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

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY. All enquiries concerning the Rights Issue with Warrants, which is the subject matter of this Abridged Prospectus, should be addressed to our Share Registrar, Securities Services (Holdings) Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur (Tel: +603 - 2084 9000).

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 5 January 2018 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 5 January 2018. The Documents are not intended to (and will not be made to) comply with the laws of any country or jurisdiction other than Malaysia, 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 renouncee(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, 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 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 renouncee(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 renouncee(s) (if applicable) are residents.

This Abridged Prospectus has been registered by the Securities Commission Malaysia ("**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 or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. The Documents have also been lodged with the Registrar of Companies in Malaysia who takes no responsibility for the contents of the Documents.

Approval for the Rights Issue with Warrants has been obtained from our shareholders at our EGM convened on 7 November 2017. Approval has been obtained from Bursa Securities via its letter dated 4 October 2017 for the admission of the Warrants to the Official List and the listing and quotation of the new securities arising from the Rights Issue with Warrants and the new Shares to be issued upon exercise of the Warrants 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 renouncee(s) (if applicable) have been duly credited 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 in no way reflective of the merits of the Rights Issue with Warrants.

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

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.

PDZ HOLDINGS BHD

(Company No. 360419-T)

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

RENOUNCEABLE RIGHTS ISSUE OF UP TO 434,660,640 NEW ORDINARY SHARES IN PDZ ("PDZ SHARES" OR "SHARES") ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE TOGETHER WITH UP TO 325,995,480 FREE DETACHABLE WARRANTS IN PDZ ("WARRANTS") ON THE BASIS OF 4 RIGHTS SHARES TOGETHER WITH 3 FREE WARRANTS FOR EVERY 2 EXISTING SHARES HELD BY THE ENTITLED SHAREHOLDERS OF PDZ AT 5.00 P.M. ON 5 JANUARY 2018

Principal Adviser

MERCURY SECURITIES SDN BHD

(Company No. 113193-W)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIMES

Entitlement Date	Friday, 5 January 2018 at 5.00 p.m.
Last date and time for:	
Sale of Provisional Allotments	Friday, 12 January 2018 at 5.00 p.m.
Transfer of Provisional Allotments	Wednesday, 17 January 2018 at 4.00 p.m.
Acceptance and payment	Friday, 22 January 2018 at 5.00 p.m.
Excess Rights Shares with Warrants Application and payment	Friday, 22 January 2018 at 5.00 p.m.

This Abridged Prospectus is dated 5 January 2018

ALL TERMS USED HEREIN ARE AS DEFINED IN THE "DEFINITIONS" SECTION OF THIS ABRIDGED PROSPECTUS UNLESS STATED OTHERWISE.

THE SC AND BURSA SECURITIES ARE NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKE NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKE NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIM 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.

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.

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

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

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DEFINITIONS

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

Abridged Prospectus	-	This abridged prospectus dated 5 January 2018 in relation to the Rights Issue with Warrants
Act	-	Companies Act 2016, as amended from time to time and any re-enactment thereof
Bloomberg	-	Bloomberg Finance L.P. and its affiliates
BNM	-	Bank Negara Malaysia
Board	-	The Board of Directors of PDZ
Bursa Depository	-	Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	-	Bursa Malaysia Securities Berhad (635998-W)
By-laws	-	The by-laws governing the ESOS as may be amended, varied or supplemented from time to time
CAGR	-	Compound annual growth rate
CDS	-	Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
CDS Account(s)	-	Securities account(s) established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of deposits of securities and dealings in such securities by the depositor
ClassNK or the Society	-	Nippon Kaiji Kyokai, known as ClassNK or NK is the world's leading ship classification society
Closing Date	-	22 January 2018 at 5.00 p.m., being the last date and time for the acceptance of and payment for the Rights Shares with Warrants
CMSA	-	Capital Markets and Services Act 2007 of Malaysia, as amended from time to time and any re-enactment thereof
Code	-	Malaysian Code on Take-Overs and Mergers 2016, as amended from time to time and any re-enactment thereof
Corporate Exercises	-	Collectively, the Share Capital Reduction, Share Consolidation, Rights Issue with Warrants and ESOS
Deed Poll	-	The deed poll constituting the Warrants executed by PDZ on 19 December 2017
Directors	-	The executive and non-executive directors of the Company for the time being
EGM	-	Extraordinary general meeting of the Company
Eligible Persons	-	Director(s) or employee(s) of the PDZ Group who meets the criteria of eligibility for participation in the ESOS as set out in the By-laws

DEFINITIONS (CONT'D)

Entitled Shareholder(s)	-	Shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date
Entitlement Date	-	5 January 2018, at 5.00 p.m., being the date on which shareholders' names must be registered in the Company's Record of Depositors in order to be entitled to participate in the Rights Issue with Warrants
EPS	-	Earnings per Share
ESOS	-	Employees' share option scheme for the granting of options to the Eligible Person(s) to subscribe for new PDZ Shares upon the terms as set out in the By-laws, such scheme to be known as the "PDZ Employees' Share Option Scheme"
Excess Rights Shares with Warrants	-	Rights Shares with Warrants which are not taken up or not validly taken up by the Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable) prior to the Closing Date
Excess Rights Shares with Warrants Application(s)	-	Application(s) for additional Rights Shares with Warrants in excess of the Provisional Allotments
Exercise Period	-	Any time within a period of 5 years commencing from and including the date of issue of the Warrants to the close of business at 5.00 p.m. on the Market Day immediately preceding the date which is the 5th anniversary from the date of issue of the Warrants. Any Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid
Exercise Price	-	RM0.10, being the price at which 1 Warrant is exercisable into 1 PDZ Share, subject to adjustments in accordance with the provisions of the Deed Poll
Foreign-Addressed Shareholder(s)	-	Shareholder(s) who have not provided to the Company a registered address in Malaysia or an address in Malaysia for the service of documents which will be issued in connection with the Rights Issue with Warrants by the Entitlement Date
FPE	-	Financial period ended / ending, as the case may be
FYE	-	Financial year ended / ending, as the case may be
GDP	-	Gross domestic product
GL	-	Gross loss
GP	-	Gross profit
High Court	-	High Court of Malaya
LAT	-	Loss after taxation
LBT	-	Loss before taxation
Listing Requirements	-	Main Market Listing Requirements of Bursa Securities, including any amendments made thereto from time to time
LPD	-	5 December 2017, being the latest practicable date prior to the printing of this Abridged Prospectus

LTD	-	18 December 2017, being the last trading day prior to the date of fixing the issue price of the Rights Shares
MARA	-	Majlis Amanah Rakyat
Market Day(s)	-	A day between Monday and Friday (inclusive) which is not a public holiday and when Bursa Securities is open for trading in securities
Maximum Scenario	-	Assuming that all the Entitled Shareholders and/or their renouncee(s) fully subscribe for their respective entitlements under the Rights Issue with Warrants
Mercury Securities or the Principal Adviser	-	Mercury Securities Sdn Bhd (113193-W)
Minimum Scenario	-	Assuming that the Rights Issue with Warrants is undertaken on the Minimum Subscription Level
Minimum Subscription Level	-	Minimum subscription level of 150,000,000 Rights Shares together with 112,500,000 Warrants based on an issue price of RM0.10 per Rights Share to arrive at RM15 million
NA	-	Net assets
NPA	-	Notice of provisional allotment in relation to the Rights Issue with Warrants
Official List	-	A list specifying all securities which have been admitted for listing on the Main Market of Bursa Securities and not removed
PAT	-	Profit after taxation
PBT	-	Profit before taxation
PDZ Maju	-	A 561 TEUs vessel owned by the Group (Registration Number: 333863)
PDZ Masyhur	-	A 384 TEUs vessel previously owned by the Group (Registration Number: 329077)
PDZ Megah	-	A 560 TEUs vessel previously owned by the Group (Registration Number: 334224)
PDZ Mewah	-	A 1,012 TEUs vessel owned by the Group (Registration Number: 334459)
PDZ or the Company	-	PDZ Holdings Bhd (360419-T)
PDZ Group or the Group	-	Collectively, PDZ and its subsidiaries
PDZ Shares or Shares	-	Ordinary shares in the Company
Previous Proposed LPG Production	-	Previous proposed production of liquefied petroleum gas and condensate from gas extracted from an oil and gas field in Kazakhstan which was announced by the Company in November 2014 and the framework agreement that was entered in relation thereto subsequently lapsed in September 2016
Provisional Allotments	-	The Rights Shares with Warrants provisionally allotted to Entitled Shareholders

DEFINITIONS (CONT'D)

Record of Depositors	-	A record of security holders provided by Bursa Depository under the Rules of Bursa Depository
Rights Issue with Warrants	-	Renounceable rights issue of up to 434,660,640 new Rights Shares together with up to 325,995,480 free detachable Warrants on the basis of 4 Rights Shares together with 3 free Warrants for every 2 existing Shares held by the Entitled Shareholders on the Entitlement Date
Rights Shares	-	Up to 434,660,640 new Shares in PDZ to be allotted and issued pursuant to the Rights Issue with Warrants
RM and sen	-	Ringgit Malaysia and sen, respectively
RSF	-	Rights subscription form in relation to the Rights Issue with Warrants
Rules of Bursa Depository	-	The rules of Bursa Depository as issued pursuant to the SICDA
Rules on Take-overs, Mergers and Compulsory Acquisitions	-	Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the SC pursuant to Section 377 of the CMSA, as amended from time to time
SC	-	Securities Commission Malaysia
SGD	-	Singapore Dollars, the lawful currency of Singapore
Share Capital Reduction	-	Reduction of the Company's share capital pursuant to Section 116 of the Act, which was completed on 16 November 2017
Share Consolidation	-	Consolidation of every 4 PDZ Shares into 1 PDZ Share, which was completed on 5 December 2017
Share Registrar	-	Securities Services (Holdings) Sdn Bhd (36869-T)
Shareholders	-	Registered holders of PDZ Shares
SMITH ZANDER	-	Smith Zander International Sdn Bhd (1058128-V) or the independent market researcher
TERP	-	Theoretical ex-rights price
TEU	-	Twenty-foot equivalent unit
Undertakings	-	The written undertakings from the Undertaking Shareholders dated 18 July 2017 pursuant to which the Undertaking Shareholders have irrevocably and unconditionally undertaken, amongst others, to apply and subscribe in full for their respective entitlements under the Rights Issue with Warrants and to apply for any additional Rights Shares not taken up by other Entitled Shareholders by way of excess shares application to such extent that the aggregate subscription of Rights Shares under the Rights Issue with Warrants (including subscriptions under excess shares application) received by PDZ amounts to not less than RM15 million, details of which are set out in Section 3 of this Abridged Prospectus
Undertaking Shareholders	-	Mr. Tan Chor How Christopher, Mr. Kua Khai Loon and Mr. Cheng Kim Liang

DEFINITIONS (CONT'D)

USD	-	United States Dollars, the lawful currency of the United States of America
VWAP	-	Volume weighted average price
Warrants	-	Up to 325,995,480 free detachable PDZ warrants to be allotted and issued pursuant to the Rights Issue with Warrants
Warrant Holder(s)	-	The holder(s) of the Warrants

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

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

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

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

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

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

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APPENDICES

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Company No. 360419-T

CORPORATE DIRECTORY

PDZ HOLDINGS BHD
(Company No. 360419-T)
(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016)

BOARD OF DIRECTORS

Name *(Designation)*	Address	Nationality	Profession
Tan Chor How Christopher *(Executive Director cum Chief Executive Officer)*	No. 2 Jalan Damar Bayu 3A Glenmarie Cove 42000 Pelabuhan Klang Selangor	Malaysian	Company Director
Ho Jien Shiung *(Executive Director)*	18 Laluan Bulan 2 Taman Kinta 31400 Ipoh, Perak	Malaysian	Businessman
Dato' Ahmad Nazim bin Abd Rahman *(Non-Independent Non-Executive Director)*	177, Taman Nakishah 05450 Alor Setar Kedah	Malaysian	Company Director
Hoo Swee Guan *(Independent Non-Executive Director)*	No. 8, Jalan Ria 4 Taman Ria 86700 Kahang Johor	Malaysian	Accountant
Dato' Ahmad Zaffry bin Sulaiman *(Independent Non-Executive Director)*	Divina Residences No. 1 Jalan Kailan 24/39 Seksyen 24 40300 Shah Alam Selangor	Malaysian	Businessman

AUDIT COMMITTEE

Name	Designation	Directorship
Hoo Swee Guan	Chairman	Independent Non-Executive Director
Dato' Ahmad Nazim Bin Abd Rahman	Member	Non-Independent Non-Executive Director
Dato' Ahmad Zaffry Bin Sulaiman	Member	Independent Non-Executive Director

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CORPORATE DIRECTORY (CONT'D)

COMPANY SECRETARY	:	Tea Sor Hua (MACS 01324) Third Floor, No. 79 (Room A) Jalan SS21/60 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel : +603 - 7725 1777 Fax : +603 - 7722 3668
REGISTERED OFFICE	:	Third Floor, No. 79 (Room A) Jalan SS21/60 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel : +603 - 7725 1777 Fax : +603 - 7722 3668
PRINCIPAL PLACE OF BUSINESS	:	No. 1, Jalan Sungai Aur 42000 Port Klang Selangor Darul Ehsan Tel No. : +603 - 3169 2233 Fax No. : +603 - 3165 9311 Website: www.pdzlines.com Email: general@pdzlines.com.my
AUDITORS AND REPORTING ACCOUNTANTS	:	Messrs. Cheng & Co. (AF: 0886) Wisma Cheng & Co No. 8-2 & 10-2, Jalan 2/114 Kuchai Business Centre Off Jalan Klang Lama 58200 Kuala Lumpur Tel No. : +603 - 7984 8988 Fax No. : +603 - 7980 0191
SOLICITORS FOR THE RIGHTS ISSUE WITH WARRANTS	:	Ben & Partners 7-2, Level 2, Block D2 Dataran Prima Jalan PJU 1/39 47301 Petaling Jaya Selangor Darul Ehsan Tel : +603 – 7805 2922 Fax : +603 - 7805 3922
INDEPENDENT MARKET RESEARCHER	:	Smith Zander International Sdn Bhd Level 23, Premier Suite, One Mont' Kiara 1 Jalan Kiara, Mont' Kiara 50480 Kuala Lumpur Tel : +603 - 2785 6822 Fax : +603 - 2785 6922

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CORPORATE DIRECTORY (CONT'D)

PRINCIPAL BANKER	:	United Overseas Bank (Malaysia) Bhd 2108, Jalan Meru, Kawasan 18 41050, Klang Selangor Darul Ehsan Tel : +603 - 7842 4391 Fax : +603 - 7842 4037
SHARE REGISTRAR	:	Securities Services (Holdings) Sdn Bhd Level 7, Menara Milenium Jalan Damanlela, Pusat Bandar Damansara Damansara Heights 50490 Kuala Lumpur Tel : +603 - 2084 9000 Fax : +603 - 2094 9940
PRINCIPAL ADVISER	:	Mercury Securities Sdn Bhd L-7-2, No. 2, Jalan Solaris Solaris Mont' Kiara 50480 Kuala Lumpur Tel : +603 - 6203 7227 Fax : +603 - 6203 7117
STOCK EXCHANGE LISTED AND LISTING SOUGHT	:	Main Market of Bursa Securities

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PDZ HOLDINGS BHD
(Company No. 360419-T)
(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016)

Registered Office

Third Floor, No. 79 (Room A)
Jalan SS21/60
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan

5 January 2018

Board of Directors

Tan Chor How Christopher *(Executive Director cum Chief Executive Officer)*
Ho Jien Shiung *(Executive Director)*
Dato' Ahmad Nazim bin Abd Rahman *(Non-Independent Non-Executive Director)*
Hoo Swee Guan (*Independent Non-Executive Director)*
Dato' Ahmad Zaffry bin Sulaiman (*Independent Non-Executive Director)*

To: Entitled Shareholders

Dear Sir / Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 434,660,640 RIGHTS SHARES AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE TOGETHER WITH UP TO 325,995,480 FREE DETACHABLE WARRANTS ON THE BASIS OF 4 RIGHTS SHARES TOGETHER WITH 3 FREE WARRANTS FOR EVERY 2 EXISTING SHARES HELD BY THE ENTITLED SHAREHOLDERS AT 5.00 P.M. ON THE ENTITLEMENT DATE

1. INTRODUCTION

On 6 March 2017 and 19 April 2017, Mercury Securities had, on behalf of the Board, announced that the Company proposes to undertake, amongst others, the Rights Issue with Warrants.

On 4 October 2017, Mercury Securities had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 4 October 2017 granted its approval for, amongst others, the following:-

(i) admission of the Warrants to the Official List;

(ii) listing of the Rights Shares and Warrants; and

(iii) listing of the new Shares to be issued arising from the exercise of the Warrants.

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

Condition		Status of compliance
(i)	PDZ and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Corporate Exercises;	To be met
(ii)	PDZ and Mercury Securities to inform Bursa Securities upon completion of the Corporate Exercises;	To be met
(iii)	PDZ 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 met
(iv)	PDZ to furnish Bursa Securities with a certified true copy of the resolution passed by Shareholders at EGM for the Corporate Exercises;	To be met
(v)	If applicable, payment of additional listing fee based on the final issue price of the Rights Shares together with a copy of the details of the computation of the amount of listing fees payable; and	To be met
(vi)	Payment of additional listing fees pertaining to the exercise of Warrants, if relevant. In this respect, PDZ 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 as at the end of each quarter together with a detailed computation of the listing fees payable.	To be met

The Board is pleased to inform that the Shareholders had, during the EGM held on 7 November 2017, approved, amongst others, the Rights Issue with Warrants. A certified true extract of the resolutions approving, amongst others, the Rights Issue with Warrants at the said EGM is attached in Appendix II of this Abridged Prospectus.

On 19 December 2017, Mercury Securities had, on behalf of the Board, announced that the Board resolved to fix the issue price of the Rights Shares at RM0.10 per Rights Share and the Exercise Price at RM0.10 per Warrant.

On 20 December 2017, 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 5 January 2018.

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 us 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

In accordance with the terms of the Rights Issue with Warrants as approved by Bursa Securities as well as the Shareholders and subject to the terms of this Abridged Prospectus and the accompanying documents, the Rights Issue with Warrants entails a provisional allotment of up to 434,660,640 Rights Shares together with up to 325,995,480 free detachable Warrants on a renounceable basis of 4 Rights Shares together with 3 free Warrants for every 2 existing Shares held by the Entitled Shareholders on the Entitlement Date, at an issue price of RM0.10 per Rights Share.

As the Rights Shares and Warrants are prescribed securities, the respective CDS Accounts of 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 enclosed in this Abridged Prospectus, the NPA notifying Entitled Shareholders of the crediting of such securities into their respective CDS Accounts and the RSF to enable Entitled Shareholders to subscribe for the Provisional Allotments as well as to apply for Excess Rights Shares with Warrants if Entitled Shareholders so choose to. However, only Entitled Shareholders who have an address in Malaysia as stated in our Record of Depositors or who have provided our Share Registrar with an address in Malaysia in writing by the Entitlement Date will receive this Abridged Prospectus, together with the NPA and RSF.

The Warrants 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 are exercisable into new PDZ Shares and each Warrant will entitle the Warrant Holder to subscribe for 1 new PDZ Share at the Exercise Price. The Warrants will be immediately detached from the Rights Shares upon issuance and traded separately. The Warrants will be issued in registered form and constituted by the Deed Poll.

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 and the new Shares to be issued and allotted upon the exercise of the Warrants will be credited directly into the respective CDS Accounts of successful applicants and holders of Warrant who exercise their Warrants (as the case may be). No physical certificates will be issued to the Entitled Shareholders and/or their transferee(s) and/or their renouncee(s), nor will any physical share certificates be issued for the new Shares to be issued arising from the exercise of the Warrants.

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 cannot be renounced separately, and only Entitled Shareholders who subscribe for the Rights Shares will be entitled to the Warrants. As such, the Entitled Shareholders who renounce all of their Rights Shares entitlements will not be entitled to the Warrants. If the Entitled Shareholders accept only part of their Rights Shares entitlements, they shall be entitled to the Warrants in proportion to their acceptance of the Rights Shares entitlements.

The Rights Shares with Warrants which are not taken up or not validly taken up by Entitled Shareholders and/or their transferee(s) and/or their renouncee(s), if applicable, shall be made available for Excess Rights Shares with Warrants Applications.

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 at its absolute discretion deems fit or expedient and in the best interests of the Company.

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

The Rights Shares and Warrants will be admitted to the Official List and the listing and quotation of these securities will commence 2 Market Days upon the receipt 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.

2.2 Salient terms of the Warrants

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

Issuer	:	PDZ
Issue size	:	Up to 325,995,480 Warrants to be issued pursuant to the Rights Issue with Warrants
Form and detachability	:	The Warrants will be issued in registered form and constituted by the Deed Poll. The Warrants which are to be issued with the Rights Shares will be immediately detached from the Rights Shares upon allotment and issuance and will be traded separately on Bursa Securities.
Board lot	:	For the purpose of trading on Bursa Securities, a board lot of Warrants shall be 100 units of Warrants, or such other number of units as may be prescribed by Bursa Securities.
Tenure of the Warrants	:	5 years commencing on and including the date of issuance of the Warrants.
Exercise Period	:	The Warrants may be exercised at any time within a period of 5 years commencing from and including the date of issuance of the Warrants to the close of business at 5.00 p.m. on the Market Day immediately preceding the date which is the fifth (5th) anniversary from the date of issuance of the Warrants. Any Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose
Exercise Price	:	The Exercise Price has been fixed at RM0.10. The Exercise Price and/or the number of Warrants 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.
Subscription rights	:	Each Warrant shall entitle its registered holder to subscribe for 1 new Share at any time during the Exercise Period at the Exercise Price, subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll.

Mode of exercise	:	The holders of the Warrants 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 for the aggregate of the Exercise Price payable when exercising their Warrants to subscribe for new Shares. The payment of such fee must be made in Ringgit Malaysia.
Adjustments to the Exercise Price and/or the number of the Warrants	:	Subject to the provisions of the Deed Poll, the Exercise Price and/or the number of unexercised Warrants 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, whether by way of, amongst others, rights issue, bonus issue, consolidation of shares, subdivision of shares or reduction of capital, in accordance with the provisions of the Deed Poll. Any adjustment to the Exercise Price will be rounded up to the nearest 1 sen.
Rights of the Warrant Holders	:	The Warrants 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 the Warrants exercise their Warrants for new Shares in accordance with the provisions of the Deed Poll and such new Shares have been allotted and issued to such holders.
Ranking of the new Shares to be issued pursuant to the exercise of the Warrants	:	The new Shares to be issued pursuant to the exercise of the Warrants in accordance with the provisions of the Deed Poll shall, upon allotment, issuance and full payment of the Exercise Price of the Warrants, 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 of such new Shares arising from the exercise of the Warrants.
Rights in the event of winding up, liquidation, compromise and/or arrangement	:	Where a resolution has been passed for a members' voluntary winding-up of 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 (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; and

		(ii) in the event a notice is given by the Company to its Shareholders to convene a general meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall on the same date or soon after it despatches such notice to its Shareholders, give notice thereof to all Warrant holders. Every Warrant holder shall thereupon be entitled, subject to the conditions set out in the Deed Poll, to exercise his / her Warrants at any time not more than 21 days prior to the proposed general meeting of the Company by submitting the subscription form (by irrevocable surrender of his Warrants to the Company) duly completed authorising the debiting of his / her Warrants together with payment of the relevant exercise price, whereupon the Company shall as soon as possible but in any event prior to the date of the general meeting, allot the relevant PDZ Shares to the holder of the said Warrants credited as fully paid subject to the prevailing laws.
Modification of rights of the Warrant Holders	:	Save as otherwise provided in the Deed Poll, a special resolution of the Warrant holders is required to sanction any modification, alteration or abrogation in respect of the rights of the Warrant holders.
Modification of the Deed Poll	:	Any modification to the terms and conditions of the Deed Poll may be effected only by a further deed poll, executed by the Company and expressed to be supplemental to the Deed Poll. Any of such modification shall however be subject to the approval of Bursa Securities (if so required). The Company in consultation with an approved adviser appointed by the Company for the purposes of the Deed Poll, may from time to time without the consent or sanction of the Warrant holders make any modification to the Deed Poll which will not be materially prejudicial to the interest of the Warrant holders or is 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.
Listing	:	Bursa Securities had on 4 October 2017 granted its approval for the admission of the Warrants to the Official List and the listing and quotation of new Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities. The listing and quotation of the Warrants on the Main Market of Bursa Securities is subject to a minimum of 100 holders of the Warrants.
Transferability	:	The Warrants shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository.
Deed Poll	:	The Warrants are constituted by the Deed Poll.
Governing laws	:	The Warrants and the Deed Poll shall be governed by the laws and regulations of Malaysia.

2.3 Basis of determining the issue price of the Rights Shares and the exercise price of the Warrants

(i) Issue price of the Rights Shares

The Board had fixed the issue price of the Rights Shares at RM0.10 per Rights Share, after taking into consideration the following:-

(a) the funding requirements of the Group as set out in Section 5 of this Abridged Prospectus;

(b) the TERP[(1)] of PDZ Shares based on the 5-day VWAP of PDZ Shares up to and including the LTD;

(c) the rationale for the Rights Issue with Warrants, as set out in Section 4 of this Abridged Prospectus; and

(d) the trading and liquidity of PDZ Shares.

The issue price of the Rights Shares of RM0.10 per Rights Share represents a discount of approximately 9.58% to the TERP of RM0.1106, calculated based on the 5-day VWAP of PDZ Shares up to and including the LTD of RM0.1477.

Note:-

(1) TERP is computed as follows:-

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

where:-

A = Number of Rights Shares

B = Number of Warrants

C = Number of existing Shares

X = Issue price of the Rights Shares

Y = Exercise Price

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

and the ratio of A:B:C is 4:3:2, in accordance with the entitlement basis of 4 Rights Shares together with 3 free Warrants for every 2 existing Shares held.

(ii) Exercise price of the Warrants

The Board had fixed the Exercise Price at RM0.10 per Warrant, after taking into consideration, amongst others, the TERP of PDZ Shares and the prevailing market prices of PDZ Shares.

The Exercise Price represents a discount of approximately 9.58% to the TERP of RM0.1106, calculated based on the 5-day VWAP of PDZ Shares up to and including the LTD of RM0.1477.

2.4 Ranking of Rights Shares and new PDZ Shares arising from the exercise of the Warrants

Rights Shares

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

New PDZ Shares arising from the exercise of Warrants

The new PDZ Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment, issuance and full payment of the exercise price of the Warrants, rank *pari passu* in all respects with the then existing issued Shares, save and except that the holders of such new PDZ 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 new PDZ Shares.

2.5 Last date and time for acceptance and payment

The Closing Date is 5.00 p.m. on **22 January 2018**.

2.6 Details of other corporate exercises

As at the LPD, save for the Rights Issue with Warrants and the ESOS, the Board confirms that there are no other corporate exercises which have been approved by the regulatory authorities but are pending completion. The ESOS will be implemented after the completion of the Rights Issue with Warrants.

3. SHAREHOLDER'S UNDERTAKINGS

The Company intends to raise a minimum of RM15 million from the Rights Issue with Warrants to meet the funding requirements of the Group, which will be channelled towards the proposed utilisation 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 on the Minimum Subscription Level.

To meet the Minimum Subscription Level, the Company has procured the Undertakings from the Undertaking Shareholders, namely Mr. Tan Chor How Christopher, Mr. Kua Khai Loon and Mr. Cheng Kim Liang, to apply and subscribe in full for their respective entitlements under the Rights Issue with Warrants and to apply for additional Rights Shares not taken up by other Entitled Shareholders by way of excess shares applications to such extent that the aggregate subscription of Rights Shares under the Rights Issue with Warrants (including subscriptions under excess shares application) received by PDZ amounts to not less than RM15 million.

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Details of the Undertakings under the Minimum Scenario are as follows:-

Undertaking Shareholders	Existing direct shareholdings as at the LPD		Minimum Rights Shares to be subscribed for pursuant to the Undertakings			Assuming none of the other Entitled Shareholders subscribe for their Rights Shares	
	No. of Shares	%[1]	Subscription based on entitlement	Subscription based on excess shares application[2][3]	Total[4]	No. of Shares held after the Rights Issue with Warrants[5]	%[6]
Tan Chor How Christopher	250,000	0.12	500,000	59,500,000	60,000,000	60,250,000	16.40
Kua Khai Loon	750,000	0.35	1,500,000	43,500,000	45,000,000	45,750,000	12.45
Cheng Kim Liang	25,000	0.01	50,000	44,950,000	45,000,000	45,025,000	12.26
Total	**1,025,000**	**0.48**	**2,050,000**	**147,950,000**	**150,000,000**	**151,025,000**	**41.11**

Notes:-

(1) Based on the share capital of 217,330,280 Shares as at the LPD.
(2) Computed based on the difference between "Total" and "Subscription based on entitlement".
(3) Please refer to Section 10.6 of this Abridged Prospectus on the indicative basis of allotment of the Excess Rights Shares with Warrants.
(4) Based on the issue price of RM0.10 per Rights Share.
(5) The number of Warrants held by the Undertaking Shareholders after the Rights Issue with Warrants will be as follows:-
    (i) Tan Chor How Christopher: 45,000,000 Warrants
    (ii) Kua Khai Loon: 33,750,000 Warrants
    (iii) Cheng Kim Liang: 33,750,000 Warrants
(6) Based on the enlarged share capital of 367,330,280 Shares pursuant to the Undertakings and under the Minimum Subscription Level.

Please refer to Section 8.3 of this Abridged Prospectus for the effects of Rights Issue with Warrants on the Undertaking Shareholders' shareholdings.

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Pursuant to the Undertakings, the Undertaking Shareholders have:-

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

(ii) confirmed that they have sufficient financial means and resources to subscribe in full for their respective entitlements and additional Rights Shares not taken up by other Entitled Shareholders by way of excess Rights Shares applications, to the extent such that the aggregate subscription proceeds of Rights Shares received by the Company arising from the subscription by all Entitled Shareholders and/or their renouncee(s) amounts to not less than RM15 million.

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

The Undertaking Shareholders have confirmed that their subscriptions for Rights Shares and excess Rights Shares pursuant to the Undertakings will not give rise to any mandatory take-over offer obligation under the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions immediately after the completion of the Rights Issue with Warrants.

In the event that either of the Undertaking Shareholders trigger an obligation to undertake a mandatory take-over offer under the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions pursuant to the Undertakings, a separate announcement will be made. The Undertaking Shareholders have each confirmed that they will at all times observe and ensure compliance with the provisions of the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions and will seek from the SC the necessary exemptions from undertaking such mandatory take-over offer, if required.

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

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The Undertakings are 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 corporation must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. As at the LPD, the Company does not hold any treasury shares. The pro forma public shareholding spread based on the Minimum Scenario and Maximum Scenario is illustrated as follows:-

				After the Rights Issue with Warrants					
	As at the LPD			Minimum Scenario			Maximum Scenario		
Particulars	No. of Shares	No. of Shareholders	%	No. of Shares	No. of Shareholders	%	No. of Shares	No. of Shareholders	%
Issued share capital	(1)217,330,280	6,861	100.00	(2)367,330,280	6,861	100.00	(3)651,990,840	6,861	100.00
Less: Directors of PDZ and subsidiaries of PDZ									
- Tan Chor How Christopher	250,000	1	0.12	60,250,000	1	16.40	750,000	1	0.12
Persons connected and associated to the Directors of PDZ	-	-	-	-	-	-	-	-	-
Substantial shareholders of PDZ(5)									
- Pelaburan MARA Berhad	50,618,954	1	23.29	50,618,954	1	13.78	151,856,862	1	23.29
- Kua Khai Loon(4)	-	-	-	45,750,000	1	12.45	-	-	-
- Cheng Kim Liang(4)	-	-	-	45,025,000	1	12.26	-	-	-
Persons connected and associated to the substantial shareholders	-	-	-	-	-	-	-	-	-
Shareholders holding less than 100 Shares	6,249	237	(6)-	6,249	237	(6)-	8,916	181	(6)-
Public shareholding spread	**166,455,077**	**6,622**	**76.59**	**165,680,077**	**6,620**	**45.10**	**499,375,062**	**6,678**	**76.59**

<u>Notes:-</u>

(1) Based on the share capital of 217,330,280 Shares as at the LPD.

(2) Based on the enlarged share capital of 367,330,280 Shares after the Rights Issue with Warrants, pursuant to the issuance of 150,000,000 Rights Shares under the Minimum Scenario.

(3) Based on the enlarged share capital of 651,990,840 Shares after the Rights Issue with Warrants, pursuant to the issuance of 434,660,560 Rights Shares under the Maximum Scenario.

(4) Under the Minimum Scenario, Kua Khai Loon and Cheng Kim Liang will become substantial shareholders of the Company. Conversely, under the Maximum Scenario, they will not become substantial shareholders of the Company.

(5) Based on the register of substantial shareholders of the Company as at the LPD.

(6) Negligible.

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 utilisation 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 for the following reasons:-

(i) it will involve the issuance of new PDZ Shares without diluting the Entitled Shareholders' shareholdings provided that they subscribe in full for their respective entitlements under the Rights Issue with Warrants and exercise their Warrants subsequently;

(ii) it provides an opportunity for the Entitled Shareholders to participate in the equity offering of the Company on a pro-rata basis; and

(iii) it will enable the Company to raise the requisite funds without incurring additional interest expense, thereby minimising any potential cash outflow in respect of interest servicing costs.

The free Warrants which are to be attached to the Rights Shares are intended to provide an added incentive to Entitled Shareholders to subscribe for the Rights Shares. In addition, the free Warrants will provide 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 and will allow Entitled Shareholders to further participate in the future growth of the Company as and when the Warrants are exercised.

