

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

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

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS ABRIDGED PROSPECTUS. IF IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, PLEASE CONSULT A PROFESSIONAL ADVISER IMMEDIATELY. All enquiries concerning the Rights Issue with Warrants, which is the subject matter of this Abridged Prospectus, should be addressed to our Share Registrar, Securities Services (Holdings) Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan (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 1 October 2021 at their registered address in Malaysia or who have provided our Share Registrar with a registered address in Malaysia in writing by 5.00 p.m. on 1 October 2021. The Documents are not intended to (and will not be made to) comply with the laws of any country or jurisdiction other than Malaysia and are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue with Warrants complies with the laws of any country or jurisdiction other than the laws of Malaysia. Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal adviser and other professional advisers as to whether the acceptance or renunciation (as the case may be) of their entitlements to the Rights Issue with Warrants, application for Excess Rights Shares with Warrants C, 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 C or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue with Warrants made by any Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) are residents.

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

Approval for the Rights Issue with Warrants has been obtained from our shareholders at our EGM convened on 26 July 2021. Approval has been obtained from Bursa Securities via its letter dated 21 June 2021 for the admission of the Warrants C to the Official List as well as the listing and quotation of the Rights Shares, Warrants C and the new Shares to be issued upon exercise of the Warrants C on the Main Market of Bursa Securities (subject to the conditions specified in the said letter), which will commence after, among others, receipt of confirmation from Bursa Depository that all the CDS Accounts of successful Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) have been duly credited with the Rights Shares and Warrants C allotted to them and notices of allotment have been despatched to them. However, such admission, listing and quotation are not an indication that Bursa Securities recommends the Rights Issue with Warrants and are not to be taken as an indication of the merits of the Rights Issue with Warrants.

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

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



PDZ HOLDINGS BHD

Registration No. 199501031213 (360419-T)

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

RENOUNCEABLE RIGHTS ISSUE OF UP TO 797,746,170 NEW ORDINARY SHARES IN PDZ HOLDINGS BHD (“PDZ” OR THE “COMPANY”) (“PDZ SHARES” OR “SHARES”) (“RIGHTS SHARES”) AT AN ISSUE PRICE OF RM0.14 PER RIGHTS SHARE TOGETHER WITH UP TO 265,915,390 FREE DETACHABLE WARRANTS IN THE COMPANY (“WARRANTS C”) ON THE BASIS OF 6 RIGHTS SHARES TOGETHER WITH 2 FREE WARRANTS C FOR EVERY 1 EXISTING SHARE HELD BY THE ENTITLED SHAREHOLDERS OF THE COMPANY AT 5.00 P.M. ON 1 OCTOBER 2021

Principal Adviser



MERCURY SECURITIES SDN BHD

Registration No. 198401000672 (113193-W)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIMES

Entitlement Date	: Friday, 1 October 2021 at 5.00 p.m.
Last date and time for:	
Sale of Provisional Allotments	: Friday, 8 October 2021 at 5.00 p.m.
Transfer of Provisional Allotments	: Tuesday, 12 October 2021 at 4.30 p.m.
Acceptance and payment	: Monday, 18 October 2021 at 5.00 p.m.
Excess Rights Shares with Warrants C Application and payment	: Monday, 18 October 2021 at 5.00 p.m.

This Abridged Prospectus is dated 1 October 2021

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

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

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

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

INVESTORS SHOULD NOTE THAT THEY MAY SEEK RECOURSE UNDER SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT 2007 ("CMSA") FOR BREACHES OF SECURITIES LAWS INCLUDING ANY STATEMENT IN THE ABRIDGED PROSPECTUS THAT IS FALSE, MISLEADING, OR FROM WHICH THERE IS A MATERIAL OMISSION; OR FOR ANY MISLEADING OR DECEPTIVE ACT IN RELATION TO THE ABRIDGED PROSPECTUS OR THE CONDUCT OF ANY OTHER PERSON IN RELATION TO THE COMPANY.

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

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

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

DEFINITIONS

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

Abridged Prospectus	- This abridged prospectus dated 1 October 2021 in relation to the Rights Issue with Warrants
Act	- Companies Act, 2016 of Malaysia, as amended from time to time and any re-enactment thereof
Additional Warrants B	- Additional Warrants B to be issued arising from the adjustments to the total number and exercise price of Warrants B as a result of the Rights Issue with Warrants in accordance with the provisions of the Deed Poll B
Adjustments	- Adjustments to the exercise price and number of Warrants B as a result of the Share Consolidation and Rights Issue with Warrants (as the case may be) in accordance with provisions of Deed Poll B
ATM	- Automated teller machine
Base Case Scenario	- Assuming that none of the outstanding Warrants B as at the LPD are exercised into new Shares prior to the Entitlement Date and all the Entitled Shareholders and/or their renounee(s) fully subscribe for their respective entitlements of the Rights Shares with Warrants C
Bloomberg	- Bloomberg Finance Singapore L.P. and its affiliates
BNM	- Bank Negara Malaysia
Board	- Board of Directors of the Company
Bursa Anywhere	- A mobile application operated by Bursa Depository to enable depositors to perform their CDS transactions electronically from their mobile phones
Bursa Depository	- Bursa Malaysia Depository Sdn Bhd [Registration No. 198701006854 (165570-W)]
Bursa Securities	- Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
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	- Securities account established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of deposits of securities and dealings in such securities by the depositor
CE Marking Certification	- A certification mark that indicates that a product has been assessed by the manufacturer and deemed to meet the European Union safety, health and environmental protection requirements. It is required for products manufactured anywhere in the world that are then marketed in the European Union
Circular	- Circular to Shareholders in relation to the Corporate Exercises dated 9 July 2021

DEFINITIONS (CONT'D)

Closing Date	- 18 October 2021 at 5.00 p.m., being the last date and time for the acceptance of and payment for the Rights Shares with Warrants C
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
Consolidated Shares	- New Shares after the Share Consolidation
Corporate Exercises	- Collectively, the Diversification, Share Consolidation, Rights Issue with Warrants, Variation and ESOS
COVID-19	- Coronavirus disease 2019
Deed Poll B	- Deed poll constituting the Warrants B dated 19 December 2017
Deed Poll C	- Deed poll constituting the Warrants C dated 17 August 2021
Directors	- Directors of the Company
Diversification	- Diversification of the business of the Group to include the Gloves Business
EGM	- Extraordinary general meeting of the Company
Electronic Application	- Application for the Rights Shares and/or Excess Rights Shares with Warrants C through the ATMs or internet financial services website of Participating Financial Institutions
Entitled Shareholders	- Shareholders whose names appear in the Record of Depositors of the Company as at 5.00 p.m. on the Entitlement Date in order to be entitled to the Rights Issue with Warrants
Entitlement Date	- 1 October 2021, at 5.00 p.m., being the date and time on which the names of Shareholders must appear in the Record of Depositors of the Company in order to be entitled to participate in the Rights Issue with Warrants
Erat Marine	- Erat Marine Sdn Bhd [Registration No. 2000010089489 (511554-K)], a wholly-owned subsidiary of the Company
ESOS or Scheme	- Employees' share option scheme for the granting of the Options to the eligible directors and eligible employees to subscribe for new 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 C	- Rights Shares with Warrants C which are not taken up or not validly taken up by Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) by the Closing Date
Excess Rights Shares with Warrants C Application	- Application for additional Rights Shares with Warrants C in excess of the Provisional Allotments by the Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable)

DEFINITIONS (CONT'D)

Exercise Period	- Any time within a period of 3 years commencing from and including the date of issue of the Warrants C to the close of business at 5.00 p.m. on the Market Day immediately preceding the date which is the 3rd anniversary from the date of issue of the Warrants C. Any Warrants C not exercised during the Exercise Period will thereafter lapse and cease to be valid
Exercise Price	- RM0.16, being the price at which 1 Warrant C is exercisable into 1 new Share, subject to adjustments in accordance with the provisions of the Deed Poll C
FDA Certification	- Certifications obtained from the Food and Drug Administration, a federal agency of the US Department of Health and Human Services, responsible for the safety of food, dietary supplements, human drugs, vaccines, blood products and other biologicals, medical devices, radiation-emitting electronics, cosmetics, veterinarian products and tobacco products being sold or manufactured in the US
Foreign-Addressed Shareholders	- Shareholders who have not provided to the Company a registered address or an address in Malaysia for the service of documents which will be issued in connection with the Rights Issue with Warrants by the Entitlement Date
FPE	- Financial period ended
FYE	- Financial year ended / ending, as the case may be
GL	- Gross loss
Gloves Business	- Business involving the manufacture, sale and marketing of gloves and other related activities
Government	- Government of Malaysia
GP	- Gross profit
IMR Report	- Independent market research report dated 3 September 2021 prepared by SMITH ZANDER
ISO 13485	- International standard that was specifically published to define the requirements of a quality management system for organisations within the medical device industry
JV Agreement	- Joint venture agreement entered between the Company and Sanichi Technology Berhad on 30 October 2020 to develop and operate a regional e-commerce logistics hub on the land located in Desaru, Johor
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	- 1 September 2021, being the latest practicable date prior to the printing of this Abridged Prospectus
LPS	- Loss per Share

DEFINITIONS (CONT'D)

