malayan Banking Berhad
Bank Account No.:	5143 4720 1971

- (g) Once payments are completed, login to Investor Portal, select corporate exercise name: "Engtex Rights Issue" and proceed to upload the duly completed "e-RSF file on the Provisional Warrants" and upload the duly completed proof of payment.

- (h) Read and agree to the terms & conditions and confirm the declaration.
- (i) Select "Submit" to complete your submission.
- (j) Download a copy of your submission for your record.

**(iii) Terms and conditions for e-Subscription**

The e-Subscription of Warrants and Excess Warrants (if successful), shall be made on and subject to the terms and conditions appearing herein:-

- (a) After login to Investor Portal at <https://www.megacorp.com.my/investor/>, you are required to confirm and declare the information given are true and correct:-
  - (i) you have attained 18 years of age as at the last day for subscription and payment;
  - (ii) you have, prior to making the e-Subscription, received a printed copy of this Abridged Prospectus and/or have had access to this Abridged Prospectus from Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com), the contents of which you have read and understood;
  - (iii) you agree to all the terms and conditions for the e-Subscription and have carefully considered the risk factors as set out in this Abridged Prospectus, in addition to all other information contained in this Abridged Prospectus, before making the e-Subscription application;
- (b) you agree and undertake to subscribe for and to accept the number of Warrants and Excess Warrants applied for (if applicable) for as stated in the e-RSF. Your confirmation of your subscription will signify, and will be treated as, your subscription of the number of Warrants that may be allotted to you;
- (c) by making and completing your e-Subscription, you, if successful, request and authorise the Share Registrar or the Company to credit the Warrants and Excess Warrants (if applicable) allotted to you into your CDS Account;
- (d) you acknowledge that your e-Subscription is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of the Company or the Share Registrar and irrevocably agree that if:-
  - (i) the Company or the Share Registrar does not receive your e-Subscription; or
  - (ii) data relating to your e-Subscription application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to the Share Registrar, you will be deemed not to have made an e-Subscription and you may not make any claim whatsoever against the Company or the Share Registrar for the Warrants accepted and/or Excess Warrants applied for or for any compensation, loss or damage relating to the e-Subscription.

- (e) you will ensure that your personal particulars recorded with Investor Portal at <https://www.megacorp.com.my/investor/> and Bursa Depository are correct. Otherwise, your e-Subscription may be rejected; you must inform Bursa Depository promptly of any change in address failing which the notification on the outcome of your e-Subscription will be sent to your address last maintained with Bursa Depository.
- (f) by making and completing an e-Subscription, you agree that:-
  - (i) in consideration of the Company agreeing to allow and accept your e-Subscription for the Warrants and Excess Warrants applied (if applicable), your e-Subscription is irrevocable and cannot be subsequently withdrawn; and
  - (ii) the Share Registrar will not be liable for any delays, failures or inaccuracies in the processing of data relating to your e-Subscription due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control.
- (g) the Share Registrar, on the authority of the Company, reserves the right to reject applications which do not conform to these instructions or the terms and conditions of Investor Portal, this Abridged Prospectus and the e-RSF.
- (h) notification on the outcome of your e-Subscription for the Warrants and Excess Warrants will be despatched to you by ordinary post to the postal address or by electronic mail to the email address as shown in the Record of Depositors of the Company at your own risk within the timelines as follows:-
  - (i) successful application - a notice of allotment or electronic notice of allotment will be despatched or sent within 8 Market Days from the Closing Date; or
  - (ii) unsuccessful/partially successful application - the full amount or the surplus application monies, as the case may be, will be refunded without interest within 15 Market Days from the Closing Date.

The refund will be credited directly into your bank account if you have registered such bank account information with Bursa Depository for the purposes of cash dividend/distribution. If you have not registered such bank account information with Bursa Depository the refund will be by issuance of cheque and shall be despatched to you within 15 Market Days from the Closing Date by ordinary mail to your last postal address maintained with Bursa Depository at your own risk.

If acceptance of and payment for the Provisional Warrants allotted to you (whether in full or in part, as the case may be) are not received by the Share Registrar by **5.00 p.m. on Friday, 27 August 2021**, the provisional entitlement to you or remainder thereof (as the case may be) will be deemed to have been declined and will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar.

The Board will then have the right to allot any Warrant not validly taken up to applicants applying for the Excess Warrants in the manner as set out in **Section 10.8** of this Abridged Prospectus.

## 10.6 Procedures for part acceptance

You are entitled to accept part of your entitlement to the Provisional Warrants provided always that the minimum number of Warrants that can be subscribed for or accepted is 1 Warrant.

You must complete both Part I(a) of the RSF by specifying the number of the Warrants which you are accepting and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the manner set out in **Section 10.5** of this Abridged Prospectus.

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

The portion of the Provisional Warrants that have not been accepted shall be allotted to any other persons allowed under the laws, regulations or rules to accept the transfer of the Provisional Warrants.

## 10.7 Procedures for sale/transfer of Provisional Warrants

As the Provisional Warrants are prescribed securities, you may sell or transfer all or part of your entitlement to the Provisional Warrants to 1 or more person(s) through your stockbroker for the period up to the last date and time for sale/ transfer of such Provisional Warrants, without first having to request for a split of the Provisional Warrants standing to the credit of your CDS Account.

To sell or transfer all or part of your entitlement to the Provisional Warrants, you may sell such entitlement on the open market or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository. If you have sold or transferred only part of the Provisional Warrants, you may still accept the balance of the Provisional Warrants by completing Parts I(a) and II of the RSF. Please refer to **Section 10.5** of this Abridged Prospectus for the procedures of acceptance and payment.

In selling or transferring all or part of your Provisional Warrants, you need not deliver any document including the RSF, to your stockbroker. However, you must ensure that there is sufficient Provisional Warrants standing to the credit of your CDS Account that is available for settlement of the sale or transfer.

Purchaser(s) or transferee(s) of the Provisional Warrants may obtain a copy of this Abridged Prospectus and the RSF from his/ her/ their stockbrokers, our Share Registrar or the website of Bursa Securities (<http://www.bursamalaysia.com>).