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

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5. UTILISATION OF PROCEEDS

Based on the issue price of RM0.10 per Rights Share, the gross proceeds to be raised from the Rights Issue with Warrants will be utilised in the following manner:-

	Proposed utilisation of proceeds	Expected timeframe for utilisation from completion of Rights Issue with Warrants	Minimum Scenario RM'000	[2]Maximum Scenario RM'000
(i)	Acquisition of a container tug and barge set	Within 6 months	4,000	4,000
(ii)	Regional business expansion	Within 24 months	3,300	3,300
(iii)	Working capital	Within 24 months	3,000	6,000
(iv)	Security deposit for bank guarantee to port authorities	Within 12 months	1,000	1,000
(v)	Dry docking expenditure for PDZ Mewah[1]	Within 18 months	[3]2,700	[3]5,500
(vi)	Purchase of containers	Within 24 months	-	4,900
(vii)	Acquisition of a vessel	Within 24 months	-	11,000
(viii)	Acquisition and/or investment in other complementary businesses and/or assets	Within 24 months	-	[3]6,766
(ix)	Estimated expenses for the Corporate Exercises	Immediate	1,000	[4]1,000
Total			**[5]15,000**	**43,466**

Notes:-

(1) For information, the Company currently owns 2 vessels, namely PDZ Mewah and PDZ Maju. Both of the vessels have been served with several Writs in Admiralty Action in Rem and Warrants of Arrest ("**Suits**"). Shareholders are advised to refer to Sections 4(iii) to 4(x) of Appendix VII of this Abridged Prospectus pertaining to the above.

As at the LPD, PDZ Mewah is currently anchored at Johor Port and is not in operation as it is still subject to the outcome of the Suits as set out in Sections 4(iii) and 4(xii) of Appendix VII of this Abridged Prospectus.

As for PDZ Maju, on 12 July 2017, the High Court had, amongst others, granted an order for sale in respect of PDZ Maju. As at the LPD, PDZ Maju is not in operation and is currently anchored at Kota Kinabalu Port pending disposal by way of open tender or public auction to be conducted by the Sheriff of the High Court. Please refer to Section 4(ix) of Appendix VII of this Abridged Prospectus for further details.

(2) The proceeds in excess of the RM15 million under the Minimum Scenario shall be utilised up to its respective allocation in the following order:-

(i) Working capital;
(ii) Dry docking expenditure for PDZ Mewah;
(iii) Purchase of containers;
(iv) Acquisition of a vessel; and
(v) Acquisition and/or investment in other complementary businesses and/or assets.

(3) In the event that PDZ Mewah is disposed of by the Group (as part of its long term vessel replacement programme which is further set out in Section 5(i) below) (upon settlement of the Suits) before the timeframe for dry docking of PDZ Mewah which is due in August 2018 (see Section 5(v) below for further details), the amount of up to RM5.50 million earmarked for dry docking expenditure of PDZ Mewah will be reallocated for the acquisition and/or investment in other complementary businesses and/or assets. In this event, the total amount earmarked for the acquisition and/or investment in other complementary businesses and/or assets will be up to RM12.27 million (being the aggregate of RM6.77 million earmarked for item (viii) above and RM5.50 million earmarked for item (v) above). In such an event, PDZ will make an immediate announcement on the re-allocation of proceeds.

(4) If the actual amount incurred is higher than budgeted, the deficit will be funded from the portion allocated for acquisition and/or investment in other complementary businesses and/or assets. Conversely, any surplus of funds will be utilised for acquisition and/ or investment in other complementary businesses and/or assets.

(5) Based on the minimum undertaking of RM15 million pursuant to the Undertakings.

(i) Acquisition of a container tug and barge set

The Group intends to utilise proceeds of RM4 million from the Rights Issue with Warrants to acquire a container tug and barge set, a type of vessel used in the transportation of container boxes. Currently, the Group is considering several quotations from foreign shipbrokers for the container tug and barge set. Based on the various models in consideration, the container tug and barge set is expected to have a capacity of approximately 150 to 320 TEUs, be built between 2008 – 2010 and cost approximately USD1.20 million to USD1.30 million (approximately RM4.88 million to RM5.29 million[(1)]).

Any additional cost in excess of the proceeds raised from the Rights Issue with Warrants earmarked for the acquisition of a container tug and barge set will be funded via internally-generated funds and/or bank borrowings.

The Group intends to utilise the container tug and barge set to service short haul routes such as the Penang – Port Klang and Port Klang – Pasir Gudang routes. At present, the Group services these routes by purchasing slots from third party vessels.

Based on current market rates, the typical cost of purchasing 400 TEUs worth of slots from third party vessels is approximately RM225,000 per month. On the other hand, a container tug and barge set with a capacity of 200 TEUs running 2 short-haul trips (eg. Penang – Port Klang or Pasir Gudang – Port Klang) per month (which effectively translates into 400 TEUs per month) is estimated to incur operating costs of approximately RM90,000 per month. Hence, the Group is estimated to save approximately RM135,000 per month or RM1.62 million per annum from the acquisition of container tug and barge set as compared to purchasing slots from third party vessels.

For information purposes, prior to the Suits, PDZ Maju and PDZ Mewah, being container liner vessels with capacities of approximately 560 TEUs and 1,000 TEUs respectively, were serving long haul routes such as the Port Klang – Penang – Kota Kinabalu – Bintulu – Port Klang route[(2)].

Moving forward, the Group intends to increase its focus on servicing shorter routes due to the following:-

(a) short haul routes are higher in demand and more profitable due to the quicker turnaround time and more flexibility as compared to long haul routes which stops at many different ports along the way; and

(b) the Group anticipates that, with the continued improvement in the Malaysian manufacturing sales performance[(3)], domestic maritime trade in Malaysia is set to become increasingly more active especially along short haul routes between ports serving major manufacturing hubs, such as the Penang – Port Klang and Port Klang – Pasir Gudang routes.

In addition, unlike PDZ Maju or PDZ Mewah, the relatively smaller container tug and barge set will be able to serve shorter routes more efficiently as larger vessels will consume more fuel for the same amount of distance travelled as well as incur more maintenance costs.

Moving forward, the container tug and barge set will focus on servicing short haul routes between major ports in Peninsular Malaysia while PDZ Mewah will (pending its potential disposal in the near future as stated in the paragraph below) focus on servicing long haul routes especially those involving travel from Peninsular Malaysian ports to East Malaysian ports. This move is designed to achieve a more balanced mix of short haul and long haul routes to maximise the Group's profitability.

As for the Group's existing vessels, PDZ Maju is currently being disposed of following the Suits (please refer to Section 4(ix) of Appendix VII for further details) while the Group may dispose of PDZ Mewah (upon settlement of the Suits) in the near future as part of its long term vessel replacement programme together with the acquisition of the container tug and barge set. As the container tug and barge sets being considered are newer (built between 2008 – 2010) compared to PDZ Mewah (built in 1993) and PDZ Maju (built in 1997), the programme is expected to reduce the overall maintenance costs of the Group and improve its operational efficiency.

The Group also intends to expand its business by further tapping into the profitable East Malaysian market segment via the acquisition of a larger vessel, details of which are set out in Section 5(vii) of this Abridged Prospectus.

Notes:-

(1) Based on BNM's exchange rate of USD1:RM4.0665 as at the LPD.

(2) Pending resolution of the Suits, this route is currently being served by purchasing slots from third party vessels.

(3) According to monthly manufacturing statistics data released by the Department of Statistics Malaysia, Malaysia's manufacturing sales in October 2017 recorded year-on-year ("**YOY**") growth of 11.0% (RM6.6 billion), rising to RM66.3 billion as compared to RM59.7 billion reported a year ago. This was preceded by consecutive YOY growths recorded in the preceding 3 months in July 2017, August 2017 and September 2017 of 22.2%, 16.5% and 10.6% respectively.

(ii) Regional business expansion

The Group is of the view that increasing its scale of operations to achieve greater economies of scale is imperative to achieve cost optimisation, which will then serve to mitigate the impact arising from low freight rates under a challenging business environment with stiff competition from other shipping companies. In line with the Group's regional aspirations, the Group intends to set up regional offices to expand its container liner business across key markets in the Asian region. Some of the target markets include, amongst others, Indonesia, Philippines and Thailand, being some of the key trading partners of Malaysia.

Accordingly, the Group intends to utilise proceeds of up to RM3.3 million over a period of 24 months to finance, amongst others, staff costs, rental and renovation costs for the purposes of setting up these regional offices. The breakdown are as follows:-

Country	Utilisation of proceeds				
	Staff cost[(1)] RM'000	Rental[(2)] RM'000	Renovation[(3)] RM'000	Others[(4)] RM'000	Total RM'000
Indonesia	650	300	250	100	**1,300**
Philippines	500	200	200	100	**1,000**
Thailand	500	200	200	100	**1,000**
	1,650	**700**	**650**	**300**	**3,300**

Notes:-

(1) The Group intends to hire 5 to 8 employees in each country for marketing, finance and administrative work. The estimated staff cost is to be expended over a period of 12 months.

(2) This comprises rental for office units in strategic business centres with estimated built up area of approximately 2,000 to 3,000 square feet per unit.

(3) This includes, amongst others, purchase of office equipment, furniture and fittings as well as installation of infrastructure and network.

(4) This includes costs for additional headcounts, registration fees, utilities, travelling expenses, customer acquisition costs and other administrative expenses. The actual breakdown of these expenses cannot be determined at this juncture as it will depend on the actual administrative requirements of the Group at the relevant time.

(iii) Working capital

The proceeds of up to RM6 million to be raised from the Rights Issue with Warrants will be utilised for the Group's working capital purposes, which is expected to increase in tandem with the growth of its business, in the following manner:-

Utilisation	Percentage allocation (%)	Allocation	
		Minimum Scenario RM'000	Maximum Scenario RM'000
Day-to-day operating expenses[(1)]	80.0	2,400	4,800
Other administrative expenses[(2)]	20.0	600	1,200
Total	**100.0**	**3,000**	**6,000**

Notes:-

(1) These include, amongst others, bunker costs, ship management expenses, bareboat charter costs, slot purchase costs, container handling expenses, container leases and reimbursement to third party agencies.

The actual breakdown of these expenses cannot be determined at this juncture as it will depend on the actual operating requirements of the Group at the relevant time.

(2) These include, amongst others, utilities, staff salaries, transportation costs, insurance costs and other miscellaneous items. The actual breakdown of these expenses cannot be determined at this juncture as it will depend on the actual administrative requirements of the Group at the relevant time.

(iv) Security deposit for bank guarantee ("BG") to port authorities

As part of the Group's operations, it is required to provide a BG to port authorities for all monthly port related expenses including, amongst others, trucking charges, crane charges, stevedoring charges, charges for pilotage of vessels and charges for other ancillary port services. These BG facilities were previously obtained by the Group on an unsecured basis.

However, pursuant to the bank's annual review, to renew the BG facilities, the bank has imposed a requirement to provide security in the form of cash held on deposit with the banks prior to the issuance of the BG facilities. In view thereof, the Group intends to utilise proceeds of up to RM1 million from the Rights Issue with Warrants to fund the placement of cash deposits with the bank as security for BGs to be provided to the port authorities.

(v) Dry docking expenditure for PDZ Mewah

The Group is principally involved in the liner shipping business. Liner shipping is the service of transporting goods by means of high-capacity, ocean-going ships, primarily in the form of containerships that transit regular routes on fixed schedules. As at the LPD, the Group owns 2 vessels, namely PDZ Maju(1) and PDZ Mewah(2). Apart from operating vessels, the Group is also involved in fixed slots arrangements with other vessel operators.

The Group's vessels are subject to regulatory requirements under the International Safety Management Code ("**ISM Code**") and International Ship and Port Facility Security Code ("**ISPS Code**"), which provides an international standard for the safe management and operation of ships. Additionally, the Group's vessels are certified by ClassNK, the world's leading ship classification society which undertakes surveys to ensure that the rules it has developed are applied to new buildings and existing ships to ensure their safety.

In accordance with the 2016 Rules for the Survey and Construction of Steel Ships, all ships classed with ClassNK are subject to class maintenance surveys, which consists of periodical surveys, planned machinery surveys and occasional surveys to ensure that the minimum safety requirement is met. Periodical surveys include, amongst others, annual surveys, intermediate surveys, special surveys and docking surveys.

Special surveys are to be carried out within 3 months before the date of expiry of the certificate of classification, which has a validity period of 5 years while an intermediate survey needs to be carried out at the time of the second or third annual survey after a special survey, failing which the Group may not be able to renew the certification of classification for its vessels, thereby breaching the regulatory requirements. These surveys encompass a detailed examination of amongst others, hull, machinery, fire-fighting equipment and piping systems.

The table below shows the timeline of the intermediate and special survey conducted by the Group for PDZ Mewah:-

	PDZ Mewah
Last special survey conducted in	Sept 2013
Last intermediate survey conducted in	Exempted(3)
Next special survey due in	August 2018

Notes:-

(1) As at the LPD, PDZ Mewah is currently anchored at Johor Port and is not in operation as it is still subject to the outcome of the Suits as set out in Sections 4(iii) and 4(xii) of Appendix VII of this Abridged Prospectus.

(2) As for PDZ Maju, on 12 July 2017, the High Court had, amongst others, granted an order for sale in respect of PDZ Maju. As at the LPD, PDZ Maju is not in operation and is currently anchored at Kota Kinabalu Port pending disposal by way of open tender or public auction to be conducted by the Sheriff of the High Court. Please refer to Section 4(ix) of Appendix VII of this Abridged Prospectus for further details.

(3) An underwater survey was carried out in April 2016 for PDZ Mewah and it was granted an exemption for the intermediate survey.

Dry docking is typically conducted to coincide with the special surveys and usually takes about 1 month to complete. Dry docking is a term used for repairs when a ship is taken to the service yard whereby the whole ship is brought to a dry land so that the submerged portions of the hull can be cleaned or inspected. During dry docking, the Company will work with the ship manager, engineers from the shipyard as well as the relevant officer from ClassNK to identify areas which require maintenance.

The process mainly involves (but is not limited to) the following:-

(a) repair and painting of the hull of a ship;
(b) inspection and overhaul of various machineries and piping works;
(c) inspection, repair and/or renewal of sea valves;
(d) inspection, repair and/or renewal of all safety equipment; and
(e) inspection, repair and load testing of the on-board crane.

Apart from renewing the certificate of classification, dry docking is also expected to improve the performance and efficiency of the vessels, thereby extending their useful life.

Based on the timeline above, the special survey required to be performed on PDZ Mewah will be due in August 2018. As such, the Group intends to utilise part of the proceeds raised from the Rights Issue with Warrants to finance the dry-docking expenditure for PDZ Mewah. The estimated breakdown of the dry-docking expenditure is as follows:-

	PDZ Mewah
	RM'000
Spare parts	1,430
Steel work	1,430
Mechanical / equipment	900
Piping	600
Painting	500
Survey fees	320
Docking costs	320
Total	**5,500**

Any shortfall between the dry docking expenditure and the actual amount raised from the Rights Issue with Warrants will be funded via internally generated funds and/or bank borrowings. The actual funding breakdown can only be determined once the Rights Issue with Warrants is completed with actual proceeds ascertained, as well as the availability and suitability of funding options at the relevant time. Conversely, any surplus of funds will be utilised for working capital purposes.

Notwithstanding the above and as disclosed in Note (3) of Section 5 above, in the event that PDZ Mewah is disposed of by the Group (as part of its long term vessel replacement programme which is further set out in Section 5(i) above) before the timeframe for dry docking of PDZ Mewah which is due in August 2018, the amount of up to RM5.5 million earmarked for dry docking expenditure of PDZ Mewah will be reallocated for the acquisition and/or investment in other complementary businesses and/or assets.

(vi) Purchase of containers

The Group currently utilises about 4,000 TEUs of containers to maintain its service level. These containers are being leased from container leasing companies, costing the Group approximately RM3.86 million(1) per year based on a container leasing rate of USD0.65 or approximately RM2.64(1) per container per day and 365 days of utilisation in a year.

As some of the container leasing contracts expired in 2017, the Group intends to utilise proceeds of up to RM4.9 million from the Rights Issue with Warrants to purchase up to 600 TEUs of containers, representing up to 15% of its current utilisation level, to replace part of the 4,000 TEUs of containers currently being leased by the Group. Subsequent to the expiry of such contracts and pending the receipt of the rights proceeds, the Group intends to enter into shorter leasing contracts as an interim solution.

Based on quotation obtained from a container trading company, the purchase price per TEU of container is approximately USD2,000 or RM8,133(1). Hence, the total purchase cost for 600 TEUs of containers is estimated to be approximately RM4.9 million.

In the event there is any shortfall between RM4.9 million and the actual amount raised from the Rights Issue with Warrants earmarked for the purchase of containers, the Group will purchase the number of containers up to the proceeds raised from the Rights Issue with Warrants and continue to lease the balance containers required for operations from container leasing companies.

Note:-
(1) Based on BNM's exchange rate of USD1:RM4.0665 as at the LPD.

The purchase of its own containers is in line with the Group's strategy to achieve a more competitive cost structure. By purchasing its own containers which have a useful life of up to 15 years, the Group is expected to reduce its operating expenses by up to approximately RM0.50 million a year. The purchase of its own containers is also expected to provide greater flexibility to the operations of the Group by having direct control over the management of containers.

(vii) Acquisition of a vessel

The Group intends to utilise proceeds of up to RM11 million from the Rights Issue with Warrants to acquire a vessel with a capacity of 1,100 TEUs as part of its business expansion. The Group intends to acquire a pre-existing vessel in view that it would be cheaper to buy a vessel from the secondary market than to acquire a newly built vessel. In this regard, the vessel is expected to be operational and contribute to revenue generation immediately upon acquisition. The Company will make an immediate announcement once it has entered into any agreement to acquire a vessel. Based on the latest information obtained from local ship brokers, the estimated cost of purchasing a pre-existing vessel with a capacity of 1,100 TEUs ranges from approximately USD2 million to USD3 million or RM8.13 million(2) to RM12.20 million(2).

Any shortfall between the acquisition cost and the actual amount raised from the Rights Issue with Warrants earmarked for the acquisition of a vessel will be funded via internally generated funds and/or bank borrowings. The actual funding breakdown can only be determined once the Rights Issue with Warrants is completed with actual proceeds ascertained, as well as the availability and suitability of funding options at the relevant time. Conversely, any surplus of funds will be utilised for working capital.

As set out in Section 5(i) of this Abridged Prospectus, the Group intends to utilise the new container tug and barge set to service short haul routes in Peninsular Malaysia while PDZ Mewah will focus on servicing long haul routes especially those involving travel from Peninsular Malaysian ports to East Malaysian ports.

By acquiring another vessel, the Group intends to further tap into the Sandakan and/or Tawau market segments, which are currently the highest revenue-generating segments for the East Malaysian market. Prior to the Suits, PDZ Mewah was serving these market segments via its Pasir Gudang – Port Klang – Bintulu – Tawau – Sandakan – Bintulu long haul route(1). The Group plans to utilise this newer vessel to service long haul routes which focuses on the Sandakan and/or Tawau market segments while PDZ Mewah, which will be retained due to its good condition, will focus on servicing other long haul routes.

In addition, together with the acquisition of a container tug and barge set as set out in Section 5(i) of this Abridged Prospectus, the acquisition of a vessel is in line with PDZ's long term vessel replacement programme to upgrade its existing fleet with newer vessels that are more cost efficient.

The expansion of business through the ownership of a new vessel instead of a time charter *(i.e. hiring of a vessel for a specific period of time)* will allow the Group to achieve cost savings in the long run without charter costs, resulting in better profit margins to the Group. The time charter rate for a vessel with a capacity of 1,100 TEUs is estimated to be USD5,250 or RM21,349(2) per day. Assuming 320 days of utilisation in a year, the estimated total costs for time charter will be approximately RM6.83 million a year (inclusive of insurance costs). Conversely, if the Group were to buy a vessel which is expected to have a useful life of approximately 20 years by operating on short-haul routes in deep waters of Malaysia coupled with proper maintenance, the costs that will be borne by the Group is estimated to be USD3,500 or RM14,233(2) per day or RM4.55 million a year (inclusive of dry docking expenditure and other operating costs), resulting in total cost savings of RM2.28 million a year.

Notes:-

(1) Pending resolution of the Suits, this route is currently being served by purchasing slots from third party vessels.

(2) Based on BNM's exchange rate of USD1:RM4.0665 as at the LPD.

Furthermore, charter contracts are usually short-term contracts, with charter periods ranging from 3 months to 12 months. The Group may be subject to contract renewal risk and higher charter rates upon renewal, which may potentially result in higher operating costs. Therefore, the Group views that acquiring a new vessel will enable it to manage its cost structure, fleet capacity and service level more effectively.

(viii) Acquisition and/or investment in other complementary businesses and/or assets

The allocation of up to RM6.77 million(1) of the proceeds raised shall be utilised to finance acquisition and/or investment in other complementary businesses and/or assets, within 24 months from completion of the Rights Issue with Warrants.

Note:-

(1) As disclosed in Note (3) of Section 5 above, the amount of up to RM5.50 million earmarked for dry docking of PDZ Mewah will be allocated for the acquisition and/or investment in other complementary businesses and/or assets in the event that PDZ Mewah is disposed of by the Group (as part of its long term vessel replacement programme which is further set out in Section 5(i) above) before the timeframe for dry docking of PDZ Mewah which is due in August 2018 (see Section 5(v) above for further details). In such event, the total amount earmarked for the acquisition and/or investment in other complementary businesses and/or assets will be up to RM12.27 million.

This may include, amongst others, expansion of fleet size, replacement of existing fleet with newer models of ships and acquisition of companies along the same value chain in the industry offering warehousing, trucking and/or freight forwarding services. In view thereof, the Rights Issue with Warrants will allow PDZ Group to capitalise on suitable and viable investment opportunities as and when it arises, which may in turn generate positive returns to PDZ Group, thereby increasing shareholders' value.

As at the LPD, the Board has yet to identify any specific business and/or assets for acquisition and/or investment. The Company will make the necessary announcement(s) as provided for in the Listing Requirements as and when it has entered into any agreement in relation to the acquisition and/or investment of the complementary business and/or assets. Such announcement(s) shall include details of the acquisition and/or investment, the amount of proceeds expected to be utilised for such acquisition and/or investment as well as the balance proceeds available for other future acquisition and/or investment, if any. In the event that Shareholders' approval and/or other regulatory approvals are required, the necessary approvals will be sought.

Pending the identification of new businesses to be invested in, the Company will place the unutilised cash proceeds in interest-bearing bank deposits and/or money market financial instruments.

If the Company is unable to identify suitable investments within 24 months from the completion of the Rights Issue with Warrants, the timeframe for the utilisation of proceeds that has been allocated for the said purpose will be extended and announced as well as disclosed in PDZ's quarterly result announcements until the Company has successfully identified suitable businesses to acquire and/or invest in.

(ix) Estimated expenses for the Corporate Exercises

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

Estimated expenses	Amount (RM'000)
Professional fees	(1)700
Fees to Bursa Securities, the SC and the Companies Commission of Malaysia	140
Printing, despatch, advertising expenses and meeting expenses	140
Miscellaneous charges	20
Total	**1,000**

Note:-

(1) Comprises fees payable to the Principal Adviser, Company Secretary, Share Registrar, Solicitors for the Rights Issue with Warrants, independent market researcher and reporting accountants.

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 eventually issued.

The exact quantum of proceeds that may be raised by the Company from the exercise of the Warrants would depend on the actual number of Warrants exercised as well as the exercise price of the Warrants, which shall be determined by the Board at a later date. The proceeds from the exercise of the Warrants will be received on an "as and when basis" over the tenure of the Warrants.

Strictly for illustrative purposes, based on the exercise price of RM0.10 per Warrant, the Company will raise gross proceeds of up to approximately RM32.6 million upon full exercise of Warrants under the Maximum Scenario. Any proceeds arising from exercise of Warrants in the future will be used to finance future working capital requirements including those disclosed in Section 5(iii) above. The exact breakdown as well as the timeframe for full utilisation cannot be determined at this juncture and would be dependent on the actual requirements at the relevant time.

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) Arrest of vessels and other material litigation

The Group's vessels, PDZ Mewah and PDZ Maju, have been served with several Writs in Admiralty Action in Rem and Warrants of Arrest ("**Suits**"). Shareholders are advised to refer to Sections 4(iii) to 4(x) of Appendix VII of this Abridged Prospectus pertaining to the above.

As at the LPD, PDZ Mewah is currently anchored at Johor Port and is not in operation as it is still subject to the outcome of the Suits as set out in Sections 4(iii) and 4(xii) of Appendix VII of this Abridged Prospectus. Notwithstanding that, the solicitors acting for PDZ in the Suits is of the view that PDZ stands a strong chance in setting aside or defending against the Suits.

As for PDZ Maju, on 12 July 2017, the High Court had, amongst others, granted an order for sale in respect of PDZ Maju. As at the LPD, PDZ Maju is not in operation and is currently anchored at Kota Kinabalu Port pending disposal by way of open tender or public auction to be conducted by the Sheriff of the High Court. Please refer to Section 4(ix) of Appendix VII of this Abridged Prospectus for further details. While the eventual sale price of PDZ Maju cannot be determined at this juncture, there can be no assurance that its sale price will be higher than its net book value and that the sale will not result in the Group incurring a loss on disposal.

Given the arrests of PDZ Mewah and PDZ Maju, the Group has been purchasing slots from third party vessels in order to continue serving its customers. While the potential outcome and estimated timeframe for resolution of the Suits as well as their impact to the Group cannot be determined at this juncture, there can be no assurance that the Suits will not result in continued disruption to the operations of the Group as well as material adverse impact to the business performance and financial position of the Group.

In addition to the above, the Group is involved with other material litigation as further set out in Section 4 of Appendix VII of this Abridged Prospectus. While the potential outcome and estimated timeframe for resolution of these litigations as well as their impact to the Group cannot be determined at this juncture, there can be no assurance that the outcome of these litigations will not result in material adverse impact to the business performance and financial position of the Group.

(ii) Business risks

The Group is subject to certain risks inherent in the shipping industry such as changes in freight and charter rates, contract renewal risk such as higher charter rates upon renewal, traffic demand and market competition, changes in cargo volume, fluctuations in cost of repair and maintenance, insurance and dry-docking as well as fluctuations in bunker costs.

The performance of the Group is also dependent on the general economic conditions in Malaysia and the South East Asian region. Although the Group seeks to limit these risks through, inter-alia, providing good service, maintaining a large spread of customers, maintaining good business relationships and exploring new or additional shipping routes, no assurance can be given that any change to these factors will not have a material adverse effect on the Group's business.

(iii) Competition risks

The Group faces competition from both domestic and regional shipping companies providing similar services. The competitive factors include management's capability and experience, availability of suitable vessels, established safety track record, financial strength, reputation of vessel operators and crews, technical ability as well as price and quality of services. The Group's competitors may have longer operating history and track record, greater financial, technical and marketing capabilities, larger asset base and/or access to better financial and technical resources compared to the Group.

There is no assurance that the Group will be able to maintain its existing market share in the future or that any change in the competitive factors mentioned above, which serve as barriers to the entry of new players to the industry, will not have a material adverse effect on the Group's business performance.

(iv) Bunker costs

Bunker (i.e. fuels for vessels) is a major component of the Group's cost of sales. Such costs are heavily dependent on prevailing crude oil prices, which may fluctuate from time to time. Any increase in crude oil prices will result in higher bunker costs, which in turn leads to erosion in the Group's profit margin. Crude oil prices are affected by a myriad of factors including geopolitical events surrounding major oil producing countries.

There is no assurance that any increase in crude oil prices will not negatively affect the Group's profitability and financial performance or that the Group will be able to accurately predict any expected increase in bunker costs and pass on such cost increase to its customers.

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(v) Adequacy of insurance coverage

The Group is exposed to the inherent risk of damage and/or loss of its existing vessels as a result of collision, interruptions to operations caused by adverse weather conditions and mechanical malfunction. In the event of such occurrence, the Group may incur additional costs for the clean-up, removal and salvage costs pursuant to the damage sustained to the vessel in such collision. In addition, collision of the vessel may lead to the exposure of litigation claims from third parties. This may adversely affect the financial position and operational results of the Group.

There may also be some risks which are not insurable or, in certain circumstances, we may elect not to insure a specific event due to high premium associated with such insurance or for other reasons. If the Group incur substantial liability and the damages are not substantially covered by insurance or exceeds the insurable limit or the Group is unable to obtain or have not obtained insurance, its financial standing could be materially and adversely affected.

As more stringent environmental and other regulations may come into force, insurance against the new degree of risks may not be available at commercially reasonable rates, or at all. Even if certain risks are covered by insurance, there can be no assurance that such insurance will be available in the future. There is also no assurance that the Group's existing insurance coverage will be sufficient to meet all potential claims and that any uninsured claims will not have a material adverse impact on the Group's operations and financial position.

(vi) Weather and natural hazards

The Group's vessels may encounter bad weather conditions and natural hazards from time to time. Adverse changes in weather conditions such as the onset of monsoon seasons as well as natural hazards such as typhoons and tsunamis occuring along the shipping routes we operate may cause substantial damage to the Group's vessels resulting in suspension of its operations. Moreover, the Group will need to incur costs for repairs if such damages are not adequately covered by insurance. This may have a material adverse impact on the Group's business operations and financial performance.

(vii) Substantial expenditure required for maintenance and repair of vessels

The Group is required to maintain its vessels and/or equipment to certain standards and to maintain the certification of such vessels and/or certain equipment. Such maintenance may involve substantial costs and result in loss of hire, which may materially and adversely affect its business operations and financial conditions.

The Group's operations are dependent on the operating efficiency and reliability of its vessels in terms of operational worthiness and safety. Any unexpected breakdown or non-performance of its vessels is difficult to predict. Rectification of the breakdown or non-performance, depending on its severity, may also require replacement or repair of key components and there may be long lead times required in the procurement or these components. Such rectification on the affected vessels may require the Group to incur significant costs and may result in such vessels being out of service and being unable to generate revenue for over extended periods of time. In such an event, the Group's business and financial performance may be materially and adversely affected.

(viii) Foreign exchange fluctuations

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than RM. The currencies giving rise to this risk are primarily USD and SGD. Accordingly, any significant fluctuations in exchange rates may have implications on the Group's revenue and profitability.

The Group maintains foreign currency accounts to off-set some of its purchases in foreign currency with some of its earnings in foreign currency to provide a certain degree of natural hedge. The management may consider using certain hedging mechanism in the future when the need arises.

Notwithstanding the above, there can be no assurance that foreign currency fluctuations will not adversely affect the Group.

(ix) Pirate attacks

The Group's vessels run the risk of being targeted by pirates during a voyage, especially for vessels that carry expensive and large amount of goods.

Shipping operators who operate outside the piracy prone areas can minimise the risk of being attacked. In the case of a pirate attack, shipping operators that have insurance coverage may be compensated for part of their losses. In addition, shipping operators who have on board security team and adopt the necessary anti-piracy measures are more likely to fend off a pirate attack.

The Group has not encountered any pirate attacks on its vessels in the past and is insured against losses incurred in the event of pirate attacks. The Group's shipping routes are also not deemed to be piracy prone.

6.2 Risks relating to the Rights Issue with Warrants

(i) Delay in or abortion of the Rights Issue with Warrants

The Rights Issue with Warrants may be delayed or cancelled if there is a material adverse change of events or circumstances such as rapid economic decline or a major natural disaster, which is beyond the control of the Company and the Principal Adviser.

In the event of failure in the completion of the Rights Issue with Warrants, all application monies received pursuant to the Rights Issue with Warrants will be refunded without interest to the Entitled Shareholders and or their renouncee(s) *(if applicable)* who have subscribed for the Rights Shares in accordance with Section 243 of the CMSA and if any such monies is not repaid within 14 days after it becomes liable, the Company and its officers shall be liable to return such money with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC from the expiration of that period until the full refund is made.

In the event that the Rights Issue with Warrants is cancelled after the Rights Shares and Warrants have been validly allotted to the Entitled Shareholders and/or their renounce(s) *(if applicable)*, a return of monies of the Entitled Shareholders and/or their renounce(s) *(if applicable)* can only be achieved by way of cancellation of our share capital as provided under the Act. Such cancellation requires the approval of the Shareholders by way of a special resolution in a general meeting, consent of creditors (where applicable) and may require the confirmation of the High Court of Malaya. In such an event, there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances.

(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 this, there can be no assurance that the PDZ Shares (together with the Rights Shares and any new Shares issued pursuant to the exercise of the Warrants) will trade at or above the TERP disclosed in Section 2.3 of this Abridged Prospectus after completion of the Rights Issue with Warrants.

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

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

(iii) 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 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. Such factors include, but are not limited to, those set out in this Abridged Prospectus.

In view of this and other uncertainties, the inclusion of any forward-looking statement in this Abridged Prospectus should not be regarded as a representation or warranty by the Company, the Principal Adviser and/or other advisers that the plans and objectives of the Group will be achieved.

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7. INDUSTRY OVERVIEW AND PROSPECTS

7.1 Malaysian economy

The Malaysian economy recorded a stronger growth of 6.2% in the third quarter of 2017 (2Q 2017: 5.8%). Private sector spending continued to be the main driver of growth. The external sector also contributed positively to growth, as real exports expanded at a faster pace (11.8%; 2Q 2017: 9.6%), supported by stronger demand from major trading partners. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.8% (2Q 2017: 1.3%).

Domestic demand grew by 6.6% in the third quarter of the year (2Q 2017: 5.7%), supported by continued expansion in both private sector expenditure (7.3%; 2Q 2017: 7.2%) and public sector spending (4.1%; 2Q 2017: 0.2%).

Private consumption expanded by 7.2% (2Q 2017: 7.1%), underpinned by better labour market conditions. In particular, private sector wages were sustained amid stronger employment growth.

Given the continued strong performance in the third quarter, the Malaysian economy is on track to register stronger growth in 2017. Looking ahead, the economy is poised to register a strong growth that is close to the upper end of the official forecast range of 5.2 – 5.7% in 2017. Growth momentum has been lifted by stronger spillovers from the external sector to the domestic economy. The operating environment has also improved significantly as households and businesses have steadily acclimatised to the adjustments in the global and domestic economic conditions in the past few years.

Leading indicators such as the Department of Statistics Malaysia's composite leading index and MIER Business Conditions Index corroborate expectations for continued expansion of the domestic economy. For 2018, domestic demand is expected to remain the key source of growth. Private consumption will remain the largest driver of growth, supported by continued improvements in income and overall labour market conditions. Investment will be sustained by infrastructure projects and higher capital investment in the manufacturing and services sectors. The external sector will provide additional impetus to the economy, benefitting from the improvement in global growth. Overall, the assessment is for growth to remain strong in 2018.

