

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

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

**THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS ABRIDGED PROSPECTUS. IF IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, PLEASE CONSULT A PROFESSIONAL ADVISER IMMEDIATELY.** All enquiries concerning the Rights Issue with Warrants, which is the subject matter of this Abridged Prospectus, should be addressed to our Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3 Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan (Tel: +603 - 2783 9299).

This Abridged Prospectus, together with the NPA and RSF (collectively, the "Documents"), will be despatched only to our Entitled Shareholders whose names appear on our Record of Depositors as at 5.00 p.m. on 21 May 2021 at their registered address in Malaysia or who have provided our Share Registrar with a registered address in Malaysia in writing by 5.00 p.m. on 21 May 2021. The Documents are not intended to (and will not be made to) comply with the laws of any country or jurisdiction other than Malaysia and are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue with Warrants complies with the laws of any country or jurisdiction other than the laws of Malaysia. Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal adviser and other professional advisers as to whether the acceptance or renunciation (as the case may be) of their entitlements to the Rights Issue with Warrants, application for Excess Rights Shares with Warrants B, or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue with Warrants would result in the contravention of any law of such countries or jurisdictions. We, Mercury Securities and/or the advisers named herein shall not accept any responsibility or liability in the event that any acceptance and/or renunciation (as the case may be) of entitlements, application for Excess Rights Shares with Warrants B or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue with Warrants made by any Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) are residents.

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

Approval for the Rights Issue with Warrants has been obtained from our shareholders at our EGM convened on 26 March 2021. Approval has been obtained from Bursa Securities via its letter dated 25 February 2021 for the admission of the Warrants B to the Official List as well as the listing and quotation of the Rights Shares, Warrants B and the new Shares to be issued upon exercise of the Warrants B on the Main Market of Bursa Securities (subject to the conditions specified in the said letter), which will commence after, among others, receipt of confirmation from Bursa Depository that all the CDS Accounts of successful Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) have been duly credited with the Rights Shares and Warrants B allotted to them and notices of allotment have been despatched to them. However, such admission, listing and quotation are not an indication that Bursa Securities recommends the Rights Issue with Warrants and are not to be taken as an indication of the merits of the Rights Issue with Warrants.

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

**FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" AS SET OUT IN SECTION 6 OF THIS ABRIDGED PROSPECTUS.**



**SAUDEE**  
Group Berhad

**SAUDEE GROUP BERHAD**

(Registration No. 200801036832 (838172-P))

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

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 475,295,394 NEW ORDINARY SHARES IN SAUDEE GROUP BERHAD ("SAUDEE" OR THE "COMPANY") ("SAUDEE SHARES" OR "SHARES") ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM0.15 PER RIGHTS SHARE TOGETHER WITH UP TO 237,647,697 FREE DETACHABLE WARRANTS IN SAUDEE ("WARRANTS B") ON THE BASIS OF 2 RIGHTS SHARES TOGETHER WITH 1 FREE WARRANT B FOR EVERY 1 EXISTING SHARE HELD BY THE ENTITLED SHAREHOLDERS OF THE COMPANY AT 5.00 P.M. ON 21 MAY 2021**

*Principal Adviser*



**MERCURY SECURITIES SDN BHD**

(Registration No. 198401000672 (113193-W))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

**IMPORTANT RELEVANT DATES AND TIMES**

Entitlement Date	: Friday, 21 May 2021 at 5.00 p.m.
<b>Last date and time for:</b>	
Sale of Provisional Allotments	: Monday, 31 May 2021 at 5.00 p.m.
Transfer of Provisional Allotments	: Wednesday, 2 June 2021 at 4.30 p.m.
Acceptance and payment	: Wednesday, 9 June 2021 at 5.00 p.m.
Excess Rights Shares with Warrants B Application and payment	: Wednesday, 9 June 2021 at 5.00 p.m.

**This Abridged Prospectus is dated 21 May 2021**

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

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

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

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

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

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

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

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

## DEFINITIONS

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

<b>Abridged Prospectus</b>	:	This abridged prospectus dated 21 May 2021 in relation to the Rights Issue with Warrants
<b>Act</b>	:	Companies Act, 2016 of Malaysia, as amended from time to time and any re-enactment thereof
<b>Additional Warrants A</b>	:	Additional Warrants A to be issued arising from the adjustments to the total number and exercise price of Warrants A as a result of the Rights Issue with Warrants in accordance with the provisions of the Deed Poll A
<b>Bloomberg</b>	:	Bloomberg Finance Singapore L.P. and its affiliates
<b>Board</b>	:	Board of Directors of the Company
<b>Bursa Depository</b>	:	Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W))
<b>Bursa Securities</b>	:	Bursa Malaysia Securities Berhad (200301033577 (635998-W))
<b>By-Laws</b>	:	Existing by-laws governing the ESOS
<b>CDS Account</b>	:	Securities account established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of deposits of securities and dealings in such securities by the depositor
<b>Closing Date</b>	:	9 June 2021 at 5.00 p.m., being the last date and time for the acceptance of and payment for the Rights Shares with Warrants B
<b>CMSA</b>	:	Capital Markets and Services Act, 2007 of Malaysia
<b>Code</b>	:	Malaysian Code on Take-overs and Mergers, 2016
<b>Corporate Exercises</b>	:	Collectively, the Private Placement April 2021 and Rights Issue with Warrants
<b>Covid-19</b>	:	Coronavirus disease 2019
<b>Deed Poll A</b>	:	Deed poll constituting the Warrants A dated 2 February 2016
<b>Deed Poll B</b>	:	Deed poll constituting the Warrants B dated 5 May 2021
<b>Directors</b>	:	Directors of Saudee
<b>e-NPA</b>	:	Electronic NPA
<b>e-RSF</b>	:	Electronic RSF
<b>e-Subscription</b>	:	Electronic subscription
<b>EGM</b>	:	Extraordinary general meeting of the Company
<b>Entitled Shareholders</b>	:	Shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date in order to be entitled to the Rights Issue with Warrants

**DEFINITIONS** (cont'd)

<b>Entitlement Date</b>	:	21 May 2021, at 5.00 p.m., being the date on which the names of Shareholders must appear in the Record of Depositors of the Company in order to be entitled to participate in the Rights Issue with Warrants
<b>EPS</b>	:	Earnings per Share
<b>ESOS</b>	:	Employees' share option scheme of the Company which took effect on 19 January 2018 for a period of 5 years, unless extended
<b>ESOS Options</b>	:	Options granted under the ESOS pursuant to the By-Laws, where each holder of the ESOS Options can subscribe for 1 new Share for every 1 ESOS Option held
<b>Excess Rights Shares with Warrants B</b>	:	Rights Shares with Warrants B which are not taken up or not validly taken up by Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) prior to the Closing Date
<b>Excess Rights Shares with Warrants B Application</b>	:	Application for additional Rights Shares with Warrants B in excess of the Provisional Allotments
<b>Exercise Period</b>	:	Any time within a period of 3 years commencing from and including the date of issue of the Warrants B to the close of business at 5.00 p.m. on the Market Day immediately preceding the date which is the 3rd anniversary from the date of issue of the Warrants B. Any Warrants B not exercised during the Exercise Period will thereafter lapse and cease to be valid
<b>Exercise Price</b>	:	RM0.15, being the price at which 1 Warrant B is exercisable into 1 new Share, subject to adjustments in accordance with the provisions of the Deed Poll B
<b>F&amp;B</b>	:	Food and beverage
<b>Foreign-Addressed Shareholders</b>	:	Shareholders who have not provided to the Company a registered address or an address in Malaysia for the service of documents which will be issued in connection with the Rights Issue with Warrants
<b>FPE</b>	:	Financial period ended
<b>FPP</b>	:	Further Processed Products, being food products which have undergone further processing that leads to the change of the nutritional composition or result in new product forms. The processing of food which takes place may include mixing with other ingredients (i.e. spices, flavouring, preservatives, nutrients and other food additives), cooking, baking, curing and smoking, amongst others
<b>FYE</b>	:	Financial year ended / ending, as the case may be
<b>HORECA</b>	:	Hotel, Restaurant and Cafe
<b>IMR Report</b>	:	Independent market research report on the frozen processed food industry in Malaysia dated 3 May 2021 prepared by Smith Zander
<b>LAT</b>	:	Loss after taxation
<b>Listing Requirements</b>	:	Main Market Listing Requirements of Bursa Securities

**DEFINITIONS** (cont'd)

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<b>LPD</b>	:	26 April 2021, being the latest practicable date prior to the printing of this Abridged Prospectus
<b>LPS</b>	:	Loss per Share
<b>LTD</b>	:	3 May 2021, being the last trading day prior to the date of fixing the issue price of the Rights Shares and Exercise Price
<b>Market Day</b>	:	Any day on which Bursa Securities is open for trading in securities
<b>Maximum Scenario</b>	:	Assuming that all the Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) fully subscribe for their respective entitlements under the Rights Issue with Warrants
<b>MCO</b>	:	Movement control order issued by the Malaysian government under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
<b>Mercury Securities or Principal Adviser</b>	:	Mercury Securities Sdn Bhd (198401000672 (113193-W))
<b>MFRS</b>	:	Malaysian Financial Reporting Standards
<b>Minimum Scenario</b>	:	Assuming that the Rights Issue with Warrants is undertaken on the Minimum Subscription Level
<b>Minimum Subscription Level</b>	:	Minimum subscription level of the Rights Issue with Warrants to raise minimum proceeds of RM10.0 million, which based on the issue price of RM0.15 per Rights Share, shall entail the subscription of 66,666,667 Rights Shares together with 33,333,333 Warrants B by the Undertaking Shareholder
<b>NA</b>	:	Net assets
<b>NPA</b>	:	Notice of provisional allotment in relation to the Rights Issue with Warrants
<b>OEM</b>	:	Original equipment manufacturer
<b>Official List</b>	:	A list specifying all securities which have been admitted for listing on the Main Market of Bursa Securities
<b>PAT</b>	:	Profit after taxation
<b>Placement Shares</b>	:	New Shares issued pursuant to the Private Placement April 2021
<b>Private Placement April 2021</b>	:	Private placement exercise of 54,841,700 new Shares, which was completed on 26 April 2021
<b>Private Placement September 2020</b>	:	Private placement exercise of 14,637,000 new Shares, which was completed on 7 September 2020
<b>Provisional Allotments</b>	:	Rights Shares with Warrants B provisionally allotted to Entitled Shareholders
<b>PSSB</b>	:	Perusahaan Saudee Sdn Bhd (199701004462 (419958-U)), a wholly-owned subsidiary of Saudee

**DEFINITIONS** (cont'd)

<b>Record of Depositors</b>	:	A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
<b>Registered Entitled Shareholders</b>	:	Entitled Shareholders who are the registered users of TIIH Online
<b>Rights Issue with Warrants</b>	:	Renounceable rights issue of up to 475,295,394 Rights Shares together with up to 237,647,697 free detachable Warrants B on the basis of 2 Rights Shares together with 1 free Warrant B for every 1 existing Share held by the Entitled Shareholders on the Entitlement Date
<b>Rights Shares</b>	:	Up to 475,295,394 new Shares to be allotted and issued pursuant to the Rights Issue with Warrants
<b>RM and sen</b>	:	Ringgit Malaysia and sen respectively
<b>RSF</b>	:	Rights subscription form in relation to the Rights Issue with Warrants
<b>Rules</b>	:	Rules on Take-overs, Mergers and Compulsory Acquisitions
<b>Rules of Bursa Depository</b>	:	Rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991
<b>Saudee or Company</b>	:	Saudee Group Berhad (200801036832 (838172-P))
<b>Saudee Group or Group</b>	:	Collectively, Saudee and its subsidiaries
<b>Saudee Shares or Shares</b>	:	Ordinary shares in Saudee
<b>SC</b>	:	Securities Commission Malaysia
<b>Shareholders</b>	:	Registered holders of the Shares
<b>SICDA</b>	:	Securities Industry (Central Depositories) Act, 1991, as amended from time to time and any re-enactment thereof
<b>Smith Zander or the Independent Market Researcher</b>	:	Smith Zander International Sdn Bhd (201301028298 (1058128-V))
<b>TEAP</b>	:	Theoretical ex-all price
<b>TIIH Online</b>	:	Tricor's propriety owned application to facilitate Entitled Shareholders to subscribe for the Rights Shares with Warrants B provisionally allotted and to apply for Excess Rights Shares with Warrants B electronically
<b>Tricor or the Share Registrar</b>	:	Tricor Investor & Issuing House Services Sdn Bhd (197101000970 (11324-H))

**DEFINITIONS** (cont'd)

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- Undertaking** : Written undertaking from the Undertaking Shareholder dated 26 January 2021 pursuant to which the Undertaking Shareholder has irrevocably and unconditionally undertaken, amongst others, to apply and subscribe in full for his entitlement of Rights Shares and additional Rights Shares not taken up by other Entitled Shareholders by way of excess Right Shares application, to the extent such that the aggregate subscription proceeds of the Rights Shares received by Saudee arising from the subscription by all Entitled Shareholders and/or their renounee(s) amount to RM10.0 million, details of which are set out in Section 3 of this Abridged Prospectus
- Undertaking Shareholder** : Mak Siew Wei (Executive Director of Saudee)
- VWAP** : Volume weighted average market price
- Warrants A** : Warrants 2016 / 2021 issued by the Company pursuant to the Deed Poll A which expired on 31 March 2021. Each holder of the Warrants A can subscribe for 1 new Share for every 1 Warrant A held, at the exercise price of RM0.50, subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll A
- Warrants B** : Up to 237,647,697 free detachable warrants in Saudee to be allotted and issued pursuant to the Rights Issue with Warrants

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

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

Any reference in this Abridged Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to time and date in this Abridged Prospectus shall be a reference to Malaysian time and date, unless otherwise stated. Any discrepancies in the tables between the actual figures, amounts stated and the totals in this Abridged Prospectus are, unless otherwise explained, 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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**COMPANY SECRETARIES** : Lim Kim Teck (SSM PC No. 202008002059) (MAICSA 7010844)  
Adeline Tang Koon Ling (SSM PC No. 202008002271) (LS 0009611)  
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**PRINCIPAL ADVISER** : Mercury Securities Sdn Bhd  
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Solaris Mont' Kiara  
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Wilayah Persekutuan  
Tel : +603 - 6203 7227  
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**SOLICITORS FOR THE RIGHTS  
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Advocates & Solicitors  
A-15-15, Tropicana Avenue, Persiaran Tropicana  
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Fax : +603 - 7610 1824

**SHARE REGISTRAR** : Tricor Investor & Issuing House Services Sdn Bhd  
Unit 32-01, Level 32, Tower A  
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**INDEPENDENT MARKET  
RESEARCHER** : Smith Zander International Sdn Bhd  
15-01, Level 15, Menara MBBM  
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Wilayah Persekutuan  
Tel : +603 - 2732 7537