## 10.8 Procedure for the Excess Warrants Application

### 10.8.1 By way of RSF

You and/or your renounee(s)/transferee(s) (if applicable) may apply for the Excess Warrants in excess of your entitlement by completing Part I(b) of the RSF (in addition to Parts I(a) and II of the RSF) and forward it (together with a **separate remittance made in RM** for the full amount payable in respect of the Excess Warrants applied for) to our Share Registrar **not later than 5.00 p.m. on Friday, 27 August 2021**, being the last date and time for acceptance and payment for the Excess Warrants.



**PAYMENT FOR THE EXCESS WARRANTS APPLIED FOR SHOULD BE MADE IN THE SAME MANNERS AS DESCRIBED IN SECTION 10.5 OF THIS ABRIDGED PROSPECTUS, 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" MUST BE MADE PAYABLE TO "ENGTEx EXCESS RIGHTS ISSUE ACCOUNT" FOR THE EXCESS WARRANTS AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME IN BLOCK LETTERS, CONTACT NUMBER AND CDS ACCOUNT NUMBER SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR NOT LATER THAN THE CLOSING DATE.**

It is the intention of our Board to allot the Excess Warrants, if any, on a fair and equitable basis and in the following priority:-

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

In the event there is any remaining balance of the Excess Warrants applied for by the Entitled Shareholders and/or renounee(s)/transferee(s) who have applied for the Excess Warrants after carrying out steps (i) to (iv) as set out above, steps (ii) to (iv) will be repeated again in the same sequence to allocate the remaining balance of the Excess Warrants to the Entitled Shareholders and/or renounee(s)/transferee(s) who have applied for the Excess Warrants until such balance is fully allocated.

Nevertheless, our Board reserves the right to allot any Excess Warrants applied for via the e-RSF or under Part 1(b) of the RSF in such manner as our Board deems fit and expedient in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in steps (i)-(iv) above are achieved. Our Board also reserves the rights at its absolute discretion to accept in full or in part any application for the Excess Warrants without assigning any reason thereof.

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

**NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE EXCESS WARRANTS APPLICATION OR APPLICATION MONIES IN RESPECT THEREOF. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPACHED TO YOU BY ORDINARY POST OR ELECTRONIC NOTICE OF ALLOTMENT WILL BE SENT VIA EMAIL WITHIN 8 MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.**

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

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

#### **10.8.2 By way of e-Subscription**

If you are an Entitled Shareholder and/or a renounee(s)/transferee(s) (if applicable), you may apply for the Excess Warrants via e-Subscription in addition to your Provisional Warrants. If you wish to do so, you may apply for the Excess Warrants by following the same steps as set out in **Section 10.5.2** of this Abridged Prospectus. The e-Subscription for Excess Warrants will be made on, and subject to, the same terms and conditions appearing in **Section 10.5.2** of this Abridged Prospectus.

Any Provisional Warrants which are not taken up or not validly taken up by the Entitled Shareholders and/or their renounee(s), if applicable, shall be made available for Excess Warrants Applications. It is the intention of our Board to allot the Excess Warrants, if any, on a fair and equitable basis and in the priority and basis as detailed in **Section 10.8.1** above.

**WHERE AN APPLICATION FOR THE EXCESS WARRANTS IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST. THE REFUND WILL BE CREDITED INTO YOUR BANK ACCOUNT REGISTERED WITH BURSA DEPOSITORY FOR THE PURPOSE OF CASH DIVIDEND/DISTRIBUTION.**

**IF YOU HAVE NOT REGISTERED SUCH BANK ACCOUNT WITH BURSA DEPOSITORY, THE REFUND WILL BE MADE BY ISSUANCE OF CHEQUE AND SHALL BE DESPATCHED TO YOU BY ORDINARY POST TO THE POSTAL ADDRESS AS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.**

#### **10.9 Procedure to be followed by renounee(s)/transferee(s)**

As a renounee/transferee, the procedures for acceptance, selling or transferring of Provisional Warrants, applying for the Excess Warrants and/or payment is the same as that which is applicable to the Entitled Shareholders as described in **Sections 10.3 to 10.8** of this Abridged Prospectus. Please refer to the relevant sections for the procedures to be followed.

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

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

#### **10.10 Notice of allotment or an electronic notice of allotment**

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

Upon allotment of the Warrants in respect of your acceptance and/or your renouncee's/transferee's acceptance (if applicable) and Excess Warrants application (if any), the Warrants shall be credited directly into the respective CDS Account. No physical share certificate or warrant certificate will be issued in respect of the Warrants. However, a notice of allotment or an electronic notice of allotment will be despatched or sent to you and/or your renouncee(s)/transferee(s) (if applicable), by ordinary post or by email to the postal address or email address shown in the Record of Depositors provided by Bursa Depository at your own risk within 8 Market Days from the Closing Date, or such other period as may be prescribed by Bursa Securities, at the address shown in the Record of Depositors at your own risk.

Where any application for the Warrants is not accepted due to non-compliance with the terms of the Rights Issue of Warrants or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded without interest. The refund will be credited directly into your bank account if you have registered such bank account information with Bursa Depository for the purposes of cash dividend/distribution. If you have not registered such bank account information with Bursa Depository the refund will be by issuance of cheque and sent by ordinary mail to your last postal address maintained with Bursa Depository at your own risk within 15 Market Days from the Closing Date at your own risk.

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

#### **10.11 CDS Account**

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

Your subscription for the Warrants shall signify your consent to receiving such Warrants as deposited securities which will be credited directly into your CDS Account. No physical share certificate or warrant certificate will be issued to you.

Any person who has purchased the Provisional Warrants or to whom the Provisional Warrants have been transferred and intends to subscribe for the Warrants will have his/her Warrants credited directly as prescribed securities into his/her CDS Account.

All Excess Warrants, if allotted to the successful applicant who applies for Excess Warrants, will be credited directly into the CDS Account of the successful applicant.