On the supply side, the improvement in both external and domestic demand will benefit the manufacturing and services sectors. The agriculture sector's growth will be driven by a recovery in CPO yields post-El Niño. Growth in the mining sector is projected to be supported by output from the ramping up of production in new oil and gas facilities. In the construction sector, growth will be supported by new and existing civil engineering projects

(Source: Economic and Financial Developments in Malaysia in the Third Quarter of 2017, BNM)

The Malaysian economy is expected to expand between 4% and 5% in 2017 (2016: 4% - 4.5%) with nominal gross national income (GNI) per capita increasing 5% to RM39,699 (2016: 4.8%; RM37,812). Economic growth will be underpinned by strong domestic demand, especially private sector expenditure. Private sector activity will be supported by pro-growth fiscal and accommodative monetary policies in an environment of stable inflation, which is projected to range between 2% and 3% (2016: 2% - 2.5%). Meanwhile, public sector expenditure will be driven mainly by higher capital investment by public corporations.

(Source: Economic Report 2016/2017, Ministry of Finance Malaysia)

7.2 Overview and outlook of the container liner industry in Malaysia

Container liner shipping is the international transportation of goods by means of high-capacity ocean vessels that journey on fixed ocean routes on fixed schedules. These ocean vessels comprise containerships carrying sealed and locked fixed-size containers, and roll-on/roll-off barges carrying wheeled cargo. Container liner shipping is used to facilitate freight transport, which is the transportation of cargo such as manufactured goods and commodities, and is a major contributor to international trade.

Container liner shipping activities include loading of goods into containers, delivery, loading of containers onto the ocean vessels, unloading of containers onto the dock, customs inspection of containers and delivery.

(i) Loading of goods into containers

The process of collecting goods from the customers' location. This process involves the loading of goods into containers, which are then bolted shut and fitted with a security seal. The containers will remain sealed until arrival at the end-destination, unless otherwise required for inspection by the customs officials at the port of destination.

(ii) Delivery

The delivery of containers to the port of departure via trucks, or trains if the pickup point is a long distance away from the port. Documentations for the containers are prepared and submitted to the government authorities in the respective import and export country. This documentation, called the "manifest data", includes information such as the exact contents, the quantity of the contents, the exporter, the importer and the transporter.

(iii) Loading of containers onto the ocean vessels

The containers arrive at the port of departure on trucks or trains, to be loaded into ocean vessels. Containers are loaded straight into containerships, while wheeled cargos are loaded into roll-on/roll-off barges.

(iv) Unloading of containers onto the dock

The arrival of the containers at the port of destination, where the containers are unloaded onto the dock by large cranes.

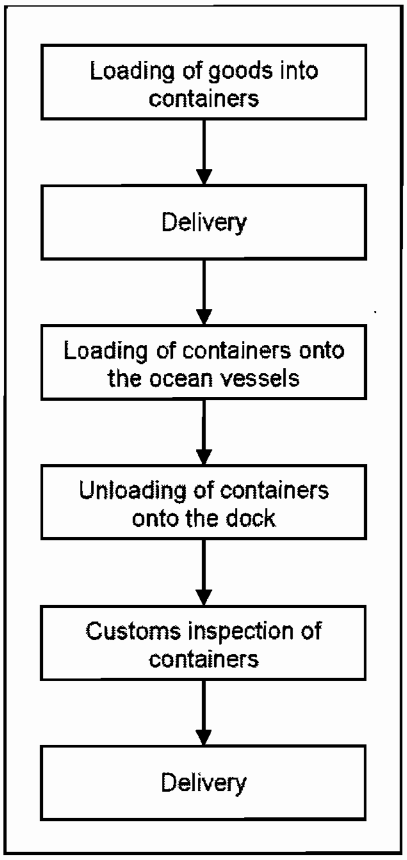
(v) Customs inspection of containers

Customs officials will then evaluate each container's manifest data, and may then select specific containers for inspection.

(vi) Delivery

Once cleared by customs officials, the containers are loaded onto trucks or trains for delivery to customers at the end-destination.

Process flow for container liner shipping activities



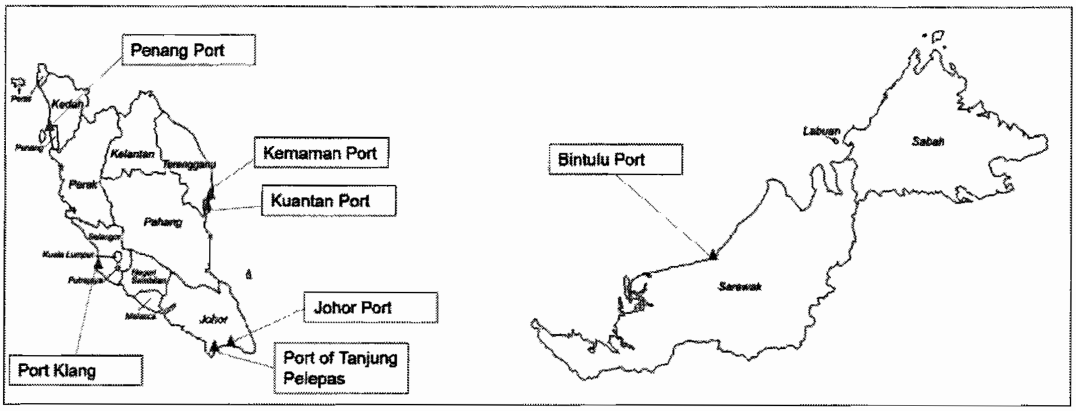
(Source: World Shipping Council, SMITH ZANDER)

Ports are locations which facilitate the loading and unloading of cargo and/or the embarkation and disembarkation of passengers. In Malaysia, federal ports have been corporatized or privatised under the Ports (Privatisation) Act 1990, whereby port operations are run by licensed private operators. The respective Port Authorities regulate port activities as well as the running of the port facilities and services by the private operators. Among the facilities and services that may be provided include berths, storage facilities, reefer points, cranes, prime movers, trailers, waste reception and bunkering.

There are a total of seven (7) major federal ports in Malaysia, as listed below:

- Bintulu Port, Sarawak
- Johor Port, Johor
- Kemaman Port, Terengganu
- Kuantan Port, Pahang
- Penang Port, Penang
- Port Klang, Selangor
- Port of Tanjung Pelepas, Johor

Major federal ports (Malaysia), 2017



(Source: Ministry of Transport Malaysia, SMITH ZANDER)

Port capacity can be deduced from the number of ships calling and/or gross registered tonnage ("**GRT**") which is the total volume of all enclosed areas on a ship. An increase in the number of ships calling between 2010 and 2016 indicates that some ports may have invested in capacity expansion to cater for increasing demand, namely Kemaman Port and Port of Tanjung Pelepas. Some ports such as Kuantan Port and Port Klang may not have had significant increases in terms of number of ships calling, but have experienced an increase in GRT between 2010 and 2016. This indicates that the ships calling are now bigger and thus carry higher volumes of cargo.

Number of ships calling and GRT by port (Malaysia), 2010-2016

Port		2010	2011	2012	2013	2014	2015	2016
Bintulu Port, Sarawak	Number	7,601	7,606	7,581	8,239	8,478	7,329	7,457
	GRT ('000)	61,563	64,052	63,987	67,534	68,593	67,009	68,770
Johor Port, Johor	Number	4,882	4,899	4,252	4,133	3,964	3,984	4,044
	GRT ('000)	38,177	36,864	30,286	29,614	25,894	28,096	30,672
Kemaman Port, Terengganu	Number	553	423	605	554	495	639	633
	GRT ('000)	4,240	4,187	5,723	4,002	4,401	5,711	5,567
Kuantan Port, Pahang	Number	2,405	2,440	2,470	2,406	2,342	2,347	1,820
	GRT ('000)	19,274	21,694	22,469	23,153	24,803	35,375	20,227
Penang Port, Penang	Number	6,136	6,327	7,796	6,309	6,137	6,226	7,008
	GRT ('000)	60,978	62,034	66,941	63,992	59,389	64,526	68,936
Port Klang, Selangor	Number	17,910	18,117	17,721	16,703	15,298	16,541	16,323
	GRT ('000)	363,322	392,947	384,436	407,918	409,806	441,580	464,732
Port of Tanjung Pelepas, Johor	Number	4,162	5,125	5,041	4,793	4,759	4,696	4,470
	GRT ('000)	33,296	41,000	40,328	38,344	38,072	37,568	35,760
Others	Number	20,293	19,670	21,295	19,516	20,195	19,100	15,832
	GRT ('000)	72,002	74,170	72,783	76,588	83,479	86,503	84,046
Total	**Number**	**63,942**	**64,607**	**66,761**	**62,653**	**61,668**	**60,862**	**57,587**
	GRT ('000)	**652,852**	**696,948**	**686,953**	**711,145**	**714,437**	**766,368**	**778,708**

(Source: Ministry of Transport Malaysia)

The economic growth in Malaysia is reflected in the nation's freight traffic, as demand for shipping increases in order to facilitate business efficiency and spur economic growth. Malaysia's freight transport is carried out by sea, rail and air.

Between 2010 and 2016, cargo volume transported by sea, including container liner, grew at a higher CAGR of 4.0%, compared to rail and air which registered CAGRs of 1.6% and -0.7% respectively. Cargo volume transported by sea is significantly higher than rail and air, whereby the volume transported by sea in 2016 was 569.1 million freight weight tonnes ("**FWT**"), compared to 6.0 million tonnes by rail and 873.4 thousand metric tonnes by air.

Total freight traffic in Malaysia grew from 456.1 million tonnes in 2010 to 576.0 million tonnes in 2016, at a CAGR of 4.0%, the majority of which consisted of cargo volume by sea.

Freight traffic (Malaysia), 2010-2016

Year	Cargo volume by sea ('000 FWT)	Cargo volume by rail ('000 tonnes)	Cargo volume by air ('000 MT)
2010	449,787	5,431	909.6
2011	497,695	5,914	893.7
2012	500,578	6,096	879.7
2013	510,815	6,622	897.2
2014	541,744	7,136	987.4
2015	570,401	6,205	959.0
2016	569,120	5,991	873.4
CAGR	**4.0%**	**1.6%**	**-0.7%**

(Source: Ministry of Transport Malaysia, SMITH ZANDER)

Growth in the global and local economy will increase demand for freight transport, including container liner services, as a way to facilitate cost-effective movement of goods across international borders. The growth of the container liner industry is indicated by cargo and container throughput, which measures the volume of goods transported internationally. The rising demand for container liner services is a result of a growing global economy, international trade and manufacturing activities, as well as supporting government policies. These will positively impact the container liner industry, benefiting industry players that offer container liner services.

Over the period of 2010 to 2016, Malaysia's cargo throughput comprising dry cargo, liquid cargo, general cargo and container cargo increased from 449.8 million FWT to 569.1 million FWT at a CAGR of 4.0%. During the same period, container throughput in Malaysia increased from 18.2 million TEU in 2010 to 24.8 million TEU in 2016 at a CAGR of 5.4%. Moving forward, SMITH ZANDER forecasts both cargo throughput and container throughput to grow at a CAGR of 3.4% and 6.2% respectively between 2017 and 2019.

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Cargo and container throughput (Malaysia), 2010-2019(f)

Year	Cargo throughput ('000 FWT)	Container throughput (TEU)
2010	449,787	18,173,794
2011	497,695	19,978,706
2012	500,578	20,556,725
2013	510,815	20,876,318
2014	541,744	22,373,309
2015	570,401	23,876,312
2016	569,120	24,847,833
2017(f)	588,698	26,398,622
2018(f)	608,949	28,046,197
2019(f)	629,897	29,796,601
CAGR (2010-2016)	**4.0%**	**5.4%**
CAGR (2017(f)-2019(f))	**3.4%**	**6.2%**

Note:
(f) – Forecast

(Source: Ministry of Transport Malaysia, SMITH ZANDER)

The growth in local trade, which is the exchange of goods within the country, is indicated by the increased local cargo throughput in most ports.

Cargo throughput breakdown (Malaysia), 2010-2016

Port		('000 FWT) 2010	2011	2012	2013	2014	2015	2016
Bintulu Port, Sarawak	Foreign trade	31,920	33,401	32,494	34,899	35,445	34,718	35,696
	Local trade	4,521	4,750	4,797	4,838	5,445	5,785	5,713
	Total	**36,297**	**38,151**	**37,291**	**39,737**	**40,890**	**40,503**	**41,409**
Johor Port, Johor	Foreign trade	16,494	21,711	-	-	-	-	-
	Local trade	1,732	1,606	-	-	-	-	-
	Total	**18,226**	**23,317**	**25,089**	**26,979**	**27,303**	**28,652**	**28,122**
Kemaman Port, Terengganu	Foreign trade	4,062	3,823	6,459	4,015	4,693	6,235	5,533
	Local trade	245	175	223	344	171	244	292
	Total	**4,308**	**3,998**	**6,681**	**4,359**	**4,864**	**6,480**	**5,824**
Kuantan Port, Pahang	Foreign trade	9,322	12,469	13,095	16,589	18,260	36,348	12,376
	Local trade	984	956	1,131	922	980	1,283	1,312
	Total	**10,307**	**13,426**	**14,225**	**17,511**	**19,241**	**37,631**	**13,687**
Penang Port, Penang	Foreign trade	2,253	2,122	2,291	2,103	1,778	1,572	1,448
	Local trade	7,997	8,075	8,408	8,435	8,377	8,949	8,519
	Total	**10,250**	**10,197**	**10,699**	**10,537**	**10,155**	**10,521**	**9,967**
Port Klang, Selangor	Foreign trade	17,781	20,706	19,636	21,916	19,617	18,972	20,240
	Local trade	5,965	6,885	6,592	7,925	6,352	5,266	6,735
	Total	**23,746**	**27,591**	**26,228**	**29,841**	**25,969**	**24,238**	**26,975**
Port of Tanjung Pelepas, Johor	Foreign trade	-	-	-	-	-	-	-
	Local trade	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-
Others	**Total**	**29,585**	**29,595**	**55,853**	**50,125**	**53,671**	**55,315**	**60,671**
Grand Total	**Total**	**132,719**	**146,275**	**176,066**	**179,089**	**182,093**	**203,340**	**186,655**

Notes:
1. Cargo throughput does not include container cargo as breakdown is not available.
2. Numbers may not add up due to rounding.

(Source: Ministry of Transport Malaysia)

Local trade, which grew from 19.7 million FWT in 2010 to 22.6 million FWT in 2016 at a CAGR of 2.3%, has progressed in tandem with local economic growth, as it is not subjected to currency exchange fluctuations. Furthermore, it is easier to predict and prepare for cyclical changes within the local economy. This growth in local trade is also boosted by Malaysia's thriving manufacturing industry, as demonstrated by growth of GDP from the manufacturing industry from RM192.5 billion in 2010 to RM254.7 billion in 2016, registering a CAGR of 4.8%. For the manufacturing industry, the advantages of local trade include faster and cheaper shipping, as well as the absence of customs duties.

Growth in the trade sector leads to growth in freight transportation services, presenting demand potential for container liner services

The container liner industry plays an important role in stimulating trade, as it facilitates the transportation of goods across international borders. Freight transport accelerates convergence with global supply chains and helps key export industries connect with international markets, while contributing to operational efficiency by reducing the time and cost for goods to reach consumers.

Malaysia's external trade, comprising total imports and total exports, increased from RM1.2 trillion in 2010 to RM1.5 trillion in 2016, at a CAGR of 4.1%. Malaysia's exports in 2016 grew despite the challenging economic environment, where most of the world experienced an economic slowdown. In 2016, 16 of Malaysia's export markets registered export values exceeding RM10 billion each, namely Singapore, People's Republic of China, Japan, US, Thailand, Hong Kong, Australia, India, Indonesia, Republic of Korea, Taiwan, Netherlands, Germany, Vietnam, the Philippines, and United Arab Emirates. Collectively, these countries accounted for 84.3% (RM662.9 billion) of Malaysia's total exports of RM785.9 billion in 2016.

External trade value (Malaysia), 2010-2016

Year	External trade value (RM million)
2010	1,167,651
2011	1,271,488
2012	1,309,318
2013	1,368,687
2014	1,448,354
2015	1,463,134
2016	1,485,783
CAGR	**4.1%**

(Source: Department of Statistics Malaysia, SMITH ZANDER)

Initiatives announced under 11MP, specific to the trade industry in Malaysia

In May 2015, the Government tabled the Eleventh Malaysia Plan ("**11MP**") (2016 – 2020) which outlined the nation's development expenditure until 2020. As the trade industry in Malaysia plays a significant role in the country's economic growth, movement of goods and the container liner industry is becoming increasingly important. Under the 11MP, Malaysia is targeting an 8.5% annual growth rate of the transport and storage subsector, along with a place in the top ten (10) of the World Bank Logistics Performance Index by 2020.

Focus area	Description
Building an integrated need-based transport system	▪ Implementing the National Port Policy • The National Port Policy will be implemented to foster systematic development and growth of ports and jetties by introducing comprehensive strategy and policy measures. The policy will provide a regulatory framework for further developments in capacity, and will improve efficiency by streamlining the functions of all ports and jetties. Major hub ports will be strengthened by networks of secondary ports to improve competitiveness of the national logistics chain. In addition, port development will take into account land use planning to ensure the sustainable growth of major ports. ▪ Improving port accessibility and capacity • Accessibility to major ports will be improved to cater for bigger vessels through channel deepening works. In addition, port operators will undertake capacity expansion, which includes building additional berths and wharfs. These improvements will attract more international liners and mega vessels with capacity of 18,000 TEU to call at these ports.
Unleashing growth of logistics and enhancing trade facilitation	▪ Collaboration to reduce cargo clearance time • Collaboration between the Royal Department of Customs and permit issuing agencies will be strengthened to shorten cargo clearance processing time without comprising security. This Special Task Force to Facilitate Business (PEMUDAH) will lead this initiative with the Malaysian Productivity Corporation as secretariat. ▪ Strengthening last-mile connectivity to Port Klang • The last-mile connectivity to Port Klang, Selangor via road and rail will be improved to cope with the rise in container volume. Priority will be given to upgrading the rail link between Westport and Northport to reduce congestion and encourage rail freight. Critical stretches along Jalan Pelabuhan Utara and Pulau Indah Expressway will be upgraded to ease congestion and enable the seamless movement of goods. In addition, the usage of traffic information systems will be promoted for better traffic management within Port Klang.

(Source: Economic Planning Unit Malaysia)

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Manufacturing growth signifies opportunities for the container liner industry

Globally, manufacturing activities have been increasing over the years, as a result of an increase in demand for products contributed by the growth in world population. Global manufacturing activities have increased by a CAGR of 3.2%, from USD9.6 trillion (RM33.8 trillion[(1)]) in 2009 to USD11.6 trillion (RM45.2 trillion[(2)]) in 2015.

Notes:-

1. Exchange rate from USD to RM in 2009 was converted based on average annual exchange rates in 2009 extracted from published information from Bank Negara Malaysia at USD1 = RM3.5236.

2. Exchange rate from USD to RM in 2015 was converted based on average annual exchange rates in 2014 extracted from published information from Bank Negara Malaysia at USD1 = RM3.9073.

Manufacturing activities (Global), 2009-2015

Manufacturing, value added	2009	2010	2011	2012	2013	2014	2015
Global (USD billion)[a]	9,595.1	10,461.2	10,770.9	10,855.9	11,022.2	11,316.9	11,579.4

Notes:
1. Value added is the net output of a sector after adding up all outputs and subtracting intermediate inputs.
2. No deductions are made for depreciation of fabricated assets or depletion and degradation of natural resources.
3. Latest available figures as at 27 November 2017.
4. [a] Prices are in constant 2010 USD.

(Source: World Bank)

In Malaysia, GDP from the manufacturing industry has grown from RM192.5 billion in 2010 to RM254.7 billion in 2016, registering a CAGR of 4.8%.

Manufacturing GDP at current prices (Malaysia), 2010-2016(p)

Year	Manufacturing GDP (RM million)
2010	192,493
2011	202,960
2012	211,921
2013	219,152
2014	232,527
2015	243,903
2016	254,725
CAGR	**4.8%**

(Source: Department of Statistics Malaysia, SMITH ZANDER)

The continued development of the manufacturing industry, as well as the growth of the economy, will provide growth opportunities for the container liner industry. Malaysia's economy registered a 4.2% growth in 2016 supported by the continued expansion of domestic demand, which was primarily driven by the private sector. Private consumption growth moderated to 6.1% in 2016 as households adjusted their spending due to the increasing cost of living, arising from fiscal reform measures such as the implementation of Goods and Services Tax (GST) and administrative price adjustments, and the depreciation of the Ringgit. Private investment, in particular, registered a growth of 4.4% in 2016.

The services sector remains the driver of growth, contributing 54.3% to GDP in 2016. The manufacturing sector is also a major contributor to GDP, making up 23.0% of GDP in the same year. A positive growth is expected for the outlook of the manufacturing sector led by the export-oriented industries, which are expected to record higher growth in line with the improvement in external demand.

The positive growth recorded in Malaysia's economy and the manufacturing sector would lead to an increase in the demand for freight transportation, including container liner shipping services.

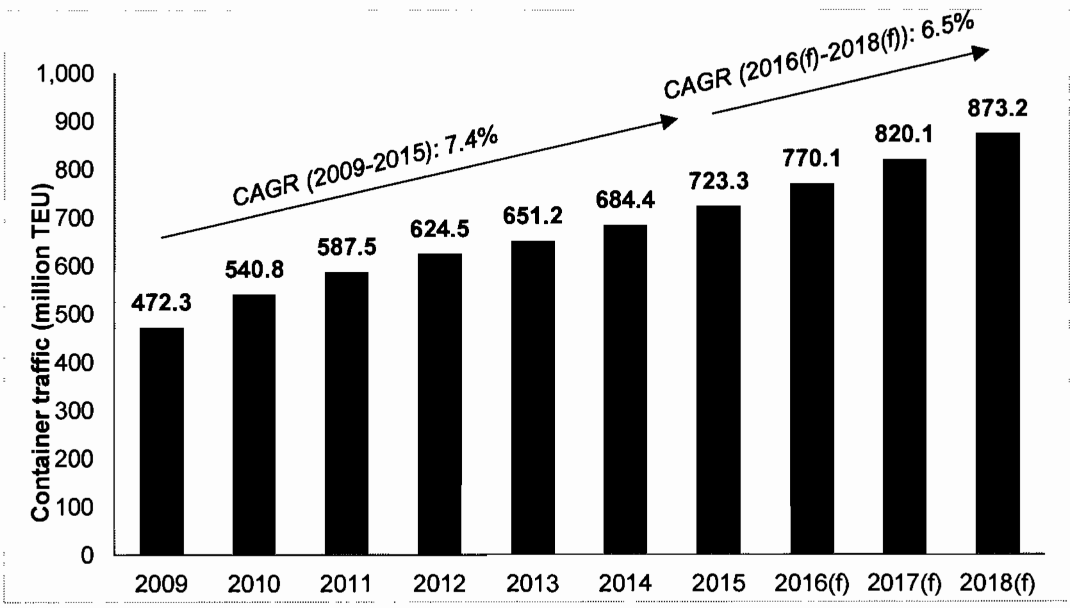
(Source: Independent market research report dated 5 December 2017 prepared by SMITH ZANDER)

7.3 Overview and outlook of the global container liner industry

An essential component of the global trade industry is the logistics industry, of which the container liner industry is a sub-sector. Logistics facilitates the procurement, manufacturing, storage and distribution of goods worldwide, and therefore is critical to the growth of the global trade industry.

Logistics can be broadly divided into inbound and outbound logistics, where inbound logistics involves the movement of materials from suppliers and vendors into the production process or storage facilities while outbound logistics is the process related to the movement and storage of products from the end of the production line to the end user. Thus, logistics service providers are capable of providing logistics and trade facilitation support and services such as inbound and outbound transportation by sea, air and land, warehousing services and distribution services. Container liner is a sub-sector of the logistics industry, as it facilitates inbound and outbound transportation of goods by sea.

Container traffic (Global), 2009-2018(f)



Notes:
1. (e) - Estimates
2. (f) – Forecast

(Source: UNCTAD, SMITH ZANDER)

In 2016, world container traffic stood at 770.1 million TEU, growing from 472.3 million TEU in 2009, at a CAGR of 7.2%. This indicates the growth of the global trade industry, as containers are a popular way to deal with increased global sourcing, manufacturing and distribution. Moving forward, SMITH ZANDER forecasts world container traffic to grow from 820.1 million TEU in 2017 to 873.2 million TEU in 2018.

Global trade is dependent on efficient logistics, which includes freight transport by sea, rail or air. Logistics is an essential component of global trade as it enables the movement of goods across international borders. This includes container liner shipping, which is a very popular method of transporting goods for international trade. Liner ships carry about 60.0% of the goods moved internationally by sea each year. Globally, there are almost 500 liner shipping services which move between international ports at scheduled intervals, along established trade routes.

Global trade, measured by total imports and total exports, grew at a CAGR of 0.9% between 2010 and 2016, from USD30.4 trillion (RM97.8 trillion) to USD32.0 trilion (RM132.5 trillion). Global trade decreased in 2015 and 2016 due to an overall slowdown in the global economy. Moving forward, SMITH ZANDER forecasts the global trade industry to increase from USD32.6 trillion (RM135.2 trillion) in 2017 to USD34.0 trillion (RM140.8 trillion) in 2019, at a CAGR of 2.0%.

Global trade is driven by trade in the Asia region, which is the largest in value and experienced the highest growth between 2010 and 2016. Trade in Asia grew from USD10.9 trillion in 2010 to USD12.5 trillion in 2016, at a CAGR of 2.4%. In 2016, trade in Asia contributed to 39.2% of total global trade.

The proliferation of technology has contributed to globalisation, whereby businesses and countries operate interdependently as they are kept connected regardless of location. Large corporations are now multi-national, with operations in different countries around the world. Improvement of communication infrastructure as well as borderless banking facilities have enabled businesses and countries to look overseas for better priced raw materials, be able to choose from a wider pool of suppliers, as well as expand their market reach to other countries. At the same time, end users will be able to obtain cheaper goods and have access to a larger selection.

(Source: Independent market research report dated 5 December 2017 prepared by SMITH ZANDER)

7.4 Prospects and future plans of the Group

The oversupply of vessels continued to plague the container shipping industry resulting in stagnant freight rates. Notwithstanding this, the Group is of the view that there will be improvements in business volumes in the coming years due to several catalysts as explained further below, which may propel growth in the industry.

The expansion of Sabah Sapangar Bay Container Port ("**SBCP**"), which handles most of the container throughput of Sabah, will more than double its handling capacity from 500,000 to 1.25 million TEUs per annum. The project, set to break ground in 2017 and reach completion in 2019, anticipates an increase in the length of vessel berths from 500 to 1,200 metres.

Furthermore, the shipping industry will also be supported by major projects such as the Pan Borneo Highway project whereby construction materials are seen as potential cargoes for the industry in the next few years. Two of the project's work packages are being implemented while the remaining ten work packages for the multi-billion Ringgit project had been finalised and are expected to be awarded in stages. In addition, Westports Holdings Berhad, which is the operator of one of Malaysia's largest ports, is expanding its container terminals in view of the increasing container volume and high terminal utilisation. These developments are expected to propel growth in the East Malaysian market.

Consolidation of shipping companies through mergers and acquisitions is seen as a trend in the industry as a consequence of persisting challenging operating environment In line with these trends, PDZ is looking forward to develop and strengthen its service partnership with other carriers in the region that will enable PDZ to create economies of scale and achieve cost optimisation. Besides that, PDZ will continue to capitalise on available opportunities to progressively expand the scale and scope of its operations in the region by migrating along the supply chain to provide other complementary services including amongst others, warehousing and freight forwarding services.

The Group will continue to operate its business in accordance with its strategic direction to create a sustainable business through business optimisation, cost efficiency programmes, revenue expansion and a strong customer focus to further improve the overall performance of the Group. The acquisition of container and tug barge as set out in Section 5(i) of this Abridged Prospectus reflects a change in the Group's strategic business direction to focus on shorter routes and maximise the Group's profitability. In addition, with an additional vessel to be funded via the proceeds from the Rights Issue with Warrants, PDZ will restore its service to cover all East Malaysia ports and at the same time, increase its fleet capacity as set out in Section 5(vii) in this Abridged Prospectus.

In order to ensure its continued competitiveness, cost leadership is a key strategic priority for the Group. Therefore, the Group is constantly seeking to drive efficiency in its business through streamlining of operations and digitalisation of processes internally. Externally, the Group remains focused on its continued cost reduction strategies to minimise its operating costs. The potential disposal of the larger and older PDZ Mewah and PDZ Maju as set out in Section 5(i) of this Abridged Prospectus also reflects another cost-cutting approach currently being considered by the Group.

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8. EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

The pro forma effects of the Rights Issue with Warrants are set out below:-

8.1 Share capital

	Minimum Scenario		Maximum Scenario	
	No. of Shares	Share capital (RM)	No. of Shares	Share capital (RM)
Share capital as at the LPD	217,330,280	34,521,463	217,330,280	34,521,463
New Shares to be issued pursuant to the Rights Issue with Warrants	150,000,000	(1)15,000,000	434,660,560	(1)43,466,056
	367,330,280	49,521,463	651,990,840	77,987,519
New Shares to be issued assuming full exercise of the Warrants	112,500,000	(2)11,250,000	325,995,420	(2)32,599,542
Enlarged issued share capital	**479,830,280**	**60,771,463**	**977,986,260**	**110,587,061**

Notes:-
(1) Based on the issue price of RM0.10 per Share.
(2) Based on the exercise price of RM0.10 per Warrant.

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8.2 NA and gearing

Minimum Scenario

	Audited as at 31 December 2016 RM'000	(I) After subsequent events[2] RM'000	(II) After (I) and Rights Issue with Warrants[3][4] RM'000	(III) After (II) and assuming full exercise of the Warrants[5] RM'000
Share capital	86,932	6,932	21,932	33,182
Share premium	27,589	27,589	27,589	27,589
Reserves[1]	(84,275)	(4,275)	(5,275)	(5,275)
Shareholders' equity / NA	**30,246**	**30,246**	**44,246**	**55,496**
Non-controlling interest	1,246	1,246	1,246	1,246
Total equity	**31,492**	**31,492**	**45,492**	**56,742**
No. of Shares in issue ('000)	869,321	217,330	367,330	479,830
NA per Share (RM)	0.03	0.14	0.12	0.12
Total borrowings (RM'000)	-	-	-	-
Gearing (times)	-	-	-	-

Notes:-

(1) Reserves comprise revaluation reserve, foreign currency translation reserve, accumulated losses / retained earnings and warrant reserve.

(2) After adjusting for the following:-
(i) Share Capital Reduction which was completed on 16 November 2017; and
(ii) Share Consolidation which was completed on 5 December 2017.

(3) Based on the Minimum Subscription Level of 150,000,000 Rights Shares at the issue price of RM0.10 each together with 112,500,000 Warrants.

(4) After accounting for the warrant reserve based on the issuance of 112,500,000 Warrants at an allocated fair value of RM0.1365 per Warrant and deducting estimated expenses incidental to the Corporate Exercises of approximately RM1 million.

(5) Based on the exercise price of RM0.10 per Warrant.

Maximum Scenario

Group level	Audited as at 31 December 2016 (RM'000)	(I) After subsequent events[2] (RM'000)	(II) After (I) and Rights Issue with Warrants[3][4] (RM'000)	(III) After (II) and assuming full exercise of the Warrants[5] (RM'000)
Share capital	86,932	6,932	50,398	82,998
Share premium	27,589	27,589	27,589	27,589
Reserves[1]	(84,275)	(4,275)	(5,275)	(5,275)
Shareholders' equity / NA	**30,246**	**30,246**	**72,712**	**105,312**
Non-controlling interest	1,246	1,246	1,246	1,246
Total equity	**31,492**	**31,492**	**73,958**	**106,558**
No. of Shares in issue ('000)	869,321	217,330	651,991	977,986
NA per Share (RM)	0.03	0.14	0.11	0.11
Total borrowings (RM'000)	-	-	-	-
Gearing (times)	-	-	-	-

Notes:-

(1) Reserves comprise revaluation reserve, foreign currency translation reserve, accumulated losses / retained earnings and warrant reserve.

(2) After adjusting for the following:-
 (i) Share Capital Reduction which was completed on 16 November 2017; and
 (ii) Share Consolidation which was completed on 5 December 2017.

(3) Assuming all the Entitled Shareholders and/or their renouncee(s) fully subscribe for their respective entitlements of Rights Shares at the issue price of RM0.10 each together with the Warrants.

(4) After accounting for the warrant reserve based on the issuance of 325,995,420 Warrants at an allocated fair value of RM0.1365 per Warrant and deducting estimated expenses incidental to the Corporate Exercises of approximately RM1 million.

(5) Based on the exercise price of RM0.10 per Warrant.

8.3 Substantial shareholders' shareholdings

The substantial shareholders of the Company based on the Register of Substantial Shareholders as at the LPD and the pro forma effects of the Rights Issue with Warrants on their shareholdings 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			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%	No. of Shares	(3)%	No. of Shares	(3)%
Pelaburan MARA Berhad	50,618,954	23.29	-	-	50,618,954	13.78	-	-	50,618,954	10.55	-	-
Tan Chor How Christopher	250,000	0.12	-	-	60,250,000	16.40	-	-	105,250,000	21.93	-	-
Kua Khai Loon	750,000	0.35	-	-	45,750,000	12.45	-	-	79,500,000	16.57	-	-
Cheng Kim Liang	25,000	0.01	-	-	45,025,000	12.26	-	-	78,775,000	16.42	-	-

Notes:-
(1) Based on the issued share capital of 217,330,280 Shares.
(2) Based on the enlarged issued share capital of 367,330,280 Shares.
(3) Based on the enlarged issued share capital of 479,830,280 Shares.

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Maximum Scenario

Under the Maximum Scenario, the Undertaking Shareholders will not become substantial shareholders of the Company.

Substantial shareholders	As at the LPD				(I) After the Rights Issue with Warrants				(II) After (I) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%	No. of Shares	(3)%	No. of Shares	(3)%
Pelaburan MARA Berhad	50,618,954	23.29	-	-	151,856,862	23.29	-	-	227,785,293	23.29	-	-

Notes:-
(1) Based on the issued share capital of 217,330,280 Shares.
(2) Based on the enlarged issued share capital of 651,990,840 Shares.
(3) Based on the enlarged issued share capital of 977,986,260 Shares.