LTD	- 16 August 2021, being the last trading day prior to the date of fixing the issue price of the Rights Shares and Exercise Price
MARGMA	- Malaysian Rubber Glove Manufacturers Association
Market Day	- Any day on which Bursa Securities is open for trading in securities
Maximum Scenario	- Assuming that all of the outstanding Warrants B as at the LPD are exercised into new Shares prior to the Entitlement Date and all the Entitled Shareholders and/or their renouncee(s) fully subscribe for their respective entitlements of the Rights Shares with Warrants C
MCO	- Movement control order issued by the Government under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
Mercury Securities or the Principal Adviser	- Mercury Securities Sdn Bhd [Registration No. 198401000672 (113193-W)]
Minimum Scenario	- Assuming that none of the outstanding Warrants B as at the LPD are exercised into new Shares prior to the Entitlement Date and the Rights Issue with Warrants is undertaken on the Minimum Subscription Level
Minimum Subscription Level	- Minimum subscription level of 71,428,572 Rights Shares together with 23,809,524 Warrants C based on an issue price of RM0.14 per Rights Share to arrive at RM10.00 million
NA	- Net assets
NPA	- Notice of provisional allotment in relation to the Rights Issue with Warrants
NRS	- Nominee rights subscription service offered by Bursa Depository, at the request of the Company, to authorised nominees for electronic subscription of the Rights Issue with Warrants through Bursa Depository's existing network facility with the authorised nominees
Official List	- Official list of the Main Market of Bursa Securities
Options	- Options to be granted under the ESOS pursuant to the by-laws governing the ESOS where each option holder can subscribe for 1 new Share for every 1 Option held
Participating Financial Institutions	- Participating financial institutions for the Electronic Applications
PAT	- Profit after taxation
PDZ or the Company	- PDZ Holdings Bhd [Registration No. 199501031213 (360419-T)]
PDZ Group or the Group	- Collectively, the Company and its subsidiaries
PDZ Mewah	- A vessel owned by the Company [Registration Number: 199501031213 (360419-T)]
PDZ Shares or Shares	- Ordinary shares in the Company

DEFINITIONS (CONT'D)

Previous Private Placement	- Private placement exercise previously undertaken by the Company which involved the issuance of 204,597,000 Shares and was completed on 26 June 2020
Previous Rights Issue	- Rights issue exercise previously undertaken by the Company which involved the issuance of 434,660,560 new Shares and 325,995,328 Warrants B and was completed on 7 February 2018
Provisional Allotments	- The Rights Shares with Warrants C provisionally allotted to Entitled Shareholders
Record of Depositors	- A record of securities holders provided by Bursa Depository under the Rules of Bursa Depository
Rights Issue with Warrants	- Renounceable rights issue of up to 797,746,170 Rights Shares together with up to 265,915,390 free detachable Warrants C on the basis of 6 Rights Shares together with 2 free Warrants C for every 1 existing Share held by the Entitled Shareholders on the Entitlement Date
Rights Shares	- Up to 797,746,170 new Shares to be allotted and issued pursuant to the Rights Issue with Warrants
Rights Shares Entitlement File	- An electronic file forwarded by Bursa Depository to an authorised nominee who has subscribed for NRS, containing information of such authorised nominee's entitlement under the Rights Issue with Warrants as at the Entitlement Date
Rights Shares Subscription File	- An electronic file submitted by an authorised nominee who has subscribed for NRS, to Bursa Depository containing information pertaining to such authorised nominee's subscription of the Rights Shares
RM and sen	- Ringgit Malaysia and sen respectively
RSF	- Rights subscription form in relation to the Rights Issue with Warrants
Rules of Bursa Depository	- Rules of Bursa Depository as issued pursuant to the SICDA as amended from time to time
Rules	- Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the SC pursuant to Section 377 of the CMA, as amended from time to time
SC	- Securities Commission Malaysia
Share Consolidation	- Consolidation of every 10 Shares into 1 Consolidated Share, which was completed on 12 August 2021
Share Registrar	- Securities Services (Holdings) Sdn Bhd [Registration No. 197701005827 (36869-T)]
Shareholders	- Registered holders of the Shares
SICDA	- Securities Industry (Central Depositories) Act, 1991 of Malaysia, as amended from time to time and any re-enactment thereof
SMITH ZANDER	- Smith Zander International Sdn Bhd [Registration No. 201301028298 (1058128-V)], an independent market researcher

DEFINITIONS (CONT'D)

TEAP	- Theoretical ex-all price
Transaction Record	- A computer-generated transaction slip received upon the completion of Electronic Application transaction via ATM confirming the details of the Electronic Application
Undertakings	- The irrevocable and unconditional written undertaking from the Undertaking Shareholders dated 23 March 2021, details of which are set out in Section 3 of this Abridged Prospectus
Undertaking Shareholders	- Datuk Tan Chor How Christopher (Executive Director cum Chief Executive Officer of the Company) and Ho Jien Shiung (Executive Director of the Company)
US	- United States of America
USD	- United States Dollar
Variation	- Variation in utilisation of proceeds from the Previous Rights Issue, whereby proceeds of RM19.90 million will be reallocated towards the Group's funding requirement as set out in the Section 5.2.1 of this Abridged Prospectus
VWAP	- Volume-weighted average market price
Warrants B	- Outstanding PDZ warrants 2018 / 2023 issued by the Company pursuant to the Deed Poll B and expiring on 29 January 2023. Each Warrant B holder is entitled to subscribe for 1 new Share at the exercise price of RM1.00, subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll B
Warrants C	- Up to 265,915,390 free detachable warrants in the Company to be allotted and issued pursuant to the Rights Issue with Warrants
Warrant C Holders	- Holders of the Warrants C

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, the subsidiaries of the Company. All references to "you" in this Abridged Prospectus are to the Entitled Shareholders.

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

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

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

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

DEFINITIONS (CONT'D)

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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TABLE OF CONTENTS

	PAGE
ADVISERS' DIRECTORY	x
SUMMARY OF THE RIGHTS ISSUE WITH WARRANTS	xi
LETTER TO THE ENTITLED SHAREHOLDERS CONTAINING:-	
1. INTRODUCTION	1
2. PARTICULARS OF THE RIGHTS ISSUE WITH WARRANTS	4
2.1 Details of the Rights Issue with Warrants	4
2.2 Basis of determining the issue price of the Rights Shares and the Exercise Price	5
2.3 Ranking of the Rights Shares and new Shares to be issued arising from the exercise of the Warrants C	6
2.4 Last date and time for acceptance and payment	6
2.5 Salient terms of the Warrants C	7
2.6 Details of other corporate exercises	9
3. MINIMUM SUBSCRIPTION LEVEL AND THE UNDERTAKINGS	10
4. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS	13
5. DETAILS OF THE DIVERSIFICATION	13
5.1 Details of the Diversification	13
5.2 Details of the Gloves Business	14
5.3 Information on Erat Marine	20
6. UTILISATION OF PROCEEDS	21
7. RISK FACTORS	28
7.1 Risks relating to the Group	28
7.2 Risks relating to the Rights Issue with Warrants	33
8. INDUSTRY OVERVIEW AND PROSPECTS	35
8.1 Malaysian economy	35
8.2 Rubber glove exports from Malaysia	35
8.3 Global rubber glove market	38
8.4 Demand for rubber gloves	39
8.5 Container liner industry in Malaysia	41
8.6 Prospects and future plans of the Group	42
9. EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS	45
9.1 Share capital	45
9.2 NA and gearing	46
9.3 Substantial Shareholders' shareholdings	49
9.4 Losses and LPS	52
10. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS	53
10.1 Working capital and sources of liquidity	53
10.2 Borrowings	53
10.3 Contingent liabilities	53
10.4 Material commitments	53

TABLE OF CONTENTS (CONT'D)

	PAGE
11. INSTRUCTIONS FOR ACCEPTANCE AND PAYMENT	54
11.1 General	54
11.2 NPA	54
11.3 Last date and time for acceptance and application	54
11.4 Methods of acceptance and application	55
11.5 Procedures for full acceptance and payment	55
11.6 Procedures for part acceptance	72
11.7 Procedures for sale or transfer of Provisional Allotments	72
11.8 Procedures for the Excess Rights Shares with Warrants C Application	73
11.9 Procedures to be followed by transferee(s) and/or renouncee(s)	76
11.10 CDS Account	76
11.11 Notice of allotment	76
11.12 Foreign-Addressed Shareholders	77
12. TERMS AND CONDITIONS	79
13. FURTHER INFORMATION	80
APPENDIX I : INFORMATION ON THE COMPANY	81

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ADVISERS' DIRECTORY

- COMPANY SECRETARY** : Tea Sor Hua (MACS 01324) (SSM PC No. 201908001272)
Third Floor, No. 77, 79 & 81
Jalan SS21/60, Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan
Tel : +603 – 7725 1777
Fax : +603 – 7722 3668
- PRINCIPAL ADVISER** : Mercury Securities Sdn Bhd
L-7-2, No. 2, Jalan Solaris
Solaris Mont' Kiara
50480 Kuala Lumpur
Wilayah Persekutuan
Tel : +603 – 6203 7227
Fax : +603 – 6203 7117
- SOLICITORS** : Messrs. Ching, Elaine & Co
Advocates & Solicitors
A-15-15, Tropicana Avenue
Persiaran Tropicana, PJU 13
47410 Petaling Jaya
Selangor Darul Ehsan
Tel : +603 – 7886 9289
- SHARE REGISTRAR** : Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan
Tel : +603 – 2084 9000
Fax : +603 – 2094 9940
- REPORTING ACCOUNTANTS** : Al Jafree Salihin Kuzaimi PLT (201506002872)
(LLP0006652-LCA) & AF 1522
555, Jalan Samudra Utara 1
Taman Samudra
68100 Batu Caves
Selangor Darul Ehsan
Tel : +603 – 6185 9970
Fax : +603 – 6184 2524
- INDEPENDENT MARKET RESEARCHER** : Smith Zander International Sdn Bhd
15-01, Level 15, Menara MBMR
1, Jalan Syed Putra
58000 Kuala Lumpur
Wilayah Persekutuan
Tel : +603 – 2732 7537

Managing Partner: Dennis Tan Tze Wen
(Bachelor of Science (major in Computer Science and minor in
Business Administration) from Memorial University of
Newfoundland, Canada)
- STOCK EXCHANGE LISTING** : Main Market of Bursa Securities