#### **10.12 Laws of foreign jurisdiction**

These 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) for subscription of any foreign jurisdiction. The Rights Issue of Warrants will not be made or offered for subscription in any foreign jurisdiction.

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

The Foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) may accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue of Warrants only to the extent that it would be lawful to do so. UOBKH, our Share Registrar, our Company, our Directors and officers and other professional advisers would not, in connection with the Rights Issue of Warrants, be in breach of the laws of any jurisdiction to which the Foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) are or may be subject to. Foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. UOBKH, our Share Registrar, our Company, our Directors and officers and other professional advisers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any Foreign Entitled Shareholders and/or renounee(s)/transferee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

The Foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) will be responsible for payment of any issue, transfer or 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 Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) for any such issue, transfer or other taxes or other requisite payments.

They will have no claims whatsoever against us and/or UOBKH in respect of their rights and entitlements under the Rights Issue of Warrants. Such Foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue of Warrants.

By signing the RSF, the Foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) UOBKH, our Share Registrar, our Company, our Directors and officers and other professional advisers that:-

- (i) we would not, by acting on the acceptance or renunciation in connection with the Rights Issue of Warrants, be in breach of the laws of any jurisdiction to which the Foreign Entitled Shareholders and/or renounee(s)/transferee(s) (if applicable) are or may be subject to;
- (ii) the Foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation of the Provisional Warrants;
- (iii) the Foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) are not nominees or agents of a person in respect of whom we would, by acting on the acceptance or renunciation of the Provisional Warrants, be in breach of the laws of any jurisdiction to which that person is or may be subject to;
- (iv) the Foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) are aware that the Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) the Foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) have received a copy of this Abridged Prospectus, had access to such financial and other information and have been provided the opportunity to ask such questions to our representatives and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Warrants; and

- (vi) the Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Warrants.

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

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

Our Company reserves the right, in our absolute discretion, to treat any acceptance of the Warrants as invalid if we believe that such acceptance may violate any applicable legal or regulatory requirements. The Provisional Warrants relating to any acceptance which is treated as invalid will be included in the pool of Excess Warrants available for Excess Warrants Application by the other Entitled Shareholders. You and/or your renouncee(s)/transferee(s) (if applicable) will have no claims whatsoever against the parties in respect of your and/or your renouncee(s)'s/transferee(s)'s entitlement under the Rights Issue of Warrants or to any net proceeds thereof.

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**11. TERMS AND CONDITIONS**

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

**12. FURTHER INFORMATION**

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

Yours faithfully,  
For and on behalf of the Board of  
**ENGTEX GROUP BERHAD**



**DR. LIM PANG KIAM**  
Chairman - Independent Non-Executive Director

## INFORMATION ON OUR COMPANY

### 1. SHARE CAPITAL

As at the LPD, the issued share capital of Engtex is RM269,933,734 comprising 436,343,101 Engtex Shares (excluding 6,976,200 treasury shares).

### 2. BOARD OF DIRECTORS

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

Name/Designation	Address	Age	Nationality
Dr. Lim Pang Kiam (Chairman - Independent Non-Executive Director)	64, Jalan SS 22/27 Damansara Jaya 47400 Petaling Jaya Selangor Darul Ehsan	58	Malaysian
Dato' Ng Hook (Group Managing Director, Executive Director)	Lot 63A, Jalan Semarak Api Sierramas Resort Homes 47000 Sungai Buloh Selangor Darul Ehsan	65	Malaysian
Ng Chooi Guan (Executive Director)	No. 9 Elitis Maya, Valencia 47000 Sungai Buloh Selangor Darul Ehsan	57	Malaysian
Datin Yap Seng Kuan (Executive Director)	Lot 63A, Jalan Semarak Api Sierramas Resort Homes 47000 Sungai Buloh Selangor Darul Ehsan	63	Malaysian
Ng Yik Soon (Executive Director)	No. 20 Jalan Cengal Pasir Sierramas Resort Homes 47000 Sungai Buloh Selangor Darul Ehsan	53	Malaysian
Dato' Leanne Koh Li Ann (Independent Non-Executive Director)	No. 12A Jalan Desa Anggun 2 Amelia Desa Parkcity 52200 Kuala Lumpur	48	Malaysian
Ho Sin Kheong (Independent Non-Executive Director)	96 Jalan Setiamurni Satu Bukit Damansara 50490 Kuala Lumpur	66	Malaysian



**INFORMATION ON OUR COMPANY (Cont'd)**

**3. DIRECTORS' SHAREHOLDINGS**

The issuance of the Warrants will not have any effect on the shareholdings of our Directors in our Company until and unless the holders of the Warrants exercise their Warrants into new Shares. Save for those disclosed below, none of the other Directors have any direct and/or indirect shareholding in our Company as at the LPD.

- (i) Assuming all the Entitled Shareholders subscribe for their respective entitlements and subsequently all the Warrants subscribed under the Rights Issue of Warrants are fully exercised, the pro forma effects of the Rights Issue of Warrants on the shareholdings of our Directors in our Company based on their shareholdings as per the Record of Depositors as at the LPD are as follows:-

**Minimum Scenario**

Directors	Shareholdings as at the LPD				Proforma I				Proforma II			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	(1)(%)	No. of Shares ('000)	(1)(%)	No. of Shares ('000)	(1)(%)	No. of Shares ('000)	(1)(%)	No. of Shares ('000)	(2)(%)	No. of Shares ('000)	(2)(%)
Dato' Ng Hook	95,113	21.80	(3)19,652	4.50	95,113	21.80	(3)19,652	4.50	118,891	21.80	(3)24,565	4.50
Ng Chooi Guan	19,004	4.36	(4)70	0.02	19,004	4.36	(4)70	0.02	23,755	4.36	(4)87	0.02
Datin Yap Seng Kuan	-	-	(5)114,765	26.30	-	-	(5)114,765	26.30	-	-	(5)143,457	26.30
Ng Yik Soon	8,939	2.05	-	-	8,939	2.05	-	-	11,174	2.05	-	-

**Notes:-**

- (1) Based on the existing share capital comprising 436,343,101 Shares (excluding 6,976,200 treasury shares) as at the LPD.
- (2) Based on the enlarged share capital comprising 545,428,876 Shares (excluding 6,976,200 treasury shares) assuming full exercise of Warrants.
- (3) Deemed interest by virtue of his shareholdings in NKG Resources Sdn Bhd pursuant to Section 8 of the Act.
- (4) Deemed interest pursuant to Section 59(1)(c) of the Act.
- (5) Deemed interest by virtue of her spouse, Dato' Ng Hook's shareholdings in Engtex pursuant to Section 8 of the Act.