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8.4 Earnings and EPS

The effects of the Rights Issue with Warrants on the consolidated earnings and EPS of PDZ for the FYE 31 December 2018 will depend on, amongst others, the number of Rights Shares to be issued and the level of returns generated from the utilisation of proceeds to be raised from the Rights Issue with Warrants. However, assuming that the consolidated earnings of PDZ remains unchanged, the consolidated EPS of PDZ will be diluted as a result of the increase in the number of PDZ Shares in issue following the issuance of the Rights Shares and the new PDZ Shares arising from the exercise of the Warrants.

8.5 Convertible securities

As at the LPD, PDZ does not have any outstanding convertible securities.

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

9.1 Working capital

The Board is of the opinion that, after taking into consideration the Group's financial position, the funds generated from the Group's operations and the banking facilities available to the Group, the Group will have 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 borrowing (which is interest bearing) is set out as follows:-

Borrowings	Total (RM'000)
Short-term loan	300

There has not been any default on payments of either interest and/or principal sums on any of the Group's 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, there are no other contingent liabilities:-

PDZ had on 10 June 2016 vide its letter accepted the proposal by Kundang Lakes Country Club Sdn Bhd ("**KLCCSB**") whereby KLCCSB will take over the time charter of 2 vessels, namely MV Formosa Container 5 and MV FPMC Container 1, owned by Formosa Plastics Marine Corporation ("**Formosa**") from PDZ. Pursuant thereto, PDZ had on 5 August 2016 issued a corporate guarantee to Formosa in the sum of USD562,500 or RM2.29 million(1) to secure the payment of 1 month's deposit and the fourth (4th) and fifth (5th) hire outstanding for each of the vessels by Eastgate Ventures Sdn Bhd ("**Eastgate**"), being the subsidiary of KLCCSB. Please refer to Section 4(ii) of Appendix VII of this Abridged Prospectus for further details.

Note:-

(1) Based on BNM's exchange rate of USD1:RM4.0665 as at the LPD.

9.4 Material commitments

As at the LPD, there are no material commitments incurred that have not been provided for.

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 Applications and the procedures to be followed should you and/or your transferee(s) and/or your renouncee(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 renouncee(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 that you have been provisionally allotted as well as to apply for Excess Rights Shares with Warrants if you choose to do so. This Abridged Prospectus and the RSF are also available at the Registered Office, 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 renouncee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making the applications.

10.3 Procedures for acceptance and payment

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, Securities Services (Holdings) Sdn Bhd, at the following address:-

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

Tel : +603 - 2084 9000
Fax : +603 - 2094 9940

so as to arrive not later than 5.00 p.m. on **Friday, 22 January 2018**, being the last date and time for the acceptance and payment for the Rights Shares with Warrants.

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

Only 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 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 will be given the Warrants on the basis of 1 Warrant for every 2 Rights Shares successfully subscribed for. The minimum number of Rights Shares with Warrants that can be subscribed or accepted is 1 Rights Share. The Warrants will be detached from the Rights Shares immediately upon issuance and traded separately on Bursa Securities. However, you and/or your renouncee/transferee (if applicable) should take note that a trading board lot comprises 100 Shares and 100 Warrants, respectively. Fractions of a Rights Share and/or a Warrant 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.

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 **"PDZ RIGHTS ISSUE ACCOUNT"**, crossed **"ACCOUNT PAYEE ONLY"** and endorsed on the reverse side with your name in block letters, contact number, address and your CDS Account number, and must be received by the Share Registrar by 5.00 p.m. on **Friday, 22 January 2018**. 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 OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE ISSUED BY THE COMPANY OR THE SHARE REGISTRAR 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.
PROOF OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR OR THE COMPANY.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. THE BOARD RESERVES THE RIGHT AT ITS ABSOLUTE DISCRETION 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 OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

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 BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.

ALL RIGHTS SHARES AND WARRANTS TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WITH WARRANTS WILL BE ALLOTTED BY WAY OF CREDITING SUCH RIGHTS SHARES AND THE WARRANTS INTO THE CDS ACCOUNTS OF THE ENTITLED SHAREHOLDERS AND/OR THEIR TRANSFEREE(S) AND/OR THEIR RENOUNCEE(S) (IF APPLICABLE). 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 our Share Registrar by 5.00 p.m. on **Friday, 22 January 2018**, 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 not taken up or not validly taken up to applicants applying for the Excess Rights Shares with Warrants in the manner as set out in Section 10.6 of this Abridged Prospectus.

10.4 Procedures for part acceptance

If you do not wish to accept the Rights Shares with Warrants 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 accepted is 1 Rights Share. Fractions of a Rights Share and/or a Warrant 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 Shares and 100 warrants respectively.

You must complete both Part I(A) of the RSF by specifying the number of Rights Shares with Warrants which you are accepting and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to the Share Registrar in the same manner as set out in Section 10.3 of this Abridged Prospectus.

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

10.5 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 applied for to the Share Registrar. Please refer to Section 10.3 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.

10.6 Procedures for the Excess Rights Shares with Warrants Application

If you wish to apply for additional Rights Shares with Warrants 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 applied for, to our Share Registrar so as to arrive not later than 5.00 p.m. on **Friday, 22 January 2018**, being the last time and date for Excess Rights Shares with Warrants Applications and payment.

Payment for the Excess Rights Shares with Warrants Application(s) be made in the same manner as set out in Section 10.3 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 **"PDZ 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 our Share Registrar by 5.00 p.m. on **Friday, 22 January 2018**. The payment must be made for the exact amount payable for the Excess Rights Shares with Warrants Application(s). Any excess or insufficient payment may be rejected at the absolute discretion of the Board. Cheques or other mode(s) of payment not prescribed herein are not acceptable.

It is the intention of the Board to allot the Excess Rights Shares with Warrants, 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, based on 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, based on the quantum of their respective excess application; and

(iv) finally, on a pro-rata basis and in board lots, to the renouncee(s) who have applied for Excess Rights Shares with Warrants, based on the quantum of their respective excess application.

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

Notwithstanding the foregoing, the Board reserves the right to allot any Excess Rights Shares with Warrants 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 10.6 (i), (ii), (iii) and (iv) above is achieved. The Board also reserves the right to allot any Excess Rights Shares with Warrants Application, 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 OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS SHARES WITH WARRANTS APPLICATION. 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 OUR 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 APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. THE BOARD RESERVES THE RIGHT AT ITS ABSOLUTE DISCRETION 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 APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.

10.7 Procedures to be followed by transferee(s) and/or renouncee(s)

As a transferee and/or renouncee, the procedures for acceptance, selling or transferring of Provisional Allotments, applying for the Excess Rights Shares with Warrants and/or payment is the same as that which is applicable to Entitled Shareholders as described in Sections 10.3 to 10.6 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 PDZ, 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.

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

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

10.9 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 may be restricted or prohibited (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain countries or jurisdiction under the relevant laws of those countries or jurisdictions.

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

As a result, this Abridged Prospectus, the NPA and the RSF have not been (and will not be) sent to our Foreign-Addressed Shareholders. However, Foreign-Addressed Shareholders may collect this Abridged Prospectus, the NPA and the RSF from the Share Registrar, Securities Services (Holdings) Sdn Bhd, Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 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.

If you are a Foreign-Addressed Shareholder, 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 our 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 renouncee(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 renouncee(s) (if applicable) is or might be subject to.

The Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(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 renouncee(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 renouncee(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 our 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 available for excess application by other Entitled Shareholders and/or their transferee(s) and/or their renouncee(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, 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 renouncee(s) is or might be subject to;

(ii) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) has complied with the laws to which the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(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 renouncee(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 renouncee(s) is/are aware that the Rights Shares with Warrants 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 renouncee(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 renouncee(s) deem(s) necessary in connection with the Foreign-Addressed Shareholder and/or his transferee and/or his renouncee's decision to subscribe for or purchase the Rights Shares and Warrants; and

(vi) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(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, 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.

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

12. FURTHER INFORMATION

You are requested to refer to the enclosed Appendices for further information.

Yours faithfully
For and on behalf of the Board of
PDZ HOLDINGS BHD

TAN CHOR HOW CHRISTOPHER
Executive Director cum Chief Executive Officer

APPENDIX I - INFORMATION ON THE COMPANY

1. HISTORY AND PRINCIPAL ACTIVITIES

PDZ was incorporated in Malaysia as a public limited company under the Companies Act, 1965 on 20 September 1995, and is deemed registered under the Act. The Company was listed on the Main Board of the Kuala Lumpur Stock Exchange (now known as the Main Market of Bursa Securities) on 5 July 1996.

The principal activity of PDZ is investment holding. The subsidiaries of PDZ are principally involved in the provision of container shipping and related services. The principal activities of PDZ's subsidiaries are set out in Section 5 of this Appendix I.

2. SHARE CAPITAL

The Company's share capital as at the LPD is as follows:-

	No. of Shares	Total (RM)
Share capital	217,330,280	34,521,463

Details of the changes in the Company's issued share capital for the last 3 years prior to the LPD are as follows:-

Date of allotment / completion	No of Shares allotted	Consideration / Type of issue	Cumulative share capital (RM)
16.11.2017	-	Reduction of the share capital of the Company from RM114,521,463 to RM34,521,463	34,521,463

3. 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.

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4. DIRECTORS

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

Name *(Designation)*	Age	Address	Nationality	Profession
Tan Chor How Christopher *(Executive Director cum Chief Executive Officer)*	37	No. 2 Jalan Damar Bayu 3A Glenmarie Cove 42000 Pelabuhan Klang Selangor	Malaysian	Company Director
Ho Jien Shiung *(Executive Director)*	33	18 Laluan Bulan 2 Taman Kinta 31400 Ipoh, Perak	Malaysian	Businessman
Dato' Ahmad Nazim bin Abd Rahman *(Non-Independent Non-Executive Director)*	42	177, Taman Nakishah 05450 Alor Setar Kedah	Malaysian	Company Director
Hoo Swee Guan *(Independent Non-Executive Director)*	35	No. 8, Jalan Ria 4 Taman Ria 86700 Kahang Johor	Malaysian	Accountant
Dato' Ahmad Zaffry bin Sulaiman *(Independent Non-Executive Director)*	42	Divina Residences No. 1 Jalan Kailan 24/39 Seksyen 24 40300 Shah Alam Selangor	Malaysian	Businessman

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APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)

Save as disclosed below, none of the Directors have any direct and/or indirect shareholding in the Company as at the LPD.

Minimum Scenario

Directors	As at the LPD				(I) After the Rights Issue with Warrants				(II) After (I) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%	No. of Shares	(3)%	No. of Shares	(3)%
Tan Chor How Christopher	250,000	0.12	-	-	60,250,000	16.40	-	-	105,250,000	21.93	-	-

Notes:-
(1) Based on the issued share capital of 217,330,280 Shares.
(2) Based on the enlarged issued share capital of 367,330,280 Shares.
(3) Based on the enlarged issued share capital of 479,830,280 Shares.

Maximum Scenario

Directors	As at the LPD				(I) After the Rights Issue with Warrants				(II) After (I) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%	No. of Shares	(3)%	No. of Shares	(3)%
Tan Chor How Christopher	250,000	0.12			750,000	0.12			1,125,000	0.12	-	-

Notes:-
(1) Based on the issued share capital of 217,330,280 Shares.
(2) Based on the enlarged issued share capital of 651,990,840 Shares.
(3) Based on the enlarged issued share capital of 977,986,260 Shares.

5. SUBSIDIARIES AND ASSOCIATED COMPANIES

As at the LPD, PDZ does not have any associated companies. The Company's subsidiaries as at the LPD are as follows:-

Name of company	Date and place of incorporation	Share capital	Effective equity interest (%)	Principal activities
PDZ Shipping Agency (Bintulu) Sdn Bhd	31.1.2000 Malaysia	RM100,000	100.00	Shipping agent and provision of related services
Perkapalan Dai Zhun (Johore) Sdn Bhd	27.07.1990 Malaysia	RM3,700,000 (Ordinary shares) RM46,000,000 (Preference shares)	99.99	Shipping and provision of related services
Tong Joo Shipping Pte Ltd	18.10.1988 Singapore	SGD200,000	100.00	Shipping and commission agent
PDZ Shipping Agency (Kuching) Sdn Bhd	5.7.2002 Malaysia	RM50,000	100.00	Shipping agent and provision of related services
PDZ Shipping Agency Sdn Bhd	19.10.1999 Malaysia	RM100,000	51.00	Shipping agent and provision of related services
PDZ Shipping Agency (Sabah) Sdn Bhd	18.12.1999 Malaysia	RM100,000	51.00	Shipping agent and provision of related services
PDZ Shipping Agency (Sibu) Sdn Bhd	27.8.2001 Malaysia	RM50,000	60.00	Shipping agent and provision of related services
PDZ Shipping Agency (Johor) Sdn Bhd	12.5.2000 Malaysia	RM100,000	60.00	Shipping agent and provision of related services
PDZ Shipping Agency (Tawau) Sdn Bhd	7.4.2000 Malaysia	RM100,000	51.00	Shipping agent and provision of related services
Fokus Marine Sdn Bhd	18.4.2000 Malaysia	RM10,000 (Ordinary shares) RM10,000,000 (Preference shares)	99.99	Shipping and provision of related services
Arus Marine Sdn Bhd	7.4.2000 Malaysia	RM1,000	99.90	Dormant
Beta Marine Sdn Bhd	12.5.2000 Malaysia	RM1,000	99.90	Dormant

APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)

Name of company	Date and place of incorporation	Share capital	Effective equity interest (%)	Principal activities
Erat Marine Sdn Bhd	18.4.2000 Malaysia	RM1,000	100.00	Dormant
Jati Marine Sdn Bhd	21.4.2000 Malaysia	RM10,000 (Ordinary shares) RM7,000,000 (Preference shares)	99.99	Dormant
PDZ Lines Sdn Bhd	22.5.1997 Malaysia	RM2.00	100.00	Dormant

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6. PROFIT AND DIVIDEND RECORD

The profit and dividend record of the Group based on the audited consolidated financial statements of the Group for the FYE 30 June 2014, FYE 30 June 2015 and 18-month FPE 31 December 2016 as well as the unaudited consolidated financial statements of the Group for the 9-month FPE 30 September 2016 and 9-month FPE 30 September 2017 are as follows:-

	Audited			Unaudited	
	FYE 30 June 2014 (RM'000)	FYE 30 June 2015 (RM'000)	18-month FPE 31 December 2016[(1)] (RM'000)	9-month FPE 30 September 2016 (RM'000)	9-month FPE 30 September 2017 (RM'000)
Revenue	161,229	161,311	173,213	75,832	7,549
Cost of sales	(146,971)	(146,102)	(167,048)	(74,399)	(8,950)
GP / (GL)	**14,258**	**15,209**	**6,165**	**1,433**	**(1,401)**
Other operating income / (expenses)	2,478	1,012	13,541	6,167	(905)
Administrative expenses	(14,262)	(14,241)	(22,651)	(10,339)	(5,246)
Profit / (loss) from operations	2,474	1,980	(2,945)	(2,739)	(7,552)
Business diversification expenses	-	(4,202)	-	-	-
Reversal of impairment / (impairment) of property, plant & equipment	-	(50,207)	-	-	4,485
Gain on foreign exchange	-	-	-	379	-
Reversal of impairment / (impairment) of financial asset	-	(5,000)	2,972	-	-
Finance costs	(296)	(336)	(560)	(129)	-
PBT / (LBT)	**2,178**	**(57,765)**	**(533)**	**(2,489)**	**(3,067)**
Taxation	(1,313)	(1,045)	(1,082)	272	-
PAT / (LAT)	**865**	**(58,810)**	**(1,615)**	**(2,217)**	**(3,067)**
Profit / (loss) attributable to:-					
- owners of the Company	(493)	(60,018)	(2,174)	(2,589)	(2,760)
- non-controlling interests	1,358	1,208	559	372	(307)
Earnings / (loss) before interest, tax, depreciation and amortisation	9,372	(52,702)	2,333	(744)	(2,218)
GP / (GL) margin (%)	8.84	9.43	3.56	1.89	(18.56)
PAT / (LAT) margin (%)	0.54	(36.46)	(0.93)	(2.92)	(40.63)
Weighted average number of Shares in issue ('000)	869,321	869,321	869,321	869,321	869,321
EPS / (LPS)					
- basic (sen)	(0.06)	(6.90)	(0.25)	(0.30)	(0.32)
- diluted (sen)	[(2)]-	[(2)]-	[(2)]-	[(2)]-	[(2)]-
Dividend (sen)	-	-	-	-	-

Notes:-

(1) As a result of change in the financial year end of the Company from 30 June to 31 December, the next audited financial statements of the Company was for a period of 18 months from 1 July 2015 to 31 December 2016. Thereafter, the financial year end of the Company shall end on 31 December for all subsequent years.

(2) Diluted EPS / (LPS) is not presented as there are no dilutive ordinary shares during the financial year.

Commentary on past financial performance:-

(i) FYE 30 June 2015 vs FYE 30 June 2014

Revenue in FYE 30 June 2015 remain largely unchanged compared to the previous financial year. Accordingly, coupled with stable cost of sales, the Group's GP margin remained relatively consistent.

Despite higher revenue, the Group recorded a LBT of RM57.77 million for FYE 30 June 2015 against a PBT of RM2.18 million for the previous financial year, mainly attributable to:-

(a) one-off expenses incurred for business diversification of the Group into the downstream of oil and gas industry of RM4.20 million which include, amongst others, consultancy and professional fees in relation to various proposals relating to the Previous Proposed LPG Production which subsequently lapsed in September 2016;

(b) one-off impairment loss of RM50.21 million for PDZ Maju, PDZ Megah and PDZ Mewah as their respective carrying amounts were deemed to be in excess of their respective fair values following an impairment test, mainly as a result of the general slowdown in the container shipping industry; and

(c) impairment on financial asset of RM5 million, being a deposit sum paid by the Company pursuant to a share sale agreement between the Company and Johany Jaafar for the acquisition of shares in Efogen Sdn Bhd by the Company. The agreement was terminated in September 2014 but the deposit was not duly refunded. Further details of this transaction are set out in Section 4(i) in Appendix VII of this Abridged Prospectus.

(ii) 18-month FPE 31 December 2016 vs FYE 30 June 2015

The Group registered revenue of RM173.21 million in the 18-month FPE 31 December 2016 (or RM115.47 million on an annualised basis) as compared to RM161.31 million in the FYE 30 June 2015. The lower revenue was mainly due to weaker cargo demand arising from the general economic slowdown and lower freight rates due to stiff competition from new entrants in the market.

The Group recorded a lower GP margin of 3.56% in the 18-month FPE 31 December 2016 as compared to a 9.43% in the FYE 30 June 2015. This was mainly due to the weakening of the RM against the USD resulting in an overall increase in cost of sales. The Group's cost of sales mainly consists of bunker costs, time charter costs and vessel running costs, which are mainly denominated in USD.

The Group recorded a lower LBT of RM0.53 million in the 18-month FPE 31 December 2016 (or RM0.35 million on an annualised basis) as compared to RM57.77 million in the FYE 30 June 2015. This was mainly due to:-

(a) one-off expenses incurred for business diversification of the Group into the downstream of oil and gas industry of RM4.20 million recorded in the FYE 30 June 2015 as described in Section 6(i) above;

(b) one-off impairment charge for PDZ Maju, PDZ Megah and PDZ Mewah in the FYE 30 June 2015 as described in Section 6(i) above; and

(c) higher other operating income of RM13.54 million recorded in 18-month FPE 31 December 2016 as compared to RM1.01 million in the FYE 30 June 2015. This was mainly due to a one-off gain on disposal arising from the disposal of a former subsidiary, Perkapalan Dai Zhun Sdn Bhd. Further details on this disposal are set out in Section 4(xi) in Appendix VII of this Abridged Prospectus.

(iii) 9-month FPE 30 September 2017 vs 9-month FPE 30 September 2016

The Group registered revenue of RM7.55 million as compared to RM75.83 million in the previous corresponding period, representing a decline of 90.0%. This was mainly attributable to reduction in business volume as the Group's operations were affected by the arrest of PDZ Mewah and PDZ Maju during the 9-month FPE 30 September 2017 as detailed in Section 4 of Appendix VII of this Abridged Prospectus.

Due to the said arrests, the Group has been purchasing slots from third party vessels to continue serving its customers. Moreover, despite the said arrests, the Group still continued to incur costs for the vessel's maintenance and crew. Resulting therefrom, the Group recorded a GL margin of 18.56% as compared to a GP margin of 1.89% in the previous corresponding period.

Due to the reasons above, the Group recorded a LAT of RM3.07 million for the 9-month FPE 30 September 2017 as compared to a LAT of RM2.22 million for the previous corresponding period, representing an increase in LAT of approximately 38.29%. The increase in LAT was partially offset by lower administrative expenses of RM5.25 million in the 9-month FPE 30 September 2017 as compared to RM10.34 million in the previous corresponding period, mainly driven by the reduction of staff expenses, as part of the cost-rationalisation initiatives undertaken by the Group to streamline its business operations. The reduction was mainly contributed by the identification and closure of loss making business units that resulted in cost savings of approximately RM0.5 million per month. In addition, the approved Directors' fees for the financial year 2017 also saw a decrease as compared to the previous corresponding period. It was introduced as part of the Group's continued efforts to enhance efficiency and productivity within the Group.

Apart from the above, the increase in LAT was partially offset by a one-off reversal of impairment of property, plant and equipment of RM4.49 million during the 9-month FPE 30 September 2017. This reversal of impairment was in relation to the Group's vessels, PDZ Mewah and PDZ Maju. The carrying values of PDZ Mewah and PDZ Maju (which took into account, amongst others, impairment losses previously recognised during the FYE 30 June 2015) were less than the market values of PDZ Mewah and PDZ Maju based on a valuation conducted by an independent valuer in April 2017, thus giving rise to the reversal of impairment. The increase in the market values of PDZ Mewah and PDZ Maju was mainly due to higher scrap metal price.

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7. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of PDZ Shares traded on Bursa Securities for the past 12 months up to December 2017 (being the last full trading month prior to the date of this Abridged Prospectus) are as follows:-

	High (RM)	Low (RM)
2017		
January	0.085	0.065
February	0.080	0.065
March	0.080	0.060
April	0.075	0.065
May	0.070	0.055
June	0.060	0.050
July	0.050	0.045
August	0.050	0.040
September	0.065	0.045
October	0.060	0.045
November	(1)0.185	0.040
December	0.165	0.130

Note:-
(1) Adjusted pursuant to the Share Consolidation.

	RM
Last transacted market price on 3 March 2017, being the last Market Day immediately prior to the first announcement of the Rights Issue with Warrants	0.065
Last transacted market price as at the LPD	0.160
Last transacted market price on 2 January 2017, being the Market Day immediately prior to the ex-date for the Rights Issue with Warrants	0.145

(Source: Bloomberg)

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APPENDIX II – CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTIONS PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT THE EGM HELD ON 7 NOVEMBER 2017

PDZ HOLDINGS BHD.

(360419-T)

(Incorporated in Malaysia)

This is an Extract of the Minutes of the Extraordinary General Meeting of PDZ Holdings Bhd. ("PDZ" or "the Company") held at Pendeta 1, Le Grandeur Palm Resort Johor, Jalan Persiaran Golf, Off Jalan Jumbo, 81250 Senai, Johor on Tuesday, 7 November 2017 at 10.30 a.m.

The Chairman announced the polling results for the resolutions based on the total votes casted as submitted and verified by the Independent Scrutineer as follows:-

No.	Resolutions	Vote For		Vote Against	
		No. of shares	%	No. of shares	%
1.	Special Resolution Proposed reduction of the Company's share capital pursuant to Section 116 of the Companies Act 2016	205,575,819	100	-	-
2.	Ordinary Resolution 1 Proposed share consolidation of every 4 ordinary shares into 1 new ordinary share in PDZ ("PDZ Share" or "Share") ("Proposed Share Consolidation")	205,575,819	100	-	-
3.	Ordinary Resolution 2 Proposed Renounceable Rights Issue of up to 434,660,640 Shares ("Rights Shares") together with up to 325,995,480 free detachable warrants in PDZ ("Warrants") on the basis of 4 Rights Shares together with 3 free Warrants for every 2 existing Shares held by the entitled shareholders of PDZ on an entitlement date to be determined by the Board at a later date (After the Proposed Share Consolidation)	205,575,819	100	-	-
4.	Ordinary Resolution 3 Proposed establishment of an Employees' Share Option Scheme involving up to 15% of the total number of issued shares of PDZ (excluding Treasury Shares, if any) for eligible Directors and Employees of PDZ and its subsidiaries	205,575,819	100	-	-

CERTIFIED TRUE COPY
15 DEC 2017
TEA SOR HUA
Company Secretary
MACS 01324

APPENDIX II – CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTIONS PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT THE EGM HELD ON 7 NOVEMBER 2017 (CONT'D)

PDZ Holdings Bhd. (360419-T)

Extract of the Minutes of the Extraordinary General Meeting held on 7 November 2017 ....cont'd

The Chairman then declared that all the following resolutions as set out in the Notice were CARRIED unanimously:

SPECIAL RESOLUTION

PROPOSED REDUCTION OF THE COMPANY'S SHARE CAPITAL PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016 ("ACT") ("PROPOSED SHARE CAPITAL REDUCTION")

"**THAT** subject to the confirmation by the High Court of Malaya pursuant to Section 116 of the Act, the Board be and is hereby given the authority and approval to reduce the ordinary share capital of the Company via the cancellation of the issued share capital of RM80,000,000 and that the credit arising from such share capital reduction to be credited to the Company's retained earnings accounts and to be utilised to set off the accumulated losses of the Company and the remaining balance (if any) will be credited to the retained earnings of the Company which shall then be utilised in a manner to be determined by the Board at a later date and in the best interest of the Company as permitted by the relevant and applicable laws ("**Proposed Share Capital Reduction**");

AND THAT the Board be and is hereby authorised to take such steps, execute such documents and enter into any arrangements, agreements and/or undertakings with any party or parties as it may deem fit, necessary, expedient and/or appropriate in order to implement, finalise and/or give effect to the Proposed Share Capital Reduction with full powers to assent to any terms, conditions, modifications, variations and/or amendments as may be imposed or permitted by the High Court of Malaya and/or as a consequence of any such requirement or as may be deemed fit, necessary, expedient and/or appropriate and in the best interest of the Company."

ORDINARY RESOLUTION 1

PROPOSED SHARE CONSOLIDATION OF EVERY 4 ORDINARY SHARES INTO 1 NEW ORDINARY SHARE IN PDZ ("PDZ SHARE" OR "SHARE") ("PROPOSED SHARE CONSOLIDATION")

"**THAT** subject to the approval of all relevant authorities and parties being obtained (if required), approval be and is hereby given for the Company to give effect to the consolidation of every 4 PDZ Shares into 1 new PDZ Share ("**Consolidated Share**");

THAT the Consolidated Shares shall, upon allotment and issuance, rank *pari passu* in all respects with one another. Fractional entitlements arising from the Proposed Share Consolidation shall be disregarded and dealt with by the Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of the Company;

AND THAT the Board be and is hereby authorised with full power to make any modifications, variations and/or amendments in any manner as may be in the best interest of the Company and/or as may be required by the relevant authorities to give effect to the Proposed Share Consolidation and to take all steps and do all acts and things in any manner as they may deem necessary to complete, finalise, implement and give full effect to the Proposed Share Consolidation."

CERTIFIED TRUE COPY
15 DEC 2017
TEA SOR HUA
Company Secretary
MACS 01324

CERTIFIED TRUE COPY
15 DEC 2017
TEA SOR HUA
Company Secretary
MACS 01324

PDZ Holdings Bhd. (360419-T)

Extract of the Minutes of the Extraordinary General Meeting held on 7 November 2017….cont'd

ORDINARY RESOLUTION 2

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 434,660,640 SHARES ("RIGHTS SHARES") TOGETHER WITH UP TO 325,995,480 FREE DETACHABLE WARRANTS IN PDZ ("WARRANTS") ON THE BASIS OF 4 RIGHTS SHARES TOGETHER WITH 3 FREE WARRANTS FOR EVERY 2 EXISTING SHARES HELD BY THE ENTITLED SHAREHOLDERS OF PDZ ON AN ENTITLEMENT DATE TO BE DETERMINED BY THE BOARD AT A LATER DATE (AFTER THE PROPOSED SHARE CONSOLIDATION) ("PROPOSED RIGHTS ISSUE WITH WARRANTS")

"**THAT** subject to the passing of the Ordinary Resolution 1 above, the completion of the Proposed Share Consolidation and the approval of all relevant authorities and parties being obtained (if required), approval be and is hereby given for the Company to undertake the Proposed Rights Issue with Warrants as follows:-

(i) to provisionally issue and allot by way of a renounceable rights issue of up to 434,660,640 Rights Shares together with up to 325,995,480 Warrants to the shareholders of the Company ("**Shareholders**") whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined by the Board ("**Rights Entitlement Date**") ("**Entitled Shareholders**"), and/or their renouncee(s), on the basis of 4 Rights Shares together with 3 free Warrants for every 2 existing Shares held on the Rights Entitlement Date at an issue price to be determined by the Board and on such terms and conditions and in such manner as the Board may determine;

(ii) to enter into and execute the deed poll constituting the Warrants ("**Deed Poll**") and to do all acts, deeds and things as the Board may deem fit or expedient in order to implement, finalise and give effect to the Deed Poll wherein each of the Warrants will carry the rights to subscribe, subject to any adjustment in accordance with the Deed Poll to be executed, at any time during the "Exercise Period" as defined in the Deed Poll, for 1 new Share at an exercise price to be determined by the Board at a later date and that the Common Seal of the Company be affixed to the Deed Poll in accordance with the provisions of the Constitution of the Company;

(iii) to allot and issue in registered form to the Entitled Shareholders (and/or their renouncee(s), as the case may be) who subscribe for and are allotted the Rights Shares, each Warrant conferring the right to subscribe for 1 new Share at an exercise price to be determined by the Board on the Entitlement Date, subject to the provisions for adjustment to the subscription rights attached to the Warrants in accordance with the provisions of the Deed Poll;

(iv) to allot and issue such number of additional Warrants as may be required or permitted to be issued as a result of any adjustments under the provisions of the Deed Poll ("**Additional Warrants**") and to adjust from time to time the exercise price of the Warrants as a consequence of the adjustments under the provisions of the Deed Poll and/or to effect such modifications, variations and/or amendments as may be imposed, required or permitted by Bursa Malaysia Securities Berhad ("**Bursa Securities**") and any other relevant authorities or parties (if required); and

(v) to allot and issue such number of new Shares credited as fully paid-up to the holders of the Warrants upon their exercise of the relevant Warrants to subscribe for new Shares during the tenure of the Warrants, and such further new Shares as may be required or permitted to be issued pursuant to the exercise of the Additional Warrants and such adjustments in accordance with the provisions of the Deed Poll;

APPENDIX II – CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTIONS PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT THE EGM HELD ON 7 NOVEMBER 2017 (CONT'D)

PDZ Holdings Bhd. (360419-T)

Extract of the Minutes of the Extraordinary General Meeting held on 7 November 2017.......cont'd

THAT the Board be and is hereby authorised to determine and vary if deemed fit, necessary and/or expedient, the issue price of the Rights Shares and the exercise price of the Warrants to be issued in connection with the Proposed Rights Issue with Warrants;

THAT any Rights Shares which are not validly taken up or which are not allotted for any reason whatsoever to the Entitled Shareholders and/or their renouncee(s) shall be made available for excess applications in such manner and to such persons (**"Excess Applicants"**) as the Board shall determine at its absolute discretion;

THAT the Rights Shares, Warrants and new Shares to be issued pursuant to the exercise of the Warrants and Additional Warrants (if any) shall be listed on the Main Market of Bursa Securities;

THAT the proceeds of the Proposed Rights Issue with Warrants be utilised for the purposes as set out in Section 3 of the Circular to Shareholders dated 16 October 2017 and the Board be and is hereby authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient or in the best interests of the Company, subject (where required) to the approval of the relevant authorities;

THAT the Board be and is hereby empowered and authorised to do all acts, deeds and things, and to execute, enter into, sign, deliver and cause to be delivered for and on behalf of the Company all such transactions, arrangements, agreements and/or documents as it may consider necessary or expedient in order to implement, give full effect to and complete the Proposed Rights Issue with Warrants, with full powers to assent to and accept any conditions, modifications, variations, arrangements and/or amendments to the terms of the Proposed Rights Issue with Warrants as the Board may deem fit, necessary and/or expedient in the best interests of the Company or as may be imposed by any relevant authority or consequent upon the implementation of the aforesaid conditions, modifications, variations, arrangements and/or amendments and to take all steps as it considers necessary in connection with the Proposed Rights Issue with Warrants in order to implement and give full effect to the Proposed Rights Issue with Warrants;

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

THAT the new Shares to be issued pursuant to the exercise of the Warrants (or the Additional Warrants, as the case may be) shall, upon allotment, issuance and full payment of the exercise price of the Warrants (or the Additional Warrants, as the case may be), 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 of such new Shares to be issued pursuant to the exercise of the Warrants (or the Additional Warrants, as the case may be);

AND THAT this resolution constitutes a specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue in full force and effect until all Rights Shares, Warrants, Additional Warrants (if any) and new Shares to be issued pursuant to or in connection with the Proposed Rights Issue with Warrants have been duly allotted and issued in accordance with the terms of the Proposed Rights Issue with Warrants."