SUMMARY OF THE RIGHTS ISSUE WITH WARRANTS

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

Key information	Summary																											
(i) Number of Rights Shares to be issued and basis of allotment	Basis: 6 Rights Shares together with 2 free Warrants C for every 1 existing Share held by the Entitled Shareholders. Please refer to Section 2.1 of this Abridged Prospectus for further information.																											
		Minimum Scenario	Base Case Scenario	Maximum Scenario																								
	Number of Rights Shares to be issued	71,428,572	606,704,826	797,746,170																								
	Number of Warrants C attached	23,809,524	202,234,942	265,915,390																								
	The Rights Shares with Warrants C which are not taken up or not validly taken up by the Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) prior to the Closing Date shall be made available for Excess Rights Shares with Warrants C Applications. It is the intention of the Board to allot the Excess Rights Shares with Warrants C, if any, in a fair and equitable manner in the priority as set out in Section 11.8 of this Abridged Prospectus for further information.																											
(ii) Pricing	Issue price of the Rights Shares : RM0.14 per Rights Share Exercise Price for the Warrants C : RM0.16 per Warrant C (payable for every 1 new Share)																											
	Please refer to Section 2.2 of this Abridged Prospectus for further information.																											
(iii) Undertakings	Undertaking Shareholders and undertaking amount : (i) Datuk Tan Chor How Christopher (Executive Director cum Chief Executive Officer of the Company): RM5.00 million (ii) Ho Jien Shiung (Executive Director of the Company): RM5.00 million																											
	Minimum Rights Shares to be subscribed for : 71,428,572 Rights Shares (representing 11.77% of the total number of 606,704,826 Rights Shares available for subscription under the Base Case Scenario) if none of the other Entitled Shareholders and/or their transferees and/or their renounees subscribe for the Rights Shares																											
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SUMMARY OF THE RIGHTS ISSUE WITH WARRANTS (CONT'D)

Key information	Summary																																																													
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(iv) Rationale of the Rights Issue with Warrants	<p>(a) To raise funds mainly for the Group to undertake the Gloves Business.</p> <p>(b) To raise funds without incurring additional interest expense from borrowings, thereby minimising any potential cash outflow in respect of interest servicing costs.</p> <p>(c) The free Warrants C which are attached to the Rights Shares are intended to provide an added incentive to Entitled Shareholders to subscribe for the Rights Shares.</p> <p>Please refer to Section 4 of this Abridged Prospectus for further information.</p>																																																													
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(vi) Risk factors	<p>Please refer to Section 6 of this Abridged Prospectus for further information.</p> <p>You should consider the following risk factors before subscribing for or investing in the Rights Issue with Warrants:-</p> <p>(a) the Group's container shipping business is subject to intense competition and dependency on third party slots; and</p> <p>(b) the Group has no prior experience in the Gloves Business and this may result in unexpected delays and cost overruns, thereby translating into lower returns on investment and longer payback period.</p> <p>Please refer to Section 7 of this Abridged Prospectus for further information.</p>																																																													
(vii) Procedures for acceptance and payment	<p>Acceptance of and payment for the Provisional Allotments allotted to you and application for the Excess Rights Shares with Warrants C may be made on the RSF issued together with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained therein or by way of Electronic Application or Bursa Anywhere in accordance with the terms and conditions contained therein.</p> <p>The last day, date and time for acceptance of and payment for the Provisional Allotments and the Excess Rights Shares with Warrants C is on Monday, 18 October 2021 at 5.00 p.m.</p> <p>Please refer to Section 11 of this Abridged Prospectus for further information.</p>																																																													



PDZ HOLDINGS BHD

Registration No. 199501031213 (360419-T)
(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016)

Registered Office

Third Floor, No. 77, 79 & 81
Jalan SS21/60
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan
Malaysia

1 October 2021

Board of Directors:-

Dato' Sri Rusli Bin Ahmad (Independent Non-Executive Chairman)
Datuk Tan Chor How Christopher (Executive Director cum Chief Executive Officer)
Ho Jien Shiung (Executive Director)
Dr. Rosli Bin Azad Khan (Executive Director)
Hoo Swee Guan (Independent Non-Executive Director)
Dato' Ahmad Zaffry Bin Hj. Sulaiman (Independent Non-Executive Director)
Nor Rafhanah Binti Abdullah (Independent Non-Executive Director)

To: Entitled Shareholders

Dear Sir / Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 797,746,170 RIGHTS SHARES AT AN ISSUE PRICE OF RM0.14 PER RIGHTS SHARE TOGETHER WITH UP TO 265,915,390 FREE DETACHABLE WARRANTS C ON THE BASIS OF 6 RIGHTS SHARES TOGETHER WITH 2 FREE WARRANTS C FOR EVERY 1 EXISTING SHARE HELD BY THE ENTITLED SHAREHOLDERS AT 5.00 P.M. ON 1 OCTOBER 2021

1. INTRODUCTION

On 23 March 2021, Mercury Securities had, on behalf of the Board, announced that the Company proposes to undertake the Corporate Exercises.

On 22 June 2021, Mercury Securities had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 21 June 2021, granted its approval⁽¹⁾ for, amongst others, the following:-

- (i) the Share Consolidation;
- (ii) admission of the Warrants C to the Official List;
- (iii) listing and quotation of the Rights Shares, Warrants C and Additional Warrants B;
- (iv) listing and quotation of the new Shares to be issued arising from the exercise of the Warrants C and Additional Warrants B; and

- (v) listing of up to 15% of the total number of issued Shares (excluding treasury shares, if any) to be issued upon exercise of the Options under the ESOS.

Note:-

- (1) Bursa Securities had approved the issuance of up to 797,749,896 Rights Shares and 265,916,632 Warrants C based on the Maximum Scenario. However, as at the LPD, the then number of 1,011,179,290 issued Shares were consolidated into 101,117,471 Consolidated Shares after disregarding the fractional entitlements pursuant to the Share Consolidation which was completed on 12 August 2021. As such, this has resulted in a reduction in the maximum number of Rights Shares with Warrants C that may be issued under the Maximum Scenario as further disclosed in Section 2.1 of this Abridged Prospectus.

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

Conditions imposed by Bursa Securities	Status of compliance
(a) PDZ and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Share Consolidation, Rights Issue with Warrants and ESOS;	To be complied
(b) PDZ / Mercury Securities is required to furnish Bursa Securities with a certified true copy of the resolutions passed by shareholders in general meeting approving the Corporate Exercises;	To be complied
(c) PDZ and Mercury are required to make the relevant announcements pursuant to paragraphs 6.56(2)(ii) and (iii) and 13.20(2) of the Listing Requirements pertaining to the Share Consolidation;	Complied
(d) Mercury Securities is required to submit a confirmation to Bursa Securities of full compliance of the ESOS pursuant to paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation;	To be complied
(e) 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 Options under the ESOS and exercise of Warrants C and Additional Warrants B as at the end of each quarter together with a detailed computation of listing fees payable;	To be complied
(f) PDZ and Mercury Securities are required to inform Bursa Securities upon the completion of the Share Consolidation, Rights Issue with Warrants and ESOS;	To be complied
(g) PDZ and Mercury Securities are required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Share Consolidation, Rights Issue with Warrants and ESOS are completed; and	To be complied
(h) PDZ and Mercury Securities are required to provide a written confirmation that the terms of the Warrants C are in compliance with paragraph 6.54(3) of the Listing Requirements.	To be complied

On 26 July 2021, the Shareholders had approved the Corporate Exercises at the EGM of the Company.

On 17 August 2021, Mercury Securities had, on behalf of the Board, announced that the Board had on even date resolved to fix the issue price of the Rights Shares at RM0.14 per Rights Share as well as the Exercise Price at RM0.16 per Warrant C.

On 18 August 2021, Mercury Securities had, on behalf of the Board, announced that the Entitlement Date for the Rights Issue with Warrants has been fixed at 5.00 p.m. on 2 September 2021.

On 27 August 2021, Mercury Securities had, on behalf of the Board, announced that the Entitlement Date for the Rights Issue with Warrants has been revised and fixed at 5.00 p.m. on 1 October 2021.

Paragraph 3.04, Chapter 3 of Division 5, Part II of the SC's Prospectus Guidelines states the following:-

"Where the proceeds may or will be used to wholly or partly pay for an acquisition or proposed acquisition of any:-

- (i) property asset; or*
- (ii) a company whose principal assets comprise property assets;*

by the corporation or any of its subsidiaries, the following must be disclosed:-

- (i) market value and valuation date of the assets; and*
- (ii) a valuation certificate that complies with the Asset Valuation Guidelines, where applicable."*

In relation to the above, as the Group has earmarked part of the proceeds from the Rights Issue with Warrants towards the acquisition of factory building for the Gloves Business as set out in Section 6(i) of this Abridged Prospectus, the Company is required to disclose the market value and valuation date of the factory building to be acquired as well as a valuation certificate that complies with the Asset Valuation Guidelines.

However, as at the LPD, the Group has yet to decide on which factory building to acquire and accordingly the Group has not entered into any agreement or commitment to acquire the same. In view thereof, the Company had on 1 September 2021 submitted an application to the SC for a relief from having to disclose the market value and valuation date of the property asset as well as a valuation certificate that complies with the Asset Valuation Guidelines in respect of the property asset that may be acquired by PDZ in the Abridged Prospectus ("**Relief Application**").

Following the above, the SC had, via its letter dated 17 September 2021, approved the Company's Relief Application.

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

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

2. PARTICULARS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Details of the Rights Issue with Warrants

The Rights Issue with Warrants entails a provisional allotment of up to 797,746,170 Rights Shares together with up to 265,915,390 free Warrants C on a renounceable basis of 6 Rights Shares together with 2 free Warrants C for every 1 existing Share held by the Entitled Shareholders on the Entitlement Date, at an issue price of RM0.14 per Rights Share.

The actual number of Rights Shares and Warrants C to be issued will depend on the total number of issued Shares held by the Entitled Shareholders on the Entitlement Date after taking into consideration any new Shares that may be issued arising from the exercise of any outstanding Warrants B as well as eventual subscription level for the Rights Issue with Warrants.

As at the LPD, the Company has 101,117,471 Shares in issue as well as 31,840,224 outstanding Warrants B, which have an exercise price of RM1.00 each and are expiring on 29 January 2023.

Assuming full exercise of the 31,840,224 Warrants B into new Shares prior to the Entitlement Date, the Company would have an enlarged total number of 132,957,695 Shares. Based on the total number of 132,957,695 Shares, the Rights Issue with Warrants would entail the issuance of up to 797,746,170 Rights Shares together with up to 265,915,390 Warrants C (assuming all Entitled Shareholders and/or their renounee(s) fully subscribe for their respective entitlements of the Rights Shares with Warrants C).