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

**STOCK EXCHANGE LISTING** : Main Market of Bursa Securities

**SUMMARY OF THE RIGHTS ISSUE WITH WARRANTS**

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

Key information	Summary																		
(i) Number of Rights Shares to be issued and basis of allotment	<p>Basis: 2 Rights Shares together with 1 free Warrant B for every 1 existing Share held by the Entitled Shareholders. Please refer to Section 2.1 of this Abridged Prospectus for further information.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Minimum Scenario</th> <th style="text-align: center;">Maximum Scenario</th> </tr> </thead> <tbody> <tr> <td><b>Number of Rights Shares to be issued</b></td> <td style="text-align: center;">66,666,667</td> <td style="text-align: center;">475,295,394</td> </tr> <tr> <td><b>Number of Warrants B attached</b></td> <td style="text-align: center;">33,333,333</td> <td style="text-align: center;">237,647,697</td> </tr> </tbody> </table> <p>The Rights Shares with Warrants B which are not taken up or not validly taken up by the Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) prior to the Closing Date shall be made available for Excess Rights Shares with Warrants B Applications. It is the intention of the Board to allot the Excess Rights Shares with Warrants B, if any, in a fair and equitable manner in the following priority:-</p> <ul style="list-style-type: none"> <li>(i) firstly, to minimise the incidence of odd lots;</li> <li>(ii) secondly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for Excess Rights Shares with Warrants B, taking into consideration their respective shareholdings in the Company as at the Entitlement Date;</li> <li>(iii) thirdly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for Excess Rights Shares with Warrants B, taking into consideration the quantum of their respective Excess Rights Shares with Warrants B Applications; and</li> <li>(iv) finally, on a pro-rata basis and in board lots, to the transferee(s) and/or renounee(s) who have applied for Excess Rights Shares with Warrants B, taking into consideration the quantum of their respective Excess Rights Shares with Warrants B Applications.</li> </ul> <p>The Excess Rights Shares with Warrants B will firstly be allocated to minimise the odd lots (if any) held by each applicant of Excess Rights Shares with Warrants B. Thereafter, the allocation process will perform items (ii), (iii) and (iv) in succession. Any remaining balance of Excess Rights Shares with Warrants B will be allocated by performing the same sequence of allocation i.e. items (ii), (iii) and (iv) again in succession until all Excess Rights Shares with Warrants B are allotted. Please refer to Section 10.7 of this Abridged Prospectus for further information.</p>		Minimum Scenario	Maximum Scenario	<b>Number of Rights Shares to be issued</b>	66,666,667	475,295,394	<b>Number of Warrants B attached</b>	33,333,333	237,647,697									
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(ii) Price of the Rights Shares	<p>Issue price of the Rights Shares: RM0.15 per Rights Share Exercise Price for the Warrants B: RM0.15 per Warrant B (payable for every 1 new Share)</p> <p>Please refer to Section 2.2 of this Abridged Prospectus for further information.</p>																		
(iii) Undertaking	<table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 40%;">Undertaking Shareholder and undertaking amount</td> <td style="width: 60%;">Mak Siew Wei (Executive Director of Saudee): RM10.0 million</td> </tr> <tr> <td>Minimum Rights Shares to be subscribed for pursuant to the Undertaking</td> <td>66,666,667 Rights Shares (representing 14.03% of the total number of 475,295,394 Rights Shares available for subscription under the Maximum Scenario)</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <thead> <tr> <th rowspan="2" style="text-align: left;">Undertaking Shareholder</th> <th colspan="2" style="text-align: center;">As at the LPD</th> <th colspan="2" style="text-align: center;">Minimum Scenario</th> </tr> <tr> <th style="text-align: center;">No. of Shares</th> <th style="text-align: center;">%</th> <th style="text-align: center;">No. of Shares</th> <th style="text-align: center;">%</th> </tr> </thead> <tbody> <tr> <td>Mak Siew Wei</td> <td style="text-align: center;">233,000</td> <td style="text-align: center;">0.10</td> <td style="text-align: center;">66,899,667</td> <td style="text-align: center;">21.98</td> </tr> </tbody> </table> <p>For avoidance of doubt, the Undertaking Shareholder is not obliged to subscribe for the Rights Shares pursuant to the Undertaking if the Minimum Subscription Level has been achieved via subscription by all other Entitled Shareholders and/or their renounees. However, while the Undertaking Shareholder is not obliged to subscribe for the Rights Shares in such event, the Undertaking Shareholder may still choose to do so at his own discretion.</p> <p>Please refer to Section 3 of this Abridged Prospectus for further information.</p>	Undertaking Shareholder and undertaking amount	Mak Siew Wei (Executive Director of Saudee): RM10.0 million	Minimum Rights Shares to be subscribed for pursuant to the Undertaking	66,666,667 Rights Shares (representing 14.03% of the total number of 475,295,394 Rights Shares available for subscription under the Maximum Scenario)	Undertaking Shareholder	As at the LPD		Minimum Scenario		No. of Shares	%	No. of Shares	%	Mak Siew Wei	233,000	0.10	66,899,667	21.98
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Mak Siew Wei	233,000	0.10	66,899,667	21.98															
(iv) Rationale of the Rights Issue with Warrants	<ul style="list-style-type: none"> <li>(a) To raise funds and channel them towards the proposed use as set out in Section 5 of this Abridged Prospectus.</li> <li>(b) To raise funds without incurring additional interest expense from bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing costs.</li> </ul> <p>Please refer to Section 4 of this Abridged Prospectus for further information.</p>																		

**SUMMARY OF THE RIGHTS ISSUE WITH WARRANTS (cont'd)**

Key information	Summary																																																															
(v) Use of proceeds	<p>The gross proceeds to be raised from the Rights Issue with Warrants will be used in the following manner:-</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2" style="text-align: left;">Proposed use of proceeds</th> <th rowspan="2" style="text-align: left;">Expected timeframe for use from completion of the Rights Issue with Warrants</th> <th colspan="2" style="text-align: center;">Minimum Scenario</th> <th colspan="2" style="text-align: center;">Maximum Scenario</th> </tr> <tr> <th style="text-align: center;">(RM'000)</th> <th style="text-align: center;">%</th> <th style="text-align: center;">(RM'000)</th> <th style="text-align: center;">%</th> </tr> </thead> <tbody> <tr> <td>(i) Construction of a cold room</td> <td>Within 12 months</td> <td style="text-align: right;">8,238</td> <td style="text-align: right;">82.4</td> <td style="text-align: right;">8,238</td> <td style="text-align: right;">11.6</td> </tr> <tr> <td>(ii) Expansion of production capacity</td> <td>Within 12 months</td> <td style="text-align: right;">879</td> <td style="text-align: right;">8.8</td> <td style="text-align: right;">17,000</td> <td style="text-align: right;">23.8</td> </tr> <tr> <td>(iii) Marketing and advertisement</td> <td>Within 24 months</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: right;">10,000</td> <td style="text-align: right;">14.0</td> </tr> <tr> <td>(iv) Repayment of borrowings</td> <td>Within 6 months</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: right;">19,000</td> <td style="text-align: right;">26.7</td> </tr> <tr> <td>(v) Acquisitions and/or investments in complementary businesses and/or assets</td> <td>Within 24 months</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: right;">15,000</td> <td style="text-align: right;">21.0</td> </tr> <tr> <td>(vi) Working capital</td> <td>Within 24 months</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: right;">1,173</td> <td style="text-align: right;">1.7</td> </tr> <tr> <td>(vii) Estimated expenses for the Corporate Exercises</td> <td>Immediate</td> <td style="text-align: right;">883</td> <td style="text-align: right;">8.8</td> <td style="text-align: right;">889</td> <td style="text-align: right;">1.2</td> </tr> <tr> <td colspan="2" style="text-align: right;"><b>Total</b></td> <td style="text-align: right;"><b>10,000</b></td> <td style="text-align: right;"><b>100.0</b></td> <td style="text-align: right;"><b>71,294</b></td> <td style="text-align: right;"><b>100.0</b></td> </tr> </tbody> </table> <p>Please refer to Section 5 of this Abridged Prospectus for further information.</p>						Proposed use of proceeds	Expected timeframe for use from completion of the Rights Issue with Warrants	Minimum Scenario		Maximum Scenario		(RM'000)	%	(RM'000)	%	(i) Construction of a cold room	Within 12 months	8,238	82.4	8,238	11.6	(ii) Expansion of production capacity	Within 12 months	879	8.8	17,000	23.8	(iii) Marketing and advertisement	Within 24 months	-	-	10,000	14.0	(iv) Repayment of borrowings	Within 6 months	-	-	19,000	26.7	(v) Acquisitions and/or investments in complementary businesses and/or assets	Within 24 months	-	-	15,000	21.0	(vi) Working capital	Within 24 months	-	-	1,173	1.7	(vii) Estimated expenses for the Corporate Exercises	Immediate	883	8.8	889	1.2	<b>Total</b>		<b>10,000</b>	<b>100.0</b>	<b>71,294</b>	<b>100.0</b>
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(vi) Risk factors	<p>You should consider the following risk factors before subscribing for or investing in the Rights Issue with Warrants:-</p> <ul style="list-style-type: none"> <li>(a) the Group may not be able to turnaround its financial performance;</li> <li>(b) the Group faces stiff competition due to low barriers of entry into the F&amp;B industry;</li> <li>(c) the Group is exposed to the fluctuation in raw material prices and availability;</li> <li>(d) non-renewal and/or revocation of business licenses, certifications and permits may seriously disrupt the Group's business operations; and</li> <li>(e) the Covid-19 pandemic has resulted in adverse impact to the performance of the world's economies including Malaysia, but may not have a material adverse impact on the financial performance of the Group as the Group's F&amp;B business has been benefitting from the pandemic. However, there can be no assurance that the impact of the pandemic to the Group will remain to be positive moving forward.</li> </ul> <p>Please refer to Section 6 of this Abridged Prospectus for further information.</p>																																																															
(vii) Procedures for acceptance and payment	<p>Acceptance of and payment for the Provisional Allotments allotted to you and application for the Excess Rights Shares with Warrants B must be made on the RSF issued together with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained therein.</p> <p>The last day, date and time for acceptance of and payment for the Provisional Allotments and the Excess Rights Shares with Warrants B is on <b>Wednesday, 9 June 2021 at 5.00 p.m.</b></p> <p>Please refer to Section 10 of this Abridged Prospectus for further information.</p>																																																															



**SAUDEE**  
Group Berhad

**SAUDEE GROUP BERHAD**

(Registration No. 200801036832 (838172-P))

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

**Registered office:**

No. 35, 1<sup>st</sup> Floor  
Jalan Kelisa Emas 1  
Taman Kelisa Emas  
13700 Seberang Jaya  
Penang

21 May 2021

**Board of Directors**

Mak Siew Wei (Executive Director)  
Sim Yee Fuan (Senior Independent Non-Executive Director)  
Datuk Chong Loong Men (Independent Non-Executive Director)  
Chen Chee Peng (Independent Non-Executive Director)  
Koay San San (Independent Non-Executive Director)

**To: Entitled Shareholders**

Dear Sir / Madam,

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 475,295,394 RIGHTS SHARES AT AN ISSUE PRICE OF RM0.15 PER RIGHTS SHARE TOGETHER WITH UP TO 237,647,697 FREE DETACHABLE WARRANTS B ON THE BASIS OF 2 RIGHTS SHARES TOGETHER WITH 1 FREE WARRANT B FOR EVERY 1 EXISTING SHARE HELD BY THE ENTITLED SHAREHOLDERS AT 5.00 P.M. ON 21 MAY 2021**

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**1. INTRODUCTION**

On 29 January 2021, Mercury Securities had, on behalf of the Board, announced that the Company proposed to undertake the Corporate Exercises.

Subsequently on 25 February 2021, Mercury Securities, on behalf of the Board, announced that Bursa Securities has, vide its letter dated 25 February 2021, resolved to approve the following:-

- (i) admission of the Warrants B to the Official List;
- (ii) listing and quotation of the Placement Shares, Rights Shares, Warrants B and Additional Warrants A<sup>(1)</sup> on the Main Market of Bursa Securities; and
- (iii) listing and quotation of the new Shares to be issued arising from the exercise of the Warrants B and Additional Warrants A<sup>(1)</sup> on the Main Market of Bursa Securities.

**Note:-**

- (1) However, the Warrants A had expired on 31 March 2021, therefore there will not be any Additional Warrants A to be issued pursuant to the Rights Issue with Warrants.

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

Conditions imposed by Bursa Securities	Status of compliance
1. Saudee and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Corporate Exercises;	To be complied
2. Saudee is required to furnish Bursa Securities with certified true copy of the resolutions passed by the Shareholders at the EGM approving the Corporate Exercises;	To be complied
3. Saudee and Mercury Securities are required to inform Bursa Securities upon completion of the Corporate Exercises;	To be complied
4. Saudee is required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Corporate Exercises are completed;	To be complied
5. Mercury Securities is required to furnish Bursa Securities with details of the placees as per Paragraph 6.15 of the Listing Requirements for its review, prior to the issuance / allotment of the Placement Shares;	To be complied
6. Mercury Securities is required to furnish Bursa Securities with details of the placees in accordance with Paragraph 6.15 of the Listing Requirements as soon as practicable after each tranche of placement and before the listing of the new Shares to be issued pursuant to the Private Placement; and	To be complied
7. Payment of additional listing fees pertaining to the exercise of Warrants B and Additional Warrants A, if relevant. In this respect, Saudee is required to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the exercise of Warrants B and Additional Warrants A respectively as at the end of each quarter together with a detailed computation of the listing fees payable.	To be complied

The Board is pleased to inform that the Shareholders had, during the EGM held on 26 March 2021, approved the Corporate Exercises.

On 26 April 2021, Mercury Securities had, on behalf of the Board, announced that the Private Placement April 2021 has been completed.

On 4 May 2021, Mercury Securities had, on behalf of the Board, announced that the Board had on even date resolved to fix the issue price of the Rights Shares at RM0.15 per Rights Share as well as the Exercise Price at RM0.15 per Warrant B.

On 5 May 2021, Mercury Securities had, on behalf of the Board, announced that the Entitlement Date for the Rights Issue with Warrants has been fixed at 5.00 p.m. on 21 May 2021.

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

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

## **2. PARTICULARS OF THE RIGHTS ISSUE WITH WARRANTS**

### **2.1 Details of the Rights Issue with Warrants**

The Rights Issue with Warrants entails a provisional allotment of up to 475,295,394 Rights Shares together with up to 237,647,697 free detachable Warrants B on a renounceable basis of 2 Rights Shares together with 1 free Warrant B for every 1 existing Share held by the Entitled Shareholders on the Entitlement Date, at an issue price of RM0.15 per Rights Share.

The actual number of Rights Shares and Warrants B to be issued will depend on the eventual subscription level for the Rights Issue with Warrants. As at the LPD, the total number of issued shares of the Company is 237,647,697 Shares (excluding 267,000 Saudee Shares held as treasury shares) and the Company has up to 21,009,254 ESOS Options which may be granted pursuant to the maximum allowable amount under the By-Laws. In conjunction with the Corporate Exercises, the Company has undertaken not to grant any ESOS Options and not to dispose any treasury shares until completion of the Corporate Exercises.

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

However, only Entitled Shareholders who have an address in Malaysia as stated in the Record of Depositors or who have provided the Share Registrar with an address in Malaysia in writing by the Entitlement Date will receive this Abridged Prospectus together with the NPA and RSF. An electronic notification on the Rights Issue with Warrants B will also be sent to all Registered Entitled Shareholders on the date of despatch of the NPA and RSF.

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

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

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

The Rights Shares and Warrants B which are not taken up or not validly taken up by Entitled Shareholders and/or their transferee(s) and/or their renounee(s), if applicable, shall be made available for Excess Rights Shares with Warrants B Applications and to such other persons as the Board shall determine.

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

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

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

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

### **Issue price of the Rights Shares**

The Board had fixed the issue price of the Rights Shares at RM0.15 per Rights Share after taking into consideration, amongst others, the following:-

- (i) the funding requirements of the Group as set out in Section 5 of this Abridged Prospectus;
- (ii) the discount of approximately 10.55% to the TEAP<sup>(1)</sup> of Saudee Shares of RM0.1677, calculated based on the 5-Market Day VWAP of Saudee Shares up to and including the LTD of RM0.2208. The Issue Price represents a discount of approximately 32.07% to the 5-Market Day VWAP of Saudee Shares up to and including the LTD of RM0.2208.



The implied discount was determined by the Board after taking into consideration the need of the Company to price the Rights Shares at an issue price deemed sufficiently attractive to encourage subscription of the Rights Shares and to enable the Group to raise the necessary funds required for the proposed use as set out in Section 5 of this Abridged Prospectus; and

- (iii) the rationale for the Rights Issue with Warrants, as set out in Section 4 of this Abridged Prospectus.

Note:-

- (1) TEAP is computed as follows:-

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

where:-

- A = Number of Rights Shares
- B = Number of Warrants B
- C = Number of existing Shares
- X = Issue price of the Rights Shares
- Y = Exercise Price
- Z = 5-Market Day VWAP of Saudee Shares up to and including the LTD

and the ratio of A:B:C is 2:1:1, in accordance with the entitlement basis of 2 Rights Shares together with 1 free Warrant B for every 1 existing Share held.