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15 DEC 2017
TEA SOR HUA
Company Secretary
MACS 01324

PDZ Holdings Bhd. (360419-T)

Extract of the Minutes of the Extraordinary General Meeting held on 7 November 2017.......cont'd

ORDINARY RESOLUTION 3

PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME ("ESOS" OR "SCHEME") INVOLVING UP TO 15% OF THE TOTAL NUMBER OF ISSUED SHARES OF PDZ (EXCLUDING TREASURY SHARES, IF ANY) FOR ELIGIBLE DIRECTORS AND EMPLOYEES OF PDZ AND ITS SUBSIDIARIES ("PROPOSED ESOS")

"**THAT** subject to the approval of all relevant authorities and parties being obtained (if required), including but not limited to the approval of Bursa Securities for the listing and quotation of the new Shares to be issued pursuant to the exercise of the ESOS options granted under the Scheme having been obtained, approval be and is hereby given for the Company to establish the Scheme involving up to 15% of the total number of issued shares of the Company from time to time (excluding treasury shares, if any) for the benefit of eligible directors and eligible employees of the Company and its subsidiaries, excluding the subsidiaries which are dormant ("**PDZ Group**" or the "**Group**") and the Board be and is hereby authorised to:-

(i) implement and administer the Scheme in accordance with the form set out in the by-laws governing the Scheme ("**By-laws**"), a draft of which is set out in Appendix II of the Circular to Shareholders dated 16 October 2017 ("**Circular**"), and to give full effect to the Scheme with full powers to assent to any conditions, variations, modifications and/or amendments as may be deemed fit or expedient and/or imposed or required by the relevant authorities;

(ii) make the necessary applications to Bursa Securities and do all the things necessary at the appropriate time or times for the listing and quotation of the new Shares which may from time to time be allotted and issued pursuant to the exercise of the ESOS options granted under the Scheme;

(iii) allot and issue from time to time such number of new Shares as may be required to be issued pursuant to the exercise of the ESOS options granted under the Scheme provided that the aggregate number of new Shares to be allotted and issued under the Scheme shall not exceed in aggregate of 15% of the total number of issued shares of the Company (excluding treasury shares, if any) at any time during the existence of the Scheme. The new Shares issued pursuant to the exercise of the ESOS options granted under the Scheme shall, upon allotment, issuance and full payment of the exercise price of the ESOS options, 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 of the new Shares pursuant to the exercise of the ESOS options granted under the Scheme and will be subject to all the provisions of the Constitution of the Company relating to the transfer, transmission and otherwise of the Shares;

(iv) modify and/or amend the By-laws from time to time as may be required or permitted by the authorities or deemed necessary by the authorities or the Board provided that such modifications and/or amendments are effected in accordance with the provisions of the By-laws relating to modifications and/or amendments and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Scheme; and

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TEA SOR HUA
Company Secretary
MACS 01324

PDZ Holdings Bhd. (360419-T)

Extract of the Minutes of the Extraordinary General Meeting held on 7 November 2017.......cont'd

(v) extend the Scheme for a further period of up to 5 years without having to obtain the approval of the shareholders of the Company in a general meeting (unless otherwise required by law or the relevant authorities) and to consent to and to adopt, if the Board so deems fit and expedient, such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in respect of the Scheme;

THAT the By-laws of the Scheme, a draft of which is set out in Appendix II of the Circular, be and is hereby approved and adopted;

AND THAT the Board be and is hereby authorised to give effect to the Scheme with full powers to consent to and to adopt and implement such conditions, modifications, variations and/or amendments as may be required by the relevant regulatory authorities or as the Board may deem fit or necessary at its absolute discretion."

CONFIRMED BY,

....	....
EXECUTIVE DIRECTOR-CUM CHIEF EXECUTIVE OFFICER TAN CHOR HOW CHRISTOPHER	EXECUTIVE DIRECTOR HO JIEN SHIUNG

DATED: 7 NOVEMBER 2017

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1 5 DEC 2017
TEA SOR HUA
Company Secretary
MACS 01324

Cheng & Co (AF 0886)

Wisma Cheng & Co

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Tel: +603-7984 8988 / 7985 9999 Fax: +603-7984 4402

Email: customerservice@chengco.com.my

Website: www.chengco.com.my

The Board of Directors
PDZ Holdings Bhd
1, Jalan Sungai Aur
42000 Port Klang
Selangor Darul Ehsan

PDZ Holdings Bhd ("PDZ" or "the Company")
Reporting Accountants' letter on the Pro Forma Consolidated Statements of Financial Position in relation to the renounceable rights issue of up to 434,660,640 mew shares ("Rights Shares") at an issue price of RM0.10 per Rights Shares together with up to 325,995,480 free detachable warrants for every 2 existing shares held by the entitled shareholders of PDZ at 5.00 p.m. on 5 January 2018 ("Rights Issue with Warrants")

We have completed our assurance engagement to report on the compilation of Pro Forma Consolidated Statements of Financial Position of the Company and its subsidiaries ("the Group") by the Directors of PDZ Holdings Bhd. The pro forma financial information consist of the Pro Forma Consolidated Statements of Financial Position as at 31 December 2016 and the related notes as set out in Appendix I attached to this report that have been stamped by us for identification purposes. The applicable criteria on the basis of which the Directors have compiled the Pro Forma Consolidated Statements of Financial Position are set out in Note 1 of the Pro Forma Consolidated Statements of Financial Position.

The Pro Forma Consolidated Statements of Financial Position have been compiled by the Directors to illustrate the impact of the Right Issue with Warrants as stated in Appendix I on the Group's financial position as at 31 December 2016 as if the Right Issue with Warrants had taken place at that date. As part of this process, information about the Group's financial position have been extracted by the Directors from the Group's financial statements for the period ended 31 December 2016, on which an audit report has been published.

Directors' Responsibilities for the Pro Forma Statements of Financial Position

The Directors are responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis as set out in Note 1 in Appendix I.

Reporting Accountants' Independence and Quality Control

We have complied with the independence and other ethical requirements of the By-Laws *(on Professional Ethics, Conduct and Practice)* issued by the Malaysian Institute of Accountants and the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Boards for Accountants, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Control 1 ("ISQC 1"), *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and, accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion about whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Directors on the basis of the Rights Issue with Warrants as set out in the notes to the Pro Forma Consolidated Statements of Financial Position.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the Malaysian Institute of Accountants ("MIA"). This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors of the Company has compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis as set out in the Note 1 in Appendix I.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position.

The purpose of Pro Forma Consolidated Statements of Financial Position is solely to illustrate the impact of the Right Issue with Warrants as stated in Appendix I on the unadjusted financial information of the Group as if the Right Issue with Warrants has been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue with Warrants would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors of the Company in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:-

Reporting Accountants' Responsibilities (cont'd)

a) The related pro forma adjustments give appropriate affect to those criteria; and

b) The Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the transaction in respect of which the Pro Forma Consolidated Statements of Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Pro Forma Consolidated Statements of Financial Position have been properly compiled, in all material respects, on the basis stated in the Note 1 to in Appendix I;

Other matters

This letter is prepared at your request for the purpose of illustrating the effects of the Right Issue with Warrants as stated in Appendix I and Appendix II to the unadjusted financial information of the Group as at and for the period ended 31 December 2016. It is not intended to be used for any other purposes. We do not assume responsibility to any other person for the content of this report.

CHENG & CO
Firm Number: AF 0886
Chartered Accountants

YAP PENG BOON
02118/12/2018 J
Chartered Accountants

Date: 12 December 2017

Appendix I - *Notes to the Pro forma Consolidated Statements of Financial Position as at 31 December 2016*
Appendix II - *Pro forma Consolidated Statements of Financial Position as at 31 December 2016*

PDZ HOLDINGS BHD
AND ITS SUBSIDARIES
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016
Notes to the pro forma consolidated statements of financial position

1. Basis of preparations

The Pro Forma Consolidated Statements of Financial Position have been prepared in accordance with the basis stated below using financial statements prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") and International Financial Reporting Standards ("IFRS"), and in a manner consistent with both the format of the financial statements and the accounting policies of PDZ Holdings Bhd as disclosed in its audited financial statements for the financial period ended 31 December 2016.

The Pro Forma Statements of Financial Position do not include the effects of the adoption of Malaysian Financial Reporting Standards and International Financial Reporting Standards which are effective for the annual period beginning on or after 1 January 2017.

The consolidated statements of financial position have been prepared solely for illustrative purposes, to show the effects of the major events as described below and in Note 2 and Note 3 respectively.

1.1 Pro forma I

Pro forma I incorporated the effects of following events

The proposed reduction of PDZ's share capital pursuant to Section 116 of the Companies Act, 2016 ("share capital reduction") which was completed on 16 November 2017; and

The consolidation of every four (4) ordinary PDZ shares into one (1) ordinary PDZ share ("share consolidation") which was completed on 5 December 2017.

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2. Minimum scenario

2.1 Pro forma II

The pro forma II is stated after pro forma I as disclosed in Note 1.1 above and incorporates the renounceable rights issue of up to 434,660,640 new shares ("rights shares") together with up to 325,995,480 free detachable warrants ("warrants") on the basis of four (4) rights shares together with three (3) free warrants for every two (2) existing shares held by the entitled shareholders on an entitlement date to be determined ("rights issue with warrants").

2.2 Pro forma III

The pro forma III is stated after pro forma I as disclosed in Note 1.1 above and incorporates the renounceable rights issue of up to 434,660,640 new shares ("rights shares") together with up to 325,995,480 free detachable warrants ("warrants") on the basis of four (4) rights shares together with three (3) free warrants for every two (2) existing shares held by the entitled shareholders on an entitlement date to be determined ("rights issue with warrants"), assuming the warrants are exercised in full.

2.3 Effects on the pro forma consolidated statements of financial position (minimum scenario)

2.3.1 Movements in cash and cash equivalents

	RM '000
Balance as at 31 December 2016 and Pro forma I	**6,143**
Pro forma I and the effects of the following:-	
- Proceeds from issuance of new PDZ shares via the rights issue with warrants	15,000
- Estimated expenses pursuant to the proposals	(1,000)
Pro forma II	**20,143**
Pro forma II and the effects of the following:-	
- Proceeds from issuance of new PDZ shares pursuant to the exercise of Warrants in full	11,250
Pro forma III	**31,393**

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2.3 Effects on the pro forma consolidated statements of financial position (minimum scenario) (cont'd)

2.3.2 Movements in share capital

	RM '000
Balance as at 31 December 2016	**86,932**
Effects incorporated to arrive at Pro forma I:-	
- share capital reduction & share consolidation	(80,000)
Pro forma I	**6,932**
Pro forma I and the effects of the following:-	
- Issuance of new PDZ shares via the rights issue with Warrants	15,000
Pro forma II	**21,932**
Pro forma II and the effects of the following:-	
- Issuance of new PDZ shares pursuant to the exercise of warrants in full	11,250
Pro forma III	**33,182**

2.3.3 Movements in Accumulated (losses) / profit

	RM '000
Balance as at 31 December 2016	**(85,521)**
Effects incorporated to arrive at Pro forma I:-	
- share capital reduction & share consolidation	80,000
Pro forma I	**(5,521)**
Pro forma I and the effects of the following:-	
- Warrant reserves	(15,356)
- Estimated expenses pursuant to the Proposals	(1,000)
Pro forma II	**(21,877)**
Pro forma II and the effects of the following:-	
- Warrant reserves	15,356
Pro forma III	(6,521)

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2.3 Effects on the pro forma consolidated statements of financial position (minimum scenario) (cont'd)

2.3.4 Movements in Warrant reserves

	RM '000
Balance as at 31 December 2016 and Pro forma I	-
Pro forma I and the effects of the following:-	
- Issuance of new warrants via the rights issue	15,356
Pro forma II	**15,356**
Pro forma II and the effects of the following:-	
- Set off with accumulated losses due to exercise of Warrants in full	(15,356)
Pro forma III	-

3. Maximum scenario

3.1 Pro forma II

The pro forma II is stated after pro forma I as disclosed in Note 1.1 above. The renounceable rights issue of up to 434,660,640 new shares ("rights shares") together with up to 325,995,480 free warrants ("warrants") on the basis of four (4) rights shares together with three (3) free warrants for every two (2) existing shares held by the entitled shareholders on an entitlement date to be determined ("rights issue with warrants").

3.2 Pro forma III

The pro forma III is stated after pro forma I as disclosed in Note 1.1 above and incorporates the renounceable rights issue of up to 434,660,640 new shares ("rights shares") together with up to 325,995,480 free detachable warrants ("warrants") on the basis of four (4) rights shares together with three (3) free warrants for every two (2) existing shares held by the entitled shareholders on an entitlement date to be determined ("rights issue with warrants"), assuming the warrants are exercised in full.

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3.3 Effects on the pro forma consolidated statements of financial position (maximum scenario)

3.3.1 Movements in cash and cash equivalents

	RM '000
Balance as at 31 December 2016 and Pro forma I	**6,143**
Pro forma I and the effects of the following:-	
- Proceeds from issuance of new PDZ shares via the rights issue with warrants	43,466
- Estimated expenses pursuant to the Proposals	(1,000)
Pro forma II	**48,609**
Pro forma II and the effects of the following:-	
- Proceeds from issuance of new PDZ shares pursuant to the exercise of Warrants in full	32,600
Pro forma III	**81,209**

3.3.2 Movements in share capital

	RM '000
Balance as at 31 December 2016	**86,932**
Effects incorporated to arrive at Pro forma I:-	
- share capital reduction & share consolidation	(80,000)
Pro forma I	**6,932**
Pro forma I and the effects of the following:-	
- Issuance of new PDZ shares via the rights issue with warrants	43,466
Pro forma II	**50,398**
Pro forma II the effects of the following:-	
- Issuance of new PDZ shares pursuant to the exercise of Warrants	32,600
Pro forma III	**82,998**

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3.3 Effects on the pro forma consolidated statements of financial position (maximum scenario) (cont'd)

3.3.3 Movements in Accumulated (losses) / profit

	RM '000
Balance as at 31 December 2016	**(85,521)**
Effects incorporated to arrive at Pro forma I:-	
- share capital reduction & share consolidation	80,000
Pro forma I	**(5,521)**
Pro forma I and the effects of the following:-	
- Warrant reserves	(44,498)
- Estimated expenses pursuant to the Proposals	(1,000)
Pro forma II	**(51,019)**
Pro forma II and the effects of the following:-	
- Warrant reserves	44,498
Pro forma III	**(6,521)**

3.3.4 Movements in Warrant reserves

	RM '000
Balance as at 31 December 2016 and Pro forma I	**-**
Pro forma I and the effects of the following:-	
- Issuance of new warrants via the Rights Issue	44,498
Pro forma II	**44,498**
Pro forma II and the effects of the following:-	
- Set off with accumulated losses due to exercise of Warrants in full	(44,498)
Pro forma III	**-**

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APPENDIX II
1 of 4

PDZ HOLDINGS BHD ("PDZ" or "the Company")
AND ITS SUBSIDIARIES ("PDZ Group")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

The pro forma consolidated statements of financial position of the PDZ Group as at 31 December 2016 as set out below are provided for illustrative purposes only to show the effects of the share capital reduction, share consolidation and rights issue with warrants.

i) Minimum scenario

	Note	Audited as at 31 December 2016 RM '000	Pro forma I RM '000	Pro forma II RM '000	Pro forma III RM '000
ASSETS					
Non current assets					
Property, plant and equipment		14,324	14,324	14,324	14,324
Goodwill on consolidation		7	7	7	7
		14,331	14,331	14,331	14,331
Current assets					
Bunker on board		627	627	627	627
Trade receivables		6,549	6,549	6,549	6,549
Non trade receivables, deposits and prepayment		6,891	6,891	6,891	6,891
Tax recoverable		594	594	594	594
Fixed deposits with licensed banks		1,716	1,716	1,716	1,716
Cash and bank balances	2.3.1	6,143	6,143	20,143	31,393
		22,520	22,520	36,520	47,770
TOTAL ASSETS		36,851	36,851	50,851	62,101

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PDZ HOLDINGS BHD ("PDZ" or "the Company")
AND ITS SUBSIDIARIES ("PDZ Group")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

i) Minimum scenario (cont'd)

	Note	Audited as at 31 December 2016 RM '000	Pro forma I RM '000	Pro forma II RM '000	Pro forma III RM '000
EQUITY					
Share capital	2.3.2	86,932	6,932	21,932	33,182
Share premium		27,589	27,589	27,589	27,589
Reserves		1,246	1,246	1,246	1,246
Accumulated losses	2.3.3	(85,521)	(5,521)	(21,877)	(6,521)
Warrant reserve	2.3.4	-	-	15,356	-
Total equity attributable to owners of the Company		30,246	30,246	44,246	55,496
Non-controlling interests		1,246	1,246	1,246	1,246
Total equity		31,492	31,492	45,492	56,742
LIABILITIES					
Non current liabilities					
Deferred taxation		306	306	306	306
		306	306	306	306
Current liabilities					
Trade payables		2,519	2,519	2,519	2,519
Non trade payabes and accruals		2,526	2,526	2,526	2,526
Tax payable		8	8	8	8
		5,053	5,053	5,053	5,053
Total liabilities		5,359	5,359	5,359	5,359
TOTAL EQUITY AND LIABILITIES		36,851	36,851	50,851	62,101

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PDZ HOLDINGS BHD ("PDZ" or "the Company")
AND ITS SUBSIDIARIES ("PDZ Group")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

ii) Maximum scenario

	Note	Audited as at 31 December 2016 RM '000	Pro forma I RM '000	Pro forma II RM '000	Pro forma III RM '000
ASSETS					
Non current assets					
Property, plant and equipment		14,324	14,324	14,324	14,324
Goodwill on consolidation		7	7	7	7
		14,331	14,331	14,331	14,331
Current assets					
Bunker on board		627	627	627	627
Trade receivables		6,549	6,549	6,549	6,549
Non trade receivables, deposits and prepayment		6,891	6,891	6,891	6,891
Tax recoverable		594	594	594	594
Fixed deposits with licensed banks		1,716	1,716	1,716	1,716
Cash and bank balances	3.3.1	6,143	6,143	48,609	81,209
		22,520	22,520	64,986	97,586
TOTAL ASSETS		36,851	36,851	79,317	111,917

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**PDZ HOLDINGS BHD ("PDZ" or "the Company")
AND ITS SUBSIDIARIES ("PDZ Group")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

ii) Maximum scenario (cont'd)

	Note	Audited as at 31 December 2016 RM '000	Pro forma I RM '000	Pro forma II RM '000	Pro forma III RM '000
EQUITY					
Share capital	3.3.2	86,932	6,932	50,398	82,998
Share premium		27,589	27,589	27,589	27,589
Reserves		1,246	1,246	1,246	1,246
Accumulated losses	3.3.3	(85,521)	(5,521)	(51,019)	(6,521)
Warrant reserve	3.3.4	-	-	44,498	-
Total equity attributable to owners of the Company		30,246	30,246	72,712	105,312
Non-controlling interests		1,246	1,246	1,246	1,246
Total equity		31,492	31,492	73,958	106,558
LIABILITIES					
Non current liabilities					
Deferred taxation		306	306	306	306
		306	306	306	306
Current liabilities					
Trade payables		2,519	2,519	2,519	2,519
Non trade payabes and accruals		2,526	2,526	2,526	2,526
Tax payable		8	8	8	8
		5,053	5,053	5,053	5,053
Total liabilities		5,359	5,359	5,359	5,359
TOTAL EQUITY AND LIABILITIES		36,851	36,851	79,317	111,917

Cheng & Co (AF0886)
For Identification Purpose Only

A MEMBER FIRM OF THE MALAYSIAN INSTITUTE OF ACCOUNTANTS

COMPANY NO.	
360419	T

CERTIFIED TRUE COPY

CHENG & CO
AF : 0886
CHARTERED ACCOUNTANTS

TAN WAE LENG
2850/05/18(J/PH)
CHARTERED ACCOUNTANT

PDZ HOLDINGS BHD

(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

FOR

THE FINANCIAL PERIOD FROM 1 JULY 2015
TO 31 DECEMBER 2016

CHENG & CO
CHARTERED ACCOUNTANTS
AF - 0886

Services : Audit Taxation Secretarial Advisory Quality Accounting

Branches : Kuala Lumpur Ipoh Melaka Batu Pahat Johor Bahru

PDZ HOLDINGS BHD.
(Co. No. 360419-T)
(Incorporated in Malaysia)

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PDZ HOLDINGS BHD.
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(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial period from 1 July 2015 to 31 December 2016.

Principal activities

The Company is an investment holding company. The principal activities of its subsidiaries are disclosed in Note 11 to the financial statements.

There has been no significant change in the nature of the activities of the Group and of the Company during the financial period.

Change in financial year end

The Group and the Company changed their financial year from 30 June to 31 December. The financial statements of the Group and of the Company for the financial period ended 31 December 2016 cover an 18 month period compared to the 12 month period ended 30 June 2015.

Results

	Group RM'000	Company RM'000
(Loss)/Profit attributable to:		
Owners of the Company	(2,174)	6,260
Non-controlling interests	559	-
(Loss)/Profit for the financial period/year	(1,615)	6,260

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial period.

Dividends

No dividend has been paid or declared by the Group and by the Company since the end of the previous financial year. The Directors do not recommend any dividend for the financial period from 1 July 2015 to 31 December 2016.

Directors

The Directors who have held office since the date of the last report are:

Dato' Sohaimi Bin Shahadan	
Dato' Ahmad Nazim Bin Abd Rahman	
Tan Chor How Christopher	Appointed on 18 August 2016
David Yeap Hock Lee	Appointed on 18 August 2016 and Resigned on 21 April 2017
Ho Jien Shiung	Appointed on 7 February 2017

PDZ HOLDINGS BHD.
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Directors (continued)

The Directors who have held office since the date of the last report are:

Rizvi Bin Abd Halim	Appointed on 8 March 2017
Hoo Swee Guan	Appointed on 21 April 2017
Anuar Bin Ismail	Resigned on 7 September 2016
Basharuddin Bin Saad	Resigned on 15 December 2016
Aminuddin Yusof Lana	Resigned on 15 December 2016

Directors' interest in shares

None of the Directors in office at the end of the financial period had any interest in the ordinary shares of the Company and related corporations during the financial period, according to the register required to be kept under Section 134 of the Companies Act, 1965 in Malaysia.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in Note 23 to the financial statements.

There were no arrangements during or at the end of the financial period, which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

There were no changes in the issued and paid-up capital of the Company during the financial period.

There were no debentures issued during the financial period.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial period.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

(i) proper action had been taken in relation to the writing-off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts have been written off and that adequate provision had been made for doubtful debts; and

PDZ HOLDINGS BHD.
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Other statutory information (continued)

(ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

(i) which would render the amount written-off as bad debts or the amount of the provision for doubtful debts inadequate to any material extent; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(iv) not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial period and which secures the liabilities of any other person except as disclosed in Note 21; or

(ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial period.

No contingent liability or other liability of the Group and of the Company have become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due except as disclosed in Note 24 to the financial statements.

In the opinion of the Directors, except for the impairment of property, plant and equipment, impairment of subsidiary and impairment of financial asset as disclosed in Note 10, Note 11, and Note 15 to the financial statements respectively, the results of the operations of the Group and of the Company for the financial period from 1 July 2015 to 31 December 2016 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial period and the date of this report.

Significant event subsequent to the financial period

Details of significant event during the financial period are disclosed in Note 28 to the financial statements.

PDZ HOLDINGS BHD.
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Auditors

The auditors, Messrs Cheng & Co, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

TAN CHOR HOW CHRISTOPHER

HO JIEN SHIUNG

Kuala Lumpur

25 April 2017

PDZ HOLDINGS BHD.
(Co. No. 360419-T)
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STATEMENT BY DIRECTORS

We, TAN CHOR HOW CHRISTOPHER and HO JIEN SHIUNG, being two of the Directors of PDZ HOLDINGS BHD., state that, in the opinion of the Directors, the financial statements set out on pages 11 to 84 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and of the financial performance and cash flows of the Group and of the Company for the financial period ended on that date.

The supplementary information set out in Note 30 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors,

TAN CHOR HOW CHRISTOPHER

HO JIEN SHIUNG

Kuala Lumpur

25 April 2017

STATUTORY DECLARATION

I, TAN CHOR HOW CHRISTOPHER, being the Director primarily responsible for the financial management of PDZ HOLDINGS BHD., do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 11 to 85 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960 in Malaysia.

Subscribed and solemnly declared
At Puchong in the State on Selangor Darul Ehsan
on 25 April 2017

TAN CHOR HOW CHRISTOPHER

PESURUHJAYA SUMPAH
No: B 437
SAMUEL JOHN
A/L PONNIAH
MALAYSIA

Before me,

COMMISSIONER FOR OATHS

No. 23B, 1st Floor,
Jalan TK 1/11A, Taman Kinrara
47180 Puchong, Selangor

Cheng & Co (AF 0886)

Wisma Cheng & Co

No. 8-2 & 10-2, Jalan 2/114, Kuchai Business Centre, Off Jalan Klang Lama, 58200 Kuala Lumpur, Malaysia.

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Website: www.chengco.com.my

Cheng & Co Chartered Accountants

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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PDZ HOLDINGS BHD.
(Co. No. 360419-T)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PDZ Holdings Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, asset out on pages 11 to 84.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PDZ HOLDINGS BHD.

Key Audit Matters (Continued)

We have determined the matters described below to be the key audit matter to be communicated in our report.

Property, Plant and Equipment	
<u>Area of focus</u>	**<u>How the scope of our audit addressed the area of focus</u>**
We focused on this area because of a significant transfer of assets from subsidiaries to holding company during the financial period. The management concluded that the recoverable amount was higher than carrying value, as such no impairment provision was required for the Group and of the Company	To address this risk, the following audit procedures have been undertaken: • We have performed substantive testing to verify additions during the financial period; • We have verify the ownership of the Group and of the Company; • We have assessed the reasonableness of the management assertions and estimates used for property, plant and equipment.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.
If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PDZ HOLDINGS BHD.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As a part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PDZ HOLDINGS BHD.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PDZ HOLDINGS BHD.

Report on Other Legal and Regulatory Requirements (Continued)

(b) We have considered the accounts and auditors' reports of all subsidiaries of which we have not acted as auditors, which are indicated in Note 11 to the financial statements, being accounts that have been included in the consolidated accounts.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out on Note 30 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

CHENG & CO
AF: 0886
Chartered Accountants

YAP PENG BOON
02118/12/2018 (J)
Chartered Accountant

Kuala Lumpur,
25 April 2017

PDZ HOLDINGS BHD.
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 1 JULY 2015 TO 31 DECEMBER 2016

	Note	1.7.2015 to 31.12.2016 RM'000	1.7.2014 to 30.6.2015 RM'000
Revenue	3	173,213	161,311
Cost of sales		(167,048)	(146,102)
Gross profit		6,165	15,209
Other income		13,541	1,012
Administrative expense		(22,651)	(14,241)
(Loss)/Profit from operations		(2,945)	1,980
Business diversification expenses		-	(4,202)
Impairment of property, plant and equipment		-	(50,207)
Reversal of impairment/(impairment) of financial assets		2,972	(5,000)
Finance cost	4	(560)	(336)
Loss before tax	5	(533)	(57,765)
Tax expense	8	(1,082)	(1,045)
Loss for the financial period/year		(1,615)	(58,810)
Other comprehensive income/(expense), net of tax			
Items that may be reclassed subsequently to profit or loss			
Foreign currency translation differences for a foreign subsidiary		(209)	91
Revaluation reserve		886	-
Other comprehensive (expenses)/income		677	91
Total comprehensive loss for the financial period/year		(938)	(58,719)
(Loss)/Profit attributable to:			
Owners of the Company		(2,174)	(60,018)
Non-controlling interests		559	1,208
Loss for the financial period/year		(1,615)	(58,810)
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(1,497)	(59,927)
Non-controlling interests		559	1,208
Total comprehensive loss for the financial period/year		(938)	(58,719)
Basic loss per share (sen)	9	(0.25)	(6.90)

The accompanying notes form an integral part of the financial statements.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	31.12.2016 RM'000	30.6.2015 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	14,324	24,141
Goodwill on consolidation	12	7	7
		14,331	24,148
Current assets			
Bunker on board	13	627	1,406
Trade receivables	14	6,549	23,755
Non-trade receivables, deposits and prepayment	15	6,891	1,897
Tax recoverable		594	175
Fixed deposits with licensed banks	17	1,716	7,038
Cash and bank balances		6,143	11,743
		22,520	46,014
TOTAL ASSETS		36,851	70,162
EQUITY			
Share capital	18	86,932	86,932
Share premium		27,589	27,589
Reserves		1,246	569
Accumulated losses		(85,521)	(83,347)
Total equity attributable to owners of the Company		30,246	31,743
Non-controlling interests		1,246	3,735
Total equity		31,492	35,478

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (CONTINUED)

LIABILITIES	**Note**	**31.12.2016 RM'000**	**30.6.2015 RM'000**
Non-current liabilities			
Deferred taxation	19	306	26
Borrowings	21	-	2,974
		306	3,000
Current liabilities			
Trade payables	22	2,519	15,453
Non-trade payables and accruals		2,526	10,867
Borrowings	21	-	5,110
Tax payable		8	254
		5,053	31,684
Total liabilities		5,359	34,684
TOTAL EQUITY AND LIABILITIES		36,851	70,162

PDZ HOLDINGS BHD.
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 JULY 2015 TO 31 DECEMBER 2016

	Attributable to owners of the Company							
			Non-distributable		*Distributable*			
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Currency translation differences RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 July 2014	86,932	27,589	-	478	(23,329)	91,670	5,453	97,123
Foreign currency translation differences for a foreign subsidiary	-	-	-	91	-	91	-	91
(Loss)/Profit for the financial year	-	-	-	-	(60,018)	(60,018)	1,208	(58,810)
Dividends	-	-	-	-	-	-	(2,926)	(2,926)
	-	-	-					
At 30 June 2015	86,932	27,589	-	569	(83,347)	31,743	3,735	35,478
Foreign currency translation differences for a foreign subsidiary	-	-	-	(209)	-	(209)	-	(209)
Revaluation of property	-	-	886	-	-	886	-	886
(Loss)/Profit for the financial period	-	-	-	-	(2,174)	(2,174)	559	(1,615)
Dividends	-	-	-	-	-	-	(3,048)	(3,048)
At 31 December 2016	86,932	27,589	886	360	(85,521)	30,246	1,246	31,492

The accompanying notes form an integral part of the financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2015 TO 31 DECEMBER 2016

	Note	1.7.2015 to 31.12.2016 RM'000	1.7.2014 to 30.6.2015 RM'000
Cash flows from operating activities			
Loss before tax		(533)	(57,765)
Adjustments for:			
Depreciation		2,306	4,727
Gain on disposal of property, plant and equipment		(161)	(69)
Impairment of property, plant and equipment		-	50,207
(Reversal of impairment)/Impairment of financial assets		(2,891)	4,968
Interest expense		560	336
Interest income		(303)	(445)
Property, plant and equipment written-off		81	22
Gain on disposal of a subsidiary		(13,441)	
Bad debts recovered		-	(15)
Unrealised gain on foreign exchange		15	-
Operating (loss)/profit before working capital changes		(14,367)	1,966
Decrease/(Increase) in bunker on board		779	(245)
Decrease/(Increase) in receivables		12,212	(1,772)
Increase/(Decrease) in payables		(5,853)	5,628
Cash (used in)/generated from operations		(7,229)	5,577
Interest paid		560	(336)
Interest received		(303)	445
Income tax paid		(1,747)	(1,245)
Net cash (used in)/generated from operating activities		(8,719)	4,441
Cash flows from investing activities			
Acquisition of property, plant and equipment		(169)	(4,494)
Proceeds from disposal of property, plant and equipment		8,927	104
Proceeds from disposal of a subsidiary		1	-
Net cash inflows/(outlfows) from investing activities		8,759	(4,390)
Cash flows from financing activities			
Dividend paid by subsidiaries to non-controlling interests		(3,048)	(2,926)
Drawdown of revolving credit		(4,000)	800
Repayment of term loan		(4,084)	(1,211)
Withdrawal/(Placement) of fixed deposits pledged		4,095	1,134
Net cash outflows from financing activities		(7,037)	(2,203)
Net decrease in cash and cash equivalents		(6,997)	(2,152)

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2015 TO 31 DECEMBER 2016 (CONTINUED)

		1.7.2015 to 31.12.2016	1.7.2014 to 30.6.2015
		RM'000	RM'000
Cash and cash equivalents at 1 July		12,970	15,036
Effects of currency translation differences		170	86
Cash and cash equivalents at 31 December / 30 June	(i)	6,143	12,970

Note:

(i) Cash and cash equivalents

Cash and cash equivalents, included in the consolidated statement of cash flows comprise the following:

	31.12.2016 RM'000	30.6.2015 RM'000
Cash and bank balances	6,143	11,743
Fixed deposits with licensed banks	1,716	7,038
	7,859	18,781
Less: Fixed deposits pledged (Note 17)	(1,716)	(5,811)
	6,143	12,970

PDZ HOLDINGS BHD.
(Co. No. 360419-T)
(Incorporated in Malaysia)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 1 JULY 2015 TO 31 DECEMBER 2016

	Note	1.7.2015 to 31.12.2016 RM'000	1.7.2014 to 30.6.2015 RM'000
Revenue	3	3,199	3,182
Other operating expense		(264)	-
Administrative expense		(1,403)	(3,932)
Profit/(Loss) from operations		1,532	(750)
Impairment of investment in subsidiaries		-	(30,000)
Reversal/(Impairment) of financial asset		5,000	(5,000)
Finance cost	4	(272)	(109)
Profit/(Loss) before tax	5	6,260	(35,859)
Tax expense	8	-	-
Profit/(Loss) for the financial period/year		6,260	(35,859)
Other comprehensive income/(expense), net of tax			
Items that may be reclassed subsequently to profit or loss			
Revaluation reserve		886	-
Other comprehensive income/(expenses)		7,146	(35,859)
Total comprehensive income/(loss) for the financial period/year		7,146	(35,859)

The accompanying notes form an integral part of the financial statements.

PDZ HOLDINGS BHD.
(Co. No. 360419-T)
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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	31.12.2016 RM'000	30.6.2015 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	14,170	-
Investment in subsidiaries	11	37,686	36,777
		51,856	36,777
Current assets			
Bunker stock		627	-
Non-trade receivables, deposits and prepayment	15	5,327	-
Amounts due from subsidiaries	16	7,710	4,576
Tax recoverable		70	122
Cash and bank balances		90	73
		13,824	4,771
TOTAL ASSETS		65,680	41,548
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	18	86,932	86,932
Share premium		27,589	27,589
Revaluation reserve		886	-
Accumulated losses		(73,179)	(79,399)
Total equity		42,228	35,122
Non-current liabilities			
Deferred taxation	19	280	-
		280	-
Current liabilities			
Non-trade payables and accruals		265	1,026
Amount due to a subsidiary	20	22,907	1,600
Borrowings	21	-	3,800
		23,172	6,426
Total liabilities		23,452	6,426
TOTAL EQUITY AND LIABILITIES		65,680	41,548

The accompanying notes form an integral part of the financial statements.