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

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

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

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

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

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

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

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

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

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

(i) Issue price of the Rights Shares

The Board had fixed the issue price of the Rights Shares at RM0.14 per Rights Share after taking into consideration, amongst others, the following:-

- (a) the funding requirements of the Group as set out in Section 6 of this Abridged Prospectus;
- (b) the TEAP⁽¹⁾ of RM0.1670 per Share, calculated based on the 5-day VWAP of the Shares up to and including the LTD of RM0.3434 per Share; and
- (c) the rationale for the Rights Issue with Warrants, as set out in Section 4 of this Abridged Prospectus.

The issue price of RM0.14 per Rights Share represents a discount of 16.17% to the TEAP of RM0.1670 per Share, calculated based on the 5-day VWAP of the Shares up to and including the LTD of RM0.3434 per Share and the Exercise Price of RM0.16 per Warrant C.

Note:-

(1) TEAP is computed as follows:-

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

where:-

A = Number of Rights Shares

B = Number of Warrants C

C = Number of existing Shares

X = Issue price of the Rights Shares

Y = Exercise Price

Z = 5-day VWAP of the Shares up to and including the LTD of RM0.3434

and the ratio of A:B:C is 6:2:1, in accordance with the entitlement basis of 6 Rights Shares together with 2 free Warrants C for every 1 existing Share held.

(ii) Exercise Price

The Board had fixed the Exercise Price at RM0.16 per Warrant C after taking into consideration, amongst others, the TEAP of RM0.1670 per Share, calculated based on the 5-day VWAP of the Shares up to and including the LTD of RM0.3434 per Share.

The exercise price of RM0.16 per Warrant C represents a discount of 4.19% to the TEAP of RM0.1670 per Share, calculated based on the 5-day VWAP of the Shares up to and including the LTD of RM0.3434 per Share and the issue price of RM0.14 per Rights Share.

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

(i) Rights Shares

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

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

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

2.4 Last date and time for acceptance and payment

The Closing Date is **5.00 p.m. on Monday, 18 October 2021.**

2.5 Salient terms of the Warrants C

Issuer	:	PDZ
Issue size	:	Up to 265,915,390 Warrants C
Form and detachability	:	The Warrants C will be issued in registered form and constituted by the Deed Poll C. The Warrants C which are to be issued with the Rights Shares will immediately be detached from the Rights Shares upon allotment and issuance and will be traded separately on Bursa Securities.
Board lot	:	For the purpose of trading on Bursa Securities, a board lot of Warrants C shall be 100 units of Warrants C, or such other number of units as may be prescribed by Bursa Securities.
Tenure of the Warrants C	:	3 years commencing on and including the date of issuance of the Warrants C.
Exercise Period	:	The Warrants C may be exercised at any time within a period of 3 years commencing from and including the date of issuance of the Warrants C to the close of business at 5.00 p.m. (Malaysia time) on the Market Day immediately preceding the date which is the 3rd anniversary from the date of issuance of the Warrants C. Any Warrants C not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.
Exercise Price	:	RM0.16 per Warrant C. The Exercise Price and/or the number of Warrants C 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 C.
Subscription rights	:	Each Warrant C 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 C.
Mode of exercise	:	The Warrant C Holders are required to lodge a subscription form with the Company's share registrar, duly completed, signed and stamped together with payment by way of banker's draft or cashier's order drawn on a bank operating in Malaysia or money order or postal order issued by a post office in Malaysia or internet bank transfer to designated bank account for the aggregate of the Exercise Price payable when exercising their Warrants C to subscribe for new Shares. The payment of such fee must be made in Ringgit Malaysia.
Adjustments to the Exercise Price and/or the number of Warrants C	:	Subject to the provisions of the Deed Poll C, the Exercise Price and/or the number of unexercised Warrants C 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 C, 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 C.

- Rights of the Warrant C Holders : The Warrants C 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 Warrant C Holders exercise their Warrants C for new Shares in accordance with the provisions of the Deed Poll C 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 C : The new Shares to be issued pursuant to the exercise of the Warrants C in accordance with the provisions of the Deed Poll C shall, upon allotment, issuance and full payment of the Exercise Price of the Warrants C, rank equally in all respects with the then existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment and issuance of such new Shares to be issued pursuant to the exercise of the Warrants C.
- Rights of the Warrant C Holders in the event of winding up, liquidation, compromise and/or arrangement : Where a resolution has been passed for a members' voluntary winding-up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with 1 or more companies, then:-
- (i) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the holders of the Warrants C (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 C; and
 - (ii) in any other cases, every Warrant C Holder shall be entitled to exercise his / her Warrants C at any time within 6 weeks after the passing of such resolution for a members' voluntary winding up of the Company or within 6 weeks after the granting of the court order approving the winding-up, compromise or arrangement, whereupon the Company shall allot the relevant new Shares to the Warrant C holder credited as fully paid subject to the prevailing laws, and such Warrant C holder shall be entitled to receive out of the assets of the Company which would be available in liquidation if he / she had on such date been the holder of the new Shares to which he / she would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly. Upon the expiry of the above 6 weeks, all subscription rights of the Warrants C shall lapse and cease to be valid for any purpose.
- Modification of rights of Warrant C Holders : Save as otherwise provided in the Deed Poll C, a special resolution of the Warrant C Holders is required to sanction any modification, alteration or abrogation in respect of the rights of the Warrant C Holders.

- Modification of the Deed Poll C : Any modification to the terms and conditions of the Deed Poll C may be effected only by a further deed poll, executed by the Company and expressed to be supplemental to the Deed Poll C. Any of such modification shall however be subject to the approval of Bursa Securities (if so required).
- No amendment or addition may be made to the provisions of the Deed Poll C without the sanction of a special resolution unless the amendments or additions are required to correct any typographical errors or relate purely to administrative matters or are required to comply with any provisions of the prevailing laws or regulations of Malaysia or, in the opinion of the Company, will not be materially prejudicial to the interests of the Warrant C Holders.
- Listing : The Warrants C will be listed and traded on the Main Market of Bursa Securities. The listing and quotation of the Warrants C on the Main Market of Bursa Securities is subject to a minimum of 100 holders of Warrants C.
- Transferability : The Warrants C shall be transferable in the manner provided under the SICDA and the Rules of Bursa Depository.
- Deed Poll C : The Warrants C shall be constituted by the Deed Poll C.
- Governing laws : The Warrants C and the Deed Poll C shall be governed by the laws and regulations of Malaysia.

2.6 Details of other corporate exercises

As at the date of this Abridged Prospectus, save for the Rights Issue with Warrants and ESOS, the Board confirmed 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.

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3. MINIMUM SUBSCRIPTION LEVEL AND THE UNDERTAKINGS

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

In view of the above, the Board has determined to undertake the Rights Issue with Warrants on the Minimum Subscription Level. To meet the Minimum Subscription Level, the Company has procured the Undertakings from the Undertaking Shareholders, namely Datuk Tan Chor How Christopher (Executive Director cum Chief Executive Officer of the Company) and Ho Jien Shiung (Executive Director of the Company), to apply and subscribe in full for their entitlement of Rights Shares and additional Rights Shares not taken up by other Entitled Shareholders by way of excess Rights Shares application, to the extent such that the aggregate subscription proceeds of the Rights Shares received by the Company arising from the subscription by all Entitled Shareholders and/or their renouncee(s) (including the Undertaking Shareholders, if necessary) amount to not less than RM10.00 million.

For avoidance of doubt, the subscription of Rights Shares (including excess Rights Shares, where applicable) by each of the Undertaking Shareholders pursuant to the Undertakings is for an amount of up to RM5.00 million each only.

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

Undertaking Shareholders	Existing direct shareholding as at the LPD		Minimum Rights Shares with Warrants C to be subscribed pursuant to the Undertakings			Subscription based on excess application				
	No. of Shares	(1)%	No. of Rights Shares	(2)%	No. of Warrants C	(3)%	No. of Rights Shares	(2)%	No. of Warrants C	(3)%
Datuk Tan Chor How Christopher	25,000	0.02	150,000	0.21	50,000	0.21	35,564,286	49.79	11,854,762	49.79
Ho Jien Shiung	630,090	0.62	3,780,540	5.29	1,260,180	5.29	31,933,746	44.71	10,644,582	44.71

	Total Rights Shares with Warrants C to be subscribed pursuant to the Undertakings			Assuming none of the other Entitled Shareholders and/or their renouncee(s) subscribe for their Rights Shares				
	No. of Rights Shares	(2)%	No. of Warrants C	(3)%	No. of Shares held after the Rights Issue with Warrants	(4)%	No. of Shares held after the Rights Issue assuming full exercise of the Warrants C	(5)%
Datuk Tan Chor How Christopher	35,714,286	50.00	11,904,762	50.00	35,739,286	20.71	47,644,048	24.26
Ho Jien Shiung	35,714,286	50.00	11,904,762	50.00	36,344,376	21.06	48,249,138	24.57

Notes:-

- (1) Based on the issued share capital of 101,117,471 Shares as at the LPD.
- (2) Based on the total number of 71,428,572 Rights Shares to be subscribed by the Undertaking Shareholders pursuant to their collective Undertakings under the Minimum Scenario.
- (3) Based on the total number of 23,809,524 free Warrants C attached to the Rights Shares to be subscribed by the Undertaking Shareholders.
- (4) Based on the enlarged issued share capital of 172,546,043 Shares under the Minimum Scenario.
- (5) Based on the enlarged issued share capital of 196,355,567 Shares under the Minimum Scenario and assuming full exercise of the Warrants C.

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

Mercury Securities has verified the sufficiency of financial resources of the 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:-

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

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

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

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 issuer must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. As at the LPD, the Company does not hold any treasury shares.