**Exercise Price**

The Board had fixed the Exercise Price at RM0.15 per Warrant B after taking into consideration the following:-

- (i) the discount of approximately 10.55% to the TEAP of Saudee Shares of RM0.1677, calculated based on the 5-Market Day VWAP of Saudee Shares up to and including the LTD of RM0.2208. The Exercise Price represents a discount of approximately 32.07% to the 5-Market Day VWAP of Saudee Shares up to and including the LTD of RM0.2208;
- (ii) the future prospects of the Group, further details of which are set out in Section 7.3 of this Abridged Prospectus; and
- (iii) to fix an exercise price that makes the Warrants B attractive for the purposes of enhancing the subscription level of the Rights Shares.

**2.3 Ranking of the Rights Shares and new Shares arising from the exercise of the Warrants B**

**(i) Rights Shares**

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

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

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

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

The Closing Date is **5.00 p.m. on Wednesday, 9 June 2021**.

**2.5 Salient terms of the Warrants B**

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

<b>Issuer</b>	: Saudee.
<b>Issue size</b>	: Up to 237,647,697 Warrants B.
<b>Form and detachability</b>	: The Warrants B will be issued in registered form and constituted by the Deed Poll B. The Warrants B which are to be issued with the Rights Shares will immediately be detached from the Rights Shares upon allotment and issuance and will be traded separately on Bursa Securities.
<b>Board lot</b>	: For the purpose of trading on Bursa Securities, a board lot of Warrants B shall be 100 units of Warrants B, or such other number of units as may be prescribed by Bursa Securities.
<b>Tenure of the Warrants B</b>	: 3 years commencing on and including the date of issuance of the Warrants B.
<b>Exercise Period</b>	: The Warrants B may be exercised at any time within a period of 3 years commencing from and including the date of issuance of the Warrants B to the close of business at 5.00 p.m. (Malaysian time) on the Market Day immediately preceding the date which is the 3 <sup>rd</sup> anniversary from the date of issuance of the Warrants B (" <b>Exercise Period</b> "). Any Warrants B not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.
<b>Exercise Price</b>	: RM0.15 per Warrant B.  The exercise price of the Warrants B (" <b>Exercise Price</b> ") and/or the number of Warrants B in issue during the Exercise Period shall however be subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll B.
<b>Subscription rights</b>	: Each Warrant B shall entitle its registered holder to subscribe for 1 new Saudee Share at any time during the Exercise Period at the Exercise Price, subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll B.

<b>Mode of exercise</b>	: The holders of the Warrants B are required to lodge a subscription form with the Company's registrar, duly completed, signed and stamped together with payment by way of banker's draft or cashier's order drawn on a bank operating in Malaysia or money order or postal order issued by a post office in Malaysia or by way of internet bank transfer for the aggregate of the Exercise Price payable when exercising their Warrants B to subscribe for new Shares. The payment of such fee must be made in RM.
<b>Adjustments to the Exercise Price and/or the number of the Warrants B</b>	: Subject to the provisions of the Deed Poll B, the Exercise Price and/or the number of Warrants B in issue may be subject to adjustments by the Board in consultation with an approved adviser appointed by the Company or the auditors in the event of any alteration in the share capital of the Company at any time during the tenure of the Warrants B, whether by way of, amongst others, rights issue, bonus issue, consolidation of shares, subdivision of shares or capital distribution, in accordance with the provisions of the Deed Poll B. Any adjustment to the Exercise Price will be rounded up to the nearest 1 sen.
<b>Rights of the Warrants B holders</b>	: The Warrants B do not confer on their holders any voting rights or any right to participate in any form of distribution and/or offer of further securities in the Company until and unless such holders of Warrants B exercise their Warrants B for new Shares in accordance with the provisions of the Deed Poll B and such new Shares have been allotted and issued to such holders.
<b>Ranking of the new Shares to be issued pursuant to the exercise of the Warrants B</b>	: The new Shares to be issued pursuant to the exercise of the Warrants B in accordance with the provisions of the Deed Poll B shall, upon allotment, issuance and full payment of the Exercise Price of the Warrants B, rank <i>pari passu</i> in all respects with the then existing issued Shares.
<b>Rights of the Warrants B holders in the event of winding up, liquidation, compromise and/or arrangement</b>	: Where a resolution has been passed for a members' voluntary winding-up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with 1 or more companies, then:-  (i) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the holders of the Warrants B (or some other persons designated by them for such purpose by special resolution) shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the holders of the Warrants B; and

- (ii) every Warrant B holder shall be entitled to exercise their Warrants B at any time within 6 weeks after the passing of such resolution for a members' voluntary winding up of the Company or within 6 weeks after the granting of the court order approving the winding-up, compromise or arrangement, whereupon the Company shall allot the relevant new Shares to the Warrant B holder credited as fully paid subject to the prevailing laws, and such Warrant B holder shall be entitled to receive out of the assets of the Company which would be available in liquidation if he had on such date been the holder of the new Shares to which he would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly. Upon the expiry of the above 6 weeks, all subscription rights of the Warrants B shall lapse and cease to be valid for any purpose.

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

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

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

**Listing status** : Bursa Securities had on 25 February 2021 approved the admission of the Warrants B to the Official List and the listing and quotation of the Warrants B and new Shares to be issued arising from the exercise of the Warrants B on the Main Market of Bursa Securities. The listing and quotation of the Warrants B on the Main Market of Bursa Securities is subject to a minimum of 100 holders of Warrants B.

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

**Deed Poll B** : The Warrants B shall be constituted by the Deed Poll B.

**Governing laws** : The Warrants B and the Deed Poll B shall be governed by the laws of Malaysia.

## 2.6 Details of other corporate exercises

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

## 2.7 Details of past fund-raising exercises undertaken by Saudee

Save as disclosed below and the issuance of new Shares pursuant to exercise of ESOS Options, Saudee has not undertaken any other fund-raising exercises or issued any new Shares to raise funds for the past 3 years up to the LPD:-

### (i) Private Placement April 2021

On 26 April 2021, the Company completed a private placement exercise which involved the issuance of 54,841,700 new Shares (representing 30% of the total number of issued Shares prior to the private placement), raising total proceeds of RM11.83 million. Placement proceeds of RM7.28 million from the final tranche of the Private Placement April 2021 were received by the Company from the placement agent after the LPD, on 27 April 2021.

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

Use of proceeds	Expected timeframe for use from completion of the Private Placement April 2021	Actual proceeds raised (RM'000)	Actual use up to the LPD (RM'000)	Balance available for use (RM'000)
(i) Construction of a cold room	Within 12 months	11,762	-	11,762
(ii) Expenses for the private placement <sup>(1)</sup>	Immediate	66	(66)	-
<b>Total</b>		<b>11,828</b>	<b>(66)</b>	<b>11,762</b>

Note:-

(1) Management fees paid to the placement agent for the management of the placement process and identification of placees respectively.

### (ii) Private Placement September 2020

On 7 September 2020, the Company completed a private placement exercise which involved the issuance of 14,637,000 new Shares (representing 10% of the total number of issued Shares prior to the private placement), raising total proceeds of RM7.11 million.

As at the LPD, the said proceeds have been fully used as follows:-

Use of proceeds	Expected timeframe for use from completion of the Private Placement September 2020	Actual proceeds raised (RM'000)	Actual use up to the LPD (RM'000)	Variation (RM'000)	Balance available for use (RM'000)
(i) Repayment of borrowings	Within 6 months	6,789	(6,979)	190	-
(ii) Expenses for the private placement	Immediate	320	(130)	(190)	-
<b>Total</b>		<b>7,109</b>	<b>(7,109)</b>	<b>-</b>	<b>-</b>

### 3. MINIMUM SUBSCRIPTION LEVEL AND THE UNDERTAKING

Saudee intends to raise a minimum of RM10.0 million from the Rights Issue with Warrants to meet the funding requirements of the Saudee Group, which will be channelled towards the proposed use as set out in Section 5 of this Abridged Prospectus.

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

To meet the Minimum Subscription Level, the Company has procured the Undertaking from the Undertaking Shareholder. The details of the Undertaking are as follows:-

Undertaking Shareholder	Existing direct shareholding as at the LPD		Subscription pursuant to the Undertaking (based on an issue price of RM0.15 per Rights Share)							
			Entitlement				Excess application			
	No. of Shares	% <sup>(1)</sup>	No. of Rights Shares	% <sup>(2)</sup>	No. of Warrants B	% <sup>(3)</sup>	No. of Rights Shares	% <sup>(2)</sup>	No. of Warrants B	% <sup>(3)</sup>
Mak Siew Wei	233,000	0.10	466,000	0.10	233,000	0.10	66,200,667	13.93	33,100,333	13.93

Undertaking Shareholder	Total Rights Shares and Warrants B pursuant to the Undertaking				Shareholding after the Rights Issue with Warrants			
	No. of Rights Shares	% <sup>(2)</sup>	No. of Warrants B	% <sup>(3)</sup>	No. of Shares	% <sup>(4)</sup>	No. of Warrants B	% <sup>(5)</sup>
Mak Siew Wei	66,666,667	14.03	33,333,333	14.03	66,899,667	21.98	33,333,333	100.00

Notes:-

- (1) Based on the total number of 237,647,697 Shares (excluding 267,000 treasury shares) as at the LPD.
- (2) Based on the total number of 475,295,394 Rights Shares available for subscription.
- (3) Based on the total number of 237,647,697 free Warrants B.
- (4) Based on the enlarged total number of 304,314,364 Shares (excluding 267,000 treasury shares) under the Minimum Scenario.
- (5) Based on the total number of 33,333,333 Warrants B under the Minimum Scenario.

Pursuant to the Undertaking, the Undertaking Shareholder has:-

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

- (ii) confirmed that he has sufficient financial means and resources to fulfil his obligations under the Undertaking.

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

The Undertaking Shareholder has confirmed that:-

- (i) his subscription for Rights Shares pursuant to the Undertaking will not give rise to any consequence of mandatory take-over offer obligation under the Code and the Rules immediately after completion of the Rights Issue with Warrants; and
- (ii) he will at all times observe and ensure compliance with the provisions of the Code and the Rules and will seek from the SC the necessary exemptions from undertaking such mandatory take-over offer, if required.

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

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

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

In the event the Company, for any reason whatsoever, is unable to achieve the Minimum Subscription Level, whether by way of the Undertaking by the Undertaking Shareholder or failing which, any alternative underwriting and/or undertaking arrangement to be procured by the Company, the Company will not be able to proceed with the Rights Issue with Warrants. In such an event, the Company will return in full, without interest, all monies paid in respect of the subscription for the Rights Shares and/or excess Rights Shares.

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

Particulars	As at the LPD		(I) After the Rights Issue with Warrants		(II) After (I) and assuming full exercise of the Warrants B	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(3)</sup>
Issued share capital	237,647,697	100.00	304,314,364	100.00	337,647,697	100.00
<b>Less:</b> Directors, substantial shareholders and their associates	31,776,277	13.37	98,442,944	32.35	131,776,277	39.03
Shareholders holding less than 100 Shares	785	-(4)	785	-(4)	785	-(4)
<b>Public shareholding spread</b>	<b>205,870,635</b>	<b>86.63</b>	<b>205,870,635</b>	<b>67.65</b>	<b>205,870,635</b>	<b>60.97</b>

Notes:-

- (1) Based on the total number of 237,647,697 Shares (excluding 267,000 treasury shares) as at the LPD.
- (2) Based on the enlarged total number of 304,314,364 Shares (excluding 267,000 treasury shares) under the Minimum Scenario.
- (3) Based on the enlarged total number of 337,647,697 Shares (excluding 267,000 treasury shares) assuming full exercise of the Warrants B.
- (4) Negligible.

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

The Rights Issue with Warrants will enable the Company to raise funds and channel them towards the proposed use as set out in Section 5 of this Abridged Prospectus.

After due consideration of the various options available, the Board is of the opinion that the Rights Issue with Warrants is the most suitable means of fund-raising for the Company as the Rights Issue with Warrants will enable the Company to raise the requisite funds without incurring additional interest expense from bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing costs. Further, the Rights Issue with Warrants provides an opportunity for the Entitled Shareholders to participate in the equity offering of the Company on a pro-rata basis.

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

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

In the event the Shareholders do not fully subscribe for their respective entitlements in respect of the Rights Shares and/or do not exercise the Warrants B in the future, their shareholdings in the Company will be diluted.

Notwithstanding the above, the proposed use of proceeds to be raised from the Rights Issue with Warrants is expected to contribute positively to the future earnings of the Group. In addition, upon completion of the Rights Issue with Warrants, the enlarged capital base is also expected to strengthen the financial position of the Group.

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## 5. USE OF PROCEEDS

Based on the issue price of RM0.15 per Rights Share, the gross proceeds to be raised from the Rights Issue with Warrants are intended to be used in the following manner:-

Proposed use of proceeds	Expected timeframe for use from completion of the Rights Issue with Warrants	Minimum Scenario		Maximum Scenario	
		(RM'000)	%	(RM'000)	%
(i) Construction of a cold room	Within 12 months	8,238	82.4	8,238	11.6
(ii) Expansion of production capacity	Within 12 months	879	8.8	17,000	23.8
(iii) Marketing and advertisement	Within 24 months	-	-	10,000	14.0
(iv) Repayment of borrowings	Within 6 months	-	-	19,000	26.7
(v) Acquisitions and/or investments in complementary businesses and/or assets	Within 24 months	-	-	15,000	21.0
(vi) Working capital	Within 24 months	-	-	1,173	1.7
(vii) Estimated expenses for the Corporate Exercises	Immediate	883	8.8	883	1.2
<b>Total</b>		<b>10,000</b>	<b>100.0</b>	<b>71,294</b>	<b>100.0</b>

### Notes:-

- (1) Any additional proceeds raised from the Rights Issue with Warrants in excess of the RM10.0 million under the Minimum Scenario will be allocated in the following order:-
  - (i) expansion of production capacity (up to RM17.0 million);
  - (ii) marketing and advertisement (up to RM10.0 million);
  - (iii) repayment of borrowings (up to RM19.0 million); and
  - (iv) any remaining excess shall be allocated as follows:-
    - (a) if the remaining excess is less than RM15.0 million, the amount shall be used for the Group's working capital purposes; or
    - (b) if the remaining excess is RM15.0 million or more, a sum of RM15.0 million shall be allocated to acquisitions and/or investments in complementary businesses and/or assets and any balance thereafter shall be used for the Group's working capital purposes.
- (2) If the actual proceeds raised from the Rights Issue with Warrants are insufficient for the Group's funding requirements for (i) expansion of production capacity (RM17.0 million) and (ii) marketing and advertisement (RM10.0 million), additional funds shall be procured for such shortfall from internally generated funds (as at the LPD, the Group's cash and bank balances stood at RM20.6 million, please refer to Section 9.1 of this Abridged Prospectus for further details), bank borrowings (if additional facilities can be obtained) and/or future fund-raising exercises to be undertaken by the Group (if required, which may entail issuance of new securities such as private placements), failing which the Group's expansion plans (in respect of items highlighted in Sections 5(i), 5(ii) and 5(iii) of this Abridged Prospectus) will be downsized proportionately based on the total funds available to the Group for such purposes.
- (3) Pending the use of the proceeds from the Rights Issue with Warrants, the unused proceeds shall be placed in interest-bearing deposits and/or invested in money market financial instruments.

**(i) Construction of a cold room**

Currently, the Group owns a cold room in Sungai Petani, Kedah with a built-up area of approximately 14,000 square feet. The existing cold room is able to accommodate approximately 3,500 pallets with a maximum load of 1,000 kilogrammes each and is currently used to store the Group's raw materials and frozen food products.

To accommodate its expansion plans, the Group intends to construct a new cold room on its vacant land in Sungai Petani, Kedah, which is located beside the Group's existing factory. The new cold room (measuring approximately 24,000 square feet in built-up area) is intended to house a 12-level racking system, accommodating approximately 9,200 pallets with a maximum load of 1,000 kilogrammes each and each storage space is expected to measure approximately 1.8 cubic metres in volume. In addition, the racking system will be automated by autoloaders, which simplify loading and storage of products.

The new cold room will be equipped with a customised cooling system which shall function optimally to maintain a temperature of -20 degrees Celsius in order to preserve the freshness of frozen food products stored in the cold room. Furthermore, the walls, ceiling and floor will be constructed with special materials which are designed for heat insulation.