PDZ HOLDINGS BHD.
(Co. No. 360419-T)
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STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 JULY 2015 TO 31 DECEMBER 2016

		Non-distributable		***Distributable***	
	Share capital RM'000	**Share premium RM'000**	**Revaluation reserve RM'000**	**Accumulated losses RM'000**	**Total equity RM'000**
At 1 July 2014	86,932	27,589	-	(43,540)	70,981
Loss and other comprehensive loss for the financial year	-	-	-	(35,859)	(35,859)
At 30 June 2015	86,932	27,589	-	(79,399)	35,122
Profit and other comprehensive income for the financial period	-	-	886	6,260	7,106
At 31 December 2016	86,932	27,589	886	(73,139)	42,228

The accompanying notes form an integral part of the financial statements.

PDZ HOLDINGS BHD.
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STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD FROM 1 JULY 2015 TO 31 DECEMBER 2016

	1.7.2015 to 31.12.2016 RM'000	1.7.2014 to 30.6.2015 RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	6,260	(35,859)
Adjustments for:		
Interest expense	272	109
Interest income	-	(8)
Dividend income	-	(3,174)
Depreciation of property, plant and equipment	93	-
Impairment of investment in subsidiaries		30,000
(Reversal)/Impairment of financial assets	(5,000)	5,000
Operating profit/(loss) before working capital changes	1,625	(3,932)
Decrease/(Increase) in receivables	954	(770)
Amount due from/(to) subsidiaries	(979)	-
(Decrease)/Increase in payables	(761)	794
Cash generated from/(used in) operations	839	(3,908)
Interest paid	(272)	(109)
Interest received	-	8
Income tax refunded	56	-
Income tax paid	(4)	(3)
Net cash generated from/(used in) operating activities	619	(4,012)
Cash flows from investing activities		
Dividend received	3,198	3,174
Net cash inflows from investing activities	3,198	3,174
Cash flows from financing activity		
Drawdown of revolving credit	(3,800)	800
Net cash (outflows)/inflows from financing activity	(3,800)	800
Net increase/(decrease) in cash and cash equivalents	17	(38)
Cash and cash equivalents at 1 July	73	111
Cash and cash equivalents at 31 December/30 June	90	73

Cash and cash equivalents comprise cash and bank balances.

The accompanying notes form an integral part of the financial statements.

PDZ HOLDINGS BHD.
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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

1. Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

The accompanying financial statements have been prepared assuming that the Group and the Company will continue as going concern which contemplates the realisation of assets and settlement of liabilities in the normal course of business.

(a) Standards issued and effective

On 1 July 2015, the following new and amended MFRS and IC Interpretations are mandatory for annual financial periods beginning on or after 1 January 2015.

Description

- Amendments to MFRS 10, Consolidated Financial Statements:
  - Sale or Contribution of Assets between Investor and its Associate or Joint Venture
  - Investment Entities: Applying the Consolidation Exception
- Amendments to MFRS 11, Joint Arrangements: Accounting for Acquisition of Interests in Joint Operations
- Amendments to MFRS 12, Disclosure of Interests in Other Entities: Investment Entities: Applying the Consolidation Exception
- Amendments to MFRS 101, Presentation of Financial Statements: Disclosure Initiative
- Amendments to MFRS 116, Property, Plant and Equipment:
  - Classification of Acceptable Methods of Depreciation and Amortisation
  - Agriculture: Bearer Plants
- Amendments to MFRS 127, Separate Financial Statements: Equity Method in Separate Financial Statements
- Amendments to MFRS 128, Investments in Associates and Joint Ventures
  - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
  - Investment Entities – Applying the Consolidation Exception
- Amendments to MFRS 138, Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendment to MFRS 141, Agriculture : Bearer Plant
- Annual improvements to MFRSs 2012 – 2014 cycle, amendments to
  - MFRS 5, Non-current Assets Held for Sale and Discontinued operations
  - MFRS 7, Financial Instruments : Disclosures
  - MFRS 119, Employee Benefits
  - MFRS 134, Interim Financial Reporting

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

1. Basis of preparation (continued)

(a) Standards issued and effective (continued)

The Directors expect the adoption of the above new and amended MFRS and IC Interpretations will not have any material impact on the financial statements in the period of initial application.

(b) Standards issued but not yet effective

The Group and the Company have not adopted the following amendments and IC Interpretations that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
• MFRS 9 Financial Instruments	1 January 2018
• MFRS15 Revenue from Contract with Customers	1 January 2018
• MFRS 16 Leases	1 January 2019
• Amendments to MFRS 1, First time adoption of MFRSs	1 January 2018
• Amendments to MFRS 2, Share Based payments	1 January 2018
• Amendments to MFRS 12 Disclosure of Interests in Other Entities	1 January 2017
• Amendments to MFRS 107, Statement of Cash Flows	1 January 2017
• Amendments to MFRS 112, Income Taxes	1 January 2017
• Amendments to MFRS 128, Investments in Associates and Joint Ventures	1 January 2018
• Amendments to MFRS 140, Investment Property	1 January 2018

The Directors expect the adoption of the above amendments and IC Interpretations will not have any material impact on the financial statements in the period of initial application except as mentioned below:

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

1. Basis of preparation (continued)

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements.

(d) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's and the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

(i) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

1. Basis of preparation (continued)

(d) Critical accounting estimates and judgements (continued)

(ii) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

Residual values of the vessels and containers are based on estimated scrap values. Accordingly, future depreciation charges may be subject to revision. The Directors believe that any reasonable change in the scrap values applied will not have a material effect on the carrying amount of vessels and containers and the results of the Group and of the Company for the financial year.

The Group and the Company anticipate the residual values of other property, plant and equipment will be insignificant. As a result, those residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(iii) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value in use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group and the Company carry certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of change in fair value would differ if the Group and the Company use different valuation methodologies. Any change in fair value of these assets and liabilities would affect profit and/or equity.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

1. Basis of preparation (continued)

(d) Critical accounting estimates and judgements (continued)

(v) Impairment of Trade and Non-trade Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(vi) Deferred Tax Assets and Liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date.

While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in profit or loss in the period in which actual realisation and settlement occurs.

(vii) Carrying Value of Investment in Subsidiaries

Investments in subsidiaries are reviewed for impairment annually in accordance with its accounting policy as disclosed in Note 2(f)(ii) to the financial statements, or whenever events or changes in circumstances indicate that the carrying values may not be recoverable.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

1. Basis of preparation (continued)

(d) Critical accounting estimates and judgements (continued)

(vii) Carrying Value of Investment in Subsidiaries (continued)

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and are significantly affected by assumptions and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's and of the Company's test for impairment of investments in subsidiaries.

(viii) Provision for liabilities

Provision for liabilities are based on management's judgement on the likelihood of liabilities crystalising and best estimates on the amounts required to settle the liabilities arising from legal and constructive obligations. A change in circumstances which could cause estimates to change include changes in market trends and conditions, regulatory environment, employees' behaviours and other factors that may change the amount of provisions in the statement of financial position. The difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which the change occurs.

2. Summary of significant accounting policies

(a) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of the Group and of the Company are measured using the currency of the primary economic environment in which the respective entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia (RM), which is the Group's and the Company's functional currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the functional currency of the Group and of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

2. Summary of significant accounting policies (continued)

(a) Foreign currencies (continued)

(ii) Foreign currency transactions (continued)

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's and the Company's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group and of the Company on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

The principal exchange rates used for every unit of foreign currency ruling at reporting date are as follows:

	31.12.2016 RM	30.6.2015 RM
1 Brunei Dollar	2.80	2.80
1 Singapore Dollar	3.10	2.80
1 United States Dollar	4.49	3.77

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

2. Summary of significant accounting policies (continued)

(b) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group adopted MFRS 10, Consolidated Financial Statements in the current financial year. This resulted in changes to the following policies:

(i) Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has ability to affect those returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

(ii) Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.

(iii) The Group considers it has de facto power over an investee when, despite not having the majority voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider de facto power in its assessment of control.

The adoption of MFRS 10 has no significant impact to the financial statements of the Group.

Business combinations are accounted for using the acquisition method on the acquisition date. The consideration transferred includes the fair value of assets transferred, equity interest issued by the Group and liabilities assumed. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

2. Summary of significant accounting policies (continued)

(b) Basis of consolidation (continued)

(i) Subsidiaries (continued)

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are recognised in the profit or loss as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

(ii) Accounting for business combinations

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date.

The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company.

Acquisitions prior to 1 July 2006

For acquisitions prior to 1 July 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

Acquisitions between 1 July 2006 to 1 July 2011

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

2. Summary of significant accounting policies (continued)

(b) Basis of consolidation (continued)

(ii) Accounting for business combinations (continued)

Acquisitions between 1 July 2006 to 1 July 2011 (continued)

The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination.

Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in the profit or loss on the date of acquisition.

When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Acquisitions on or after 1 July 2011

For acquisitions on or after 1 July 2011, the Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

2. Summary of significant accounting policies (continued)

(b) Basis of consolidation (continued)

(ii) Accounting for business combinations (continued)

Acquisitions on or after 1 July 2011 (continued)

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Cost related to a business combination, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and / or future service.

(iii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

2. Summary of significant accounting policies (continued)

(b) Basis of consolidation (continued)

(iv) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and other comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so caused the non-controlling interests to have a deficit balance.

Prior to 1 July 2012, where losses applicable to the non-controlling interests exceed their interests in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interests, were charged against the Group's interest except to the extent that the non-controlling interests had a binding obligation to, and was able to, make additional investment to cover the losses. If the subsidiary subsequently reported profits, the Group's interest was allocated with all such profits until the non-controlling interests' share of losses previously absorbed by the Group had been recovered.

(v) Transactions with non-controlling interests

Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners.

On acquisition of non-controlling interest, the difference between the consideration and the Group's share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

2. Summary of significant accounting policies (continued)

(c) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and to the Company and the revenue can be reliably measured.

(i) Freight revenue and other shipping related income

Freight revenue and other shipping related income for completed voyages up to the reporting date are recognised in the profit or loss.

Revenue from incomplete voyages is recognised in proportion to their stage of completion. The stage of completion is determined by the number of days of the voyage completed in relation to the total voyage days.

(ii) Charter hire

Revenue from vessel deployed under time or voyage charter are recognised on an accrual basis.

(iii) Shipping agency and related services

Revenue from the provision of shipping agency and related services are recognised upon rendering of such services.

(iv) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

(v) Interest income

Interest income is recognised on an accrual basis, based on effective yield on the investment.

(vi) Rental income

Rental income is recognised on an accrual basis.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

2. Summary of significant accounting policies (continued)

(d) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

The Group's and the Company's contribution to defined contribution plans are charged to the profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further liability in respect of the defined contribution plans.

(e) Tax expense

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

2. Summary of significant accounting policies (continued)

(e) Tax expense (continued)

(ii) Deferred tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

(f) Impairment

(i) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset (except for investment in subsidiaries) is impaired.

<u>Trade and non-trade receivables and other financial assets carried at amortised cost</u>

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

2. Summary of significant accounting policies (continued)

(f) Impairment (continued)

(i) Impairment of financial assets (continued)

For certain categories of financial assets, such as trade receivables, assets that are assessed as not impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written-off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset (except for the non-current asset classified as held for sale) may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit ("CGU")).

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

2. Summary of significant accounting policies (continued)

(f) Impairment (continued)

(ii) Impairment of non-financial assets (continued)

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those unit or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

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2. Summary of significant accounting policies (continued)

(g) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and to the Company and the cost of the item can be measured reliably.

Subsequent to the initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group and the Company recognise such parts as individual assets with specific useful lives and depreciation respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation of property, plant and equipment is calculated on the straight line basis at the following annual rates based on their estimated useful lives:

Leasehold lands	2.0%
Buildings	2.0%
Vessels and vessel equipment	3.1%
Dry docking expenditure (within vessels and vessel equipment)	33.3% - 50.0%
Plant and machinery	7.7%
Containers	7.7%
Motor vehicles	20.0%
Furniture, fixtures and equipment	10.0% - 33.3%
Renovation	12.5% - 33.3%

Costs incurred on dry docking of vessels are accounted for as an acquisition of a separate asset within vessels and are depreciated over the period to the next dry docking.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each reporting date, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

2. Summary of significant accounting policies (continued)

(h) Intangible assets

Goodwill on consolidation

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating unit that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of the cash-generating unit and part of the operation within that cash-generating unit is disposed off, the goodwill associated with the operation disposed off is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstance is measured based on the relative fair value of the operation disposed off and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 July 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2(a) to the financial statements.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 July 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

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2. Summary of significant accounting policies (continued)

(i) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include loans and receivables.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, which is the date the Group and the Company commit to purchase or sell the asset.

(j) Bunker on board

Bunker on board is stated at cost. Cost is determined on a first-in-first-out basis.

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2. Summary of significant accounting policies (continued)

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits (excluding deposits pledged), short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(l) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as other financial liabilities.

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when other financial liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(m) Leases

(i) As Lessee

Finance leases, which transfer to the Group and to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

2. Summary of significant accounting policies (continued)

(m) Leases (continued)

(i) As Lessee (continued)

Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight line basis.

(ii) As Lessor

Leases where the Group and the Company retain substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 2 (c) to the financial statements.

(n) Provisions

Provisions are recognised when the Group and the Company have present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability and the present value of the expected expenditure required to settle the obligation.

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2. Summary of significant accounting policies (continued)

(o) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

(p) Operating segments

For management purposes, the Group is organised into operating segments based on their products and services. The management of the Group regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 25 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

(q) Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of their liabilities.

(i) Ordinary shares

Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(ii) Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends are thereon are recognised as distribution within equity.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

2. Summary of significant accounting policies (continued)

(r) Fair value measurement

From 1 July 2013, the Group and the Company adopted MFRS 13, Fair Value Measurement which prescribed that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a participant market, in the most advantageous market.

In accordance with the transitional provision of MFRS 13, the Group and the Company applied the new fair value measurement guidance prospectively and has not provided any comparative fair value information for new disclosures. The adoption of MFRS 13 has not significantly affected the measurements of the Group's and of the Company's assets or liabilities other than the additional disclosures.

3. Revenue

	Group		Company	
	1.7.2015 to 31.12.2016 RM'000	1.7.2014 to 30.6.2015 RM'000	1.7.2015 to 31.12.2016 RM'000	1.7.2014 to 30.6.2015 RM'000
Freight revenue	61,269	71,815	-	-
Other shipping related income	111,944	89,496	-	-
Interest income	-	-	1	8
Dividend income	-	-	3,198	3,174
	173,213	161,311	3,199	3,182

4. Finance cost

	Group		Company	
	1.7.2015 to 31.12.2016 RM'000	1.7.2014 to 30.6.2015 RM'000	1.7.2015 to 31.12.2016 RM'000	1.7.2014 to 30.6.2015 RM'000
Interest expense				
- revolving credit	272	109	272	109
- term loan	288	227	-	-
	560	336	272	109

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5. (Loss)/Profit before tax

	Group		Company	
	1.7.2015 to 31.12.2016 RM'000	1.7.2014 to 30.6.2015 RM'000	1.7.2015 to 31.12.2016 RM'000	1.7.2014 to 30.6.2015 RM'000
(Loss)/Profit from operations is arrived at after (crediting)/charging:				
Auditors' remuneration				
- statutory audit current year	131	135	45	35
- other services	82	-	67	-
Depreciation	2,306	4,727	93	-
Gain on disposal of property, plant and equipment	(161)	(69)	-	-
Property, plant and equipment written-off	81	22	-	-
Hire of container and equipment	8,433	5,936	-	-
Impairment loss				
- property, plant and equipment	-	50,207	-	-
- investment in subsidiaries	-	-	-	30,000
- financial assets	2,109	5,000	-	5,000
Reversal of impairment loss				
- trade receivables	-	(32)	-	-
- financial assets	(5,000)	-	(5,000)	-
- amount due from subsidiaries	-	-	(3,889)	-
Trade receivables written-off	-	-	-	-
Bad debts recovered	(12)	(15)	-	-
Interest income	(303)	(445)	-	(8)
Gain on foreign exchange				
- realised	434	(50)	-	-
- unrealised	16	-	-	-
Rental expense				
- buildings	1,371	564	-	-
- others	17	39	-	-
Employee benefits (Note 6)	15,761	14,779	-	-
Non-Executive Directors' fee and allowance (Note 7)	756	560	756	560

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

6. Employee benefits

	Group	
	1.7.2015 to 31.12.2016 RM'000	**1.7.2014 to 30.6.2015 RM'000**
Wages, salaries and bonus	13,882	13,413
Defined contribution plan	1,351	1,011
Other employee benefits	528	355
	15,761	14,779

Included in employee benefits of the Group are Executive Directors' remuneration amounting to RM940,000 (2015: RM919,000), as disclosed in Note 7 to the financial statements.

7. Directors' remuneration

The details of remuneration received by Directors of the Group and of the Company during the financial year are as follows:

	Group		Company	
	1.7.2015 to 31.12.2016 RM'000	**1.7.2014 to 30.6.2015 RM'000**	**1.7.2015 to 31.12.2016 RM'000**	**1.7.2014 to 30.6.2015 RM'000**
Executive:				
Wages, salaries and bonus	893	872	-	-
Defined contribution plan	47	47	-	-
Total Executive Directors' remuneration (Note 6)	940	919	-	-
Non-executive:				
Fees	745	41	745	41
Allowances	11	519	11	519
Total Non-Executive Directors' fee and allowance (Note 5)	756	560	756	560
Total Directors' remuneration	1,696	1,479	756	560

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

8. Tax expense

	Group		Company	
	1.7.2015 to 31.12.2016 RM'000	**1.7.2014 to 30.6.2015 RM'000**	**1.7.2015 to 31.12.2016 RM'000**	**1.7.2014 to 30.6.2015 RM'000**
Current tax				
- current year	1,087	1,253	-	-
- (over)/under provision in prior year	(5)	(2)	-	-
	1,082	1,251	-	-
Deferred taxation (Note 19)				
- current year	-	(721)	-	-
- (over)/under provision in prior year	-	515	-	-
	-	(206)	-	-
	1,082	1,045	-	-

Effective from the year of assessment 2012, the amended Section 54A of the Income Tax Act, 1967 in Malaysia ("the Act") provides that only 70% of the statutory income derived from the operations of sea-going Malaysian registered ships is exempted from tax.

However, pursuant to the Income Tax (Exemption) (No. 2) Order 2012 dated 4 June 2012, statutory income derived from the operations of sea-going Malaysian registered ships will remain exempted from tax for year of assessment 2012 and year of assessment 2013. The Ministry of Finance has via their letter dated 29 October 2013 further deferred the amendment to the Act for another 2 years up to year of assessment 2016.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

8. Tax expense (continued)

The current tax is in respect of the income of the Group and of the Company which are not exempted from tax pursuant to Section 54A of the Act and the Income Tax (Exemption) (No. 2) Order 2012.

Reconciliation of effective tax expense

	Group		**Company**	
	1.7.2015 to 31.12.2016 RM'000	**1.7.2014 to 30.6.2015 RM'000**	**1.7.2015 to 31.12.2016 RM'000**	**1.7.2014 to 30.6.2015 RM'000**
(Loss)/Profit before tax	(533)	(57,765)	6,260	(35,859)
Tax at statutory tax rate of 24%/25%	(127)	(14,441)	1,502	(8,965)
Different tax rate in other country	-	(4)	-	-
Non-taxable income	-	(17)	(1,968)	(794)
Non-deductible expenses	1,533	3,680	466	9,495
Deferred tax assets not recognised	(319)	11,314	-	264
	1,087	532	-	-
Overprovision of current tax in prior year	(5)	(2)	-	-
Underprovision of deferred tax in prior year	-	515	-	-
	1,082	1,045	-	-

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

8. Tax expense (continued)

The Group has unabsorbed capital allowances and unutilised tax losses available for set off against future taxable profits as follows:

	Group	
	1.7.2015 to 31.12.2016 RM'000	**1.7.2014 to 30.6.2015 RM'000**
Unabsorbed capital allowances	50,394	52,753
Unutilised tax losses	4,621	122,809
	55,015	175,562

9. Basic loss per share

Basic loss per share for the financial year is calculated by dividing the loss for the financial year attributable to ordinary shareholders of the Company by the number of ordinary shares outstanding during the financial year, calculated as follows:

	Group	
	1.7.2015 to 31.12.2016	**1.7.2014 to 30.6.2015**
Loss attributable to ordinary shareholders of the Company (RM'000)	(2,174)	(60,018)
Number of ordinary shares in issue ('000)	869,321	869,321
Basic loss per share (sen)	(0.25)	(6.90)

Diluted earnings per share are not presented as there are no dilutive potential ordinary shares outstanding during the financial year.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

10. Property, plant and equipment

Group	Leasehold lands	Buildings	Vessels and vessel equipment	Plant and machinery	Containers	Motor vehicles	Furniture, fixtures and equipment	Renovation	Total
2016	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Cost									
At 1 July	2,120	3,782	97,962	272	3,025	1,854	2,990	816	112,821
Additions	-	-	-	-	-	104	65	-	169
Disposals	(490)	(1,856)	(23,126)	-	(2,974)	(76)	-	-	(28,522)
Revaluation reserve	1,166	-	-	-	-	-	-	-	1,166
Written-off	-	-	-	-	-	(360)	(849)	(263)	(1,472)
Exchange differences	-	-	-	-	-	-	31	11	42
At 31 December	2,796	1,926	74,836	272	51	1,522	2,237	564	84,204

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

10. Property, plant and equipment (continued)

Group	Leasehold lands	Buildings	Vessels and vessel equipment	Plant and machinery	Containers	Motor Vehicles	Furniture, fixtures and equipment	Renovation	Total
2016 (continued)	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Accumulated depreciation									
At 1 July	561	1,108	28,733	270	2,311	1,821	2,680	697	38,181
Charge for the financial period	60	108	1,780	-	35	72	201	50	2,306
Disposals	(194)	(700)	(5,125)	-	(2,339)	(76)	-	-	(8,434)
Written-off	-	-	-	-	-	(295)	(833)	(263)	(1,391)
Exchange differences	-	-	-	-	-	-	30	11	41
At 31 December	427	516	25,388	270	7	1,522	2,078	495	30,703

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE 18-MONTH FPE 31 DECEMBER 2016 (CONT'D)

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

10. Property, plant and elquipment (continued)

Group	Leasehold lands	Buildings	Vessels and vessel equipment	Plant and machinery	Containers	Motor Vehicles	Furniture, fixtures and equipment	Renovation	Total
2016 (continued)	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Accumulated impairment loss									
At 1 July	-	-	50,499	-	-	-	-	-	50,499
Disposals	-	-	(11,322)	-	-	-	-	-	(11,322)
At 31 December	-	-	39,177	-	-	-	-	-	39,177
Carrying value									
At 31 December	2,369	1,410	10,271	2	44	-	159	69	14,324

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

10. Property, plant and equipment (continued)

Group 2015	Leasehold lands RM'000	Buildings RM'000	Vessels and vessel equipment RM'000	Plant and machinery RM'000	Containers RM'000	Motor Vehicles RM'000	Furniture, fixtures and equipment RM'000	Renovation RM'000	Total RM'000
Cost									
At 1 July	2,120	3,782	93,716	272	3,147	1,955	2,843	769	108,604
Additions	-	-	4,246	-	-		190	58	4,494
Disposals	-	-	-	-	(122)		(9)	-	(131)
Written-off	-	-	-	-	-	(101)	(62)	(21)	(184)
Exchange differences	-	-	-	-	-	-	28	10	38
At 30 June	2,120	3,782	97,962	272	3,025	1,854	2,990	816	112,821

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

10. Property, plant and equipment (continued)

Group 2015 (continued)	Leasehold lands RM'000	Buildings RM'000	Vessels and vessel equipment RM'000	Plant and machinery RM'000	Containers RM'000	Motor Vehicles RM'000	Furniture, fixtures and equipment RM'000	Renovation RM'000	Total RM'000
Accumulated depreciation									
At 1 July	519	1,032	24,631	270	2,262	1,708	2,583	671	33,676
Charge for the financial year	42	76	4,102	-	139	203	133	32	4,727
Disposals	-	-	-	-	(90)	-	(6)	-	(96)
Written-off	-	-	-	-	-	(90)	(56)	(16)	(162)
Exchange differences	-	-	-	-	-	-	26	10	36
At 30 June	561	1,108	28,733	270	2,311	1,821	2,680	697	38,181

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10. Property, plant and equipment (continued)

Group **2015 (continued)**	**Leasehold lands** **RM'000**	**Buildings** **RM'000**	**Vessels and vessel equipment** **RM'000**	**Plant and machinery** **RM'000**	**Containers** **RM'000**	**Motor Vehicles** **RM'000**	**Furniture, fixtures and equipment** **RM'000**	**Renovation** **RM'000**	**Total** **RM'000**
Accumulated impairment loss									
At 1 July / 30 June	-	-	50,499	-	-	-	-	-	50,499
Carrying value									
At 30 June	1,559	2,674	18,730	2	714	33	310	119	24,141

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10. Property, plant and equipment (continued)

Company	**Leasehold lands**	**Buildings**	**Vessels and vessel equipment**	**Motor vehicles**	**Total**
2016	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Cost					
At 1 July	-	-	-	516	516
Additions	1,204	1,420	10,473	-	13,097
Revaluation reserve	1,166	-	-	-	1,166
At 31 December	2,370	1,420	10,473	516	14,779
Accumulated depreciation					
At 1 July	-	-	-	516	516
Charge for the financial period	3	6	84	-	93
At 31 December	3	6	84	516	609
Carrying value					
At 31 December	2,367	1,414	10,389	-	14,170

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10. Property, plant and equipment (continued)

2015	Motor vehicles RM'000
Cost	
At 1 July / 30 June	516
Accumulated depreciation	
At 1 July / 30 June	516
Carrying value	
At 1 July / 30 June	-

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11. Subsidiaries

	Company 31.12.2016 RM'000	Company 30.6.2015 RM'000
Unquoted ordinary shares, at cost	7,379	37,079
Unquoted preference shares, at cost	63,000	113,000
Deemed investment – capital contribution	909	909
	71,288	150,988
Less: Impairment loss		
At 1 July	(114,211)	(84,211)
Addition	-	(30,000)
Reversal/write-off	80,609	-
At 31 December / 30 June	(33,602)	(114,211)
	37,686	36,777

The details of the subsidiaries are as follows:

Name of companies	Place of incorporation	Percentage of equity held 31.12.2016	Percentage of equity held 30.6.2015	Principal activities
PDZ Shipping Agency (Bintulu) Sdn. Bhd.	Malaysia	100.00%	100.00%	Shipping agent and provision of related services
Perkapalan Dai Zhun (Johore) Sdn. Bhd.	Malaysia	99.99%	99.99%	Shipping and provision of related services
Tong Joo Shipping Pte. Ltd.* #	Singapore	100.00%	100.00%	Shipping and commission agent
PDZ Shipping Agency (Kuching) Sdn. Bhd.	Malaysia	100.00%	100.00%	Shipping agent and provision of related services
PDZ Shipping Agency Sdn. Bhd.	Malaysia	51.00%	51.00%	Shipping agent and provision of related services
PDZ Shipping Agency (Sabah) Sdn. Bhd.*	Malaysia	51.00%	51.00%	Shipping agent and provision of related services

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11. Investment in subsidiaries (continued)

Name of companies	Place of incorporation	Percentage of equity held 31.12.2016	30.6.2015	Principal activities
PDZ Shipping Agency (Sibu) Sdn. Bhd.	Malaysia	60.00%	60.00%	Shipping agent and provision of related services
PDZ Shipping Agency (Johor) Sdn. Bhd.	Malaysia	60.00%	60.00%	Shipping agent and provision of related services
PDZ Shipping Agency (Tawau) Sdn. Bhd.*	Malaysia	51.00%	51.00%	Shipping agent and provision of related services
Fokus Marine Sdn. Bhd.	Malaysia	99.99%	99.99%	Shipping and provision of related services
Arus Marine Sdn. Bhd.	Malaysia	99.90%	99.90%	Dormant
Beta Marine Sdn. Bhd.	Malaysia	99.90%	99.90%	Dormant
Erat Marine Sdn. Bhd. #	Malaysia	99.90%	99.90%	Dormant
Jati Marine Sdn. Bhd.	Malaysia	99.99%	99.99%	Dormant
PDZ Lines Sdn. Bhd. #	Malaysia	100.00%	100.00%	Dormant
Perkapalan Dai Zhun Sdn Bhd	Malaysia	-	100.00%	Shipping and provision of related services

* Not audited by Cheng & Co.
\# The Auditors' Report on the financial statements of the subsidiaries for the financial period from 1 July 2015 to 31 December 2016 includes an emphasis of matter paragraph on going concern.

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11. Investment in subsidiaries (continued)

(a) Disposal of subsidiary

On 30 December 2016, the Company had completed the disposal of 51,500,000 ordinary shares of RM1.00 each in Perkapalan Dai Zhun Sdn Bhd, representing the entire share capital of PDZSB, to Salvage Point Ltd ("Disposal"). As a result, PDZSB ceased to be subsidiary of the Company.

The disposal was completed on 30 December 2016.

The effect of disposal on the financial position and cash flow of the Group:

	1.7.2015 to 31.12.2016 RM'000
Cash flows from operating activities	
Receivables	802
Other receivables	968
Deposits and prepayments	137
Tax recoverable	76
Cash and cash equivalents	44
Trade payables	(40,980)
Other payables	(1,706)
Net assets and liabilities	(40,659)
Cash consideration received	1
	40,660
Less: Impairment for amount due from PDZSB	(27,219)
Gain on disposal of investment in a subsidiary	13,441
Cash consideration received	1
Cash and cash equivalents	(44)
Net cash outflow arising from disposal	(43)

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12. Goodwill on consolidation

	Group	
	31.12.2016 RM'000	30.6.2015 RM'000
At cost	7	7

Impairment test for goodwill

Goodwill arising from the acquisition had been allocated to the business of liner and shipping agency.

Keys assumptions used in value-in-use calculations

The recoverable amount of a Cash Generating Unit ("CGU") is determined based on financial budgets approved by management covering a two-year period.

The key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill included the following:

(i) The average gross margin applied was 20% (2015: 10%).

(ii) The average growth rate applied was 8.3% (2015: 8.3%) per annum.

(iii) The discount rates used are Weighted Average Cost of Capital ("WACC") of the Group. The discounts rate applied was 12.1% (2015: 12.1%) per annum.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the liner and shipping agency business, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the unit to materially exceed their recoverable amounts.

13. Bunker on board

	Group	
	31.12.2016 RM'000	30.6.2015 RM'000
At cost	627	1,406

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

13. Bunker on board (continued)

	Company	
	31.12.2016 RM'000	**30.6.2015 RM'000**
At cost	627	-

14. Trade receivables

	Group	
	31.12.2016 RM'000	**30.6.2015 RM'000**
Trade receivables	6,926	24,272
Less: Impairment loss		
At 1 July	(517)	(549)
Addition	(34)	-
Written-off	174	-
Reversal	-	32
	377	(517)
At 31 December / 30 June	6,549	23,755

The Group's normal trade credit terms range from cash term to 90 days (2015: cash term to 90 days). Other credit terms are assessed and approved on a case by case basis.

15. Non-trade receivables, deposits and prepayment

	Group		Company	
	31.12.2016 RM'000	**30.6.2015 RM'000**	**31.12.2016 RM'000**	**30.6.2015 RM'000**
Non-trade receivables	1,585	580	327	-
Deposits	5,306	5,302	5,000	5,000
	6,891	5,882	5,327	5,000
Less: Impairment loss				
At 1 July	(5,000)	-	(5,000)	-
Reversal/(Addition)	5,000	(5,000)	5,000	(5,000)
At 31 December / 30 June	-	(5,000)	-	(5,000)
	6,891	882	5,327	-
Prepayments	-	1,015	-	-
	6,891	1,897	5,327	-

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16. Amounts due from subsidiaries

	Company	
	31.12.2016 RM'000	**30.6.2015 RM'000**
Amounts due from subsidiaries	7,710	8,465
Less: Impairment loss		
At 1 July	(3,889)	(3,889)
Reversal	3,889	-
At 31 December / 30 June	-	(3,889)
	7,710	4,576

The amounts due from subsidiaries represent unsecured, interest-free advances and are repayable on demand.

17. Fixed deposits with licensed banks

	Group	
	31.12.2016 RM'000	**30.6.2015 RM'000**
Amount pledged as security for bank facilities	1,716	5,811
Amount not pledged	-	1,227
	1,716	7,038

Fixed deposits placed with licensed banks have maturity periods which range from 1 month to 12 months (2015: 1 month to 12 months) and the effective interest rates are disclosed in Note 26 to the financial statements.

18. Share capital

	Group and Company			
	31.12.2016	**30.6.2015**	**31.12.2016**	**30.6.2015**
	Number of ordinary shares ('000)		**RM'000**	**RM'000**
Ordinary shares of RM0.10 each:				
Authorised				
At 1 July	49,800,000	1,000,000	4,980,000	100,000
Increased during the financial year	-	48,800,000	-	4,880,000
At 31 December / 30 June	49,800,000	49,800,000	4,980,000	4,980,000
Issued and fully paid				
At 1 July/30June	869,321	869,321	86,932	86,932

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18. Share capital (continued)

	Group and Company			
	31.12.2016	**30.6.2015**	**31.12.2016**	**30.6.2015**
	Number of shares ('000)		**RM'000**	**RM'000**
Redeemable convertible preference shares of RM0.01 each:				
Authorised				
At 1 July	2,000,000	-	20,000	-
Addition	-	2,000,000	-	20,000
At 31 December / 30 June	2,000,000	2,000,000	20,000	20,000

19. Deferred taxation

	Group	
	31.12.2016	**30.6.2015**
	RM'000	**RM'000**
At 1 July	26	232
Transferred from total profit and loss (Note 8)	-	(206)
Tax impact on revaluation reserve	280	-
At 31 December / 30 June	306	26

The components and movements of deferred tax liabilities during the financial year are as follows:

	Group	
	31.12.2016	**30.6.2015**
	RM'000	**RM'000**
Property, plant and equipment		
At 1 July	26	232
Recognised in comprehensive income	280	(206)
At 31 December / 30 June	306	26

No deferred tax assets have been recognised for the following items:

	Group	
	31.12.2016	**30.6.2015**
	RM'000	**RM'000**
Provisions	7	7
Unabsorbed capital allowances	972	35,543
Unutilised tax losses	2,590	119,869
	3,569	157,419

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20. Amount due to a subsidiary

The amount due to a subsidiary represents unsecured, interest-free advances and is repayable on demand.