**INFORMATION ON OUR COMPANY (Cont'd)**

**Maximum Scenario**

Directors	Shareholdings as at the LPD				Proforma I Assuming all treasury shares are resold			
	Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	(1)%	No. of Shares ('000)	(1)%	No. of Shares ('000)	(2)%	No. of Shares ('000)	(2)%
Dato' Ng Hook	95,113	21.80	(4)19,652	4.50	95,113	21.45	(4)19,652	4.43
Ng Chooi Guan	19,004	4.36	(5)70	0.02	19,004	4.29	(5)70	0.02
Datin Yap Seng Kuan	-	-	(6)114,765	26.30	-	-	(6)114,765	25.89
Ng Yik Soon	8,939	2.05	-	-	8,939	2.02	-	-

  

Directors	Proforma II After Proforma I and the Rights Issue of Warrants				Proforma III After Proforma II and assuming full exercise of Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	(2)%	No. of Shares ('000)	(2)%	No. of Shares ('000)	(3)%	No. of Shares ('000)	(3)%
Dato' Ng Hook	95,113	21.45	(4)19,652	4.43	118,891	21.45	(4)24,565	4.43
Ng Chooi Guan	19,004	4.29	(5)70	0.02	23,755	4.29	(5)87	0.02
Datin Yap Seng Kuan	-	-	(6)114,765	25.89	-	-	(6)143,457	25.89
Ng Yik Soon	8,939	2.02	-	-	11,174	2.02	-	-

**Notes:-**

- (1) Based on the existing share capital comprising 436,343,101 Shares (excluding 6,976,200 treasury shares) as at the LPD.
- (2) Based on the enlarged share capital comprising 443,319,301 Shares assuming all treasury shares are resold to the open market.
- (3) Based on the enlarged share capital comprising 554,149,126 Shares assuming full exercise of Warrants.
- (4) Deemed interest by virtue of his shareholdings in NKG Resources Sdn Bhd pursuant to Section 8 of the Act.
- (5) Deemed interest pursuant to Section 59(11)(c) of the Act.
- (6) Deemed interest by virtue of her spouse, Dato' Ng Hook's shareholdings in Engtex pursuant to Section 8 of the Act.

**INFORMATION ON OUR COMPANY (Cont'd)**

- (ii) Assuming only the Undertaking Shareholders subscribe for all the Warrants to be issued under the Rights Issue of Warrants pursuant to their Entitlement Undertakings and Additional Undertakings and subsequently all the Warrants subscribed under the Rights Issue of Warrants are fully exercised, the pro forma effects of the Rights Issue of Warrants on the shareholdings of our Directors in our Company based on their shareholdings as per the Record of Depositors as at the LPD are as follows:-

**Minimum Scenario**

Directors	Shareholdings as at the LPD				Proforma I				Proforma II			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	(1)(%)	No. of Shares ('000)	(1)(%)	No. of Shares ('000)	(1)(%)	No. of Shares ('000)	(1)(%)	No. of Shares ('000)	(2)(%)	No. of Shares ('000)	(2)(%)
Dato' Ng Hook	95,113	2.80	(3)19,652	4.50	95,113	21.80	(3)19,652	4.50	151,049	27.69	(3)72,802	13.35
Ng Chooi Guan	19,004	4.36	(4)70	0.02	19,004	4.36	(4)70	0.02	19,004	3.48	(4)70	0.01
Datin Yap Seng Kuan	-	-	(5)114,765	26.30	-	-	(5)114,765	26.30	-	-	(5)223,851	41.04
Ng Yik Soon	8,939	2.05	-	-	8,939	2.05	-	-	8,939	1.64	-	-

**Notes:-**

- (1) Based on the existing share capital comprising 436,343,101 Shares (excluding 6,976,200 treasury shares) as at the LPD.
- (2) Based on the enlarged share capital comprising 545,428,876 Shares (excluding 6,976,200 treasury shares) assuming full exercise of Warrants.
- (3) Deemed interest by virtue of his shareholdings in NKG Resources Sdn Bhd pursuant to Section 8 of the Act.
- (4) Deemed interest pursuant to Section 59(1)(c) of the Act.
- (5) Deemed interest by virtue of her spouse, Dato' Ng Hook's shareholdings in Engtex pursuant to Section 8 of the Act.

**INFORMATION ON OUR COMPANY (Cont'd)**

**Maximum Scenario**

Directors	Shareholdings as at the LPD				Assuming all treasury shares are resold			
	Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	(1)%	No. of Shares ('000)	(1)%	No. of Shares ('000)	(2)%	No. of Shares ('000)	(2)%
Dato' Ng Hook	95,113	21.80	(4)19,652	4.50	95,113	21.45	(4)19,652	4.43
Ng Chooi Guan	19,004	4.36	(5)70	0.02	19,004	4.29	(5)70	0.02
Datin Yap Seng Kuan	-	-	(6)114,765	26.30	-	-	(6)114,765	25.89
Ng Yik Soon	8,939	2.05	-	-	8,939	2.02	-	-

  

Directors	Proforma II After Proforma I and the Rights Issue of Warrants				Proforma III After Proforma II and assuming full exercise of Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	(2)%	No. of Shares ('000)	(2)%	No. of Shares ('000)	(3)%	No. of Shares ('000)	(3)%
Dato' Ng Hook	95,113	21.45	(4)19,652	4.43	151,747	27.38	(4)73,848	13.33
Ng Chooi Guan	19,004	4.29	(5)70	0.02	19,004	3.43	(5)70	0.01
Datin Yap Seng Kuan	-	-	(6)114,765	25.89	-	-	(6)225,595	40.71
Ng Yik Soon	8,939	2.02	-	-	8,939	1.61	-	-