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

Particulars	Beneficial shareholding as at the LPD		(I) After the Rights Issue with Warrants		(II) After (I) and assuming full exercise of the Warrants C	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽³⁾
Issued share capital	101,117,471	100.00	172,546,043	100.00	196,355,567	100.00
Less:						
Directors ⁽⁵⁾ , substantial shareholders and their associates						
- Datuk Tan Chor How Christopher ⁽⁴⁾	25,000	0.02	35,739,286	20.71	47,644,048	24.26
- Ho Jien Shiung ⁽⁴⁾	630,090	0.62	36,344,376	21.06	48,249,138	24.57
Public shareholding spread	100,462,381	99.35	100,462,381	58.22	100,462,381	51.16

Notes:-

- (1) Based on the issued share capital of 101,117,471 Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 172,546,043 Shares under the Minimum Scenario.
- (3) Based on the enlarged issued share capital of 196,355,567 Shares under the Minimum Scenario and assuming full exercise of the Warrants C.
- (4) As at the LPD, Datuk Tan Chor How Christopher and Ho Jien Shiung are not substantial Shareholders. However, they will become substantial Shareholders after the Rights Issue with Warrants following their subscription of the Rights Shares pursuant to the Undertakings under the Minimum Scenario.
- (5) Includes directors of subsidiaries of the Company. For information, save for Datuk Tan Chor How Christopher and Ho Jien Shiung, none of the directors of subsidiaries of the Company hold any Shares as at the LPD.

4. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS

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

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

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

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

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

5. DETAILS OF THE DIVERSIFICATION

5.1 Details of the Diversification

The Group is principally involved in container shipping. The Group's container shipping business has been facing a challenging operating environment due to stiff competition from other shipping companies. Notwithstanding the improvement in demand and freight rates via contribution from the e-commerce industry which boomed as a result of the COVID-19 pandemic, the container shipping industry continues to be plagued by the adverse effects to the global supply chain arising from lockdown measures implemented by governments worldwide to curb the spread of COVID-19.

The Group has recorded consecutive LAT for the past 4 financial years / period as shown below:-

	Audited			Unaudited
	FYE 31 December 2018 RM'000	FYE 31 December 2019 RM'000	FYE 31 December 2020 RM'000	6-month FPE 30 June 2021 RM'000
Revenue LAT	5,000 (12,081)	5,757 (10,427)	5,028 (15,329)	2,280 (2,276)

Further details on the Group's financial performance are set out in Section 4, Appendix I of this Abridged Prospectus.

Thus, in order to turnaround its financial performance, the Group has resolved to diversify its revenue sources by venturing into the Gloves Business after taking into consideration the current market demand for rubber gloves. In particular, the Group will focus on the manufacturing of medical grade nitrile gloves.

Given the prospects for the gloves industry and after taking into consideration the current market demand for rubber gloves following the COVID-19 pandemic, the Company had on 26 July 2021 obtained its Shareholders' approval for the diversification into Gloves Business. The Diversification allows the Group to capitalise on a booming segment with favourable long-term prospects while making the most out of the opportunities created by the COVID-19 pandemic.

5.2 Details of the Gloves Business

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

Since the outbreak of the COVID-19 pandemic, the demand for personal protective equipment to curb the pandemic has boosted the demand for medical gloves. Based on latest available information, COVID-19 has affected approximately 223 countries, areas or territories, infecting more than 218.58 million persons and causing more than 4.53 million deaths as of 3 September 2021.

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

Based on MARGMA's latest estimates for 2020, it expects exports of rubber gloves from Malaysia to have reached between 250 billion and 270 billion pieces in 2020, an increase of between 33.69% and 44.39% from 2019 and contributed between 65.79% and 71.05% to total global demand for rubber gloves in 2020, to support the surge in demand for medical gloves globally due to the on-going COVID-19 pandemic.

While many countries globally have rolled out vaccines to control the COVID-19 pandemic, the global demand for rubber gloves is expected to remain high. This is premised on the continuous usage of medical gloves among healthcare professionals worldwide during mass vaccination; and in the longer term, supported by heightened awareness of the usage of rubber gloves as general protection against viruses and other diseases. These are also expected to partially offset the gradual decrease in the usage of medical gloves used for the COVID-19 response when the pandemic subsides following the continuous efforts on vaccination in many countries globally. MARGMA forecasts the global demand for rubber gloves to reach 420 billion pieces in 2021, an increase of 10.53% from 2020. Moving forward, SMITH ZANDER anticipates that the global demand for rubber gloves is likely to slow down and taper off in 2023 to 2024 based on the current COVID-19 situation.

Notwithstanding the anticipated slowdown in the global demand for rubber gloves, the demand for rubber gloves will continue to be contributed by growth in healthcare services and global industrial production activities.

(Source: IMR Report prepared by SMITH ZANDER)

5.2.1 Details of the Group's plans

The Group plans to acquire, install and commission up to 8 double former glove-dipping lines to produce nitrile gloves. This is expected to yield a production capacity of up to 1.94 billion pieces of gloves per annum. The actual number of glove-dipping lines to be acquired shall depend on, amongst others, the proceeds that the Group is able to raise from the Rights Issue with Warrants, the cost to acquire the glove-dipping lines and other related facilities (which include, amongst others, building systems which enable the supply of utilities (i.e. electricity and water) and wastewater treatment plant to treat the wastewater from the ovens and dipping tanks arising from the manufacturing process) as well as the level of demand for gloves at the relevant time.

The Group intends to install the glove-dipping lines at a new factory building to be acquired by the Group. Please refer to Section 6(i) of this Abridged Prospectus for more information on the potential factory building to be acquired by the Group. The installation of the 8 double former glove-dipping lines is expected to commence by the 2nd quarter of 2022 and be completed in stages by the 1st quarter of 2024, with the first glove-dipping line expected to be completed by the 1st quarter of 2023.

The total capital outlay to commence the Gloves Business is RM81.70 million (comprising RM25.00 million for the acquisition of factory building and RM56.70 million for capital expenditure). The breakdown of its major components are set out in Section 6 of this Abridged Prospectus. This is expected to be funded via proceeds to be raised from the Rights Issue with Warrants, proceeds to be reallocated via the Variation, internally generated funds, bank borrowings and/or future fund raising exercises to be undertaken by the Group (if required).

Based on the estimate of all 8 lines to be operational in 36 months and the production of approximately 241.9 million pieces of gloves per line per annum, the Group is aiming for an expected return on equity of at least approximately 10% based on the following key parameters:-

- (i) production volume of 1.94 billion pieces of gloves per annum;
- (ii) average selling price of USD40 per 1,000 gloves over the next 10 years;
- (iii) the Group employs only local workers for the Gloves Business;
- (iv) acquisition cost for the factory building and capital expenditure for the Gloves Business are in accordance with the estimated costs as set out in Sections 6(i) and (ii) of this Abridged Prospectus; and
- (v) completion of installation and commissioning of all 8 glove-dipping lines in accordance with the tentative timeline set out in Section 5.2.4 of this Abridged Prospectus.

For information, the Group did not conduct any feasibility studies to venture into the Gloves Business and is relying on the experience, technical knowledge and contacts of Mr. Mohan Subramaniam who shall spearhead the Group's venture into the Gloves Business as well as other key management personnel to be appointed as set out in Section 5.2.3 of this Abridged Prospectus. At this stage, the Group has identified a supplier for the glove-dipping lines and is in the midst of identifying suppliers / distributors for the supply of raw materials required for the production of rubber gloves such as raw nitrile and other related chemicals. The raw materials are expected to be sourced locally and/or overseas such as China.

Subject to the lead time of 12 months (which has provided for the MCO and the current uncertainty over its extension) for the glove-dipping lines and availability of raw materials, the production of the rubber gloves (which is expected to be mainly in the form of medical gloves) following the installation of the first glove-dipping line is expected to commence by the 1st quarter of 2023.

The Gloves Business shall be undertaken by Erat Marine, a wholly-owned subsidiary of the Company. The acquisition of the new factory building, setting up of the glove-dipping lines and subsequent management and operation of the Gloves Business are intended to be undertaken entirely by Erat Marine. Further details on Erat Marine are set out in Section 5.3 of this Abridged Prospectus.

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

As at the LPD, the Company has yet to secure any contract / potential contract for the Gloves Business.

Notwithstanding the above, as a start, the Group plans to rely on the existing contacts of Mr. Mohan Subramaniam, a key management personnel appointed to spearhead the Group's venture into the Gloves Business, to source for potential suppliers for the raw materials as well as potential customers for the rubber gloves. Further details of Mr. Mohan Subramaniam's experience in the gloves industry are set out in Section 5.2.3 of this Abridged Prospectus.

5.2.2 Licenses and certifications

The Group will apply for the necessary certifications to facilitate the export of the rubber gloves to the countries mentioned in Section 5.2.1 above. For the export of gloves to the European region, the Group intends to obtain the CE Marking Certification (typically recognised in the European region). For the export of gloves to the US region, the Group intends to obtain the FDA Certification (typically recognised in the US). To this end, the Group intends to submit the applications to the relevant authorities for the CE Marking Certification and FDA Certification by the 1st quarter of 2023 and obtain the approvals by the 2nd quarter of 2023.

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

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

Save for the approval from the Medical Device Authority⁽¹⁾, the Group intends to submit the relevant applications by the 3rd quarter of 2022 and obtain the approvals from the above authorities / regulatory bodies by the 1st quarter of 2023. This is in tandem with the expected timeline for commencement of the production of the rubber gloves by the 1st quarter of 2023 as set out in Section 5.2.4 of this Abridged Prospectus.

Note:-

- (1) The approval from the Medical Device Authority can only be obtained after the production line has been set up and production has commenced. The Group intends to obtain the said approval by the 2nd quarter of 2023.

The FDA Certification and CE Marking Certification is a requirement for the Group to export the gloves to the US and European markets respectively. In the event of any adverse development or delay in the application of the relevant certifications, the export of rubber gloves to the target markets may be delayed or some target markets may even be off limits to the Group. Without these certifications, the Group's ability to sell / export rubber gloves on a wider scale will be severely limited, thus limiting the Group's revenue potential.