21. Borrowings

	Group		Company	
	31.12.2016 RM'000	30.6.2015 RM'000	31.12.2016 RM'000	30.6.2015 RM'000
Current				
Revolving credit – unsecured	-	3,800	-	3,800
Term loan – secured	-	1,310	-	-
	-	5,110	-	3,800
Non-current				
Term loan - secured	-	2,974	-	-

The maturity structure of the term loan can be analysed as follows:

	Group	
	31.12.2016 RM'000	30.6.2015 RM'000
Repayable within one year	-	1,310
Repayable between one to two years	-	1,371
Repayable between two to five years	-	1,603
	-	2,974
	-	4,284

(a) Revolving credit - unsecured

The revolving credit facility granted to the Group and the Company is nil (2015: RM4,000,000) of which RM3,800,000 was drawn down as at 30 June 2015. The facility was fully repaid during the financial year. The revolving credit drawn down as at 30 June 2016 was for a period of 1 month.

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21. Borrowings (continued)

(b) Term loan and revolving credit – secured (continued)

The term loan facility granted to a subsidiary of the Company was denominated in Ringgit Malaysia and was secured by way of pledging of fixed deposits of RM4,400,000 by the subsidiary company by way of memorandum of deposit and letter of set-off.

The term loan is repayable by 72 equal monthly instalments commencing on 1 May 2012.

The effective interest rates of revolving credit and term loan are disclosed in Note 26 to the financial statements.

The fair value of non-current borrowings approximates the carrying amount as the borrowings are at floating rate as disclosed in Note 26 to the financial statements.

22. Trade payables

The normal trade credit terms granted to the Group range from payment in advance to 90 days (2015: payment in advance to 90 days).

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23. Significant related party transactions

The aggregate value of significant related party transactions and outstanding balances were as follows:

Name of companies	Type of transactions	Transaction value 2016 RM'000	Transaction value 2015 RM'000	Balance outstanding from/(to) as at 31 December / 30 June 2016 RM'000	Balance outstanding from/(to) as at 31 December / 30 June 2015 RM'000
Company					
With subsidiaries:					
Fokus Marine Sdn. Bhd.	Amount receivable	(150)	-	1,879	2,029
Erat Marine	Advances	-	-	2,428	2,428
Jati Marine Sdn. Bhd.	Amount payable	-	-	(1,600)	(1,600)
Perkapalan Dai Zhun (Johore) Sdn. Bhd.	Charter hire payables	(15,861)	-	(21,307)	354
	Payment on behalf	(5,800)	-	-	-
PDZ Shipping Agency Sdn Bhd	Dividend	2,640	1,887	5,921	-
	Freight & other revenue	3,281	-	-	-

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23. Significant related party transactions (continued)

The aggregate value of significant related party transactions and outstanding balances were as follows:

		Transaction value		Balance outstanding from/(to) as at 31 December / 30 June	
Name of companies	**Type of transactions**	**2016 RM'000**	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Company					
With subsidiaries:					
PDZ Shipping Agency (Sabah) Sdn Bhd	Dividend	255	510	(240)	-
	Port charges payable	(495)	-	-	-
PDZ Shipping Agency (Kuching) Sdn Bhd	Port charges payable	(1,723)	-	(1,723)	-
PDZ Shipping Agency (Bintulu) Sdn Bhd	Port charges payable	(684)	-	(684)	-
Tong Joo Shipping Pte Ltd	Freight Revenue	1,978	-	1,978	-

The Directors are of the opinion that the terms and conditions and prices of the above transactions are not materially different from that obtainable in transactions with unrelated parties.

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24. Commitments and contingent liabilities

(i) Operating lease commitments

At the reporting date, the Group is committed to make the following payments in respect of non-cancellable operating leases:

	Group	
	31.12.2016	**30.6.2015**
	RM'000	**RM'000**
Not later than one year	363	485
Later than one year and not later than five years	-	698
	363	1,183

(ii) Corporate guarantee for Formosa Plastics

PDZ Holdings Bhd. had on 5 August 2016 issued a corporate guarantee to Formosa in the sum of RM 2.33 million, to secure the payment of one month's deposit and two hire outstanding for each of the Vessels by Eastgate to Formosa, in six instalments, to support the Novation of the charter parties as mentioned under Note 24 (viii).

(iii) Injunction against Formosa Plastics Marina Corporation and Eastgate Group

On 21 September 2016, the former subsidiary of the Company, Perkapalan Dai Zhun SB ("PDZSB") and the Company obtained an ex parte injunction against Formosa and the Eastgate Group, amongst others, to restrain them from arresting PDZSB's or its affiliated companies' vessels, cargo thereon or freight due therefrom. By a Share Sale Agreement dated 30 December 2016, the Company disposed of all the shares in PDZSB to Salvage Point Ltd.

Formosa filed an application to set aside the said injunction and also for a stay of proceedings to refer this dispute to arbitration. At a hearing of both applications on 28 March 2016, the inter parties injunction application was withdrawn by PDZSB and PDZ, with costs to Formosa, upon PDZ's decision not to seek that it be extended. The decision on Formosa's stay application and whether the injunction was wrongly granted on 21 September 2016 is fixed on 3 May 2017. The Company is of the view that it has fair prospects of success.

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24. Commitments and contingent liabilities (continued)

(iv) Kuala Lumpur High Court Admiralty In Rem No. WA-27NCC-8-01/2017

On 24 January 2017, the Company has been served with a Writ in Admiralty Action in Rem and Warrant of Arrest dated 20 January 2017 ("Arrest of Vessel") on its vessel, PDZ Mewah (which was previously owned by PDZSB) by Dan-Bunkering (Singapore) Pte Ltd ("Dan-Bunkering"). On 30 December 2016, the Company had completed the disposal of 51,500,000 ordinary shares of RM1.00 each in PDZSB, representing the entire share capital of PDZSB, to Salvage Point Ltd ("Disposal").

Prior to the Disposal, the beneficial interest of the Vessel was transferred from PDZSB to the Company. Pursuant thereto, the change of ownership of the Vessel was reflected in the Registrar of Malaysian Ships, Port Klang on 6 December 2016 and the Vessel is now owned by the Company ("Transfer of PDZ Mewah"). Dan-Bunkering's claim against PDZ is for, amongst others, the outstanding principal balance sum of approximately USD0.48 million payable to Dan-Bunkering for the non-payment of supply of Marine Fuel Oil and/or Marine Gas Oil to PDZ Mewah.

The Company has been served with the Statement of Claim dated 10/2/17 from Dan-Bunkering. The matter is now before the Court. The solicitor acting for the Company in the above matter is of the view that the Company has a strong arguable case to challenge the arrest and setting aside of the claims.

(v) Kuala Lumpur High Court Admiralty In Rem No. WA-27NCC-9-01/2017

The Company has been served with a Writ in Action in Rem dated 26 January 2017 on its vessel, PDZ Mewah by Harbour-Link Lines Sdn Bhd ("Harbour-Link") for, amongst others, the delivery up of the containers which was shipped on board of PDZ Mewah (which was issued warrant of arrest pursuant to the Arrest of Vessel above), and damages including but not limited to all expenses to be incurred by Harbour-Link for the discharge of its containers at Pasir Gudang which was loaded on board of PDZ Mewah and transportation to their contracted discharge ports.

On 27 January 2017, PDZ was informed that the Sheriff of the High Court of Malaya at Kuala Lumpur have authorised Harbour Link to discharge the containers and the containers were subsequently unloaded from PDZ Mewah on 6 February 2017. The Company has been served with the Statement of Claim dated 20 March 2017 from Harbour-Link. The matter is now before the Court. The solicitor acting for the Company in the above matter is of the view that the Company stands a strong chance in succeeding in setting aside the suit.

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24. Commitments and contingent liabilities (continued)

(vi) Kuala Lumpur High Court Admiralty In Rem No. WA-27NCC-10-01/2017

The Company has been served with a Writ in Action in Rem dated 26 January 2017 on its vessel, PDZ Mewah by Shin Yang Shipping Sdn Bhd ("Shin Yang") for, amongst others, the delivery up of the containers which was shipped on board of PDZ Mewah (which was issued warrant of arrest pursuant to the Arrest of Vessel above), and damages including but not limited to all expenses to be incurred by Shin Yang for the discharge of its containers at Pasir Gudang which was loaded on board of PDZ Mewah and transportation to their contracted discharge ports.

On 27 January 2017, PDZ was informed that the Sheriff of the High Court of Malaya at Kuala Lumpur have authorised Harbour Link to discharge the containers and the containers were subsequently unloaded from PDZ Mewah on 6 February 2017. The Company has been served with the Statement of Claim dated 20 March 2017 from Shin Yang. The matter is now before the Court. The solicitor acting for the Company in the above matter is of the view that the Company stands a strong chance in succeeding in setting aside the suit.

(vii) Kuala Lumpur High Court Admiralty In Rem No. WA-27NCC-44-08/2016, 45-08/2016 & WA-27NCC-11-01/2017

On 6 February 2017, the Company has been served with a Writ in Admiralty Action in Rem dated 10 August 2016 on its vessel, PDZ Mewah by CCK Petroleum Sdn Bhd, CCK Capital Ltd and CCK Petroleum (Labuan) Limited ("CCK Group"). CCK Group's claim against PDZ is for the non-payment of supply of Marine Fuel Oil and/or Marine Gas Oil to PDZ Mewah (which was previously owned by PDZSB) during the months of January 2016 to April 2016. The Company has been served with the Statement of Claim dated 10 April 2017. The matter is now before the Court. The solicitor acting for the Company in the above matter is of the view that PDZ stands a strong chance in defending the suit.

(viii) Kota Kinabalu High Court Admiralty In Rem No. BKI-27NCC-2/2-2017

On 21 February 2017, the Company has been served with a Writ in Admiralty Action in Rem and Warrant of Arrest on its vessel, PDZ Maju by Continental Platform (M) Sdn Bhd ("CPSB"). CPSB's claim against PDZ is for an amount of RM563,311.78 for the non-payment of supply of bunkers to PDZ Mewah in December 2016. The Company has been served with a Statement of Claim dated 6 April 2017 from CPSB. The solicitors acting for the Company in the above matter is of the view that PDZ stands a strong chance in defending the suit.

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24. Commitments and contingent liabilities (continued)

(ix) Kuala Lumpur High Court Suit - Johany Jaafar ("JJ") counter claim against PDZ

Reference is made to our announcements dated 12 August 2016, 17 August 2016, 30 August 2016, 17 November 2016 and 1 December 2016 of which the abbreviations and definitions used herein shall have the same meanings as defined in the previous announcements. The Company wishes to inform that the learned High Court Judge had on 30 November 2016 after reading the Company's written submissions and hearing oral argument, allowed the Company to strike off the counter claim filed by JJ against the Company for the sum of RM166,508,000

The Court also had granted the cost of RM5,000 to the Company. JJ has on 16 December 2016 filed an appeal to the Court of Appeal against the decision of the learned High Court Judge made on 30 November 2016 at the Kuala Lumpur High Court which allowed the application of the Company to strike off the counter claim filed by JJ with cost of RM5,000.

(x) Kuala Lumpur High Court Suit - Johany Jaafar ("JJ") counter claim against Pelaburan MARA Berhad ("PMB") & PMB claim against JJ

PMB had sued JJ in Kuala Lumpur High Court to recover a sum of RM2,400,00-00 claimed to be owing by JJ to PMB pursuant to the SPA. The learned High Court Judge had on 30 November 2016 allowed PMB's claim against JJ for the sum of RM2,400,000 with cost of RM3,000 and allowed PMB's application to strike off the counter claim filled by JJ with cost of RM5,000.

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25. Financial instruments

Categories of financial instruments

The Group and the Company have categorised their financial assets as loans and receivables and financial liabilities as other financial liabilities measured at amortised cost.

Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk, foreign currency risk, liquidity risk and price risk.

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and of the Company's businesses whilst managing their credit risk, interest rate risk, foreign currency risk, liquidity risk and price risk.

The following sections provide details regarding the Group's and the Company's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

The Group's and the Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and non-trade receivables. The Group and the Company manage their exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group and the Company establish an allowance for impairment that represents their estimate of incurred losses in respect of the trade and non-trade receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Credit risk concentration profile

The Group and the Company have no significant concentration of credit risk that may arise from exposure to a single customer or to a group of customers.

Exposure to credit risk

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

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25. Financial instruments (continued)

Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

Ageing analysis

The ageing analysis of the Group's trade receivables as at reporting date is as follows:

Group	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Value RM'000
31 December 2016				
Not past due	3,918	-	-	3,918
Past due:				
- less than 3 months	2,298	-	-	2,298
- more than 3 months	711	(378)	-	333
	6,927	(378)	-	6,549
30 June 2015				
Not past due				
Past due:	12,568	-	-	12,568
- less than 3 months	10,507	-	-	10,507
- more than 3 months	1,197	(517)	-	680
	24,272	(517)	-	23,755

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The collective impairment allowance is determined based on estimated irrecoverable amounts from the sale of services, determined by reference to past default experience.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

25. Financial instruments (continued)

Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

Trade receivables that are past due but not impaired

Any receivables having significant balances past due or more than 90 days, which are deemed to have higher credit risk, are monitored individually. The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good recovery track record and no recent history of default.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises mainly from interest-earning financial assets and interest-bearing financial liabilities. The Group's and the Company's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group and of the Company will be placed with licensed financial institutions to generate interest income.

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the reporting date and the periods in which they reprice or mature, whichever is earlier:

Effective interest rates and repricing analysis

Group **31 December 2016**	**Effective interest rate per annum** **%**	**Within 1 year** **RM'000**	**1 - 5 years** **RM'000**	**Total** **RM'000**
Financial assets				
Fixed deposits with licensed banks				
- denominated in RM	3.12	645	-	645
- denominated in SGD	0.24	1,071	-	1,071
		1,716	-	1,716

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

25. Financial instruments (continued)

Financial risk management objectives and policies (continued)

(b) Interest rate risk (continued)

Group 30 June 2015	Effective interest rate per annum %	Within 1 year RM'000	1 - 5 years RM'000	Total RM'000
Financial assets				
Fixed deposits with licensed banks				
- denominated in RM	3.16	5,827	-	5,827
- denominated in SGD	0.24	1,211	-	1,211
		7,038	-	7,038
Financial liabilities				
Revolving credit	4.30	3,800	-	3,800
Term loan	4.46	1,310	2,974	4,284
		5,110	2,974	8,084
Company				
31 December 2016				
Financial liabilities				
Revolving credit		-	-	-
30 June 2015				
Financial liabilities				
Revolving credit	4.30	3,800	-	3,800

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

25. Financial instruments (continued)

Financial risk management objectives and policies (continued)

(b) Interest rate risk (continued)

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:

	31.12.2016 Increase/ (Decrease) RM'000	30.6.2015 Increase/ (Decrease) RM'000
Group		
Effects on profit after tax		
Increase of 10 basis points	2	(1)
Decrease of 10 basis points	(2)	1
Effects on equity		
Increase of 10 basis points	2	(1)
Decrease of 10 basis points	(2)	1
Company		
Effects on profit after tax		
Increase of 10 basis points	-	(4)
Decrease of 10 basis points	-	4
Effects on equity		
Increase of 10 basis points	-	(4)
Decrease of 10 basis points	-	4

(c) Foreign currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar, Singapore Dollar and Brunei Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

25. Financial instruments (continued)

Financial risk management objectives and policies (continued)

(c) Foreign currency risk (continued)

The Group's exposure to foreign currency is as follows:

Group	**United States Dollar RM'000**	**Singapore Dollar RM'000**	**Brunei Dollar RM'000**
31 December 2016			
Financial assets			
Trade receivables	14	94	-
Non-trade receivables, deposits and prepayment	-	150	-
Fixed deposits with licensed banks, cash and bank balances	-	1,490	-
	14	1,734	-
Financial liabilities			
Trade payables	-	35	-
Non-trade payables and accruals	-	225	-
	-	260	-
Net currency exposure	14	1,474	-
30 June 2015			
Financial assets			
Trade receivables	724	561	-
Non-trade receivables, deposits and prepayment	224	1,662	-
Fixed deposits with licensed banks, cash and bank balances	1,053	2,784	-
	2,001	5,007	-
Financial liabilities			
Trade payables	5,558	448	-
Non-trade payables and accruals	1,473	483	-
	7,031	931	-
Net currency exposure	(5,030)	4,076	-

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

25. Financial instruments (continued)

Financial risk management objectives and policies (continued)

(c) Foreign currency risk (continued)

Foreign currency risk sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit, net of tax to a reasonably possible change in the exchange rates against the respective other currencies of the Group, with all other variables held constant:

	Group	
	31.12.2016 Increase/ (Decrease) RM'000	**30.6.2015 Increase/ (Decrease) RM'000**
Effects on profit after tax		
USD / RM		
Strengthened by 5%	-	(252)
Weakened by 5%	-	252
SGD / RM		
Strengthened by 5%	74	204
Weakened by 5%	(74)	(204)
BND / RM		
Strengthened by 5%	-	-
Weakened by 5%	-	-

(d) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group and the Company practise prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

25. Financial instruments (continued)

Financial risk management objectives and policies (continued)

(d) Liquidity risk (continued)

Group	Carrying amount RM'000	Contractual cash flows RM'000	Within 1 year RM'000	1 – 5 years RM'000
31 December 2016				
Trade payables	2,519	2,519	2,519	-
Non-trade payables and accruals	2,526	2,526	2,526	-
Borrowings	-	-	-	-
Total	5,045	5,045	5,045	-
30 June 2015				
Trade payables	15,453	15,453	15,453	-
Non-trade payables and accruals	10,867	10,867	10,867	-
Borrowings	8,084	8,344	5,258	3,086
Total	34,404	34,664	31,578	3,086
Company				
31 December 2016				
Non-trade payables and accruals	265	265	265	-
Amount due to a subsidiary	22,907	22,907	22,907	-
Borrowings	-	-	-	-
Total	23,172	23,172	23,172	-
30 June 2015				
Non-trade payables and accruals	1,026	1,026	1,026	-
Amount due to a subsidiary	1,600	1,600	1,600	-
Borrowings	3,800	3,800	3,800	-
Total	6,426	6,426	6,426	-

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

25. Financial instruments (continued)

Financial risk management objectives and policies (continued)

(e) Price risk

The Group is exposed to bunker price risk for its liner business. Bunker cost is one of the major cost components of the container ship operations.

The Group, with more than 10 years of knowledge and expertise gained in this line of business, is able to make appropriate adjustments to its supplier choice, timing of purchase and shipment, contracting arrangement with its customers to address price fluctuation risk.

26. Fair value

The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short term maturity of the financial instruments.

The fair values of non-current financial liability together with the carrying amounts shown in the consolidated statement of financial position are as follows:

	31.12.2016		30.6.2015	
Group	**Carrying amount RM'000**	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
Financial liability				
Non-current borrowings	-	-	2,974	2,974

27. Capital management

The Group and the Company manage their capital to ensure the Group and the Company maintain an optimal capital structure so as to support the businesses and maximise shareholders' value. To achieve this objective, the Group and the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares. The Group's and the Company's strategies were unchanged from the previous financial year.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

27. Capital management (continued)

The gearing ratio of the Group and Company as at the financial year end was as follows:

	Group		Company	
	31.12.2016 RM'000	30.6.2015 RM'000	31.12.2016 RM'000	30.6.2015 RM'000
Borrowings	-	8,084	-	3,800
Less:				
Fixed deposits with licensed banks – not pledged	-	1,227	-	-
Cash and bank balances	6,143	11,743	90	73
	6,143	12,970	90	73
Net debt	(6,143)	(4,886)	(90)	3,727
Total equity	31,492	35,478	42,228	35,122
Total capital	25,349	30,592	42,138	38,849
Gearing ratio (times)	(0.25)	(0.16)	(0.002)	0.09

Net debt is calculated as borrowings less fixed deposits with licensed banks (not pledged) and cash and bank balances. Total capital is calculated as equity plus net debt.

The debt to equity ratio is calculated as net debt divided by total capital.

There is no external capital requirement imposed on the Group and the Company.

28. Significant event subsequent to the financial period

(a) Corporate proposal

On 6 March 2017, the Company has announced that it will undertake the following:

(i) proposed reduction of the Company's share capital pursuant to Section 116 of the Companies Act, 2016 ("Proposed Share Capital Reduction");

(ii) proposed consolidation of every four (4) ordinary shares in PDZ ("PDZ Shares" or "Shares") into one (1) PDZ Share ("Proposed Share Consolidation");

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28. Significant event subsequent to the financial period (continued)

(a) Corporate proposal (continued)

(iii) proposed renounceable rights issue of up to 434,660,640 new Shares ("Rights Shares") together with up to 325,995,480 free detachable warrants in PDZ ("Warrants") on the basis of four (4) Rights Shares together with three (3) free Warrants for every two (2) existing Shares held by the entitled shareholders on an entitlement date to be determined ("Proposed Rights Issue with Warrants"); and

(iv) proposed establishment of an employees' share option scheme ("ESOS") of up to 15% of the total number of issued shares of the Company ("Proposed ESOS")

(collectively referred to as the "Proposals").

In conjunction to the above, on 6 March 2017, the Company had submitted multiple proposals to Bursa Malaysia. Subject to all relevant approvals being obtained, the Proposals are expected to be completed by the third (3^{rd}) quarter of the financial year ending 2017.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

29. General information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company is an investment holding company. The principal activities of its subsidiaries are disclosed in Note 11 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

The registered office is located at Third Floor, No. 79 (Room A), Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor.

The principal place of business is located at No.1, Jalan Sungai Aur, 42000 Port Klang, Selangor.

The financial statements were approved and authorised for issue by the Board of Directors on 25 April 2017.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

30. Supplementary information – breakdown of retained profits into realised and unrealised

The breakdown of the retained profits of the Group and of the Company as at 31 December 2016 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and presented in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	31.12.2016	**30.6.2015**	**31.12.2016**	**30.6.2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total accumulated losses				
- Realised	(121,460)	(160,794)	(73,179)	(79,399)
- Unrealised	-	(26)	-	-
	(121,460)	(160,820)	(73,179)	(79,399)
Add: Consolidation adjustments	35,939	77,473	-	-
Accumulated losses	(85,521)	(83,347)	(73,179)	(79,399)

PDZ HOLDINGS BHD

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the financial period ended 30 September 2017 (Unaudited)

	Individual Quarter		Cummulative Quarter	
	Current Year Quarter	Preceding Year Quarter	Current Year To Date	Preceding Year To Date
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	RM '000	RM '000	RM '000	RM '000
Revenue	2,514	20,897	7,549	75,832
Cost of sales	(1,618)	(20,752)	(8,950)	(74,399)
Gross profit / (loss)	896	145	(1,401)	1,433
Other (expenses) / income	(327)	5,582	3,580	6,167
Administrative expenses	(705)	(2,986)	(5,246)	(10,339)
(Loss) / Profit from operations	(136)	2,741	(3,067)	(2,739)
Gain on foreign exchange	-	52	-	379
Finance cost	-	(27)	-	(129)
(Loss) / Profit before tax	(136)	2,766	(3,067)	(2,489)
Taxation	-	(85)	-	272
(Loss) / Profit for the period	(136)	2,681	(3,067)	(2,217)
Other comprehensive income / (expense):				
Foreign currency translation differences for a foreign subsidiary	-	41	(4)	6
(Loss) / Profit after taxation and other comperehensive income / (expenses) for the period	(136)	2,722	(3,071)	(2,211)
(Loss) / Profit after taxation for the period attributable to:				
- Owners of the Company	(99)	2,622	(2,760)	(2,589)
- Non-controlling interests	(37)	59	(307)	372
	(136)	2,681	(3,067)	(2,217)
(Loss) / Profit after taxation and other comprehensive income / (expenses) attributable to:				
- Owners of the Company	(99)	2,663	(2,764)	(2,583)
- Non-controlling interests	(37)	59	(307)	372
	(136)	2,722	(3,071)	(2,211)
(Loss) / Profit per share (sen)				
- Basic	(0.01)	0.30	(0.32)	(0.30)
- Diluted	N/A	N/A	N/A	N/A

(The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial period ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.)

PDZ HOLDINGS BHD
Condensed Consolidated Statement of Financial Position
as at 30 September 2017 (Unaudited)

	(Unaudited) As at 30.09.2017	(Audited) As at 31.12.2016
ASSETS	**RM '000**	**RM '000**
Non-current assets		
Property, plant and equipment	17,960	14,324
Goodwill on consolidation	7	7
	17,967	14,331
Current assets		
Bunker on board	624	627
Trade receivables	6,930	6,549
Other receivables	1,526	1,585
Deposits and prepayments	6,171	5,306
Tax recoverable	758	594
Fixed deposits with licensed banks	31	1,716
Cash and bank balances	1,356	6,143
	17,396	22,520
TOTAL ASSETS	35,363	36,851
EQUITY AND LIABILITIES		
Share capital	86,932	86,932
Share premium	27,589	27,589
Reserves	1,242	1,246
Accumulated losses	(88,281)	(85,521)
Equity attributable to owners of the Company	27,482	30,246
Non-controlling interests	645	1,246
Total equity	28,127	31,492
Non-current liabilities		
Deferred taxation	305	306
	305	306
Current liabilities		
Trade payables	5,291	2,519
Non-trade payables and accruals	1,440	2,526
Amount due to directors	200	-
Tax payable	-	8
	6,931	5,053
Total liabilities	7,236	5,359
TOTAL EQUITY AND LIABILITIES	35,363	36,851
Net assets per share (RM)	**0.03**	**0.03**

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial period ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.)

PDZ HOLDINGS BHD
Condensed Consolidated Statement of Changes in Equity
for the financial period ended 30 September 2017 (Unaudited)

	Attributable to owners of the Company							
	Share capital RM '000	Share premium RM '000	Revaluation Reserve RM '000	Currency translation differences RM '000	Accumulated losses RM '000	Total RM '000	Non-controlling interests RM '000	Total equity RM '000
At 1 January 2017	86,932	27,589	886	360	(85,521)	30,246	1,246	31,492
Foreign currency translation differences for a foreign subsidiary	0	0	0	(4)	0	(4)	0	(4)
Loss for the period	0	0	0	0	(2,760)	(2,760)	(307)	(3,067)
Dividends	0	0	0	0	0	0	(294)	(294)
At 30 September 2017	86,932	27,589	886	356	(88,281)	27,482	645	28,127
At 1 July 2015	86,932	27,589	-	569	(83,347)	31,743	3,735	35,478
Foreign currency translation differences for a foreign subsidiary	0	0	0	(209)	0	(209)	0	(209)
Revaluation of properties	0	0	886	0	0	886	0	886
(Loss) / profit for the period	0	0	0	0	(2,174)	(2,174)	559	(1,615)
Dividends	0	0	0	0	0	0	(3,048)	(3,048)
At 31 December 2016	86,932	27,589	886	360	(85,521)	30,246	1,246	31,492

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial period ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.)

PDZ HOLDINGS BHD
Condensed Consolidated Statement of Cash Flows
for the financial period ended 30 September 2017 (Unaudited)

	Current Year To Date 30.09.2017 RM '000	Preceding Year To Date 30.09.2016 RM '000
Operating activities		
Loss after tax	(3,067)	(2,217)
Adjustments for:		
Depreciation	849	1,036
Net gain on disposal of property, plant and equipment	-	(591)
Reversal of impairment of property, plant and equipment	(4,485)	-
Interest expense	-	129
Interest income	(3)	(167)
Reversal of impairment loss	-	(304)
Unrealised (gain) / loss on foreign exchange	(43)	20
Taxation	-	(272)
	(6,749)	(2,366)
Changes in working capital:		
Bunker on board	3	277
Receivables	(1,465)	4,605
Payables	2,164	(4,243)
Cash outflows from operations	(6,047)	(1,727)
Interest paid	-	(129)
Interest received	3	77
Income tax paid	(173)	(1,036)
Net cash outflows from operating activities	(6,217)	(2,815)
Investing activities		
Acquisition of property, plant and equipment	-	-
Proceeds from disposal of property, plant and equipment	-	2,000
Proceeds from disposal of a subsidiary	-	-
Acquisition of additional shares in a subsidiary company	-	-
Net cash inflows from investing activities	-	2,000

PDZ HOLDINGS BHD
Condensed Consolidated Statement of Cash Flows
for the financial period ended 30 September 2017 (Unaudited)

	(Unaudited) Year To Date 30.09.2017 RM '000	(Unaudited) Year To Date 30.09.2016 RM '000
Financing activities		
Dividends paid by subsidiaries to non-controlling interests	(294)	(2,179)
Repayment of revolving credit	-	(1,975)
Repayment of term loan	-	(999)
Withdrawal of fixed deposits pledged	1,685	942
Net cash inflows/(outflows) from financing activities	1,391	(4,211)
Net change in cash and cash equivalents	(4,826)	(5,026)
Cash and cash equivalents at beginning of period	6,143	9,305
Effects of currency translation differences	39	25
Cash and cash equivalents at end of period	1,356	4,304

Cash and cash equivalents comprise:	As at 30.09.2017 RM '000	As at 30.09.2016 RM '000
Cash and bank balances	1,356	4,304
Fixed deposits with licensed banks	31	5,792
	1,387	10,096
Fixed deposits pledged	(31)	(5,792)
	1,356	4,304

(The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial period ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.)

PDZ HOLDINGS BHD
Notes to the Interim Financial Report for the financial period ended 30 September 2017

A. Compliance with Malaysian Financial Reporting Standards ("MFRS") 134

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with the reporting requirements of MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board and Paragraph 9.22 Main Market Listing Requirements of the Bursa Malaysia Securities Berhad. The interim financial report also complies with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board. The interim financial report should be read in conjunction with the audited financial statements for the 18 months period ended 31 December 2016. The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the financial statements for the 18 months period ended 31 December 2016 except for the adoption of new MFRS, amendments and interpretations that are mandatory for the Group for the financial year beginning on 1 January 2017. The adoption of these standards, amendments and interpretations do not have a material impact on the interim financial information of the Group.

A2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements of the Group for the financial period ended 31 December 2016 was not subject to any qualification.

A3. Seasonal or Cyclical Factors

The Group's turnover is seasonal in nature, as there are low and peak demand periods during the different months of the year.

A4. Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter.

A5. Changes in Estimates

There were no material changes in estimates that have a material effect on the financial results during the current quarter.

A6. Changes in Debt and Equity securities

There were no issuances, cancellations, repurchases, resale or repayments of debt and equity securities during the current quarter under review.

A7. Dividend paid

There were no dividends paid during the current quarter under review.

A8. Valuation of Property and Equipment

The Group did not revalue any of its property, plant and equipment during the current quarter.

A9. Subsequent Events

The High Court had on 8 November 2017 granted an order confirming the Share Capital Reduction. Please refer to clause B11 for further details.

A10. Changes in Composition of the Group

There was no change in composition of the Group during the financial period under review.

A11. Capital commitments

There were no material capital commitments as at 30 September 2017.

A12. Contingent Liabilities and Contingent Assets

Corporate guarantee for Formosa Plastic Corporation ("Formosa")

PDZ Holdings Bhd. had on 5 August 2016 issued a corporate guarantee to Formosa for the sum of RM2.33 million, to secure the payment of one month's deposit and two hire outstanding for each of the Vessels by Eastgate to Formosa, in six instalments, to support the Novation of the charter parties. Please refer to Note B6(a) for further clarification.

B. Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B1. Operating segments review

Financial review for Current Quarter and Cumulative Quarter:

	Individual Period (3rd Quarter)			Cumulative Period		
	Current Year Quarter 30/9/17 RM'000	Preceding Year Corresponding Quarter 30/9/16 RM'000	Changes (Amount) RM'000	Current Year to-Date 30/9/17 RM'000	Preceding Year Corresponding Period 30/9/16 RM'000	Changes (Amount) RM'000
Revenue	2,514	20,897	(18,383)	7,549	75,832	(68,283)
Operating (Loss)/profit	(136)	2,741	(2,877)	(3,067)	(2,739)	(328)
Loss/(Profit) Before Interest and Tax	(136)	2,793	(2,929)	(3,067)	(2,360)	(707)
Loss/(Profit) Before Tax	(136)	2,766	(2,902)	(3,067)	(2,489)	(578)
Loss/(Profit) After Tax	(136)	2,681	(2,817)	(3,067)	(2,217)	(850)
Loss/(Profit) Attributable to Ordinary Equity Holder of the Company	(99)	2,622	(2,721)	(2,760)	(2,589)	171

Financial review for Current Quarter and Cumulative Quarter (continued):

The Group registered lower Revenue for the current quarter and current cumulative period, compared to the preceding quarter and cumulative preceding period, as its ocean liner business was affected by the arrest of its vessels per explained under Note B6(b), coupled with the challenging shipping industry. Correspondingly, the Group registered Loss After Tax compared to the Profit After Tax in the preceding year corresponding quarter. The higher Profit After Tax was due the reversal of impairment for financial assets, offset by the reduction in administrative expenses due to the on-going cost rationalization within its business units as the Group continues to streamline its business operations.

Financial review for Current Quarter and Immediate Preceding Quarter:

	Current Quarter 30/9/17 RM'000	Immediate Preceding Quarter 30/6/17 RM'000	Changes (Amount) RM'000
Revenue	2,514	2,465	49
Operating Loss	(136)	(320)	184
Loss Before Interest and Tax	(136)	(320)	(752)
Loss Before Tax	(136)	(320)	(752)
Loss After tax	(136)	(320)	(752)
Loss Attributable to the Owners of the Company	(99)	(320)	(715)

The Group recorded an increase in Revenue for the current quarter, compared to the preceding quarter despite the current setback of the local shipping industry. This is due to the continuous investments in infrastructure and capital spending in the manufacturing and services sector, which has supported the demand for movement of goods across the region. The Loss After Tax has decreased compared to immediate preceding quarter is due to the lower administrative expenses as immediate preceding quarter incurred higher expenses arising from the corporate proposals per Note B11.

The proposals include, amongst others, regional business expansion into more profitable under-served routes, vessel maintenance for increased operational efficiency, purchase of containers, vessel acquisition and/or investment in other complementary business and/or assets. In addition, the Group's capital structure will improve, coupled with an avenue to motivate and retain talents within the Group, whilst providing opportunity to entitled shareholders to participate in the equity offering. All of which will contribute positively to the Group's business in the long run.