The construction of the new cold room is expected to commence immediately after the receipt of proceeds from the Corporate Exercises and be completed within 12 months from the completion of the Corporate Exercises. The Group is required to obtain approvals from the Fire and Rescue Department Malaysia and the local council before it is able to start using the cold room which is expected to be obtained within 3 months from the completion of the construction of the cold room. The Company does not foresee any delay in the construction as well as any delay in obtaining the necessary approvals during the movement restrictions period imposed or may be imposed by the Malaysian Government to curb the Covid-19 pandemic, in view that these activities are allowed to operate during the movement restrictions period.

The total construction costs are estimated to be approximately RM20.0 million (of which RM11.8 million will be funded from the proceeds raised from the Private Placement April 2021). As this is based on the best estimates of the management of the Group, the actual cost may differ from the estimated amount. The Group intends to fund any such shortfall via internally generated funds (as at the LPD, the Group's cash and bank balances stood at RM20.6 million, please refer to Section 9.1 of this Abridged Prospectus for further details), bank borrowings (if additional facilities can be obtained) and/or future fund-raising exercises to be undertaken by the Group (if required, which may entail issuance of new securities such as private placements). However, the breakdown of such funding has yet to be determined at this juncture as it will depend on, amongst others, the actual amount of shortfall as well as the availability and suitability of other funding alternatives at the relevant time. Conversely, any surplus shall be reallocated in the order of use set out in Note (1) in this Section 5.

**(ii) Expansion of production capacity**

The Group operates from its factory in Sungai Petani, Kedah, producing various frozen food products such as burger patties, nuggets, sausages and meatballs. The Group's manufacturing facilities currently have a total production capacity of about 600 tonnes of frozen food products per month, of which the Group is operating at a utilisation rate of about 90%.

As part of its expansion plans, the Group intends to expand its production capacity by purchasing additional machineries and replacing parts of its older machineries used in the Group's production lines. These machineries include cutters, mixers, peelers, mincers, machineries used in forming, flouring, frying and cooking, weighing machines as well as packing lines. The new machineries are more technologically advanced and more efficient as compared to the existing machines, and it is expected that no additional manpower is required to operate the new machineries. The cost of the new machineries and replacement parts is estimated to be about RM14.2 million and RM0.8 million respectively.

To accommodate the additional machines, renovation works will be carried out at the Group's existing factory to convert idle space within the premise into production floor area. This will increase the production floor area by more than 40% from approximately 7,600 square metres to about 11,000 square metres. The renovation, which is estimated to cost approximately RM2.0 million, is expected to commence immediately after the receipt of proceeds from the Rights Issue with Warrants and be completed within 6 months from the commencement of the renovation works.

Following the completion of the renovations works, the new machineries will then be incorporated into the Group's production lines. The entire expansion is expected to complete within 12 months from the completion of the Rights Issue with Warrants, upon which the total production capacity of the Group is expected to increase by more than 60% from about 600 tonnes to about 1,000 tonnes of frozen food products per month.

The total cost of RM17.0 million is based on the best estimates of the management of the Group. If the actual cost is higher than the estimated amount, the Group intends to fund any such shortfall via internally generated funds (as at the LPD, the Group's cash and bank balances stood at RM20.6 million, please refer to Section 9.1 of this Abridged Prospectus for further details), bank borrowings (if additional facilities can be obtained) and/or future fund-raising exercises to be undertaken by the Group (if required, which may entail issuance of new securities such as private placements). However, the breakdown of such funding has yet to be determined at this juncture as it will depend on, amongst others, the actual amount of shortfall as well as the availability and suitability of other funding alternatives at the relevant time.

Conversely, any surplus shall be reallocated in the order of use set out in Note (1) in this Section 5.

**(iii) Marketing and advertisement**

With the increased storage and production capacity, the Group will be able to fulfill more purchase orders from its existing and new customers. In order to secure new orders, the Group intends to intensify its marketing efforts to create brand awareness and reinforce the brand positioning of its products.

The main channels to be used by the Group include:-

- (a) Digital media marketing targeting a larger audience by way of advertisement placements on social media platforms such as YouTube, Instagram and Facebook in the form of videos, online content or live sales, and on platforms with established network of followers such as SAYS.com, Vulcan Post and worldofbuzz.com;
- (b) Promotions, discounts and other reward programs to attract new customers and encourage regular / bulk purchase by the customers;
- (c) Pop-up kiosks and booths at various shopping malls to hand out free samples to passersby to introduce and promote new products of the Group; and
- (d) Participating in local and foreign F&B exhibitions to meet potential customers as well as to promote the Group's products.

The abovementioned marketing initiatives are estimated to cost RM10.0 million over the span of 24 months from the completion of the Rights Issue with Warrants.

**(iv) Repayment of borrowings**

As at the LPD, the total outstanding borrowings of the Group stood at approximately RM19.1 million. The Group intends to use proceeds of up to RM19.0 million (under the Maximum Scenario) towards the repayment of the following borrowings, allocated up to its respective maximum allocation in the following order as set out below:-

Type of facility	Proposed repayment amount (RM'000)	Estimated annual pre-tax interest savings (RM'000)	Maturity
Overdraft <sup>(1)</sup>	2,554	167 <sup>(4)</sup>	Comprises 2 overdrafts. 1 overdraft is payable on demand and 1 overdraft is maturing in December 2021
Term loan <sup>(2)</sup>	5,369	334 <sup>(5)</sup>	Comprises 1 term loan maturing in August 2026
Hire purchase <sup>(3)</sup>	671	37 <sup>(6)</sup>	Comprises 9 hire purchases. 2 maturing in 2021, 3 maturing in 2022, 1 maturing in 2023, 1 maturing in 2024 and 2 maturing in 2026
Bankers' acceptance <sup>(1)</sup>	10,406	406 <sup>(7)</sup>	Comprises 3 bankers' acceptances. Up to 120 days from the date of drawdown
<b>Total</b>	<b>19,000</b>	<b>944</b>	

Notes:-

- (1) Overdraft and bankers' acceptance were drawn down to finance the working capital requirements of the Group.
- (2) Term loan was drawn down to refinance a parcel of industrial land located in Sungai Petani, Kedah together with the factory erected thereon and to finance the working capital requirements of the Group.
- (3) Hire purchase facilities were used for the financing of plant, machinery and factory equipment as well as motor vehicles.
- (4) Based on effective interest rate of 6.54% per annum.
- (5) Based on effective interest rate of 6.22% per annum.
- (6) Based on effective interest rate of 5.51% per annum.
- (7) Based on effective interest rate of 3.90% per annum.

The repayment of borrowings will strengthen the Group's financial position, according the Group with better control and flexibility over its cash flow management. This is especially important in view of the ever-changing business environment amidst the on-going Covid-19 pandemic.

**(v) Acquisitions and/or investments in complementary businesses and/or assets**

The Group has earmarked proceeds of up to RM15.0 million under the Maximum Scenario to finance the acquisitions and/or investments in any suitable and complementary businesses and/or assets, which shall be used within 24 months from completion of the Rights Issue with Warrants. Such acquisitions and/or investments may include, amongst others, businesses and/or assets in the food industry including those involved in food packaging and food processing.

The proceeds to be raised from the Rights Issue with Warrants will allow the Group to capitalise on investment opportunities as and when they arise, which may in turn generate positive returns to the Group, thereby increasing shareholders' value.

As at the LPD, the Board has yet to identify any specific businesses and/or assets for acquisition and/or investment. The Company will make the necessary announcements in accordance with the Listing Requirements (if required) as and when it enters into any agreement to acquire and/or invest in complementary businesses and/or assets. In the event that Shareholders' approval and/or other regulatory approvals are required, the necessary approvals will be sought.

Pending the identification of businesses and/or assets to be acquired and/or invested in, the Company will place the unused cash proceeds in interest-bearing bank deposits and/or money market financial instruments under a separate bank account from the other proceeds allocated for in Sections 5(i), 5(ii), 5(iii), 5(iv), 5(vi) and 5(vii) of this Abridged Prospectus. Any form of utilisation from this account shall be subject to the approval of the Audit Committee of the Company. The status of utilisation for Sections 5(i) to 5(vii) of this Abridged Prospectus will also be reported in the quarterly financial results announcements as well as annual reports of the Company.

If the Company is unable to identify suitable acquisitions and/or investments within 24 months from the completion of the Rights Issue with Warrants, the timeframe for use of proceeds that has been allocated for the said purpose will be extended for another 12 months and such extension will be announced as well as disclosed in the Company's quarterly financial results announcements as well as annual reports until the Company has successfully identified a suitable acquisition and/or investment. If the Company is still unable to identify suitable business and/or assets to acquire and/or invest in within 36 months from the completion of the Rights Issue with Warrants, the Company shall undertake a capital reduction and repayment exercise to distribute the unutilised proceeds back to the Shareholders. In such an event, the Company shall seek the necessary approvals from the Shareholders and/or other relevant authorities to effect the capital reduction and repayment exercise.

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**(vi) Working capital**

As at the LPD, the Group has cash and bank balances of RM20.6 million (including proceeds of RM4.5 million from the Private Placement April 2021 which are earmarked for construction of cold room. This excludes the balance proceeds of RM7.3 million from the final tranche of the Private Placement April 2021 which were only received by the Company from the placement agent after the LPD, on 27 April 2021.) The proceeds earmarked for working capital will be used as additional funds to finance the Group's day-to-day operations and are expected to be used in the following manner:-

<b>Working capital</b>	<b>Percentage allocation (%)</b>	<b>Maximum Scenario (RM'000)</b>
Operating and administrative expenses such as purchase of raw materials, staff cost, rental cost and utilities <sup>(1)</sup>	65	762
Product innovation, research and development to discover and develop new and improved food products and processes <sup>(1)</sup>	35	411
<b>Total</b>	<b>100</b>	<b>1,173</b>

**Note:-**

- (1) The actual breakdown of these expenses cannot be determined at this juncture as it will depend on the actual operating, administrative and other requirements of the Group at the relevant time.

The funds raised for working capital would accord the Group with better control and flexibility over its cash flow management, which would help in weathering any potential challenges or uncertainties which may arise amidst the current Covid-19 pandemic environment.

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

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

<b>Estimated expenses</b>	<b>Minimum Scenario (RM'000)</b>	<b>Maximum Scenario (RM'000)</b>
Professional fees <sup>(1)</sup>	699	699
Fees to the relevant authorities	111	111
Printing, despatch, advertising and meeting expenses	73	73
<b>Total</b>	<b>883</b>	<b>883</b>

**Note:-**

- (1) Comprises estimated professional fees payable to the Principal Adviser, solicitors, independent market researcher, company secretaries and share registrar for the Corporate Exercises. The professional fees exclude management fees and placement commission payable to the placement agent for the management of the placement process and identification of placees respectively, which have been paid using the proceeds from Private Placement April 2021 as detailed in Section 2.7(i) of this Abridged Prospectus.

If the actual expenses incurred are higher than the budgeted amount, the deficit will be funded from internally generated funds. Conversely, any surplus funds following the payment of expenses will be used to fund the working capital requirements of the Group.

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

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

Strictly for illustrative purposes, based on the Exercise Price of RM0.15 per Warrant B, the Company will raise gross proceeds of approximately RM5.0 million and RM35.6 million upon full exercise of the Warrants B issued under the Minimum Scenario and Maximum Scenario respectively. Any proceeds arising from the exercise of the Warrants B in the future will be used for the Group's working capital purposes such as purchase of raw materials, staff cost, rental cost and utilities within a period of 2 years from the receipt of the proceeds. The exact breakdown cannot be determined at this juncture and would depend on the actual requirements at the relevant time.

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## 6. RISK FACTORS

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

### 6.1 Risks relating to the Group

#### (i) Ability to turnaround the Group's financial performance

The Group's financial performance in recent years was poor as can be seen from the loss-making position of the Group in most of the financial year / period under review as set out in Section 4, Appendix I of this Abridged Prospectus. The Group recorded a decreasing gross profit margin from FYE 31 July 2018 to FYE 31 July 2020, where it made a gross loss of RM12.6 million, mainly due to slow moving inventories. Further details on the financial performance of the Group are set out in Section 4, Appendix I of the Abridged Prospectus.

Over the past few years, the Group has undertaken efforts to improve its financial operational performance. The Group continuously reducing sales of low margin FPP and other low margin trading items, while focusing its effort in growing the HORECA and OEM segment which earns a higher margin through new product initiatives as well as increasing its customer base.

The Group has also transitioned from direct retail selling business model to distributorship business model during the FYE 31 July 2019 to improve cost management and collection and overall cash flow. Instead of selling directly to consumers through retail channels. The Group now sells to distributors who will then sell it to the final consumers. This allows the Group to better manage its inventories and collection, as well as reduce its marketing and distribution costs. For the transition, the Group spent most of FYE 31 July 2019 identifying, evaluating, negotiating and finally appointing distributors, and therefore the effects of this transition are expected to be reflected in the subsequent financial years.

The Group has also undertaken the Private Placement September 2020 to repay borrowings of the Group. Further, the Corporate Exercises are expected to enable the Group to raise funds for the expansion of the Group's frozen processed food business through the construction of a cold room, expansion of the Group's production capacity, marketing and advertisement, acquisitions and/or investments in complementary businesses and/or assets, repayment of borrowings as well as working capital. These will enable the Group to raise funds without incurring additional interest expense, thereby minimising any potential cash outflow in respect of interest servicing costs and preserving the Group's cash flow.

Notwithstanding the Group's efforts, prospects and its future plans, there is no assurance these plans are able to successfully turnaround the financial performance of the Group in the future. Even if the plans are successful in the near term, there is no assurance that the Group is able to sustain its earnings and will not revert back into a loss-making position.

There is also no assurance that the Group will be able to recruit the required number of technical and operational staff for the operation of the new cold room or for the expansion of production capacity. In particular, the influx of foreign workers is currently frozen due to the closure of borders as a result of the Covid-19 pandemic. Further, there may be delays in construction or purchase of machineries during the movement restriction periods imposed or may be improved by the Malaysian Government from time to time, due to strict curfews or travelling restrictions.

These factors may lead to a delay in expansion of the Group's business until such time the Group is able to recruit the necessary technical and operational staff and complete the construction works and purchase of machineries.

After completion of the business expansion, there is no assurance that the Group will be able to achieve the expected demand and turn its business around. Any slump in demand for the Group's products may lead to an oversupply situation given the increased capacity of the Group. In such an event, the financial performance of the Group may be adversely impacted.

Furthermore, the Group intends to fund the expansion of production capacity, marketing and advertisement, repayment of borrowings and acquisitions and/or investments in complementary businesses and/or assets through a combination of proceeds raised from the Rights Issue with Warrants. In the event the Group actual proceeds raised from the Rights Issue with Warrants are insufficient for the Group's funding requirements, the Group may need to fund the shortfall through internally generated funds, bank borrowings and/or future fund-raising exercises to be undertaken.

There is no assurance that the Group is able to obtain funding from financial institutions or alternative means to carry out the Group's expansion plans in view that the proceeds may not be enough to repay its existing bank borrowings.

A lack of funding may lead to, amongst others, a reduction in the number of new machineries that the Group is able to purchase, inability to carry out sufficient marketing and advertisement activities, reduction in the repayment of borrowings or inability to acquire and/or invest in suitable businesses and/or assets when and if the opportunities arise. This may ultimately lead to a delay or halt to the Group's plans.

Although the Group will seek to limit these risks by exploring all fund-raising avenues available such as private placement, there is no assurance that any occurrence of the aforementioned events will not have a material adverse effect on the Group's business and earnings in the future.

**(ii) Intense competition due to low barriers of entry**

The barriers of entry into the F&B industry are low in view of its low capital and skill requirements. As such, F&B companies are constantly facing intense competition while striving to survive and remain profitable. The direct competitors of the Group include other frozen food product manufacturers and micro businesses providing ready meals.

During the Covid-19 pandemic period, many individuals lost their jobs and had to start small home businesses to survive. One of the most popular idea was to sell ready meals and pastries to neighbours, friends and family.

There is no assurance that the Group can remain competitive among the new agile entrants. Emergence of new competitors who offer the same product range with the Group may adversely affect the revenue and profit of the Group moving forward.