5.2.3 Key management personnel

At this juncture, the Group does not have the specific skills, expertise and experience required to venture into the Gloves Business. Hence, to undertake the Gloves Business, the Group intends to assemble a team comprising up to 152 employees⁽¹⁾ with relevant glove manufacturing experience to undertake various roles (e.g. production, quality control, warehouse and etcetera).

Note:-

- (1) In view of the current ongoing restriction in the recruitment of the foreign workers according to Malaysian Government's policy in 2020 due to COVID-19, the Group will prioritise recruiting local workers at this juncture. However, depending on the costs and availability of labour as well as the changes to the Malaysian Government's policy on foreign labour in the future, the Group may also hire foreign workers in the future.

Notwithstanding the above, the Group foresees that at the current stage, the employees will be recruited from the local market and the Group will be working towards automating some of the processes to reduce its dependency on manual labour.

The Group intends to run the production of rubber gloves on 2 shifts, i.e. day shift and night shift of 12 hours each (using the same double former glove-dipping lines). The Group shall hire managers and executives for finance, human resources, sales and marketing as well as administrative roles. The Group also intends to hire supervisors and production workers to handle the compounding of chemicals, production of raw gloves, packing of final product and wastewater treatment processes.

At this juncture, the Group has identified Mr. Mohan Subramaniam to spearhead the Group's venture into the Gloves Business. His profile is set out below:-

Mohan Subramaniam

Mr. Mohan Subramaniam, a Malaysian aged 60, has been appointed as General Manager for Erat Marine since 1 March 2021 via a 1-year contract which is renewable on an annual basis. For avoidance of doubt, the Group is hiring Mr. Mohan Subramaniam on a contractual basis mainly to provide flexibility for the Group in managing its human resources as the Gloves Business is a relatively new venture for the Group.

As General Manager, he shall be in charge of managing and overseeing the full operations of the Gloves Business including the manufacturing, sale and marketing aspects.

His academic background is as follows:-

Qualification	Name of institution	Year obtained
PhD in Manufacturing Management	Brampton International University	2015
Master in Business Administration	CambridgeShire University	2004
Postgraduate Diploma in Management Studies	Portsmouth Polytechnic (UK) CAAA	1986
Advanced Diploma in Business Administration (UK)	Association of Business Executives	1985
Diploma in Management (UK)	Association of Business Executives	1984
Certificate in Management (UK)	Association of Business Executives	1983

Prior to joining Erat Marine, he has held the following roles:-

Year	Designation and companies	Roles and responsibilities
October 2010 to February 2021	Consultant – RMD Consultancy and Trading Sdn Bhd (consultancy company specialising in rubber dipping production industry)	Providing consultancy services in relation to the rubber dipping production industry
October 2009 to September 2010	Plant Manager – Meditech Medical Gloves Sdn Bhd (manufacturer of medical latex and synthetic gloves)	In charge of the overall glove production lines
July 2009 to September 2009	Consultant – Best Putra Gloves and Medisafe Pvt Ltd (manufacturer of medical latex gloves)	Providing consultancy services in relation to the gloves industry
February 2008 to June 2009	Group Factory Manager – Metacure Surgical Gloves Sdn Bhd (manufacturer of latex and synthetic surgical gloves)	In charge of the overall glove production lines
February 2000 to September 2007	Production Manager – Ansell Shah Alam Sdn Bhd (manufacturer of gloves)	In charge of the overall glove production lines
March 1995 to February 2000	Production Executive – Johnson & Johnson Medical Manufacturing Sdn Bhd (manufacturer of gloves)	Assisting the production manager in overseeing the overall glove production lines

Year	Designation and companies	Roles and responsibilities
March 1993 to February 1995	Production Executive and Consultant – Wembley Rubber Product (M) Sdn Bhd (manufacturer of gloves)	Assisting the production manager in overseeing the overall glove production lines
March 1989 to March 1993	Production Supervisor and Production Foreman – East Asiatic Company Rubber Industries (M) Sdn Bhd (manufacturer of gloves)	Supervising the glove production lines

From these roles, he garnered experience in the full operations of the glove manufacturing (for up to 20 lines per plant with maximum production capacity of 40,000 pieces of gloves per hour) and trading business including latex compounding, glove dipping, off line washing process, production planning, setting up of quality control / quality assurance process, packing, warehousing, marketing, purchasing and shipping. With that, he is expected to provide invaluable experience and requisite technical knowledge to spearhead the Group's venture into the Gloves Business.

Although the Group is currently relying on Mr. Mohan Subramaniam to spearhead the Group's venture into the Gloves Business, the Group may recruit additional key personnel moving forward depending on the growth of the Gloves Business. Nonetheless, the risk factors relating to the Group's reliance on Mr. Mohan Subramaniam are set out in Section 7.1.2 of this Abridged Prospectus.

5.2.4 Tentative timeline for the Gloves Business

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

Timeframe	Events
2 nd quarter of 2022	<ul style="list-style-type: none"> Acquisition of factory building Commencement of installation of first glove dipping line
3 rd quarter of 2022	<ul style="list-style-type: none"> Submission of applications to the relevant authorities / regulatory bodies (save for the Medical Device Authority)
1 st quarter of 2023	<ul style="list-style-type: none"> Completion of installation of first glove dipping line Commencement of installation of second and third glove dipping line Approvals obtained from the relevant authorities / regulatory bodies (save for the Medical Device Authority) Commencement of the recruitment of employees for the Gloves Business (dependent on the number of glove-dipping lines) Commencement of production of gloves Submission of applications for the CE Marking Certification and FDA Certification Submission of application to the Medical Device Authority

Timeframe	Events
2 nd quarter of 2023	<ul style="list-style-type: none"> • Completion of installation of second and third glove dipping line • Commencement of installation of fourth and fifth glove dipping line • Approval obtained from the Medical Device Authority • Approvals obtained for the CE Marking Certification and FDA Certification • Commencement of sale of gloves
3 rd quarter of 2023	<ul style="list-style-type: none"> • Completion of installation of fourth and fifth glove dipping line • Commencement of installation of sixth and seventh glove dipping line • Finalisation of the recruitment of employees for the Gloves Business (dependent on the number of glove-dipping lines).
4 th quarter of 2023	<ul style="list-style-type: none"> • Completion of installation of sixth and seventh glove dipping line • Commencement of installation of eighth glove dipping line
1 st quarter of 2024	<ul style="list-style-type: none"> • Completion of installation of eighth glove dipping line

5.3 Information on Erat Marine

5.3.1 History and principal activities

Erat Marine was incorporated in Malaysia under the Act on 18 April 2000 as a private limited company.

As at the LPD, Erat Marine is a dormant company. The intended principal activities of Erat Marine are the manufacture, sale and marketing of gloves and other related activities.

5.3.2 Share capital

As at the LPD, the issued share capital of Erat Marine is RM1,000 comprising 1,000 ordinary shares.

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

5.3.3 Director

As at the LPD, the directors of Erat Marine are Datuk Tan Chor How Christopher and Ho Jien Shiung.

5.3.4 Shareholder

As at the LPD, Erat Marine is a wholly-owned subsidiary of the Company.

6. UTILISATION OF PROCEEDS

As disclosed in the Circular, the Rights Issue with Warrants was expected to raise indicative gross proceeds of RM60.67 million under the Base Case Scenario and RM79.78 million under the Maximum Scenario, based on an illustrative issue price of RM0.10 per Rights Share.

Subsequently, on 17 August 2021, the Board had resolved to fix the issue price at RM0.14 per Rights Share. Pursuant thereto, the Rights Issue with Warrants is now expected to raise indicative gross proceeds of RM84.94 million and RM111.68 million under the Base Case Scenario and Maximum Scenario respectively. The additional proceeds of RM24.27 million and RM31.90 million under the Base Case Scenario and Maximum Scenario respectively will be allocated for capital expenditure for the Gloves Business and working capital, further details of which are set out in Section 5(ii) and 5(iii) below.

Hence, based on the issue price of RM0.14 per Rights Share, the gross proceeds to be raised from the Rights Issue with Warrants, together with the proceeds to be reallocated via the Variation, are as follows:-

	Minimum Scenario RM'000	Base Case Scenario RM'000	Maximum Scenario RM'000
Proceeds to be raised from the Rights Issue with Warrants	(1)10,000	(2)84,939	(3)111,684
Proceeds to be reallocated via the Variation ⁽⁴⁾	19,900	19,900	19,900
Total proceeds available	29,900	104,839	131,584

Notes:-

- (1) Based on the Undertaking amount of RM10.00 million.
- (2) Based on the issuance of 606,704,826 Rights Shares at an issue price of RM0.14 each.
- (3) Based on the issuance of 797,746,170 Rights Shares at an issue price of RM0.14 each.
- (4) The reallocated proceeds represent 45.78% of the total proceeds raised from the Previous Rights Issue of RM43.47 million.

The abovementioned proceeds are intended to be utilised in the following manner:-

Utilisation of proceeds	Intended timeframe for utilisation from completion of the Rights Issue with Warrants	Minimum Scenario		Base Case Scenario		Maximum Scenario	
		RM'000	%	RM'000	%	RM'000	%
		(i) Acquisition of factory building for the Gloves Business	Within 6 months	25,000	83.61	25,000	23.85
(ii) Capital expenditure for the Gloves Business	Within 12 months	4,900	16.39	56,700	54.08	56,700	43.09
(iii) Working capital	Within 12 months	-	-	22,109	21.09	48,854	37.13
(iv) Estimated expenses for the Corporate Exercises	Immediate	(1)-	-	(3)1,030	0.98	(3)1,030	0.78
Total		(2)29,900	100.00	104,839	100.00	(4)131,584	100.00

Notes:-

- (1) Under the Minimum Scenario, the expenses for the Corporate Exercises shall be funded via internally generated funds.
- (2) Any additional proceeds raised in excess of this amount will be allocated up to its respective maximum allocation in the following order:-
 - (i) estimated expenses for the Corporate Exercises;
 - (ii) acquisition of factory building for the Gloves Business;
 - (iii) capital expenditure for the Gloves Business; and
 - (iv) working capital.
- (3) If the actual expenses incurred are higher than this budgeted amount, the deficit will be funded via the amount earmarked for working capital. Conversely, any surplus of funds following payment of expenses will be utilised in the order as set out in Note (2) above.
- (4) Any additional proceeds raised in excess of this amount will be allocated for working capital.