B2. Prospects

The shipping industry is expected to improve in the coming years with manufacturing across Asia's three largest economies of China, Japan and India having gaining momentum, not forgetting the growth in Europe and US, albeit some policy changes in the industry. The Malaysian economy is generally expected to grow, with support from domestic demand and further supported by wage and employment growth, and additional impetus from Government measures supporting disposable income of households. Investment activity will continue to be anchored by the on-going implementation of infrastructure and capital spending in the manufacturing and services sectors.

Expected growth in the global and local economy is expected to increase demand for freight transport, including container liner services, which transports 90% of the world's manufactured goods. This should positively impact the container liner industry and benefit industry players that offer related services. On an on-going basis, the Group continues to strive for efficient cost management of its business, while continuing to look for related business to provide enhancement to the Group's existing and future earnings.

B3. Profit Forecast and Profit Guarantee

The Group has not issued any profit forecast or profit guarantee in any public documents.

B4. Bank borrowings and debt securities

The Group fully repaid its bank borrowings during the last financial period ended 31 December 2016.

	As at 3rd quarter ended 30 September 2017		
	Non-current RM'000	**Current RM'000**	**Total RM'000**
Secured - Term loan	-	-	-
Unsecured - Revolving credit	-	-	-
Total	-	-	-

	As at 3rd quarter ended 30 September 2016		
	Non-current RM'000	**Current RM'000**	**Total RM'000**
Secured - Term loan	1,309	1,825	3,134
Unsecured - Revolving credit	225	0	225
Total	1,534	1,825	3,359

B5. Trade Receivables

The Group's normal trade credit terms range from cash term to 9 months (2016: cash terms to 90 days). Other credit terms are assessed and approved on a case by case basis. There are no trade receivables from related parties.

	As at 3rd quarter ended 30 September 2017				
	Current RM'000	1-3 months RM'000	3-6 months RM'000	More than 6 months RM'000	Total RM'000
Denominated in RM Trade receivables	794	2,276	2,696	996	6,762
Denominated in SGD Trade receivables	0	0	0	168	168
Total	794	2,276	2,696	1,164	6,930

B6. Material litigation

(a) Injunction against Formosa Plastics Marina Corporation and Eastgate Group
Reference is made to our announcement dated 24 November 2016, Formosa filed an application to set aside the said injunction and also for a stay of proceedings to refer the dispute to arbitration. At a hearing of both applications on 23 June 2016, the inter parties injunction application was withdrawn by PDZSB with costs of RM8,000 to Formosa, upon the Company's decision not to seek that it be extended. At a hearing on 2 May 2017, the Judge allowed the stay application pending arbitration and also that the injunctions were validly granted. Meanwhile, Eastgate has filed for leave of Court to proceed with the counter-claim, which is pending fixing of date for the leave application.

(b) Kuala Lumpur High Court Admiralty In Rem No. WA-27NCC-8-01/2017 and Court of Appeal Civil Application No. W-02(IM)(ADM)-1290-07/2017
Reference is made to our announcement dated 25 January, 2 February 2017, 13 February 2017 and 15 June 2017, the High Court has on 14 June 2017, allowed the application of the Company to strike-out the Admiralty Suit and uplift and set-aside the Warrant of Arrest with cost of RM5,000 being awarded to the Company. An interim-stay has been granted by the High Court of Malaya, and the matter is now before the Court and the solicitor acting for the Company is of the view the Company stands a strong chance in defending the suit and setting aside the claims.

(c) Kuala Lumpur High Court Admiralty In Rem No. WA-27NCC-44-08/2016, 45-08/2016 & WA-27NCC-11-01/2017
Reference is made to our announcement dated 25 January, 2 February 2017, 7 February 2017 and 13 February 2017. On 4 October 2017, the High Court ordered that the above Writ in Admiralty Action in Rem be struck out.

B6. Material litigation (continued)

(d) Kuala Lumpur High Court Admiralty In Rem No. WA-27NCC-9-01/2017 and
Kuala Lumpur High Court Admiralty In Rem No. WA-27NCC-10-01/2017
Reference is made to our announcement dated 2 February 2017, the case is pending assessment of damages which in turn is pending the outcome of appeal per above B6 (b), in view that the damages claimed were caused by the wrongful Arrest of Vessel. The solicitors acting for the Company is of the view that the Company stands a strong chance in defending the suit.

(e) Kota Kinabalu High Court Admiralty In Rem No.BKI-27NCC-2/2-2017 & BKI-27NCC-4/4-2017.
Reference is made to our announcement dated 12 April 2017, the High Court has allowed the summary judgment application filed by CPSB and Marine & Offshore Solution Sdn Bhd, and granted an order for sale in respect of PDZ Maju. PDZ Maju is pending disposal by way of open tender or public auction to be conducted by the Sheriff of the High Court.

(f) Kuala Lumpur High Court Suit - Johany Jaafar ("JJ") counter claim against PDZ and
Kuala Lumpur High Court Suit - Johany Jaafar ("JJ") counter claim against Pelaburan MARA Berhad ("PMB") & PMB claim against JJ
Reference is made to our announcements dated 12 August 2016, 17 August 2016, 30 August 2016, 17 November, 1 December 2016 and 20 December 2017, the Court of Appeal has set aside the Striking Off and ordered that the case be retried at the High Court. the matter is fixed for trial at the High Court from 17 January 2018 to 26 January 2018. The solicitor acting for the Company is of the view the Company stands a strong chance in defending against the said claims.

(g) Kuala Lumpur High Court Winding-Up Petition No.: WA-28NCC-107-02/2017
Reference is made to our announcements dated 30 December 2016, 12 May 2017, 24 May 2017, 31 May 2017, 31 July 2017 and 14 August 2017.
The High Court of Malaya has fixed the case management for the Company's application for validation of the transfer of the Sale Shares in PDZSB from the Company, to Salvage Point Ltd on 9 January 2018. The Company has also filed an application to the High Court to seek for the removal of Dato' Heng Ji Keng and Mr. Andrew Heng of Ferrier Hodgson MH Sdn Bhd as liquidators of Perkapalan Dai Zhun Sdn Bhd and the High Court has fixed the hearing for the said application on 9 January 2018.

(h) Kuala Lumpur High Court Suit No.: WA-22NCC-322-08/2017
As part of the Group's internal restructuring plan, Perkapalan Dai Zhun Sdn Bhd (PDZSB) was disposed and ceased to be a subsidiary of the Company pursuant to its disposal on 30 December 2016, who has since went into liquidation on 27 February 2017. A writ was served by PDZSB (currently controlled by the Liquidators) against Perkapalan Dai Zhun (Johore) Sdn Bhd, Salvage Point Ltd, the Company, Tan Chor How Christopher and Mohd Mukhlis Bin Zainal Abidin. The High Court granted, amongst others, an interim injunction against PDZ from dealing with, amongst others, the Port Klang Land and vessel PDZ-Mewah, pending the disposal of the above matter, which is fixed for case management on 27 November 2017. The solicitors acting for the Company in the above matter is of the view that it has a strong arguable case in defending against the suit.

B7. Dividend Payable

The Board of Directors did not recommend any dividend for the current quarter under review.

B8. Taxation

	3 months ended Individual period		9 months ended Cumulative period	
	30/9/17	30/9/16	30/9/17	30/9/16
	RM '000	RM '000	RM '000	RM '000
Current tax expenses/(income)	-	85	-	(272)

Effective from the year of assessment 2012, the amended Section 54A of the Income Tax Act, 1967 in Malaysia ("the Act") provides that only 70% of the statutory income derived from the operations of sea-going Malaysian registered ships is exempted from tax.

However, pursuant to the Income Tax (Exemption) (No. 2) Order 2012 dated 4 June 2012, statutory income derived from the operations of sea-going Malaysian registered ships will remain exempted from tax for year of assessment 2012 and year of assessment 2013. The Ministry of Finance has via their letter dated 29 October 2013 further deferred the amendment to the Act for another 2 years up to year of assessment 2016. Subsequently, the Ministry of Finance has via their letter dated 27 November 2015 granted the exemption for another 5 years until the year assessment 2020.

B9. Earnings/(loss) per share

		3 months ended Individual period		9 months ended Cumulative period	
		30/9/17	30/9/16	30/9/17	30/9/16
(Loss)/Profit attributable to ordinary shareholders of the Company	(RM '000)	(99)	2,622	(2,760)	(2,589)
Weighted average number of ordinary shares in issue	('000)	869,321	869,321	869,321	869,321
Basic (loss)/earnings per share	(sen)	(0.01)	0.30	(0.32)	(0.30)

B10. Profit Before Taxation

Profit or loss before tax is after charging/(crediting) the following:

	3 months ended Individual period		9 months ended Cumulative period	
	30/9/17	30/9/16	30/9/17	30/9/16
	RM '000	RM '000	RM '000	RM '000
Interest income	-	(31)	(3)	(167)
Other income	-	-	-	(338)
Interest expense	-	27	-	129
Depreciation and amortization	95	397	849	1,616
Reversal of impairment on PPE	-	-	(4,485)	-
Unrealised forex loss/(gain)	-	41	(43)	20
Realised gain on foreign exchange	-	(52)	-	(204)

B11. Status of corporate proposals

On 6 March 2017, the Company has announced that it will undertake the following:

(i) proposed reduction of the Company's share capital pursuant to Section 116 of the Companies Act, 2016 ("Proposed Share Capital Reduction");

(ii) proposed consolidation of every four (4) ordinary shares in PDZ ("PDZ Shares" or "Shares") into one (1) PDZ Share ("Proposed Share Consolidation");

(iii) proposed renounceable rights issue of up to 434,660,640 new Shares ("Rights Shares") together with up to 325,995,480 free detachable warrants in PDZ ("Warrants") on the basis of four (4) Rights Shares together with three (3) free Warrants for every two (2) existing Shares held by the entitled shareholders on an entitlement date to be determined ("Proposed Rights Issue with Warrants"); and

(iv) proposed establishment of an employees' share option scheme ("ESOS") of up to 15% of the total number of issued shares of the Company ("Proposed ESOS")
(collectively referred to as the "Proposals").

On 19 April 2017, the Company announced a revision in the utilisation of proceeds to be raised from the Proposals.

Bursa Securities had, vide its letter dated 4 October 2017, approved the Proposals. Subsequently, the above Proposals were tabled and approved by the shareholders of the Company at the Extraordinary General Meeting ("EGM") held on 7 November 2017.

On 8 November 2017 the High Court had granted an order confirming the Share Capital Reduction ("Court Order"). Barring any unforeseen circumstances, the remaining Proposals are expected to be completed and implemented by the 1st Quarter of 2018.

B12. Realised and Unrealised Profits or Losses

	As at 30/9/17 RM '000	As at 31/12/16 RM '000
Realised	(88,324)	(85,521)
Unrealised	43	-
Accumulated losses	(88,281)	(85,521)

PDZ Holdings Berhad (360419-T)
No 1, Jalan Sg Aur, 42000 Port Klang,
Selangor Darul Ehsan, Malaysia
Tel : (603) 31692233
Fax: (603) 31659311

Date: 21 DEC 2017

To: The Entitled Shareholders of PDZ Holdings Bhd ("PDZ" or the "Company")

Dear Sir / Madam,

On behalf of the Board of Directors of PDZ ("**Board**"), I wish to report that after due enquiry by us in relation to the interval between the period from 31 December 2016 (being the date to which the last audited consolidated financial statements of the Company and its subsidiaries ("**Group**") have been made up) to the date hereof (being a date not earlier than 14 days before the date of issuance of this Abridged Prospectus), that:-

(i) the business of the Group has, in the opinion of the Board, been satisfactorily maintained;

(ii) in the opinion of the Board, since the last audited consolidated financial statements of the Group, no circumstances that has adversely affected the trading or the value of the assets of the Group has arisen;

(iii) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(iv) save as disclosed in this Abridged Prospectus, there are no contingent liabilities that has arisen by reason of any guarantee or indemnities given by the Group;

(v) there has not been, since the last audited consolidated financial statements of the Group, any default or known event that could give rise to a default situation, on payments of either interest and/or principal sums in relation to any borrowings of the Group;

(vi) save as disclosed in the unaudited consolidated financial statements of the Group for the 9-month financial period ended 30 September 2017 as set out in Appendix V of this Abridged Prospectus, there has not been, since the last unaudited consolidated financial statements of the Group for the 9-month financial period ended 30 September 2017 as set out in Appendix V of this Abridged Prospectus, any material changes in the published reserves or unusual factors affecting the profits of the Group; and

(vii) as disclosed above and up to the date of this letter, no other reports are required in relation to items (i) to (vi) above.

Yours faithfully
For and on behalf of the Board of
PDZ HOLDINGS BHD

TAN CHOR HOW CHRISTOPHER
Executive Director cum Chief Executive Officer

APPENDIX VII - ADDITIONAL INFORMATION

1. SHARE CAPITAL

(i) Save for the Rights Shares, Warrants and new Shares to be issued pursuant to the exercise of the Warrants, no securities will be allotted or issued on the basis of this Abridged Prospectus later than 12 months after the date of the issuance of this Abridged Prospectus.

(ii) As at the LPD, there are only 1 class of shares in the Company, namely ordinary shares in the Company, all of which rank equally with one another.

(iii) As at the LPD, save as disclosed below and the Rights Shares and Warrants, no person has been or is entitled to be granted an option to subscribe for any securities of the Company and no capital of the Company is under any option or agreed conditionally or unconditionally to be put under any option:-

(a) On 4 October 2017, Mercury Securities had on behalf of the Board, announced that Bursa Securities had, vide its letter dated 4 October 2017, granted its approval for the establishment of ESOS. Under the ESOS, the Company may grant ESOS carrying the right to subscribe for new Shares up to but not exceeding 15% of the Company's total number of issued shares (excluding treasury shares, if any) at any one time throughout the duration of the 5 years from the effective date of the ESOS. The ESOS will be implemented after completion of the Rights Issue with Warrants.

2. DIRECTORS' REMUNERATION

An extract of the provisions in the Company's Constitution in relation to the remuneration of its Directors are as follows:-

Clause 94

The Directors shall be paid by way of fees for their services, such fixed sum (if any) as shall from time to time be determined by the Company in general meeting and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine PROVIDED ALWAYS that:-

(a) fee payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.

(b) salaries and other emoluments payable to Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on or percentage of turnover.

(c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting.

(d) any fee paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Clause 122 (1)

Each Director shall have power from time to time to nominate any person to act as his alternate Director and at his discretion remove such alternate Director, but the appointment of such alternate Director shall not take effect until approved by a majority of the other Directors PROVIDED ALWAYS that any fee paid by the Company to an alternate Director shall be deducted from that Director's remuneration.

Clause 124

The remuneration of a Director holding an executive office pursuant to these Articles shall be fixed by the Directors and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but may not include a commission on or percentage of turnover and it may be a term of their appointment that they shall receive pension, gratuity or other benefits upon their retirement.

3. MATERIAL CONTRACTS

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.

4. MATERIAL LITIGATION

Save as disclosed below, neither the Company nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or business of the Group and, to the best of the Board's knowledge and belief, the Board is not aware of any proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group:-

(i) Court of Appeal Civil Application No: W-02(IM)(NCC)-2377-12/2016

On May 2014, the Company had entered into an agreement with Johany Jaafar ("**JJ**") ("**SSA**") to purchase the latter's 4 million ordinary shares in Efogen Sdn. Bhd. ("**Efogen**") representing 20% of Efogen's issued capital for a purchase consideration of RM18 million. A sum of RM5 million was paid as deposit to JJ's lawyers ("**the Firm**") as stakeholder upon execution of the SSA. The SSA was terminated on 25 September 2014 by the mutual agreement of the Company and JJ. On 1 October 2014, PDZ demanded JJ to refund the RM5 million deposit but JJ failed to do so.

On 30 August 2016, PDZ obtained judgment at the Shah Alam High Court against 3 partners of the Firm to return the RM5 million to the Company and in turn they can claim indemnity from JJ ("**First Suit**").

On 2 December 2014, JJ had entered into an agreement with Pelaburan Mara Berhad ("**PMB**") ("**SPA**") to sell 6 million of his shares in Efogen representing 30% equity stake for RM9 million to PMB. The SPA was subsequently terminated before completion and PMB demanded JJ to return the RM2.4 million paid by PMB but he did not do so, hence PMB has brought an action against JJ at the Kuala Lumpur High Court for recovery of the sum. In his counter claim, JJ has named PDZ as second defendant on the basis that the SSA in the First Suit was wrongfully terminated and is seeking RM167 million from PMB and PDZ, jointly and severally. On 30 November 2016, the High Court had struck off JJ's counter claim ("**Striking Off**").

On 16 December 2016, JJ had proceeded to file an appeal at the Court of Appeal against the Striking Off ("**Appeal**") whereby the Court of Appeal has set aside the Striking Off and ordered that the case be retried at the High Court. As at the LPD, the matter is fixed for trial at the High Court from 17 January 2018 to 26 January 2018. The Board is of the view that PDZ stands a fair chance in defending against the said claims.

(ii) Kuala Lumpur High Court Admiralty Suit No: WA-27NCC-56-09/2016

On 15 September 2016, PDZ and Perkapalan Dai Zhun Sdn Bhd ("**PDZSB**"), a former wholly-owned subsidiary of PDZ, commenced an action at the Admiralty Court in Kuala Lumpur against Formosa Plastics Marine Corporation ("**Formosa**") and Eastgate, Evra Shipping Lines Sdn Bhd and KLCCSB seeking, amongst others:-

(a) orders that the novation of the charter-parties in respect of 2 vessels, namely MV Formosa Container 5 and MV FPMC Container 10, by PDZSB and PDZ to Eastgate ("**Novation**") to be declared valid and binding upon Formosa (as owner of the vessels), Eastgate and PDZSB; and

(b) the only remaining obligation of PDZSB and PDZ towards Formosa pursuant to the Novation is the corporate guarantee for the sum of USD562,500 provided by PDZ to secure the payment of 1 month's deposit and the fourth (4th) and fifth (5th) hire outstanding for each of the vessels by Eastgate to Formosa.

In January 2017, Formosa filed an application for a stay of proceedings pending the disposal of arbitration proceedings instituted by Formosa against PDZSB and Eastgate in Singapore which concern, amongst others, issues (a) and (b) above ("**Singapore Arbitration Proceedings**"). Eastgate has further filed a counterclaim against PDZSB and PDZ for repayment of alleged advances, which PDZ denies.

On 2 May 2017, the High Court allowed Formosa's application for a stay of proceedings pending the disposal of the Singapore Arbitration Proceedings. PDZSB's claims against Formosa are accordingly stayed until the conclusion of Formosa's arbitration proceedings against PDZSB and Eastgate in Singapore.

Meanwhile, Eastgate's counterclaim against PDZSB and PDZ is fixed for case management on 11 January 2018.

(iii) Court of Appeal Civil Application No. W-02(IM)(ADM)-1290-07/2017

Previously, as part of the Group's internal restructuring plan, PDZSB had in December 2016 transferred the following assets to PDZ:-

(a) 3-storey detached building erected on the land held under PN 7142, Lot 6, Seksyen 13, Bandar Port Swettenham, District of Klang, State of Selangor Darul Ehsan ("**Port Klang Land**"); and

(b) PDZ Mewah.

Pursuant thereto, the change of ownership of PDZ Mewah was reflected in the Registrar of Malaysian Ships, Port Klang on 6 December 2016 and PDZ Mewah is now owned by PDZ ("**Transfer of PDZ Mewah**").

Subsequently, PDZSB ceased to be a subsidiary of PDZ pursuant to the disposal of 50,000,000 preference shares and 1,500,000 ordinary shares in PDZSB (collectively, the "**Sale Shares**") by PDZ to Salvage Point Ltd ("**Purchaser**") on 30 December 2016 ("**Disposal**").

PDZ was served with a Writ in Admiralty Action in Rem and Warrant of Arrest dated 20 January 2017 ("**Arrest of Vessel**") on PDZ Mewah by Dan-Bunkering (Singapore) Pte Ltd ("**Dan-Bunkering**").

Dan-Bunkering's claim against PDZ was for, amongst others, the outstanding principal balance sum of approximately USD484,119.00 (approximately RM1,968,669.91[(1)]) for the non-payment of supply of Marine Fuel Oil and/or Marine Gas Oil to PDZ Mewah (when it was previously owned by PDZSB) for its operation and/or maintenance.

Note:-
(1) Based on BNM's exchange rate of USD1:RM4.0665 as at the LPD.

On 14 June 2017, the High Court has ordered, amongst others, that the above Writ in Admiralty Action in Rem be struck out and that the Warrant of Arrest be uplifted and set-aside.

On 23 June 2017, Dan-Bunkering filed an appeal to the Court of Appeal against the High Court's decision dated 14 June 2017 and had on 26 July 2017 obtained a stay of execution pending the disposal of its appeal. The appeal is fixed for hearing on 27 February 2018. The solicitors acting for PDZ in the above matter is of the view that PDZ stands a strong chance in setting aside the appeal.

(iv) Kuala Lumpur High Court Admiralty In Rem No. WA-27NCC-9-01/2017

PDZ was served with a Writ in Admiralty Action in Rem dated 26 January 2017 on PDZ Mewah by Harbour-Link Lines Sdn Bhd ("**Harbour-Link**").

Harbour-Link's claim against PDZ was for, amongst others, the delivery up of the containers which was shipped on board of PDZ Mewah (which was then served with a warrant of arrest by Dan-Bunkering pursuant to the Arrest of Vessel as set out in Section 4(iii) above), and damages including but not limited to all expenses to be incurred by Harbour-Link for the discharge of its containers at Pasir Gudang which was loaded on board of PDZ Mewah and transportation to their contracted discharge ports.

PDZ was then served with a Statement of Claim dated 20 March 2017 from Harbour-Link.

On 25 August 2017, the High Court granted summary judgement in favour of Harbour-Link. As at the LPD, the case is pending assessment of damages which in turn is pending the outcome of Dan-Bunkering's appeal as set out in Section 4(iii) above, in view that the damages claimed by Harbour-Link were caused by the wrongful Arrest of Vessel by Dan-Bunkering.

(v) Kuala Lumpur High Court Admiralty In Rem No. WA-27NCC-10-01/2017

PDZ was served with a Writ in Admiralty Action in Rem dated 26 January 2017 on its vessel, PDZ Mewah by Shin Yang Shipping Sdn Bhd ("**Shin Yang**").

Shin Yang's claim against PDZ was for, amongst others, the delivery up of the containers which was shipped on board PDZ Mewah (which was then served with a warrant of arrest by Dan-Bunkering pursuant to the Arrest of Vessel as set out in Section 4(iii) above), and damages including but not limited to all expenses to be incurred by Shin Yang for the discharge of the said containers at Pasir Gudang which was loaded on board PDZ Mewah and transportation to their contracted discharge ports.

PDZ was then served with a Statement of Claim dated 20 March 2017 from Shin Yang.

On 25 August 2017, the High Court granted summary judgement in favour of Shin Yang. As at the LPD, the case is pending assessment of damages which in turn is pending the outcome of Dan-Bunkering's appeal as set out in Section 4(iii) above, in view that the damages claimed by Shin Yang were caused by the wrongful Arrest of Vessel by Dan-Bunkering.

(vi) Kuala Lumpur High Court Admiralty In Rem No. WA-27NCC-44-08/2016

PDZ was served with a Writ in Admiralty Action in Rem dated 10 August 2016 on PDZ Mewah by CCK Petroleum Sdn Bhd ("**CCK Petroleum**"). CCK Petroleum's claim against PDZ was for the outstanding principal balance sum of RM51,890.61 for the non-payment of supply of Marine Fuel Oil and/or Marine Gas Oil to PDZ Mewah (when it was previously owned by PDZSB[(1)]) for its operation and/or maintenance.

Note:-

(1) Please refer to Section 4(iii) above for the details on the Disposal and Transfer of PDZ Mewah.

PDZ was then served with a Statement of Claim dated 10 March 2017 from CCK Petroleum.

On 4 October 2017, the High Court ordered that the above Writ in Admiralty Action in Rem be struck out.

(vii) Kuala Lumpur High Court Admiralty In Rem No. WA-27NCC-45-08/2016

PDZ was served with a Writ in Admiralty Action in Rem dated 10 August 2016 on PDZ Mewah (which was previously owned by PDZSB) by CCK Capital Ltd ("**CCK Capital**"). CCK Capital's claim against PDZ was for the outstanding principal balance sum of USD83,661.23 (approximately RM340,208.39[(2)]) and RM156,761.65 for the non-payment of supply of Marine Fuel Oil and/or Marine Gas Oil to PDZ Mewah (when it was previously owned by PDZSB[(1)]) for its operation and/or maintenance.

Notes:-

(1) Please refer to Section 4(iii) above for the details on the Disposal and Transfer of PDZ Mewah.

(2) Based on BNM's exchange rate of USD1:RM4.0665 as at the LPD.

PDZ was then served with a Statement of Claim dated 10 March 2017 from CCK Capital.

On 4 October 2017, the High Court has ordered that the above Writ in Admiralty Action in Rem be struck out.

(viii) Kuala Lumpur High Court Admiralty In Rem No. WA-27NCC-11-01/2017

PDZ was served with a Writ in Admiralty Action in Rem dated 26 January 2017 on PDZ Mewah by CCK Petroleum (Labuan) Limited ("**CCK Labuan**"). CCK Labuan's claim against PDZ was for the outstanding principal balance sum of USD128,571.49 (approximately RM522,835.96[(2)]) for the non-payment of supply of Marine Fuel Oil and/or Marine Gas Oil to PDZ Mewah (when it was previously owned by PDZSB[(1)]) for its operation and/or maintenance.

Notes:-

(1) Please refer to Section 4(iii) above for the details on the Disposal and Transfer of PDZ Mewah.

(2) Based on BNM's exchange rate of USD1:RM4.0665 as at the LPD.

PDZ was then served with a Statement of Claim dated 10 March 2017 from CCK Labuan.

On 4 October 2017, the High Court has ordered that the above Writ in Admiralty Action in Rem be struck out.

(ix) Kota Kinabalu High Court Admiralty In Rem No. BKI-27NCC-2/2-2017

PDZ was served with a Writ in Admiralty Action in Rem and Warrant of Arrest dated 21 February 2017 on PDZ Maju by Continental Platform (M) Sdn Bhd ("**CPSB**"). CPSB's claim against PDZ was for an amount of RM563,311.78 for the non-payment of supply of bunkers to PDZ Mewah (when it was previously owned by PDZSB(1)) for its operation and/or maintenance.

PDZ was then served with a Statement of Claim dated 6 April 2017 from CPSB.

On 12 July 2017, the High Court allowed the summary judgment application filed by CPSB and MOSSB (see Section 4(x) below) and granted an order for sale in respect of PDZ Maju.

On 6 September 2017, the High Court dismissed PDZ's application for the sale of PDZ Maju to be conducted via private treaty. As at the LPD, PDZ Maju is pending disposal by way of open tender or public auction to be conducted by the Sheriff of the High Court.

(x) Kota Kinabalu High Court Admiralty In Rem No. BKI-27NCC-4/4-2017

PDZ was served with a Writ in Admiralty Action in Rem and Statement of Claim dated 11 April 2017 by Marine & Offshore Solution Sdn Bhd ("**MOSSB**"). MOSSB's claim against PDZ was for an amount of RM372,794.78 for the non-payment of services rendered / expenses incurred for the operation and maintenance of PDZ Mewah (when it was previously owned by PDZSB(1)) and PDZ Maju.

On 12 July 2017, the High Court allowed the summary judgment application filed by MOSSB and CPSB (see Section 4(ix) above) and granted an order for sale in respect of PDZ Maju. Please refer to Section 4(ix) above for the latest updates on PDZ Maju.

Note:-

(1) Please refer to Section 4(iii) above for the details on the Disposal and Transfer of PDZ Mewah.

(xi) Kuala Lumpur High Court Winding-Up Petition No.: WA-28NCC-107-02/2017

Previously, PDZSB was a wholly-owned subsidiary of PDZ. PDZSB later ceased to be a subsidiary of PDZ pursuant to the disposal of 50,000,000 preference shares and 1,500,000 ordinary shares in PDZSB (collectively, the "**Sale Shares**") by PDZ to Salvage Point Ltd ("**Purchaser**") on 30 December 2016 ("**Disposal**").

On 13 April 2017, the High Court allowed the winding-up petition presented by CCK Petroleum against PDZSB on 27 February 2017.

Subsequently, PDZ was served with a notice dated 8 May 2017 ("**Notice**") from the solicitors acting on behalf of the liquidators of PDZSB ("**Liquidators**"). Under the Notice, it was alleged that the transfer of the Sale Shares from PDZ to the Purchaser which was registered on 16 March 2017 ("**Transfer**") without the order of the High Court is void by reason of prohibition under Section 472(1) of the Act which restricts the transfer of shares or alteration in the status of members of a company made after the presentation of winding-up petition unless otherwise ordered by the High Court. Based on this ground, the Liquidators has informed that it shall regard PDZ as the holding company of PDZSB and shall administer the liquidation of PDZSB on such premise.

Subsequent to the above, PDZ and the Purchaser had on 15 May 2017 filed an application at the High Court to seek an order for validation of the Transfer pursuant to the Act ("**Validation Application**"). PDZ had also obtained legal opinions from 2 separate lawyers who were of the opinion that the Transfer was legally completed with strong arguable grounds in respect of PDZ's Validation Application. The grounds of such legal opinions includes that:-

(a) the rights of creditors of PDZSB are not prejudiced by the said Disposal; and

(b) the Disposal was substantively completed in accordance with the share sale agreement in respect of the Disposal (i.e. the delivery of completion documents and payment of purchase consideration having been completed prior to the presentation of the said winding-up petition in the High Court).

The matter is currently fixed for hearing on 9 January 2018. The solicitors acting for PDZ in the above matter is of the view that PDZ stands a strong chance in obtaining an order for validation.

(xii) <u>Kuala Lumpur High Court Suit No.: WA-22NCC-322-08/2017</u>

As set out in Section 4(iii) above, previously, as part of the Group's internal restructuring plan, PDZSB had in December 2016 transferred the Port Klang Land and PDZ Mewah to PDZ. Subsequently, PDZSB ceased to be a subsidiary of PDZ pursuant to the Disposal on 30 December 2016 and went into liquidation on 27 February 2017 as set out in Section 4(xi) above.

Pursuant thereto, a writ of summons dated 3 August 2017 ("**Writ**") was served by PDZSB (currently controlled by the Liquidators) against the following parties (collectively, the "**Defendants**"):-

(a) PDZ;

(b) Perkapalan Dai Zhun (Johore) Sdn Bhd (a 99.99%-owned subsidiary of PDZ);

(c) Salvage Point Ltd (the Purchaser in the Disposal as stated in Section 4(xi) above);

(d) Tan Chor How Christopher (Executive Director cum Chief Executive Officer of PDZ); and

(e) Mohd Mukhlis Bin Zainal Abidin (Financial Controller of PDZ).

Under the Writ, PDZSB is claiming for, amongst others, the following:-

(a) a declaration that the transfer and/or disposal of the Port Klang Land and PDZ Mewah by PDZSB to PDZ in December 2016 be deemed as fraudulent and void under Section 528(1) of the Act;

(b) PDZ be ordered to transfer the Port Klang Land and PDZ Mewah to PDZSB;

(c) the Defendants to pay special damages in the sum of RM250,000 as at 1 August 2017 for rental of the Port Klang Land;

(d) interest at the rate of 5% per annum on the total judgment sum until the date of settlement; and

(e) other damages and costs.

On 7 September 2017, the High Court granted, amongst others, an interim injunction against PDZ from dealing with, amongst others, the Port Klang Land and PDZ Mewah pending the disposal of the above matter.

The above matter is currently fixed for case management on 23 January 2018 for the leave application by PDZSB to serve the Writ out of jurisdiction on Salvage Point Ltd. The solicitors acting for PDZ in the above matter is of the view that it has a strong arguable case in defending against the suit.

5. GENERAL

(i) There are no service contracts or proposed service contracts between the Directors and the Company or any of its subsidiaries, excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within 1 year from the date of this Abridged Prospectus;

(ii) Save as disclosed in this Abridged Prospectus, the financial condition and operations of the Group are not affected by any of the following:-

(a) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease the Group's liquidity;

(b) any material commitment for capital expenditure of the Group;

(c) unusual, infrequent events or transactions or any significant economic changes which materially affect the amount of reported income from operations;

(d) known trends or uncertainties which have had or that the Group reasonably expects to have a material favourable or unfavourable impact on the Group's revenues or operating income; and

(e) material information, including all special trade factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect the Group's profits.

6. CONSENTS

(i) The written consents of the Principal Adviser, Company Secretary, Share Registrar, Solicitors for the Rights Issue with Warrants, Independent Market Researcher and Principal Banker 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 the Auditors and Reporting Accountants for the inclusion in this Abridged Prospectus of their names, letter and report relating to the pro forma consolidated statements of financial position and the audited consolidated financial statements for the 18-month FPE 31 December 2016 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.

(iii) 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.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of PDZ at Third Floor, No. 79 (Room A), Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor during normal business hours (except public holidays) for a period of 12 months from the date of this Abridged Prospectus:-

(i) Constitution of PDZ;

(ii) pro forma consolidated statements of financial position of the Group as at 31 December 2016 together with the Reporting Accountants' report thereon as set out in Appendix III of this Abridged Prospectus;

(iii) audited consolidated financial statements of the Group for the FYE 30 June 2015 and 18-month FPE 31 December 2016;

(iv) unaudited consolidated financial statements of the Group for the 9-month FPE 30 September 2017;

(v) the Undertakings;

(vi) the Directors' Report as set out in Appendix VI of this Abridged Prospectus;

(vii) letters of consent referred to in Section 6 of this Appendix VII;

(viii) Deed Poll;

(ix) independent market research report dated 5 December 2017 prepared by Smith Zander; and

(x) the relevant cause papers in respect of the material litigation as referred in Section 4 of this Appendix VII.

8. RESPONSIBILITY STATEMENT

(i) The Board has seen and approved this Abridged Prospectus, together with the NPA and RSF and they, collectively and individually, accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in these documents false or misleading.

(ii) Mercury Securities, being the Principal Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information, and to the best of their knowledge and belief, this Abridged Prospectus constitutes full and true disclosure of all material facts concerning the Rights Issue with Warrants.

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