**Notes:-**

- (1) Based on the existing share capital comprising 436,343,101 Shares (excluding 6,976,200 treasury shares) as at the LPD.
- (2) Based on the enlarged share capital comprising 443,319,301 Shares assuming all treasury shares are resold to the open market.
- (3) Based on the enlarged share capital comprising 554,149,126 Shares assuming full exercise of Warrants.
- (4) Deemed interest by virtue of his shareholdings in NKG Resources Sdn Bhd pursuant to Section 8 of the Act.
- (5) Deemed interest pursuant to Section 59(11)(c) of the Act.
- (6) Deemed interest by virtue of her spouse, Dato' Ng Hook's shareholdings in Engtex pursuant to Section 8 of the Act.

**INFORMATION ON OUR COMPANY (Cont'd)**

**4. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS**

- (i) Assuming all the Entitled Shareholders subscribe for their respective entitlements and subsequently all the Warrants subscribed under the Rights Issue of Warrants are fully exercised, the pro forma effects of the Rights Issue of Warrants on the shareholdings of the substantial shareholders of the Company based on their shareholdings as per the Record of Depositors as at the LPD are as follows:-

**Minimum Scenario**

Substantial shareholders	Shareholdings as at the LPD				Proforma I				Proforma II			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	(1)%	No. of Shares ('000)	(1)%	No. of Shares ('000)	(1)%	No. of Shares ('000)	(1)%	No. of Shares ('000)	(2)%	No. of Shares ('000)	(2)%
Dato' Ng Hook	95,113	21.80	<sup>(3)</sup> 19,652	4.50	95,113	21.80	<sup>(3)</sup> 19,652	4.50	118,891	21.80	<sup>(3)</sup> 24,565	4.50
Datin Yap Seng Kuan	-	-	<sup>(4)</sup> 114,765	26.30	-	-	<sup>(4)</sup> 114,765	26.30	-	-	<sup>(4)</sup> 143,457	26.30
Dato' Lim Kiam Lam	8,072	1.85	<sup>(5)</sup> 20,000	4.58	8,072	1.85	<sup>(5)</sup> 20,000	4.58	10,090	1.85	<sup>(5)</sup> 25,000	4.58
NKG Resources Sdn Bhd	19,652	4.50	-	-	19,652	4.50	-	-	24,565	4.50	-	-

**Notes:-**

- (1) Based on the existing share capital comprising 436,343,101 Shares (excluding 6,976,200 treasury shares) as at the LPD.
- (2) Based on the enlarged share capital comprising 545,428,876 Shares (excluding 6,976,200 treasury shares) assuming full exercise of Warrants.
- (3) Deemed interest by virtue of his shareholdings in NKG Resources Sdn Bhd pursuant to Section 8 of the Act.
- (4) Deemed interest by virtue of her spouse, Dato' Ng Hook's shareholdings in Engtex pursuant to Section 8 of the Act.
- (5) Deemed interest by virtue of his shareholdings in Lim Sang Chee & Sons Sdn Bhd pursuant to Section 8 of the Act.

**INFORMATION ON OUR COMPANY (Cont'd)**

**Maximum Scenario**

	Shareholdings as at the LPD				Proforma I			
	Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	(1)%	No. of Shares ('000)	(1)%	No. of Shares ('000)	(2)%	No. of Shares ('000)	(2)%
<b>Substantial shareholders</b>								
Dato' Ng Hook	95,113	21.80	<sup>(3)</sup> 19,652	4.50	95,113	21.45	<sup>(3)</sup> 19,652	4.43
Datin Yap Seng Kuan	-	-	<sup>(4)</sup> 114,765	26.30	-	-	<sup>(4)</sup> 114,765	25.89
Dato' Lim Kiam Lam	8,072	1.85	<sup>(5)</sup> 20,000	4.58	8,072	1.82	<sup>(5)</sup> 20,000	4.51
NKG Resources Sdn Bhd	19,652	4.50	-	-	19,652	4.43	-	-
	Proforma II				Proforma III			
	After Proforma I and the Rights Issue of Warrants				After Proforma II and assuming full exercise of Warrants			
	No. of Shares ('000)	(2)%	No. of Shares ('000)	(2)%	No. of Shares ('000)	(3)%	No. of Shares ('000)	(3)%
<b>Substantial shareholders</b>								
Dato' Ng Hook	95,113	21.45	<sup>(3)</sup> 19,652	4.43	118,891	21.45	<sup>(4)</sup> 24,565	4.43
Datin Yap Seng Kuan	-	-	<sup>(4)</sup> 114,765	25.89	-	-	<sup>(5)</sup> 143,457	25.89
Dato' Lim Kiam Lam	8,072	1.82	<sup>(5)</sup> 20,000	4.51	10,090	1.82	<sup>(6)</sup> 25,000	4.51
NKG Resources Sdn Bhd	19,652	4.43	-	-	24,565	4.43	-	-

**Notes:-**

- (1) Based on the existing share capital comprising 436,343,101 Shares (excluding 6,976,200 treasury shares) as at the LPD.
- (2) Based on the enlarged share capital comprising 443,319,301 Shares assuming all treasury shares are resold to the open market.
- (3) Based on the enlarged share capital comprising 554,149,126 Shares assuming full exercise of Warrants.
- (4) Deemed interest by virtue of his shareholdings in NKG Resources Sdn Bhd pursuant to Section 8 of the Act.
- (5) Deemed interest by virtue of her spouse, Dato' Ng Hook's shareholdings in Engtex pursuant to Section 8 of the Act.
- (6) Deemed interest by virtue of his shareholdings in Lim Seng Chee & Sons Sdn Bhd pursuant to Section 8 of the Act.