**(iii) Fluctuation in raw material prices and availability**

The Group's business is highly dependent on the consistent supply of raw materials such as chicken and beef. The supply of such raw materials may be affected by external factors such as outbreak of diseases, natural disasters or any other forms of disruptions. Prolonged disruption to the supply of raw materials may have an impact on the Group's business operations.

Further, fluctuations in supply may affect the prices of these raw materials, which will affect the profit margins and financial results of the Group, if the Group is unable to pass on the changes in cost to its customers. The Group has faced increased fluctuations in both the supply and prices of the Group's raw materials amidst the Covid-19 pandemic, especially in 2021, causing the financial performance of the Group to be volatile during said period.

**(iv) Non-renewal and/or revocation of business licenses, certifications and permits**

The Group has obtained various forms of business licenses, certifications and permits from authorities, which are necessary for the Group to carry on with its business operations. Some of these business licenses, certifications and permits are subject to periodic inspections, changes and/or fulfilment of certain conditions imposed by the relevant authorities.

Failure to comply with the authorities may lead to the business licenses, certifications and permits of the Group to be not renewed or revoked, which may lead to a major disruption to the business. As at the LPD, the Group does not have any business licenses, certifications and permits which are expiring soon or are in the midst of renewal. The Group did not experience any non-renewal or revocation of business licenses, certifications and permits in the past.

In relation to the new cold room to be constructed, the Group is required to obtain the necessary building approvals, business licenses, certifications and permits, which will be applied for after the construction of the cold room is completed. The Group expects to obtain these approvals within 3 months from the completion of the construction of the cold room. Any delay in the construction of the cold room as well as the obtainment of the necessary business licenses, certifications and permits which may be caused by enhanced measures imposed by the Malaysian Government to reduce the spread of the ongoing Covid-19 pandemic may cause a corresponding delay to the Group's expected timeline to commence the operations of the new cold room.

**(v) Risks relating to the impact of Covid-19 on the Group's businesses**

Over the last year, the Covid-19 pandemic has spread across the world resulting in lockdown or similar measures imposed by governments worldwide to curb the spread of the virus. These have resulted in adverse impact to the performance of the world's economies including Malaysia. Even with the gradual relaxation of lockdown measures moving forward, consumer sentiment is expected to remain dampened in the near future as consumers stay cautious in their spending. Until a vaccine and/or a cure can be mass-distributed to the general population, the dampening effects of the Covid-19 pandemic on consumer spending is expected to remain in the foreseeable future.

During the MCO period and the subsequent conditional and recovery MCO periods that was imposed by the Government of Malaysia, the demand for different types of food products have shifted. There was a positive impact on the demand for frozen processed food from wholesalers, supermarkets and food retailers to cater to increasing grocery shopping done by households as people are encouraged to stay at home, and thus cook and eat at home. Conversely, the demand for frozen processed food from F&B outlets and hotels has been negatively impacted as customer dine-ins and travelling was prohibited and/or limited.

For information, the Group recorded an increase in revenue by RM1.79 million or 9.20% for the latest financial quarter ended 31 January 2021 (RM21.25 million) as compared to the previous financial quarter ended 31 January 2020 (RM19.46 million). The increase in revenue was mainly contributed by the higher sales as the demand for frozen prepared meals and food products increased during the movement restriction periods. This has also led to a higher gross profit margin being recorded by the Group of 15.21% for the financial quarter ended 31 January 2021 as compared to a gross loss margin of 22.62% for the financial quarter ended 31 January 2020. Further, the Group recorded a PAT of RM0.11 million for the latest financial quarter ended 31 January 2021 as compared to a LAT of RM8.33 million for the previous financial quarter ended 31 January 2020. The substantial LAT recorded for the previous financial quarter ended 31 January 2020 was due to the provision for slow moving inventories amounting to RM8.00 million (3-month FPE 31 January 2021: nil). Please refer to Section 4, Appendix I of this Abridged Prospectus for further details on the Group's financial performance.

While the Group's F&B business is generally benefitting from the Covid-19 pandemic, there can be no assurance that the impact of the pandemic to the Group will remain to be positive moving forward. If the country is unable to successfully control the spread of the disease and limit the far-reaching financial impact to the economy, a lack of financial means could deter the masses from enjoying the Group's products. However, given the fluid development of the Covid-19 pandemic, it is still too early to estimate the full impact of the Covid-19 pandemic as a whole on the business and financial performance of the Group at this juncture.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Such forward-looking statements are based on the estimates and assumptions made by the Company, unless stated otherwise, and although the Board believes these forward-looking statements to be reasonable at this point in time given the prevailing circumstances, they are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied in such forward-looking statements.

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

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## 7. INDUSTRY OVERVIEW AND PROSPECTS

### 7.1 Malaysian economy

For year 2020, Malaysia's gross domestic product ("GDP") contracted by 5.6% as compared to an expansion of 4.3% in 2019, influenced by the fall of all economic sectors. The last seen of Malaysia's economic contraction was in 2009 (-1.5%) and this is the lowest contraction after 1998 (-7.4%). The implications of Covid-19 pandemic have affected economic activities which further contributed to the increase of the unemployment rate to 4.8% in the fourth quarter of 2020. Furthermore, the number of underemployed persons increased as compared to 2019. This scenario affects the disposable income which indicates a slowdown and indirectly led to a decrease of the Gross National Income per capita from RM45,212 (2019) to RM42,531 in 2020. Meanwhile, the MCO imposed by the government led to a reduction in domestic consumption expenditure.

(Source: Press release on Malaysia Economic Performance Fourth Quarter 2020, Department of Statistics Malaysia)

The immediate focus of the government in managing the crisis is on ensuring the safety of the people and addressing the needs of households and businesses adversely affected by the Covid-19. A new act entitled Temporary Measures for Government Financing (Coronavirus Disease 2019 (Covid-19)) 2020 was passed in Parliament on 21 September 2020 to finance the stimulus packages. This new act enables the government to implement the stimulus packages formulated on the six stages of R effectively. The "Resolve" stage was characterised by the government's effort to contain the spread of the virus through the implementation of a full MCO. The "Resilient" stage was when the government announced the PRIHATIN and the PRIHATIN Plus stimulus packages. During the "Restart" and "Recovery" stages when the Covid-19 curve was flattened and the economy was gradually opened, the government announced the PENJANA package. PENJANA aimed at rejuvenating the economy based on three strategic thrusts - empowering the people, propelling businesses and stimulating the economy. The next two stages - "Revitalise" and "Reform", will involve the formulation and implementation of measures in the 2021 Budget and the Twelfth Malaysia Plan, 2021- 2025 (12MP). In particular, the 2021 Budget will focus on caring for the people, enabling local businesses and revitalising the economy.

The stimulus packages that consist of fiscal and non-fiscal measures totaling RM305 billion are expected to cushion the crisis and stimulate the economy by boosting aggregate demand and sustaining employment. The government's stimulus packages are expected to contribute over 4 percentage points to the nation's GDP growth. This momentum is expected to set the foundation for the nation's GDP to grow by up to 7.5% in 2021. That achievement hinges heavily on the next phase in the 6R strategy – Revitalise – represented by Budget 2021. As a strategic plan for ensuring Malaysia's growth in the coming year, Budget 2021 seeks to balance healthcare capacity needs, while building upon the current economic recovery momentum together and developing better resilience for the future.

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

## 7.2 Frozen processed food industry in Malaysia

Frozen processed food is food which has undergone processing that leads to the change of its nutritional composition or result in new food product forms, and is usually kept under freezing temperature of  $-18^{\circ}\text{C}$  or below. The processing of food which takes place may include mixing with other ingredients (i.e. spices, flavouring, preservatives, nutrients and other food additives), cooking, baking, curing and smoking, amongst others. Frozen processed food comprises various food categories such as frozen meat and seafood, frozen bakery products, and frozen prepared meals and food products. There is a wide and diverse consumer market for frozen processed food. Frozen processed food is distributed to wholesalers, supermarkets and food retailers which then supply to F&B outlets (i.e. restaurants, cafes, fast food chains, hotels and other eateries) as well as individual consumers. Frozen processed food manufacturers may also directly distribute their food products to F&B outlets who purchase frozen processed food in bulk.

In view of the outbreak of the Covid-19 in Malaysia since early 2020, the government has imposed various degrees of nationwide movement restrictions to curb the spread of Covid-19, namely MCO, conditional MCO and recovery MCO since 18 March 2020, depending on the severity of the Covid-19 infections in each states, federal territories and areas. Such movement restrictions have shifted the demand for frozen processed food among its consumer market. This includes a positive impact on the demand for frozen processed food from wholesalers, supermarkets and food retailers mainly during the MCO and conditional MCO to cater to increasing grocery shopping done by households as people are encouraged to stay at home, and thus cook and consume more food at home. Conversely, demand for frozen processed food from F&B outlets has been negatively impacted during the movement restriction periods as customer dine-ins are prohibited and/or limited in F&B outlets. Similarly, hotels require less frozen processed food as they receive less customers especially during the MCO and conditional MCO due to the imposition of interstate travel ban. Once movement restrictions are lifted and when the Covid-19 pandemic subsides, the demand for F&B services is expected to gradually recover with increasing domestic movements whilst still maintaining physical distancing and preventive measures.

The industry size, as represented by the sales value of frozen prepared meals and food products in Malaysia, decreased from RM1.95 billion in 2017 to RM1.85 billion in 2019, at a compound annual growth rate ("CAGR") of -2.60%. Nevertheless, Smith Zander estimates the sales value of frozen prepared meals and food products in Malaysia to have increased to RM2.07 billion in 2020 at a growth of 11.89% from 2019. The anticipated growth in the sales value of frozen prepared meals and food products in Malaysia in 2020 is attributed to the increase in retail sales which stems from higher incidences of in-home food consumption in view of the Covid-19 pandemic. The demand for frozen prepared meals and food products spiked during the MCO where people stocked-up on food and grocery items to cook and consume in their homes, as they were encouraged to stay at home to curb the spread of the virus.

Following the imposition of the conditional MCO and recovery MCO in 2020 whereby movement restrictions loosened and people were allowed to dine in restaurants, the demand for frozen prepared meals and food products within the retail segment remained positive as people continued to cook and consume food in their homes to reduce going to crowded areas including F&B outlets, and as they may be more aware and familiar with frozen prepared meals and food products. Notwithstanding that the increase in in-home food consumption has led to decreasing demand for frozen prepared meals and food products from F&B outlets due to less customer dine-ins, the decrease was offset by the increase in demand from the retail segment, hence leading to the anticipated increase in the sales value of frozen prepared meals and food products in 2020.



Following a surge in Covid-19 infected cases which have remained high, the government has re-imposed conditional MCO and MCO for different durations since 13 October 2020 in most states and federal territories throughout Malaysia, depending on the severity of Covid-19 infected cases in these areas. As a result, people are expected to continue and/or increasingly cook and consume food at home due to dine-in restrictions in F&B outlets as well as to reduce going out to avoid infection of Covid-19. Thus, this is expected to lead to increasing consumer retail for frozen prepared meals and food products. As such, Smith Zander forecasts the sales value of frozen prepared meals and food products in Malaysia to increase to RM2.17 billion in 2021 at a growth of 4.83% from 2020.

Moving forward, as people adapt to the new norm and as the Covid-19 pandemic eventually subsides, the demand for frozen prepared meals and food products as well as other frozen processed food is expected to be continuously driven by the following key drivers:-

- (i) **Growth in F&B services industry which sources frozen processed food as ingredients.** The F&B services industry, in terms of foodservice revenue, increased from RM57.63 billion in 2017 to RM72.01 billion in 2019 at a CAGR of 11.78%. However, the F&B services industry declined by 21.64% from RM72.01 billion in 2019 to RM56.43 billion in 2020 due to the imposition of the movement restrictions.

Based on latest government regulations, customer dine-ins are allowed in F&B outlets, depending on the degree of movement restrictions and standard operating procedures imposed in each state and federal territory. This may thus gradually increase the sales derived by F&B outlets. In addition, F&B outlets are expected to derive more sales when the Covid-19 pandemic subsides. Further, F&B outlets have been able to derive sales from customer takeaway or delivery services throughout the movement restriction periods. As such, Smith Zander forecasts the F&B services industry in Malaysia to increase by 4.68% to RM59.07 billion in 2021.

Moving forward, the F&B services industry in Malaysia will likely gain from the positive long-term economic growth prospects in Malaysia. The growth of the F&B services industry in Malaysia may thus lead to growth of the frozen processed food industry, as frozen processed food serves as ingredients and supplies for the sales of foodservices;

- (ii) **Growing demand for quick and convenient food creates demand for frozen processed food.** Busy lifestyles have led to consumption preferences for quick and convenient food options among working individuals, especially amongst the younger population, resulting in greater demand for frozen processed food. As at the fourth quarter of 2020, the younger generation of the population (aged 15 to 34) constitutes a substantial share of 48.99% of the total number of employed persons in Malaysia. In addition, over the period of 2017 to 2019, the percentage of urban population in Malaysia increased from 75.45% of the total population to 76.61% of the total population. The rising urbanisation rate in Malaysia indicates that consumers have busier lifestyles as they migrate to urban areas for employment purposes.

In line with the demand for quick and convenient food, more convenience stores are increasing their ready-to-eat meals and snacks that can be served hot to cater to local taste buds as part of their product offerings. Many ready-to-eat meals and snacks available in convenience stores are prepared from frozen processed food and can be heated up easily such as rice, noodles, sausages, pau, curry puffs and oden (i.e. various processed fishcakes in broth). As such, this creates more demand for frozen processed food as convenience stores increasingly provide wide varieties of ready-to-eat meals and snacks which cater to consumers' need for grab-and-go food to accommodate their busy lifestyles;

- (iii) **Increasing ease and accessibility of online grocery shopping entices purchase of food products including frozen processed food.** The ease of online grocery shopping drives the demand for food products, including frozen processed food, as consumers are able to conveniently make purchases without physical trips to grocery outlets. Online grocery shopping is done through online grocery and delivery platforms such as mobile applications and websites of grocery retailers or online grocery delivery service providers. This enables consumers to place orders over the internet and have their groceries delivered to their doorstep. The ease of online grocery shopping thus allows consumers to purchase food items more frequently and/or in larger quantities as consumers are able to avoid shopping in physical stores which may be time consuming as well as avoid any transportation hassle.

The growing popularity of online grocery and delivery services is also attributed to the enhanced functions and features of their platforms such as convenient payment methods; attractive value-added offerings involving cashbacks, discounts and other promotions; and expansion in delivery coverage areas, all of which improve the overall online shopping experience. As such, online grocery shopping, which makes grocery shopping increasingly convenient and accessible, is expected to drive more sales and demand for frozen processed food along with other food products.

In view of the Covid-19 pandemic, there has been an increase in online grocery shopping in Malaysia, particularly during the MCO which prompted more consumers to buy groceries from online grocery and delivery platforms as they were encouraged to stay at home to curb the spread of the virus. Nevertheless, despite relaxation of movement restrictions, consumers are expected to continue to buy groceries online due to its convenience and as extra precautionary measures to avoid going out to minimise the possibility of being infected with the virus. Thus, the continuity and growth of online grocery shopping is expected to fuel the demand for frozen processed food; and

- (iv) **Growing demand for food supply as a result of population growth and economic affluence signifies growing demand for frozen processed food.** The demand for frozen processed food in Malaysia is driven by the growing demand for food supply as a result of the country's population and economic growth. Based on latest available data, the food supply in Malaysia increased from 16.55 million tonnes in 2016 to 16.73 million tonnes in 2018, at a CAGR of 0.54%, in order to cater to the food consumption of an increasing population. Smith Zander forecasts the food supply in Malaysia to increase to 16.83 million tonnes in 2021, at a CAGR of 0.20% from 2018. Malaysia's population stands at 32.78 million as at 27 April 2021 and is projected to reach 38.06 million in 2030. As the population of Malaysia increases, more food including frozen processed food will be required to feed the population. Therefore, the frozen processed food industry is expected to experience continuous growth over the long term as the Malaysian population increases.