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

The Board is of the view that based on the timeline for implementation of the Rights Issue with Warrants, it is unlikely for all the outstanding Warrants B as at the LPD to be exercised into new Shares prior to the Entitlement Date in view of that the Warrants B are currently out-of-the-money based on the 5-day VWAP of the Shares up to and including the LPD of RM0.2174 and the exercise price of the Warrants B of RM1.00.

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

(i) Acquisition of factory building for the Gloves Business

To facilitate the Group's venture into the Gloves Business, the Group intends to utilise proceeds of up to RM25.00 million from the Rights Issue with Warrants and Variation for the acquisition of a new factory building.

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

Details of the Kulai Factory are as follows:-

Details	Kulai Factory
Location	Kulai, Johor
Type of building	Single-storey detached factory with a mezzanine floor
Land area (approximate)	6.53 acres
Built-up area (approximate)	140,000 square feet
Current use	Warehouse
Estimated purchase price	RM25,000,000

The Kulai Factory is estimated to be able to house up to 9 double former glove-dipping lines. As such, this would cater for any future expansion of the Gloves Business beyond the 8 lines that are currently being planned. Any such future expansion shall be subject to, amongst others, the level of demand for gloves as well as the availability and suitability of the funding options at the relevant time.

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

Notwithstanding the Kulai Factory, the Group may also decide to acquire a different factory building, depending on the opportunities that may be available in the market e.g. cheaper price or better location. At the moment, the Group is in the midst of considering other potential targets based on various aspects such as the foundational strength, weight load, length, width and height of the building to accommodate the machines, accessibility to major roads and highways, connection to gas pipes as well as availability of workers, workers accommodation and access to food and amenities. In such event, the proceeds allocated for the acquisition of the Kulai Factory will be automatically reallocated to the acquisition of this alternative factory building.

Once the Group has entered into an agreement to acquire the Kulai Factory or any other factory building, the Company will make the necessary announcement, which shall include a copy of the valuation certification on the property to be acquired and such valuation certificate must comply with the SC's Asset Valuation Guidelines. In the event that Shareholders' approval and/or other regulatory approvals are required under the Listing Requirements and/or other relevant rules / guidelines for the acquisition, the necessary approvals will be sought. If the Company is required to issue a circular to Shareholders in connection with the acquisition, the circular shall also include a copy of the valuation certification on the property to be acquired and such valuation certificate must also comply with the SC's Asset Valuation Guidelines.

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

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

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(ii) Capital expenditure for the Gloves Business

The Group intends to utilise proceeds of up to RM56.70 million from the Rights Issue with Warrants and the Variation to finance the planned capital expenditures of 8 double former glove-dipping lines for the Gloves Business as follows:-

Estimated cost	RM'000
Acquisition, installation and commission of automated glove-dipping lines for the manufacture of medical graded nitrile gloves ⁽¹⁾	46,300
Installation and commission of related facilities ⁽²⁾	9,900
Certification expenditure ⁽³⁾	500
Total	56,700

Notes:-

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

The estimated cost to acquire, install and commission a double former glove-dipping line is RM5.00 million. Accordingly, for a total of 8 double former lines, the estimated cost would be RM40.00 million.

In addition, in order to fully commission the glove-dipping lines to manufacture gloves, the Group shall also set up the ancillary facilities (e.g. online chlorination system to treat gloves and compounding tanks for latex mixing). At this juncture, the costs of the ancillary facilities are estimated to be RM6.30 million. However, the final costs shall be subject to, amongst others, the final specifications of the glove-dipping lines.

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

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

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

The breakdown of the estimated costs is shown below:-

Estimated cost	RM'000
Utilities	6,100
Wastewater treatment plant	3,800
Total	9,900

- (3) In view that the COVID-19 pandemic impacts certain regions (e.g. the Americas and the European continent) more severely, the demand for medical gloves are expected to continue to be sustained in these regions. As such, the Group intends to obtain the quality certifications that are recognised globally such as the ISO 13485, CE Marking certification and FDA certification for its medical gloves to cater for the export of the gloves globally. The applications for these certifications are expected to be submitted by the 1st quarter of 2023.

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

The maximum production capacity of the 8 glove-dipping lines is estimated to be as follows:-

Type of dipping line	Estimated maximum output per annum (pieces) ('000)	Number of lines	Total pieces per annum ('000)
Double former dipping line	(1)241,920	8	1,935,360

Note:-

- (1) This was estimated based on the assumption that each line operates at a capacity of 30,000 pieces of gloves per hour for a maximum of 24 hours per day and 28 days per month (on average, these lines are expected to spend 2 days per month or 24 days per annum of maintenance downtime). These assumptions are in line with the industry norm.

Upon confirmation of the order and machine specifications, the lead time for the production of each dipping line is expected to take approximately 12 months (which has provided for the MCO and the current uncertainty over its extension).

Any shortfall in the Group's funding requirement for the Gloves Business is expected to be met via internally generated funds (e.g. reinvestment of any surplus cash to be generated from the initial operations⁽¹⁾ of the Gloves Business, which is expected to commence in the 1st quarter of 2023), bank borrowings (e.g. new term loans to be obtained) and/or future fund raising exercises to be undertaken, if required. However, the funding breakdown cannot be determined at this juncture as it will depend on, amongst others, the actual shortfall amount, the surplus cash that may be generated from the initial operations of the Gloves Business as well as the availability and suitability of other funding alternatives at the relevant time. Conversely, any surplus proceeds will be allocated for the Group's working capital.

Note:-

- (1) If the Group is unable to obtain sufficient funding for 8 lines e.g. 5 lines, the Group will proceed to install and operate 5 lines first as the initial phase of the Gloves Business. Subsequently, any surplus cash to be generated from the 5 lines over time may be reinvested to install the remaining 3 lines.

If the Group is unable to obtain adequate funding for the entire Gloves Business after exhausting all potential means of fundraising, the Group may delay its plans to venture into the Gloves Business. Alternatively, the Group may scale down the size of the Gloves Business to be undertaken (this may entail the acquisition of a smaller factory building and cheaper machinery with lower production capacity) and reallocate the balance unutilised proceeds, if any, for working capital.

(iii) Working capital

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

Utilisation	Percentage allocation %	Base Case Scenario RM'000	Maximum Scenario RM'000
Purchase of raw materials required for the production of rubber gloves ⁽¹⁾ (e.g. raw nitrile, packing materials and chemicals such as calcium nitrate, potassium hydroxide and liquid chlorine and etcetera)	70	15,476	34,198
Staff salaries ⁽²⁾	30	6,633	14,656
Total	100	22,109	48,854

Notes:-

- (1) The actual breakdown of these expenses cannot be determined at this juncture as it will depend on the actual production requirements of the Group at the relevant time.
- (2) The Group intends to recruit up to 152 employees to undertake various roles for the Gloves Business. The estimated breakdown of these employees based on their roles are as follows:-

Roles	No. of personnel
Production manager	12
Production executive	16
Production supervisor	16
Production line leaders	16
Operators	16
Packaging	16
Quality control	8
Quality assurance	8
Maintenance	8
Chemical compounding	16
Warehousing and logistics	20
Total	152

The Group intends to offer attractive remuneration packages to hire management level and technical staff. As for production level staff, due to the current MCO and international border restrictions, the Group intends to liaise and follow up closely with the relevant ministries to apply for the necessary approvals / permits for the hiring of foreign workers.

The Group intends to fully recruit the managerial roles by the 1st quarter of 2023, while the rest are to be recruited in stages between the 4th quarter of 2022 to 4th quarter of 2023, subject to the progress of the installation of the glove-dipping lines.

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

(iv) Estimated expenses for the Corporate Exercises

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

Estimated expenses	RM'000
Professional fees ⁽¹⁾	740
Fees to the relevant authorities	130
Printing, despatch, advertising and meeting expenses	130
Miscellaneous expenses and contingencies	30
Total	1,030

Note:-

- (1) These include advisory fees payable to the Principal Adviser and other professional fees payable to the company secretary, Share Registrar, solicitors, independent market researcher and reporting accountants for the Corporate Exercises. The breakdown of the professional fees are as follows:-

Professional fees	RM'000
Advisor fees	410
Legal fees	100
Other professional fees	230
Total	740

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

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

Strictly for illustrative purposes, based on the Exercise Price of RM0.16 per Warrant C, the Company will raise gross proceeds of up to RM42.55 million upon full exercise of the Warrants C under the Maximum Scenario. Any proceeds arising from the exercise of the Warrants C in the future will be used to finance the future working capital requirements such as those described above. The exact breakdown of the utilisation of proceeds for each component of working capital are subject to the actual requirements of the Group at the relevant time and the timeframe for full utilisation from the date of receipt of the proceeds cannot be determined at this juncture.

7. RISK FACTORS

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

7.1 Risks relating to the Group

7.1.1 Risks relating to the Group's container shipping business

As at the LPD, the risk factors relating to the Group's container shipping business are set out below:-

(i) Intense competition

The Group's container shipping business has transitioned from operating own vessels into purchasing of slots from other shipping lines in order to be more agile in catering for the customers' demands and also to strategically reduce the financial commitments in relation to vessel maintenance and crew operations.

Nevertheless, the Group faces competition from both domestic and regional shipping companies providing similar container shipping 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. Some of the Group's competitors may have 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's container shipping business will be able to maintain its existing market share in the future. If the Group loses its market share, this would have a material adverse effect on the Group's business and financial performance.

(ii) Dependency on third party slots

As the Group does not own any vessels, its container shipping business is currently primarily dependent on the purchase of slots (i.e. container space on board of a vessel) from vessel-operating shipping lines to provide its services to the customers. Hence, the Group's container shipping business is more subject to the volatility of the current freight rates, which will heavily influence the sea freight costs charged by the vessel operating shipping lines.

There is no assurance that the Group will be able to generate sustainable profitability and the sustainability of the Group's business is subject to the local and regional demand for goods and level of trade activities.