**INFORMATION ON OUR COMPANY (Cont'd)**

- (ii) Assuming only the Undertaking Shareholders subscribe for all the Warrants to be issued under the Rights Issue of Warrants pursuant to their Entitlement Undertakings and Additional Undertakings and subsequently all the Warrants subscribed under the Rights Issue of Warrants are fully exercised, the pro forma effects of the Rights Issue of Warrants on the shareholdings of the substantial shareholders of the Company based on their shareholdings as per the Record of Depositors as at the LPD are as follows:-

**Minimum Scenario**

	Shareholdings as at the LPD				Proforma I				Proforma II			
	Direct		Indirect		After the Rights Issue of Warrants		After Proforma I and assuming full exercise of Warrants		Direct		Indirect	
	No. of Shares ('000)	(1)%	No. of Shares ('000)	(1)%	No. of Shares ('000)	(1)%	No. of Shares ('000)	(1)%	No. of Shares ('000)	(2)%	No. of Shares ('000)	(2)%
<b>Substantial shareholders</b>												
Dato' Ng Hook	95,113	21.80	(3)19,652	4.50	95,113	21.80	(3)19,652	4.50	151,049	27.69	(3)72,802	13.35
Datin Yap Seng Kuan	-	-	(4)14,765	26.30	-	-	(4)14,765	26.30	-	-	(4)223,851	41.04
Dato' Lim Kiam Lam	8,072	1.85	(5)20,000	4.58	8,072	1.85	(5)20,000	4.58	8,072	1.48	(5)20,000	3.67
NKG Resources Sdn Bhd	19,652	4.50	-	-	19,652	4.50	-	-	72,802	13.35	-	-

**Notes:-**

- (1) Based on the existing share capital comprising 436,343,101 Shares (excluding 6,976,200 treasury shares) as at the LPD.
- (2) Based on the enlarged share capital comprising 545,428,876 Shares (excluding 6,976,200 treasury shares) assuming full exercise of Warrants.
- (3) Deemed interest by virtue of his shareholdings in NKG Resources Sdn Bhd pursuant to Section 8 of the Act.
- (4) Deemed interest by virtue of her spouse, Dato' Ng Hook's shareholdings in Engtex pursuant to Section 8 of the Act.
- (5) Deemed interest by virtue of his shareholdings in Lim Seng Chee & Sons Sdn Bhd pursuant to Section 8 of the Act.



**INFORMATION ON OUR COMPANY (Cont'd)**

**Maximum Scenario**

	Shareholdings as at the LPD				Proforma I			
	Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	(1)%	No. of Shares ('000)	(1)%	No. of Shares ('000)	(2)%	No. of Shares ('000)	(2)%
<b>Substantial shareholders</b>								
Dato' Ng Hook	95,113	21.80	<sup>(3)</sup> 19,652	4.50	95,113	21.45	<sup>(3)</sup> 19,652	4.43
Datin Yap Seng Kuan	-	-	<sup>(4)</sup> 114,765	26.30	-	-	<sup>(4)</sup> 114,765	25.89
Dato' Lim Kiam Lam	8,072	1.85	<sup>(5)</sup> 20,000	4.58	8,072	1.82	<sup>(5)</sup> 20,000	4.51
NKG Resources Sdn Bhd	19,652	4.50	-	-	19,652	4.43	-	-
	Proforma II				Proforma III			
	After Proforma I and the Rights Issue of Warrants				After Proforma II and assuming full exercise of Warrants			
	No. of Shares ('000)	(2)%	No. of Shares ('000)	(2)%	No. of Shares ('000)	(3)%	No. of Shares ('000)	(3)%
<b>Substantial shareholders</b>								
Dato' Ng Hook	95,113	21.45	<sup>(3)</sup> 19,652	4.43	151,747	27.38	<sup>(4)</sup> 73,848	13.33
Datin Yap Seng Kuan	-	-	<sup>(4)</sup> 114,765	25.89	-	-	<sup>(5)</sup> 225,595	40.71
Dato' Lim Kiam Lam	8,072	1.82	<sup>(5)</sup> 20,000	4.51	8,072	1.46	<sup>(6)</sup> 20,000	3.61
NKG Resources Sdn Bhd	19,652	4.43	-	-	73,848	13.33	-	-

**Notes:-**

- (1) Based on the existing share capital comprising 436,343,101 Shares (excluding 6,976,200 treasury shares) as at the LPD.
- (2) Based on the enlarged share capital comprising 443,319,301 Shares assuming all treasury shares are resold to the open market.
- (3) Based on the enlarged share capital comprising 554,149,126 Shares assuming full exercise of Warrants.
- (4) Deemed interest by virtue of his shareholdings in NKG Resources Sdn Bhd pursuant to Section 8 of the Act.
- (5) Deemed interest by virtue of her spouse, Dato' Ng Hook's shareholdings in Engtex pursuant to Section 8 of the Act.
- (6) Deemed interest by virtue of his shareholdings in Lim Seng Chee & Sons Sdn Bhd pursuant to Section 8 of the Act.

**INFORMATION ON OUR COMPANY (Cont'd)****5. HISTORICAL SHARE PRICES**

The monthly highest and lowest transacted market prices of Engtex Shares traded on Bursa Securities for the past 12 months preceding the date of this Abridged Prospectus from August 2020 to July 2021 are as follows:-

	High (RM)	Low (RM)
<b><u>2020</u></b>		
August	0.54	0.49
September	0.52	0.46
October	0.48	0.45
November	0.56	0.42
December	0.84	0.53
<b><u>2021</u></b>		
January	0.72	0.53
February	0.75	0.54
March	0.70	0.61
April	0.77	0.63
May	0.93	0.60
June	0.73	0.63
July	0.69	0.61
The last transacted price of Engtex Shares as at 24 February 2021, being the last trading date prior to the announcement of the Rights Issue of Warrants		0.70
Last transacted market price of Engtex Shares as at the LPD		0.63
Last transacted market price of Engtex Shares on 9 August 2021, being the last Market Day immediately preceding the ex-date for the Rights Issue of Warrants on 11 August 2021		0.68

(Source: Bloomberg)

**6. OPTION TO SUBSCRIBE FOR ENGTEX SHARES**

As at the LPD, save for the Provisional Warrants as well as the Excess Warrants, no option to subscribe for Engtex Shares has been granted or is entitled to be granted to anyone.