In addition, economic conditions and wealth of the population generally affect the demand for food. Malaysia is an upper-middle income developing country whereby its gross national income ("GNI") per capita increased from RM41,647.00 in 2017 to RM45,212.00 in 2019 at a CAGR of 4.19%. The increasing GNI per capita indicates a more affluent population with greater propensity to spend and better standard of living, creating increasing demand for basic necessities especially food.

However, the economic contraction due to the Covid-19 pandemic has negatively affected the disposable income of consumers who have experienced pay cuts or loss of employment. In 2020, Malaysia's economy, measured by GDP, declined by 5.59%, and GNI per capita declined by 5.93% to RM42,531.00. Nevertheless, the economic conditions of Malaysia are expected to gradually recover as people adapt to the new norm and as the impact of the Covid-19 pandemic eventually subsides. Bank Negara Malaysia projects Malaysia's GDP growth to be between 6.50% and 7.50% in 2021. Therefore, the expected economic recovery and growth of Malaysia will thus contribute to increasing wealth and disposable income of the population. The increasing economic affluence thus drives more consumer spending on food including frozen processed food, thus contributing to increasing demand for frozen processed food.

Premised on the above, the prospects for growth in the frozen processed food industry in Malaysia is expected to be positive based on the key drivers of the industry which create demand for frozen processed food as well as the increase in in-home food consumption, thus spurring retail of frozen processed food.

(Source: IMR Report)

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### 7.3 Prospects and future plans of the Group

The Group is principally involved in the manufacturing and sale of frozen food products such as burger patties, nuggets, sausages and meatballs with a total workforce of more than 200 personnel. The Group's manufactured products are marketed under its own brands, namely Saudi Gold and Farm Gold. Saudi Gold and Farm Gold products are represented in retail outlets including hypermarkets and supermarkets throughout Malaysia and a small portion overseas. In addition, the Group also manufactures for its clients under their own brand names.

In the Group's effort to improve its operational efficiency, the Saudee Group has changed its business model from direct retail selling model to distributorship model in 2019. The Group has also been focusing on growing its market share in the food service sector with continued effort to grow the HORECA and OEM segment with more new products being developed and offered to existing and potential customers.

Although the outbreak of Covid-19 pandemic and the imposition of movement restrictions have negatively affected (i) the sales of the F&B services industry due to dining restrictions and consumers' fear of virus infection as well as (ii) the disposable income of consumers who have experienced pay cuts or loss of employment, the growth prospects of the frozen processed food industry in Malaysia is expected to remain positive based on the key drivers of the industry (see Section 7.2 of this Abridged Prospectus for further details).

Accordingly, the Group is undertaking the Corporate Exercises to raise additional funds for its business expansion plans, to reduce its financial gearing and for working capital to weather any potential challenges or uncertainties which may arise amidst the current Covid-19 pandemic environment.

The proposed construction of a new cold room in Sungai Petani, Kedah coupled with the expansion of the Group's production capacity will allow the Group to increase its manufacturing activities as and when required. In addition, any excess capacity of the new cold room may also be rented out to the Group's existing suppliers, customers and any third parties for storage charges.

With the increased storage and production capacity, the Group will be able to fulfill more purchase orders from its existing and new customers. In order to secure more orders, the Group intends to allocate a sum of RM10.0 million for the purpose of marketing and advertisement to promote its existing and new products to its customers.

The proceeds of up to RM15.0 million under the Maximum Scenario which are earmarked to finance the acquisitions and/or investments in any suitable and complementary businesses and/or assets will allow the Group to immediately capitalise on any such opportunities which may arise.

Meanwhile, the repayment of borrowings and additional funds for working capital from the Rights Issue with Warrants will strengthen the Group's financial position, according to the Group with better control and flexibility over its cash flow management. This is especially important in view of the ever-changing business environment amidst the on-going Covid-19 pandemic.

Moving forward, the Group will continue to improve on its production efficiency and to capture a bigger market share in the HORECA and OEM segment in view of the higher profit margins.

Premised on the above, the Board is cautiously optimistic of the prospects of the Group moving forward. Notwithstanding this, Shareholders should also refer to the risks relating to the Group's ability to turnaround its financial performance with the future plans as set out in Section 6.1(i) of this Abridged Prospectus.

## 8. EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

### 8.1 Share capital

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

	Minimum Scenario		Maximum Scenario	
	No. of Shares	Share capital (RM)	No. of Shares	Share capital (RM)
Issued share capital as at the LPD	237,647,697 <sup>(1)</sup>	100,480,103	237,647,697 <sup>(1)</sup>	100,480,103
New Shares to be issued pursuant to the Rights Issue with Warrants	66,666,667	5,733,667 <sup>(2)</sup>	475,295,394	46,290,068 <sup>(2)</sup>
Enlarged issued share capital after the Rights Issue with Warrants	304,314,364	106,213,770	712,943,091	146,770,171
New Shares to be issued assuming full exercise of the Warrants B	33,333,333	8,383,333 <sup>(3)</sup>	237,647,697	59,768,396 <sup>(3)</sup>
<b>Enlarged issued share capital</b>	<b>337,647,697</b>	<b>114,597,103</b>	<b>950,590,788</b>	<b>206,538,567</b>

Notes:-

- (1) Excluding 267,000 Saudee Shares held as treasury shares.
- (2) Based on the issue price of RM0.15 per Rights Share and after accounting for the creation of warrants reserve at an allocated fair value of RM0.1015 per Warrant B (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and estimated expenses for the Corporate Exercises of approximately RM0.88 million (see Section 5(vii) of this Abridged Prospectus for the details).
- (3) Based on the exercise price of RM0.15 per Warrant B and after accounting for the reversal of warrants reserve.

### 8.2 NA and gearing

As at the LPD, there are no material transactions which may have a material effect on the operations, financial position and results of the Group since the Group's latest unaudited 6-month FPE 31 January 2021.

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

**Minimum Scenario**

<b>Group level</b>	<b>Unaudited as at 31 January 2021 (RM'000)</b>	<b>(I) After adjusting for subsequent events<sup>(1)</sup> (RM'000)</b>	<b>(II) After (I) and the Rights Issue with Warrants<sup>(2)</sup> (RM'000)</b>	<b>(III) After (II) and assuming full exercise of Warrants B<sup>(3)</sup> (RM'000)</b>
Share capital	75,639	100,480	106,214	114,597
Treasury shares	(118)	(118)	(118)	(118)
Warrant reserve	4,500	-	3,383	-
Revaluation reserve	3,129	3,129	3,129	3,129
Merger deficit	(29,296)	(29,296)	(29,296)	(29,296)
Accumulated losses	(17,448)	(15,128)	(15,128)	(15,128)
<b>Total equity / NA</b>	<b>36,406</b>	<b>59,067</b>	<b>68,184</b>	<b>73,184</b>
No. of Shares in issue, excluding treasury shares ('000)	161,008	237,648	304,314	337,648
NA per Share (RM)	0.23	0.25	0.22	0.22
Total borrowings (RM'000)	19,440	19,440	19,440	19,440
Gearing ratio (times)	0.53	0.33	0.29	0.27

**Notes:-**

- (1) After accounting for the following:-
- (i) the issuance of 20,000,000 new Shares at the issue price of RM0.2252 per Share and 34,841,700 new Shares at the issue price of RM0.2102 per Share pursuant to the Private Placement April 2021 and expenses incidental to the private placement of RM0.07 million;
  - (ii) the issuance of 21,798,097 new Shares at the issue price of RM0.50 pursuant to exercise of the Warrants A; and
  - (iii) the expiry of the remaining 23,201,885 Warrants A not exercised.
- (2) Based on the issue price of RM0.15 per Rights Share and after accounting for the creation of warrants reserve at an allocated fair value of RM0.1015 per Warrant B (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and estimated expenses for the Corporate Exercises of approximately RM0.88 million (see Section 5(vii) of this Abridged Prospectus for the details).
- (3) Based on the exercise price of RM0.15 per Warrant B and after accounting for the reversal of the warrants reserve.

**Maximum Scenario**

<b>Group level</b>	<b>Unaudited as at 31 January 2021 (RM'000)</b>	<b>(I) After adjusting for subsequent events<sup>(1)</sup> (RM'000)</b>	<b>(II) After (I) and the Rights Issue with Warrants<sup>(2)</sup> (RM'000)</b>	<b>(III) After (II) and assuming full exercise of Warrants B<sup>(3)</sup> (RM'000)</b>
Share capital	75,639	100,480	146,770	206,539
Treasury shares	(118)	(118)	(118)	(118)
Warrant reserve	4,500	-	24,121	-
Revaluation reserve	3,129	3,129	3,129	3,129
Merger deficit	(29,296)	(29,296)	(29,296)	(29,296)
Accumulated losses	(17,448)	(15,128)	(15,128)	(15,128)
<b>Total equity / NA</b>	<b>36,406</b>	<b>59,067</b>	<b>129,478</b>	<b>165,126</b>
No. of Shares in issue, excluding treasury shares ('000)	161,008	237,648	712,943	950,591
NA per Share (RM)	0.23	0.25	0.18	0.17
Total borrowings (RM'000)	19,440	19,440	440 <sup>(4)</sup>	440
Gearing ratio (times)	0.53	0.33	.. <sup>(5)</sup>	.. <sup>(5)</sup>

**Notes:-**

- (1) After accounting for the following:-
- (i) the issuance of 20,000,000 new Shares at the issue price of RM0.2252 per Share and 34,841,700 new Shares at the issue price of RM0.2102 per Share pursuant to the Private Placement April 2021 and expenses incidental to the private placement of RM0.07 million;
  - (ii) the issuance of 21,798,097 new Shares at the issue price of RM0.50 pursuant to exercise of the Warrants A; and
  - (iii) the expiry of the remaining 23,201,885 Warrants A not exercised.
- (2) Based on the issue price of RM0.15 per Rights Share and after accounting for the creation of warrants reserve at an allocated fair value of RM0.1015 per Warrant B (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and estimated expenses for the Corporate Exercises of approximately RM0.88 million (see Section 5(vii) of this Abridged Prospectus for the details).
- (3) Based on the exercise price of RM0.15 per Warrant B and after accounting for the reversal of the warrants reserve.
- (4) As set out in Section 5(iv) of this Abridged Prospectus, proceeds of RM19.0 million from the Rights Issue with Warrants will be utilised for the repayment of borrowings.
- (5) Negligible.

### 8.3 Substantial Shareholders' shareholdings

The substantial Shareholders of the Company based on the Register of Substantial Shareholders as at the LPD and pro forma effects of the Rights Issue with Warrants on the substantial Shareholders' shareholdings in the Company are as follows:-

#### Minimum Scenario

Substantial Shareholders	As at the LPD				(I) After the Rights Issue with Warrants				(II) After (I) and assuming full exercise of the Warrants B			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(3)</sup>	No. of Shares	% <sup>(3)</sup>
Asiabio Capital Sdn Bhd	31,543,277	13.27	-	-	31,543,277	10.37	-	-	31,543,277	9.34	-	-
Fintec Global Berhad	-	-	31,543,277	13.27 <sup>(4)</sup>	-	-	31,543,277	10.37 <sup>(4)</sup>	-	-	31,543,277	9.34 <sup>(4)</sup>
Undertaking Shareholder	233,000	0.10	-	-	66,899,667	21.98	-	-	100,233,000	29.69	-	-

#### Notes:-

- (1) Computed based on the total number of 237,647,697 Shares (excluding 267,000 treasury shares) as at the LPD.
- (2) Computed based on the enlarged total number of 304,314,364 Shares (excluding 267,000 treasury shares) after the Rights Issue with Warrants.
- (3) Computed based on the enlarged total number of 337,647,697 Shares (excluding 267,000 treasury shares) assuming full exercise of the Warrants B.
- (4) Deemed interested by virtue of its interest in Asiabio Capital Sdn Bhd pursuant to Section 8 of the Act. For information purposes, based on the announcements on Bursa Securities up to the LPD, Fintec Global Berhad does not have any shareholder who holds 5% or more of its total issued shares.



**Maximum Scenario**

Under the Maximum Scenario, the Undertaking Shareholder will not be a substantial Shareholder.

Substantial Shareholders	As at the LPD				(I) After the Rights Issue with Warrants				(II) After (I) and assuming full exercise of the Warrants B			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(3)</sup>	No. of Shares	% <sup>(3)</sup>
Asiabio Capital Sdn Bhd	31,543,277	13.27	-	-	94,629,831	13.27	-	-	126,173,108	13.27	-	-
Fintec Global Berhad	-	-	31,543,277	13.27 <sup>(4)</sup>	-	-	94,629,831	13.27 <sup>(4)</sup>	-	-	126,173,108	13.27 <sup>(4)</sup>
Undertaking Shareholder	233,000	0.10	-	-	699,000	0.10	-	-	932,000	0.10	-	-

**Notes:-**

- (1) Computed based on the total number of 237,647,697 Shares (excluding 267,000 treasury shares) as at the LPD.
- (2) Computed based on the enlarged total number of 712,943,091 Shares (excluding 267,000 treasury shares) after the Rights Issue with Warrants.
- (3) Computed based on the enlarged total number of 950,590,788 Shares (excluding 267,000 treasury shares) assuming full exercise of the Warrants B.
- (4) Deemed interested by virtue of its interest in Asiabio Capital Sdn Bhd pursuant to Section 8 of the Act. For information purposes, based on the announcements on Bursa Securities up to the LPD, Fintec Global Berhad does not have any shareholder who holds 5% or more of its total issued shares.

#### 8.4 Earnings and EPS

The effects of the Rights Issue with Warrants on the consolidated earnings and EPS of the Company for the FYE 31 July 2021 will depend on, amongst others, the number Rights Shares to be issued, the number of Warrants B exercised at any point in time and the level of returns generated from the use of the proceeds to be raised from the Rights Issue with Warrants.

Assuming that the consolidated earnings of the Company remain unchanged, the EPS of the Company will be diluted as a result of the increase in the number of Shares in issue following the issuance of the Rights Shares and any new Shares arising from the exercise of the Warrants B.

For illustration purposes, assuming that the Rights Issue with Warrants had been completed and assuming full exercise of the Warrants B at the beginning of the 6-month FPE 31 January 2021, the pro forma effects of the Rights Issue with Warrants on the consolidated earnings and EPS of the Company are as follows:-

	Unaudited 6-month FPE 31 January 2021 (RM'000)	(I)		(II)	
		After the Rights Issue with Warrants		Assuming (I) and assuming full exercise of the Warrants B	
		Minimum Scenario (RM'000)	Maximum Scenario (RM'000)	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
PAT attributable to the owners of the Company	379	379	1,096 <sup>(1)</sup>	379	1,096
Weighted average number of Shares in issue ('000)	159,788	226,455	635,083	259,788	872,731
<b>Basic EPS (sen)</b>	<b>0.24</b>	<b>0.17</b>	<b>0.17</b>	<b>0.15</b>	<b>0.13</b>

Note:-

(1) After accounting for estimated post-tax interest savings of approximately RM0.72 million from repayment of borrowings under the Maximum Scenario.

The pro forma effects above have not taken into consideration any returns which may be generated from (i) the proceeds from the Rights Issue with Warrants which are earmarked for the construction of a cold room, expansion of the Group's production capacity, marketing and advertisement, acquisitions and/or investments in complementary businesses and/or assets as well as working capital.

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

### 9.1 Working capital and sources of liquidity

The Group's working capital is funded by a combination of internal and external sources of funds.

The internal sources of funds comprise cash generated from operating activities, proceeds from the issuance of equity securities as well as the Group's existing cash and bank balances. As at the LPD, the Group's cash and bank balances stood at RM20.6 million (including proceeds of RM4.5 million from the Private Placement April 2021 which are earmarked for construction of cold room. This excludes the balance proceeds of RM7.3 million from the final tranche of the Private Placement April 2021 which were only received by the Company from the placement agent after the LPD, on 27 April 2021.) The external sources of funds comprise credit terms granted by the suppliers of the Group. The credit terms granted to the Group by the suppliers range from 30 to 120 days.

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

The Board confirmed that, after taking into consideration the funds generated from the Company's operations, the proceeds to be raised from the Rights Issue with Warrants which are earmarked for working capital, the impact of the Covid-19 pandemic on the businesses of the Group as well as the sales and tax penalties (as detailed in Section 9.3, Appendix I of the Abridged Prospectus), the Group has sufficient working capital available for a period of 12 months from the date of this Abridged Prospectus.