**7. MATERIAL CONTRACTS**

Save as disclosed below, our Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) which have been entered by our Group during the past 2 years preceding the date of this Abridged Prospectus:-

- (a) On 27 May 2019, East Coast Manufacturing Sdn Bhd, our subsidiary company entered into an agreement with How Thong Guan to purchase a leasehold industrial land and building located at Mukim Sungai Karang, District of Kuantan, Pahang for a total cash consideration of RM10,500,000. The transaction has been completed;

**INFORMATION ON OUR COMPANY (Cont'd)**

- (b) On 10 June 2019, Benton Corporation Sdn Bhd, our subsidiary company entered into an agreement with Polymer Link Sdn Bhd to dispose for a parcel of leasehold industrial land located at Mukim Kapar, Daerah Klang, Selangor for a total cash consideration of RM14,404,866. The transaction has been completed; and
- (c) On 14 July 2020, Engtex Metals Sdn Bhd, our subsidiary company entered into an agreement with Anne A/P Pakkianather, Catherine Maria Gnanapragasam, Joseph Anton Pragasam, Philip A/L Pakkainather and Raymund Francis Pragasam to acquire a parcel of freehold agriculture land located at Mukim Ijok, Daerah Kuala Selangor, Selangor for a total cash consideration of RM6,075,000. The transaction has been completed.

**8. MATERIAL LITIGATION**

As at the LPD, our Board confirms that neither our Company nor our Group is engaged in any material litigation, claims or arbitration, either as a plaintiff or defendant, which has a material effect on the financial position or the business of our Group, and the Board does not have any knowledge of any proceeding pending or threatened against our Group, or of any fact likely to give rise to any proceeding, which may materially or adversely affect the financial position or business of our Group.

**9. HISTORICAL FINANCIAL INFORMATION**

The following table sets out a summary of our Group's key financial information based on the past 3 financial years up to the FYE 31 December 2020 and the latest unaudited 3-month FPE 31 March 2021 of comprehensive income, statements of financial position and statements of cash flows for the financial years and period under review:-

**9.1 Historical financial performance**

	Audited			Unaudited	
	FYE 31 December			FPE 31 March	
	2018 (RM'000)	2019 (RM'000)	2020 (RM'000)	2020 (RM'000)	2021 (RM'000)
Revenue	1,208,004	1,117,180	989,614	243,545	324,651
Cost of Sales	(1,064,048)	(999,316)	(862,017)	(211,474)	(269,623)
<b>Gross profit</b>	<b>143,956</b>	<b>117,864</b>	<b>127,597</b>	<b>32,071</b>	<b>55,028</b>
Administrative expenses	(58,028)	(56,894)	(50,536)	(13,611)	(13,048)
Distribution costs	(37,097)	(38,568)	(36,554)	(9,389)	(9,443)
Net (loss)/gain on impairment of financial instruments	(3,176)	1,478	(978)	(124)	(30)
Other operating expenses	(207)	(621)	(204)	(3)	(100)
Other operating income	4,697	9,428	4,858	543	400
<b>Operating profit</b>	<b>50,145</b>	<b>32,687</b>	<b>44,183</b>	<b>9,487</b>	<b>32,807</b>
Finance costs	(29,441)	(22,728)	(18,318)	(5,310)	(4,046)
Finance income	2,288	1,930	2,394	562	407
<b>PBT</b>	<b>22,992</b>	<b>11,889</b>	<b>28,259</b>	<b>4,739</b>	<b>29,168</b>
Tax expense	(10,087)	(13,124)	(12,260)	(2,413)	(7,789)
<b>PAT/(LAT)</b>	<b>12,905</b>	<b>(1,235)</b>	<b>15,999</b>	<b>2,326</b>	<b>21,379</b>

## INFORMATION ON OUR COMPANY (Cont'd)

	Audited			Unaudited	
	FYE 31 December			FPE 31 March	
	2018 (RM'000)	2019 (RM'000)	2020 (RM'000)	2020 (RM'000)	2021 (RM'000)
<b>Profit/(Loss) attributable to:-</b>					
Owners of the Company	13,186	(884)	15,424	2,460	20,792
Non-controlling interests	(281)	(351)	575	(134)	587
<b>Profit/(Loss) for the financial year/period</b>	<b>12,905</b>	<b>(1,235)</b>	<b>15,999</b>	<b>2,326</b>	<b>21,379</b>
<b>Basic and diluted earnings/(loss) per ordinary share (sen)</b>	<b>3.00</b>	<b>(0.20)</b>	<b>3.52</b>	<b>0.56</b>	<b>4.77</b>
<b>Gross profit margin (%)</b>	<b>11.92</b>	<b>10.55</b>	<b>12.89</b>	<b>13.17</b>	<b>16.95</b>
<b>PBT margin (%)</b>	<b>1.90</b>	<b>1.06</b>	<b>2.86</b>	<b>1.95</b>	<b>8.98</b>
<b>PAT/(LAT) margin (%)</b>	<b>1.07</b>	<b>(0.11)</b>	<b>1.62</b>	<b>0.96</b>	<b>6.59</b>

**Commentary on past performance:-****(i) Audited FYE 31 December 2019**

Our Group recorded a lower revenue of approximately RM1.12 billion for the FYE 31 December 2019, representing a decrease of approximately 7.52% or RM90.82 million, as compared to the revenue of approximately RM1.21 billion recorded in the previous financial year. The decline in revenue was mainly attributed to the substantial decline in revenue of our manufacturing segment due to the soft market demand for certain metal-related trading products and manufactured steel products from the slower growth of the local economy.