### 9.2 Borrowings

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

<b>Borrowings</b>	<b>Total (RM'000)</b>
<u>Short term borrowing (secured)</u>	
- Overdraft	2,554
- Term loan	671
- Hire purchase	312
- Bankers' acceptance	10,499
<u>Long term borrowing (secured)</u>	
- Term loan	4,698
- Hire purchase	359
<b>Total</b>	<b>19,093</b>

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

### 9.3 Contingent liabilities

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

#### Sales tax and penalties

A wholly-owned subsidiary of Saudee, PSSB received a letter of claims dated 19 January 2015 from the Royal Malaysian Customs Department ("**Customs Department**") under Section 30(1) of Sales Tax Act 1972 for non-payment of sales tax amounting to RM1,333,914.62 (for the period from 1 November 2011 to 31 October 2014) relating to sales of beef burgers and rabbit burgers said to be packed in air-tight containers and penalty amounting to RM323,676.19 (up to 31 January 2015) ("**Claim**").

PSSB had submitted an appeal letter on 31 October 2017 for the cancellation of the Claim to the Customs Department based on a lab test which concluded that the requirement to be classified as "air-tight" container under the Custom Duties Order 2017 is not met. However, the Customs Department had rejected the appeal of the Claim and instructed PSSB to make the payment. PSSB has complied with the instructions of the Customs Department without prejudice and made the 10% upfront payment amounting to RM165,760 with the remaining balance shall be based on the instalment payments for 36 months approved by the Customs Department.

On 2 June 2020, PSSB submitted an appeal letter in relation to the remission of the sales tax and penalty to the Ministry of Finance on the basis that PSSB had submitted for cancellation of sales tax license in 2002 based on guidance from the Customs Department that sales tax is not applicable and the Customs Department had accepted the cancellation. As at the LPD, the outcome of the appeal is still pending.

The Directors are of the opinion that it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation after having consulted their appointed professional adviser. Accordingly, no provision has been recognised in the financial statements.

#### **9.4 Material commitments**

As at the LPD, the Board confirmed that there are no material commitments incurred or known to be incurred by the Group that have not been provided for, which upon becoming due or enforceable, may have a material impact on the financial position or financial performance of the Group.

### **10. INSTRUCTIONS FOR ACCEPTANCE AND PAYMENT**

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

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

## 10.1 General

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

## 10.2 NPA

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

## 10.3 Methods of acceptance and application

You may subscribe for the Provisional Allotments as well as apply for Excess Rights Shares with Warrants B, 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 Procedures for acceptance and payment

### 10.4.1 By way of RSF

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

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

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

Tricor Investor & Issuing House Services Sdn Bhd  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3, Bangsar South  
No.8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel : +603 - 2783 9299  
Fax : +603 - 2783 9222

OR

Customer Service Centre  
Unit G-3 Ground Floor  
Vertical Podium Avenue 3  
Bangsar South  
No. 8 Jalan Kerinchi  
59200 Kuala Lumpur

so as to arrive not later than **5.00 p.m. on Wednesday, 9 June 2021**, being the last date and time for the acceptance and payment for the Rights Shares with Warrants B.

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

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

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

In the event that the Rights Shares with Warrants B are not fully taken up by such applicants, the Board will then have the right to allot such Rights Shares with Warrants B to the applicants who have applied for the Excess Rights Shares with Warrants B in the manner as set out in Section 10.7 of this Abridged Prospectus. The Board reserves the right to accept any applicant in full or in part only without assigning any reasons.

The Abridged Prospectus can be viewed or downloaded from the Company's website at <http://saudee.com> or from Bursa Malaysia Securities' website at <https://bursamalaysia.com>. You may also request for a copy of the printed Abridged Prospectus from the Share Registrar at the following address:-

Tricor Investor & Issuing House Services Sdn Bhd  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No 8 Jalan Kerinchi  
59200 Kuala Lumpur

Tel : +603 - 2783 9299  
Fax : +603 - 2783 9222

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

Each completed RSF must be accompanied by the appropriate remittance in RM for the full amount payable for the Rights Shares accepted in the form of a banker's draft or cashier's order or money order or postal order drawn on a bank or post office in Malaysia and which must be made payable to "**SAUDEE RIGHTS ISSUE ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name in block letters and your CDS Account number, and must be received by the Share Registrar by **5.00 p.m. on Wednesday, 9 June 2021**. The payment must be made for the exact amount payable for the Rights Shares accepted. Any excess or insufficient payment may be rejected at the absolute discretion of the Board. Cheques or other mode(s) of payment not prescribed herein are not acceptable.

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

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

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

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

**ACCEPTANCE AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES MUST BE MADE IN ACCORDANCE WITH THE RSF ENCLOSED WITH THIS ABRIDGED PROSPECTUS AND MUST BE COMPLETED STRICTLY IN ACCORDANCE WITH THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. ACCEPTANCES AND/OR PAYMENTS WHICH DO NOT CONFORM WITH THE TERMS AND CONDITIONS OF THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF OR WHICH ARE ILLEGIBLE MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF THE BOARD. THE SHARE REGISTRAR WILL NOT CONTACT YOU AND/OR YOUR RENOUNCEE(S) / TRANSFEREE(S) (IF APPLICABLE) FOR SUCH ACCEPTANCES.**

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

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

You and/or your renounees and/or transferees (if applicable) can have the option to accept your or their entitlement to the Provisional Allotments and payment for the Provisional Allotments through e-Subscription available from TIIH Online website at <https://tiih.online>. The e-Subscription is available to all Entitled Shareholders including individuals, corporations or institutional Shareholders.

Subsequent to the Entitlement Date, the Company will, at its discretion, authorise the Share Registrar to send an electronic notification to the Registered Entitled Shareholders. If you are a Registered Entitled Shareholder, you will be notified on the availability of e-Subscription for the Rights Issue with Warrants on TIIH Online website.

The e-NPA and the e-RSF are available to you upon your login to TIIH Online. 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 Allotments and apply for Excess Rights Shares with Warrants B 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 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 from you, is irrevocable and shall be binding on you;



- (b) you will receive notification to login to TIIH Online in respect of your shareholding in your CDS Account(s). Accordingly, for each CDS Account, you can choose to subscribe the Rights Shares with Warrants B which you are entitled to in whole or part thereof as stipulated in this Abridged Prospectus;
- (c) the e-Subscription made must be in accordance with the procedures of submitting e-Subscription using TIIH Online, the terms and conditions of e-Subscription, this Abridged Prospectus and the e-RSF. Any e-Subscription submitted that does not conform to the terms and conditions of TIIH Online, 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;
- (d) the number of Rights Shares with Warrants B you are entitled to under the Rights Issue with Warrants is set out in the e-RSF. You are required to indicate the number of Rights Shares with Warrants B you wish to accept and number of Excess Rights Shares with Warrants B you wish to apply in the e-RSF;
- (e) the e-Subscription must be accompanied by remittance in RM which is to be made through online payment gateway or telegraphic transfer;
- (f) a handling fee of **RM5.00 per e-RSF** is payable should you make e-Subscription. You will also need to pay a stamp duty of RM10.00 for each e-RSF; and
- (g) the Rights Shares with Warrants B accepted and Excess Rights Shares with Warrants B applied (if successful pursuant to procedure for Excess Rights Shares with Warrants B 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 Allotments.

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

**(i) Sign up as a user of TIIH Online**

- (a) Access TIIH Online at <https://tiih.online>.
- (b) Under e-Services, select "Sign Up" – "Create Individual Account" (applicable for individual Shareholders) or "Create Corporate Holder Account" (applicable for corporation or institutional Shareholders). You may refer to the tutorial guide posted on the homepage for assistance.
- (c) Registration will be verified and you will be notified by email within two working days.
- (d) Proceed to activate your account with the temporary password given in the email and reset your own password.

Note: An email address is allowed to be used once to register as a new user account, and the same email address cannot be used to register another user account. If you are already a user of TIIH Online, you are not required to sign up again. If you are signing up to represent a Corporate Holder Account(s), please contact the Share Registrar for further details and requirements.

**(ii) Procedures to make e-Subscription**

**Individual registered Entitled Shareholders**

- (a) Login to TIIH Online at <https://tiih.online>.
- (b) Select the corporate exercise name: Saudee Rights Issue with Warrants.
- (c) Read and agree to the terms & conditions and confirm the declaration.
- (d) Preview your CDS Account details and your Provisional Allotments.
- (e) Select the relevant CDS Account and insert the number of Rights Shares with Warrants B to subscribe and the number of Excess Rights Shares with Warrants B to apply (if applicable) in the e-RSF.
- (f) Review and confirm the number of Rights Shares with Warrants B which you are subscribing and the number of Excess Rights Shares with Warrants B you are applying (if applicable) and the total amount payable for the Rights Shares with Warrants B and Excess Rights Shares with Warrants B (if applicable).
- (g) Review the payment of stamp duty at RM10 for each e-RSF and handling fee of RM5 for each e-RSF which is included in the total amount payable.
- (h) Proceed to pay via online payment gateway either through Maybank2U or any Financial Process Exchange (FPX) participating bank which you have an internet banking account.
- (i) As soon as the online payment is completed, a confirmation message with details of your subscription and payment from TIIH Online and the relevant payment gateway will be sent to your registered e-mail address.
- (j) Print the payment receipt and your e-RSF for your reference and record.

**Corporation or institutional registered Entitled Shareholders**

- (a) Login to TIIH Online at <https://tiih.online>.
- (b) Select the corporate exercise name: Saudee Rights Issue with Warrants.
- (c) Agree to the terms & conditions and declaration.

- (d) Proceed to download the “e-RSF file of Provisional Allotments”.
- (e) Preview the respective CDS Account details and its Provisional Allotments.
- (f) Arrange to pay for the subscription of Rights Shares with Warrants B and Excess Rights Shares with Warrants B via telegraphic transfer into the designated bank account as follows:-

<b>Account name:</b>	SAUDEE RIGHTS ISSUE ACCOUNT	SAUDEE EXCESS RIGHTS ISSUE ACCOUNT
<b>Bank:</b>	Malayan Banking Berhad	Malayan Banking Berhad
<b>Bank account No.:</b>	514012440509	514012440516

- (g) Arrange to pay stamp duty at RM10.00 for each e-RSF and handling fee of RM2.00 for each e-RSF into the Share Registrar’s bank account as follows:-

<b>Account name:</b>	TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
<b>Bank:</b>	Malayan Banking Berhad
<b>Bank account No.:</b>	514012025081

- (h) Once payments are completed, prepare the submission of your subscriptions by translating the data into the “e-RSF file on the Provisional Allotments”.
- (i) Login to TIIH Online, select corporate exercise name: Saudee Rights Issue with Warrants and proceed to upload the subscription file duly completed.
- (j) Select “Submit” to complete your submission.
- (k) Print the confirmation report of your submission for your record.

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

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

- (a) After login to TIIH Online, you are required to confirm and declare the following 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 as set out in this Abridged Prospectus 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 Rights Shares with Warrants B and Excess Rights Shares with Warrants B applied (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 Rights Shares with Warrants B that may be allotted to you.
- (c) by making and completing your e-Subscription, you, if successful, request and authorise Share Registrar or the Company to credit the Rights Shares with Warrants B 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 Rights Shares with Warrants B accepted and/or Excess Rights Shares with Warrants B applied for or for any compensation, loss or damage relating to the e-Subscription.

- (e) you will ensure that your personal particulars recorded with TIIH Online 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 Provisional Allotment and Excess Rights Shares with Warrants B 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 the Company's control.
- (g) the Share Registrar, on the authority of the Company, reserves the right to reject applications which do not conform to these instructions.
- (h) notification on the outcome of your e-Subscription for the Rights Shares with Warrants B and Excess Rights Shares with Warrants B will be despatched to you by ordinary post to the 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 will be despatched within 8 Market Days from the last day for application and payment for the Rights Shares; 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 to Bursa Depository for the purposes of cash dividend/distribution. If you have not registered such bank account information to Bursa Depository the refund will be by issuance of cheque and sent by ordinary mail to your last address maintained with Bursa Depository at your own risk.

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**IN RESPECT OF UNSUCCESSFUL OR PARTIALLY ACCEPTED APPLICATIONS, 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 DESPATCH BY ORDINARY POST TO THE ADDRESS AS SHOWN ON THE RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.**

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

If acceptance of and payment for the Provisional Allotments allotted to you (whether in full or in part, as the case may be) are not received by the Share Registrar by **5.00 p.m. on Wednesday, 9 June 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 Rights Shares with Warrants B not validly taken up to applicants applying for the Excess Rights Shares with Warrants B in the manner as set out in Section 10.7 of this Abridged Prospectus.

#### **10.5 Procedures for part acceptance**

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

You must complete both Part I(A) of the RSF by specifying the number of Rights Shares with Warrants B which you are accepting and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to the Share Registrar in the same manner as set out in Sections 10.4.1 and 10.4.2 of this Abridged Prospectus.

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

## 10.6 Procedures for sale or transfer of Provisional Allotments

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

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

If you have sold or transferred only part of the Provisional Allotments, you may still accept the balance of the Provisional Allotments by completing Parts I(A) and II of the RSF and delivering the RSF together with the full amount payable on the balance of the Rights Shares with Warrants B applied for to the Share Registrar. Please refer to Sections 10.4.1 and 10.4.2 of this Abridged Prospectus for the procedures for acceptance and payment.

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

## 10.7 Procedures for the Excess Rights Shares with Warrants B Application

### 10.7.1 By way of RSF

If you wish to apply for additional Rights Shares with Warrants B in excess of your entitlement, you may do so by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forwarding it with a separate remittance made in RM for the full amount payable for the Excess Rights Shares with Warrants B applied for, to the Share Registrar so as to arrive not later than **5.00 p.m. on Wednesday, 9 June 2021**, being the last time and date for Excess Rights Shares with Warrants B Applications and payment.

Payment for the Excess Rights Shares with Warrants B Application(s) be made in the same manner as set out in Section 10.4.1 of this Abridged Prospectus except that the banker's draft or cashier's order or money order or postal order drawn on a bank or post office in Malaysia must be made payable to "**SAUDEE EXCESS RIGHTS ISSUE ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name in block letters and your CDS Account number, and must be received by the Share Registrar by **5.00 p.m. on Wednesday, 9 June 2021**. The payment must be made for the exact amount payable for the Excess Rights Shares with Warrants B Applications. Any excess or insufficient payment may be rejected at the absolute discretion of the Board. Cheques or other mode(s) of payment not prescribed herein are not acceptable.

### 10.7.2 By way of e-Subscription

If you are an Entitled Shareholder and/or a renounee/transferee who is an individual, you may apply for the Excess Rights Shares with Warrants B via e-Subscription in addition to your Provisional Allotments. If you wish to do so, you may apply for the Excess Rights Shares with Warrants B by following the same steps as set out in Section 10.4.2 of this Abridged Prospectus.

The e-Subscription for Excess Rights Shares with Warrants B will be made on, and subject to, the same terms and conditions appearing in Section 10.4.2 of this Abridged Prospectus.

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

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

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

Notwithstanding the foregoing, the Board reserves the right to allot any Excess Rights Shares with Warrants B applied for under Part I(B) of the RSF in such manner as it deems fit and expedient and in the best interests of the Company subject always to such allocation being made on a fair and equitable basis, and that the intention of the Board as set out in Section 10.7.2 (i), (ii), (iii) and (iv) above is achieved. The Board also reserves the right at its absolute discretion not to accept any application for Excess Rights Shares with Warrants B, in full or in part, without assigning any reason thereof.

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

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



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

**IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES WITH WARRANTS B APPLICATIONS, 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 DESPATCH BY ORDINARY POST TO THE ADDRESS AS SHOWN ON THE RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.**

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

As a transferee and/or renounee, the procedures for acceptance, selling or transferring of Provisional Allotments, applying for the Excess Rights Shares with Warrants B and/or payment is the same as that which is applicable to the Entitled Shareholders as described in Sections 10.3 to 10.7 of this Abridged Prospectus. Please refer to the relevant sections for the procedures to be followed.