Our Group recorded a lower PBT of approximately RM11.89 million for the FYE 31 December 2019, representing a decrease of approximately 48.28% or RM11.10 million as compared to the PBT of approximately RM22.99 million recorded in the previous financial year. The decrease was mainly attributed to the increased procurement and the high operating costs of trading products and raw materials arising from the volatility in the international and domestic metal prices, and the high operating costs for its two manufacturing plants located at Melaka and Pahang.

**(ii) Audited FYE 31 December 2020**

Our Group recorded a lower revenue of approximately RM989.61 million for the FYE 31 December 2020, representing a decrease of approximately 11.42% or RM127.57 million, as compared to the revenue of approximately RM1.12 billion recorded in the previous financial year. The decline in revenue was mainly attributed to the implementation of the MCO by the Government of Malaysia during the first half of 2020 to counter the COVID-19 pandemic which resulted in the total closure of our business operations from 18 March 2020 to 3 May 2020.

## INFORMATION ON OUR COMPANY (Cont'd)

Despite the lower revenue, our Group recorded a higher PBT of approximately RM28.26 million for the FYE 31 December 2020, representing an increase of approximately 137.68% or RM16.37 million as compared to the PBT of approximately RM11.89 million recorded in the previous financial year. The sharp increase was mainly attributed to our effective cost management in the procurement of raw materials and operations of our manufacturing plants, lower interest expenses of financial liabilities, implementation of targeted pay cut in all operating segments and the suspension of our Ibis Styles hotel operations located at Bandar Sri Damansara.

(iii) **Unaudited 3-month FPE 31 March 2021**

Our Group recorded a higher revenue of approximately RM324.65 million for the 3-month FPE 31 March 2021, representing an increase of approximately 33.30% or RM81.10 million, as compared to the revenue of approximately RM243.55 million recorded in the corresponding preceding period. The increase in revenue was mainly due to the increase in market demand for most of our metal-related trading products and manufactured steel products, and better yield in tandem with the increase in international and domestic metal prices.

Our Group recorded a PBT of approximately RM29.17 million for the 3-month FPE 31 March 2021, representing an increase of approximately 515.40% or RM24.43 million as compared to the PBT of approximately RM4.74 million recorded in the corresponding preceding period. The increase in PBT was mainly due to the increase in market demand for most of our manufactured steel products in tandem with the increase in domestic steel prices, and better cost management from higher production output. In addition, the lower PBT recorded in the corresponding preceding period was adversely affected by the implementation of the MCO by the Government which resulted in total business closure from 18 March 2020 to 3 May 2020 to counter the COVID-19 pandemic.

9.2 **Historical financial position**

	Audited			Unaudited
	FYE 31 December			FPE 31 March
	2018 (RM'000)	2019 (RM'000)	2020 (RM'000)	2021 (RM'000)
Non-current assets	441,561	436,466	426,081	432,995
Current assets	924,737	852,955	916,246	906,079
<b>Total assets</b>	<b>1,366,298</b>	<b>1,289,421</b>	<b>1,342,327</b>	<b>1,339,074</b>
Share capital	269,934	269,934	269,934	269,934
Translation reserve	(85)	(85)	(85)	(85)
Treasury shares	(4,275)	(4,948)	(5,928)	(5,928)
Retained earnings	419,426	415,248	427,936	448,728
<b>Total equity attributable to owners of the Company</b>	<b>685,000</b>	<b>680,149</b>	<b>691,857</b>	<b>712,649</b>
Non-controlling interest	18,993	18,585	19,102	19,602
<b>Total equity</b>	<b>703,993</b>	<b>698,734</b>	<b>710,959</b>	<b>732,251</b>
Non-current liabilities	94,285	75,694	67,975	64,064
Current liabilities	568,020	514,993	563,393	542,759
<b>Total liabilities</b>	<b>662,305</b>	<b>590,687</b>	<b>631,368</b>	<b>606,823</b>
<b>Total equity and liabilities</b>	<b>1,366,298</b>	<b>1,289,421</b>	<b>1,342,327</b>	<b>1,339,074</b>

## INFORMATION ON OUR COMPANY (Cont'd)

## 9.3 Historical cash flow

	Audited			Unaudited
	FYE 31 December			FPE 31 March
	2018	2019	2020	2021
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Net cash (used in)/from operating activities	(3,137)	109,884	18,611	75,063
Net cash (used in)/from investing activities	(11,989)	(477)	(9,375)	(13,913)
Net cash (used in)/from financing activities	(54,349)	(87,251)	40,791	(27,650)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(69,475)</b>	<b>22,156</b>	<b>50,027</b>	<b>33,500</b>
Cash and cash equivalents at 1 January	85,689	16,214	38,370	88,397
<b>Cash and cash equivalents at end of the financial year/period</b>	<b>16,214</b>	<b>38,370</b>	<b>88,397</b>	<b>121,897</b>

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**ADDITIONAL INFORMATION**

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**1. CONSENTS**

- (i) The written consents of the Adviser, Company Secretaries, Solicitors and Share Registrar for the inclusion in this Abridged Prospectus of their names and all references thereto in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not subsequently been withdrawn.
- (ii) The written consent of Bloomberg for the inclusion in this Abridged Prospectus of its name and citation of the market data available to its subscribers in the form and context in which such name and market data appear has been given before the issuance of this Abridged Prospectus and has not subsequently been withdrawn.

**2. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of our Company at Lot 36 Jalan BRP 9/2B, Putra Industrial Park, Bukit Rahman Putra, 47000 Sungai Buloh, Selangor Darul Ehsan, during normal business hours between Mondays and Fridays (except public holidays) for a period of 6 months from the date of this Abridged Prospectus:-

- (i) the Entitlement Undertakings and Additional Undertakings provided by the Undertaking Shareholders;
- (ii) the material contracts as set out in **Section 7 of Appendix I**;
- (iii) the Deed Poll; and
- (iv) the letters of consent referred to in **Section 1 of this Appendix II**.

**3. RESPONSIBILITY STATEMENT**

Our Board has seen and approved these Documents. They collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in these Documents false or misleading.

UOBKH, being the Adviser for the Rights Issue of Warrants, acknowledges that, based on all available information and to the best of their knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning this Rights Issue of Warrants.