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

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

**10.9 CDS Account**

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

Your subscription for the Rights Shares with Warrants B and application for Excess Rights Shares with Warrants B, if any, shall signify your consent to receiving such Rights Shares with Warrants B as deposited securities that will be credited directly into your CDS Account. No physical certificates will be issued.

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

#### **10.10 Notice of allotment**

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

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

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

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

#### **10.11 Foreign-Addressed Shareholders**

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

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

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

As a result, this Abridged Prospectus, the NPA and the RSF have not been (and will not be) sent to the Foreign-Addressed Shareholders. However, Foreign-Addressed Shareholders may collect this Abridged Prospectus, the NPA and the RSF from the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3 Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, who will be entitled to request such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting this Abridged Prospectus, the NPA and the RSF.

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

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

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

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

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

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

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

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

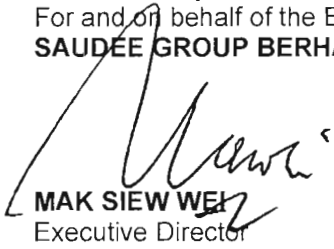
## **11. TERMS AND CONDITIONS**

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

**12. FURTHER INFORMATION**

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

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



**MAK SIEW WEI**  
Executive Director

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

As at the LPD, the issued share capital of the Company is RM100,480,103 comprising 237,647,697 Shares (excluding 267,000 Saudee Shares held as treasury shares).

**2. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS**

Please refer to Section 8.3 of this Abridged Prospectus for information on the substantial Shareholders' shareholdings before and after the Rights Issue with Warrants.

**3. DIRECTORS**

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

<b>Name (<i>Designation</i>)</b>	<b>Age</b>	<b>Address</b>	<b>Nationality</b>
Mak Siew Wei (Executive Director)	46	A-12-02 Surian Residences Jalan PJU 7/15 Mutiara Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Malaysian
Sim Yee Fuan (Senior Independent Non-Executive Director)	54	No. 3, Lorong Gemilang Jaya Taman Gemilang Jaya 14000 Bukit Mertajam Pulau Pinang	Malaysian
Datuk Chong Loong Men (Independent Non-Executive Director)	42	No. 28, Jalan Margosa 10/5M Sri Damansara 10 52200 Kepong Wilayah Persekutuan (KL)	Malaysian
Chen Chee Peng (Independent Non-Executive Director)	57	15 Changkat Datuk Sulaiman 1 TTDI Hills, Taman Tun Dr Ismail 60000 Kuala Lumpur Wilayah Persekutuan (KL)	Malaysian
Koay San San (Independent Non-Executive Director)	37	285, Mukim 14 Jalan Bukit Tambun 14110 Simpang Ampat Pulau Pinang	Malaysian

Save for Mak Siew Wei, none of the Directors have any direct and/or indirect shareholding in the Company as at the LPD. Please refer to Section 8.3 of this Abridged Prospectus on the pro forma effects of the Rights Issue with Warrants on his shareholding.

**APPENDIX I - INFORMATION ON THE COMPANY** (cont'd)**4. HISTORICAL FINANCIAL INFORMATION**

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

**Historical financial performance**

	Unaudited		Audited		
	6-month FPE 31 January 2021	6-month FPE 31 January 2020	FYE 31 July 2020	(Restated) <sup>(1)</sup> FYE 31 July 2019	(Restated) <sup>(2)</sup> FYE 31 July 2018
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	40,978	38,142	78,511	78,111	87,661
Cost of sales	(35,568)	(38,727)	(91,077)	(70,523)	(69,906)
<b>Gross profit / (loss)</b>	<b>5,410</b>	<b>(585)</b>	<b>(12,566)</b>	<b>7,588</b>	<b>17,755</b>
Other income	529	532	1,090	6,009	1,991
Operating expenses	(4,943)	(7,046)	(14,824)	(13,908)	(20,985)
Finance costs	(865)	(947)	(1,632)	(2,120)	(2,262)
Share of results of an associate	80	(68)	(74)	21	(74)
<b>Profit / (Loss) before taxation</b>	<b>211</b>	<b>(8,114)</b>	<b>(28,006)</b>	<b>(2,410)</b>	<b>(3,575)</b>
Taxation	168	7	(2,605)	2,863	425
<b>PAT / (LAT) attributable to owners of the Company</b>	<b>379</b>	<b>(8,107)</b>	<b>(30,611)</b>	<b>453</b>	<b>(3,150)</b>
Gross profit / (loss) margin (%)	13.20	(1.53)	(16.01)	9.71	20.25
PAT / (LAT) margin (%)	0.92	(21.25)	(38.99)	0.58	(3.59)
Weighted average number of Shares in issue ('000)	159,788	137,049	139,379	132,548	126,988
EPS / (LPS) (sen)					
- Basic	0.24	(5.92)	(21.96)	0.34	(2.48)
- Diluted	0.24	(5.92)	(21.96)	0.34	(2.48)

**Notes:-**

- (1) The restatement is due to a reclassification of the reversal of inventories written down from other income to cost of sales.
- (2) The restatement is due to the adoption of new MFRS 9 and MFRS 15 accounting standards in retrospect.

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**APPENDIX I - INFORMATION ON THE COMPANY** (cont'd)**Historical financial position**

	Unaudited		Audited	
	6-month FPE 31 January 2021	FYE 31 July 2020	FYE 31 July 2019	(Restated) <sup>(1)</sup> FYE 31 July 2018
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Non-current assets	34,501	40,577	46,081	48,478
Current assets	35,721	34,952	54,994	57,414
<b>Total assets</b>	<b>70,222</b>	<b>75,529</b>	<b>101,075</b>	<b>105,892</b>
Share capital	75,639	68,660	66,926	65,607
Treasury shares	(118)	(118)	(118)	(118)
Reserves	(21,667)	(21,667)	(22,159)	(21,139)
Accumulated losses / profits	(17,448)	(17,827)	12,713	12,118
<b>Total equity</b>	<b>36,406</b>	<b>29,048</b>	<b>57,362</b>	<b>56,468</b>
Non-current liabilities	5,806	8,058	7,165	8,345
Current liabilities	28,010	38,423	36,548	41,079
<b>Total liabilities</b>	<b>33,816</b>	<b>46,481</b>	<b>43,713</b>	<b>49,424</b>
<b>Total equity and liabilities</b>	<b>70,222</b>	<b>75,529</b>	<b>101,075</b>	<b>105,892</b>

Note:-

- (1) The restatement is due to the adoption of new MFRS 9 and MFRS 15 accounting standards in retrospect.

**Historical cash flow**

	Unaudited		Audited		
	6-month FPE 31 January 2021	6-month FPE 31 January 2020	FYE 31 July 2020	FYE 31 July 2019	(Restated) <sup>(1)</sup> FYE 31 July 2018
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
<b>Net cash from / (used in)</b>					
Operating activities	1,646	1,044	2,333	6,169	5,544
Investing activities	(428)	1,006	(476)	216	(6,218)
Financing activities	(233)	(3,177)	(665)	(5,047)	(749)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>985</b>	<b>(1,127)</b>	<b>1,192</b>	<b>1,337</b>	<b>(1,423)</b>
Effects of changes in exchange rate	-	-	-	2	-
Cash and cash equivalents at beginning of the year / period	(1,433)	(2,625)	(2,625)	(3,965)	(2,542)
<b>Cash and cash equivalents at end of the year / period</b>	<b>(448)</b>	<b>(3,752)</b>	<b>(1,433)</b>	<b>(2,626)</b>	<b>(3,965)</b>

Note:-

- (1) The restatement is due to the adoption of new MFRS 9 and MFRS 15 accounting standards in retrospect.



**APPENDIX I - INFORMATION ON THE COMPANY (cont'd)****(i) 6-month FPE 31 January 2021 vs 6-month FPE 31 January 2020**

For the 6-month FPE 31 January 2021, the Group recorded revenue of RM40.98 million, an increase of approximately 7.45% from RM38.14 million for the 6-month FPE 31 January 2020. The increase in revenue was contributed by the increase in the sales of FPP which was driven by the increase in demand of frozen food products as a result of the movement control orders.

The Group recorded a PAT of RM0.38 million for the 6-month FPE 31 January 2021 as compared to a LAT of RM8.11 million for the 6-month FPE 31 January 2020. The substantial LAT recorded for the 6-month FPE 31 January 2020 was due to the provision for slow moving inventories amounting to RM8.00 million (6-month FPE 31 January 2021: nil).

For the 6-month FPE 31 January 2021, the Group recorded an increase in cash and cash equivalents of RM0.99 million (6-month FPE 31 January 2020: decrease of RM1.13 million) mainly due to the following:-

- (a) proceeds raised from issuance of shares amounting to RM6.98 million arising from the Private Placement September 2020; and
- (b) withdrawal of term deposits which were pledged as security amounting to RM1.81 million,

but offset by the net repayment of short-term borrowings amounting to RM5.96 million and repayment of term loan of RM2.02 million.

**(ii) FYE 31 July 2020 vs FYE 31 July 2019**

For the FYE 31 July 2020, the Group recorded revenue of RM78.51 million, an increase of approximately 0.51% from RM78.11 million for the FYE 31 July 2019. The slight increase in revenue was contributed by the increase in sales of FPP as the demand for frozen prepared meals and food products increased in line with higher in-home food consumption during the movement restriction periods, but offset by the decline in the sales of low margin trading products.

The Group recorded a LAT of RM30.61 million in the FYE 31 July 2020 as compared to a PAT of RM0.45 million for the FYE 31 July 2019, representing a decrease of RM31.06 million. The LAT was mainly due to the following:-

- (a) inventories written down (net of reversal) of RM20.89 million (FYE 31 July 2019: RM1.10 million), which mainly relates to slow-moving inventories of which the sales were impacted by the Covid-19 pandemic;
- (b) allowance for impairment loss on receivables (net of reversal) amounting to RM2.74 million (FYE 31 July 2019: reversal of impairment loss on receivables of RM2.01 million); and
- (c) tax expense amounting to RM2.61 million (FYE 31 July 2019: tax income of RM2.86 million).

For the FYE 31 July 2020, the Group recorded an increase in cash and cash equivalents of RM1.19 million (FYE 31 July 2019: increase of RM1.34 million) mainly due to the following:-

- (a) increase in payables amounting to RM4.08 million;
- (b) sale of property, plant and equipment amounting to RM1.00 million; and

**APPENDIX I - INFORMATION ON THE COMPANY (cont'd)**

- (c) proceeds raised from issuance of shares amounting to RM1.21 million arising from ESOS Options exercised,

but offset by an increase in receivables amounting to RM3.57 million and purchase of property, plant and equipment amounting to RM1.62 million.

**(iii) FYE 31 July 2019 vs FYE 31 July 2018**

For the FYE 31 July 2019, the Group recorded revenue of RM78.11 million, a decrease of approximately 10.89% from RM87.66 million for the FYE 31 July 2018. The lower revenue was mainly due to lower income generated from the sales of the low margin FPP which was in-line with the strategy adopted by the Group to reduce the sales of low margin products while concentrating on the growth of its HORECA and OEM business segment. Further, the revenue has also declined due to the transitional period from direct retail selling business model to distributorship business model as the newly appointed distributorships require more time to undertake sales from existing retail customers from the Group.

The Group recorded a PAT of RM0.45 million in the FYE 31 July 2019 as compared to a LAT of RM3.15 million in the previous financial year, representing an increase of RM3.60 million or 114.37%. The PAT was mainly contributed by the following:-

- (a) lower administrative expenses as well as selling and distribution expenses mainly due to the transition from direct retail selling business model to distributorship business model by the Group;
- (b) one-off gain on disposal of subsidiaries (i.e. Sunwish Venture Sdn Bhd and Nutriveg Sdn Bhd) amounting to RM2.19 million;
- (c) reversal of allowance for expected credit losses in respect of trade receivables of RM2.01 million (FYE 31 July 2018: allowance for expected credit losses on trade and other receivables of RM1.93 million); and
- (d) lower inventories written down (net of reversal) of RM1.10 million (FYE 31 July 2018: RM3.89 million)

For the FYE 31 July 2019, the Group recorded an increase in cash and cash equivalents of RM1.34 million (FYE 31 July 2018: decrease of RM1.42 million) mainly due to the following:-

- (a) increase in payables amounting to RM3.05 million;
- (b) decrease in receivables amounting to RM4.04 million; and
- (c) proceeds raised from issuance of shares amounting to RM1.30 million arising from ESOS Options exercised,

but offset by a net repayment of bankers' acceptance amounting to RM5.17 million and repayment of term loan amounting to RM1.18 million.

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

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

	<b>High</b>	<b>Low</b>
	<b>RM</b>	<b>RM</b>
<b><u>2020</u></b>		
May	0.205	0.160
June	0.200	0.150
July	0.460	0.170
August	0.670	0.390
September	0.565	0.345
October	0.470	0.335
November	0.540	0.405
December	0.540	0.470
<b><u>2021</u></b>		
January	0.485	0.390
February	0.405	0.305
March	1.190	0.305
April	0.325	0.210
	<b>RM</b>	
Last transacted market price of the Shares on 27 January 2021, being the last Market Day immediately prior to the announcement of the Corporate Exercises on 29 January 2021	0.410	
Last transacted market price on 19 May 2021, being the Market Day immediately prior to the ex-date for the Rights Issue with Warrants	0.190	
Last transacted market price of the Shares on the LPD	0.220	

(Source: Bloomberg)

**6. OPTION TO SUBSCRIBE FOR SHARES**

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

- (i) under the ESOS, the Company may grant ESOS Options to subscribe for new Shares up to 15% of the total number of issued Shares (excluding treasury shares, if any) at any point of time during the duration of 5 years from the effective date of the ESOS i.e. 19 January 2018. The exercise price for such ESOS Options shall be determined by the Board at its discretion upon recommendation of the ESOS committee based on the 5-Market Day VWAP of Saudee Shares immediately prior to the date of offer with a discount of not more than 10%. As at the LPD, the Company has up to 21,009,254 ESOS Options (approximately 8.84% of the total number of issued Shares as at the LPD, excluding treasury shares) which may be granted pursuant to the maximum allowable amount under the ESOS. In conjunction with the Corporate Exercises, the Company has undertaken not to grant any ESOS Options until completion of the Rights Issue with Warrants.

## APPENDIX I - INFORMATION ON THE COMPANY (cont'd)

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### 7. MATERIAL CONTRACTS

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

#### Disposal of land

A wholly-owned subsidiary of Saudee, Saudi Cold Storage Sdn Bhd ("**Saudi**"), had on 29 May 2020 entered into 2 sale and purchase agreements with Arca Edaran (M) Sdn Bhd to dispose the following:-

- (i) 3 parcels of vacant residential land known as HS(D) 7441, Lot 3397; HS(D) 7442, Lot 3398 and HS(D) 7443, Lot 3399, Bandar Alor Setar, Daerah Kota Setar, Kedah Darul Aman with a total area measuring approximately 6,530 square meters / 70,293 square feet for a cash consideration of RM2,474,313.60; and
- (ii) 1 parcel of vacant commercial land known as HS(D) 7758, Lot 3572, Bandar Alor Setar, Daerah Kota Setar, Kedah Darul Aman with a total area measuring approximately 2,739 square metres / 29,480 square feet for a cash consideration of RM2,015,471.40.

(collectively, the "**Disposal**")

Subsequently, on 22 December 2020, the Disposal was completed.

### 8. MATERIAL LITIGATION

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

### 9. CONSENTS

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

**APPENDIX I - INFORMATION ON THE COMPANY** (cont'd)

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**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company at No. 35, 1<sup>st</sup> Floor, Jalan Kelisa Emas 1, Taman Kelisa Emas, 13700 Seberang Jaya, Penang during normal business hours from Monday to Friday (except public holidays) for a period of 6 months from the date of this Abridged Prospectus:-

- (i) the Constitution of the Company;
- (ii) the Undertaking referred to in Section 3 of this Abridged Prospectus;
- (iii) the letters of consent referred to in Section 9 of Appendix I above;
- (iv) the Deed Poll B; and
- (v) the IMR Report referred to in Section 7.2 of this Abridged Prospectus.

**11. RESPONSIBILITY STATEMENT**

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