In the event of the limited available slots on the market, the Group's container shipping business will be unable to provide its services on time, and will have impact to its revenue contribution. As a result, the Group's business and financial performance may be affected.

(iii) Consecutive losses

For information, the Group's container shipping business recorded consecutive LAT of RM2.27 million, RM15.33 million, RM10.43 million and RM12.08 million in the latest unaudited 6-month FPE 30 June 2021, audited FYE 31 December 2020, audited FYE 31 December 2019 and audited FYE 31 December 2018 respectively.

Apart from the impact of the COVID-19 pandemic particularly on the more recent financial results, the losses incurred were also contributed by the decrease in volume transported by the Group as a result of intense competition from other local and regional shipping companies.

In this regard, notwithstanding the eventual containment of the COVID-19 pandemic, there is no assurance that the Group's shipping container shipping business will be able to successfully turnaround its financial performance and return to profitability.

7.1.2 Risks relating to the Group's new Gloves Business

(i) Delay or hidden costs in establishing the Gloves Business due to no prior experience in the Gloves Business and lack of a feasibility study

The Group is principally involved in container shipping. The Group does not have any prior experience specifically in the manufacturing of rubber gloves. In particular, the production processes and marketing strategies that may be required for the success of the manufacturing and sale of rubber gloves may be relatively unique and distinct from the Group's existing business. Further, the Group has not conducted any feasibility studies to venture into the Gloves Business.

In this regard, due to the Group's lack of experience and without the benefit of a feasibility study, the establishment of the Gloves Business may be subject to delays or cost overruns. The commencement of the Gloves Business is dependent on several factors including, amongst others, the sourcing of sufficient funding, the identification of a suitable factory building that is within the Group's budget, the installation of the machineries, the recruitment of skilled workers, the obtainment of the necessary regulatory approvals and/or certifications (such as those disclosed in Section 5.2.2 of this Abridged Prospectus including the FDA Certification and CE Marking Certification) as well as the identification of distribution channels to sell the gloves.

There is no assurance that the Group will be able to source sufficient funding or identify a suitable factory building for the Gloves Business that is within the Group's budget. There is also no assurance that the Group will be able to recruit the required number of technical and operational staff for the Gloves Business.

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

There is no assurance that the Group will be able to obtain the necessary regulatory approvals to operate the Gloves Business in a timely manner. Any delays in this respect may result in a delay in the commencement of the operations of the Gloves Business.

Further, the Group has no prior experience in the application for any medical certifications such as the certifications required from MDA, FDA Certification and CE Marking Certification with local and foreign authorities for the sale of rubber gloves at the relevant countries / regions under their jurisdiction. As such, there is no assurance that the gloves to be manufactured by the Group can comply with all of the necessary certifications or that such certifications can be obtained in a timely manner. In the event of any adverse development or delay in the application of the relevant certifications, the export of rubber gloves to the target markets may be delayed or some target markets may even be off limits to the Group.

For example, obtaining the FDA Certification and CE Marking Certification is a requirement for the Group to export the gloves to the US and European markets respectively. Without these certifications, the Group's ability to sell / export rubber gloves on a wider scale will be severely limited, thus limiting the Group's revenue potential.

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

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

(ii) Risks relating to the oversupply and decreasing demand of rubber gloves

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

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

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

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

(iii) Reliance on key personnel

As set out in Section 5.2.3 of this Abridged Prospectus, the Group has identified Mr. Mohan Subramaniam to spearhead the Group's venture into the Gloves Business. Mr. Mohan Subramaniam is currently being hired via a 1-year contract which is renewable on an annual basis.

At this juncture, the Group has not identified any other key personnel to spearhead the Group's venture into the Gloves Business. In this regard, there is no assurance that Mr. Mohan Subramaniam on his own will be able to contribute adequately in terms of managing and overseeing the full operations of the Gloves Business to ensure its success.

Further, as Mr. Mohan Subramaniam is being hired on a contractual basis, there is no assurance that his contract will be renewed upon expiry. In the event that his contract is not renewed, the Group may have to incur time and cost to identify and recruit a new key personnel to lead the Gloves Business. During the transition period, the business and operations of the Gloves Business may be adversely affected by the lack of leadership and guidance of a key personnel.

(iv) Operational risks

The Gloves Business is subject to operational risks inherent in the gloves industry. These risks may manifest in the form of machine breakdowns, site accidents, manufacturing defects, disruptions to supply chain, fluctuations in the cost of raw materials and shortages of labour.

In the event of machine breakdowns, the Group will have to incur cost to repair or replace the machines while temporarily suspending production in the meantime. In addition, site accidents and manufacturing defects may expose the Group to potential liabilities in the form of compensations and product liability claims respectively. Disruptions to supply chain (such as the unavailability or delay in the shipment of certain raw materials) and shortages of labour may result in lower production volume whereas fluctuations in the cost of raw materials may result in lower profit margin.

There is no assurance that the occurrence of any of the abovementioned factors will not result in material adverse effect on the business and financial performance of the Group.

(v) Financing risks

As set out in Section 5.2.1 of this Abridged Prospectus, the Group's funding requirement for the Glove Business is estimated to be RM81.70 million, and this is expected to be funded via proceeds to be raised from the Rights Issue with Warrants, proceeds to be reallocated via the Proposed Variation, internally generated funds, bank borrowings and/or future fund raising exercises to be undertaken by the Group (if required).

If the proceeds to be raised from the Rights Issue with Warrants and proceeds to be reallocated via the Variation are not enough to meet the Group's funding requirement for the Glove Business (e.g. due to suboptimal subscription rate for the Rights Issue with Warrants), the Group may have to seek for alternative sources of funds.

If the Group obtains borrowings, the Group will be subject to periodical repayment and interest commitments. In this regard, the Group may be exposed to fluctuations in interest rates. In addition, there is no assurance that the borrowings will be available in amounts or on terms acceptable to the Group.

If the Group embarks on further fund raising exercises, there is no assurance that the Group will be able to raise the requisite funds in a timely manner as this would be dependent on the prevailing market conditions at the relevant time.

If the Group is unable to obtain adequate funding for the entire Gloves Business after exhausting all potential means of fundraising, the Group may delay its plans to venture into the Gloves Business or scale down the size of the Gloves Business to be undertaken (this may entail the acquisition of a smaller factory building and cheaper machinery with lower production capacity). In turn, this may result in suboptimal efficiency due to lack of scale and translate into lower return on investment or longer payback period.

7.1.3 Risks relating to the impact of COVID-19 on the Group's businesses

Over the last few months, the COVID-19 pandemic has spread across the world resulting in lockdown or similar measures imposed by governments worldwide to curb the spread of the virus. These have had an adverse impact to the performance of the world's economies including Malaysia. Even if such lockdown measures are gradually relaxed over time, consumer sentiment is expected to remain dampened in the near future as consumers stay cautious in their spending.

Until a vaccine and/or a cure can be mass-distributed to the general population, the dampening effects of the COVID-19 pandemic on consumer spending and the economy as a whole is expected to remain in the foreseeable future.

Since the MCO was first implemented on 18 March 2020 up to date, the Group's container shipping business remained operational and the Group managed to obtain the necessary permission with the practice of strict standard operating procedures. However, the dampening effects of the COVID-19 pandemic to the global and local economy has had an indirect impact on the Group's financial performance on the back of lower demand by customers for goods to be transported by the Group in the early stages of the COVID-19 pandemic.

Following the above, in FYE 31 December 2020, the Group recorded a decrease in revenue by RM0.73 million or 12.66% as compared to the previous financial year.

Save as disclosed above, there were no major operational or financial impact towards the Group arising from the COVID-19 pandemic such as disruptions towards the supply chain and cancellation/suspension of orders from customers.

While the Group is seeking to take advantage of the opportunities created by the COVID-19 pandemic by venturing into the Gloves Business, there is no assurance that the Group may be successful in this new business venture. If the Government continues to impose strict lockdown measures, the Group may encounter cost overrun and delays in the identification of a suitable factory building for the Gloves Business that is within the Group's budget, the commissioning of the glove-dipping lines and other ancillary items.

7.2 Risks relating to the Rights Issue with Warrants

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

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

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

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

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

(ii) Capital market risk

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

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

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

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

(iii) Potential dilution of existing Shareholders' shareholding

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

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

(iv) Forward-looking statements and other information

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

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

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

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8. INDUSTRY OVERVIEW AND PROSPECTS

8.1 Malaysian economy

The Malaysian economy registered a smaller decline of 0.5% in the first quarter (“1Q”) (fourth quarter (“4Q”) of 2020: -3.4%). The growth performance was supported mainly by the improvement in domestic demand and robust exports performance, particularly for electrical and electronic (“E&E”) products. Growth was also supported by the continued policy measures. The imposition of the Second Movement Control Order (MCO 2.0) and the continued closure of international borders and restrictions on inter-state travel, however, weighed on economic activity. Nevertheless, as restrictions were eased in February and March, economic activity gradually picked up. All economic sectors registered an improvement, particularly in the manufacturing sector. On the expenditure side, growth was driven by better private sector spending and strong growth in trade activity. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a growth of 2.7% (4Q 2020: -1.5%). The Malaysian economy contracted by 5.6% in 2020.

Despite the recent re-imposition of containment measures, the impact on growth would be less severe than that experienced in 2020, as almost all economic sectors are allowed to operate. Overall, the growth recovery will benefit from better global demand, increased public and private sector expenditure as well as continued policy support. This will also be reflected in the recovery in labour market conditions, especially in the gradual improvement in hiring activity. Higher production from existing and new manufacturing facilities, particularly in the E&E and primary-related subsectors, as well as oil and gas facilities will provide further impetus to growth. The roll-out of the domestic COVID-19 vaccine programme will also lift sentiments and contribute towards recovery in economic activity. Nevertheless, the pace of recovery will be uneven across economic sectors.

The balance of risks remains tilted to the downside, arising mainly from ongoing uncertainties in developments related to the pandemic, and continued challenges that affect the roll-out of vaccines both globally and domestically.

(Source: Quarterly Bulletin 1Q 2021, BNM, 11 May 2021)

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

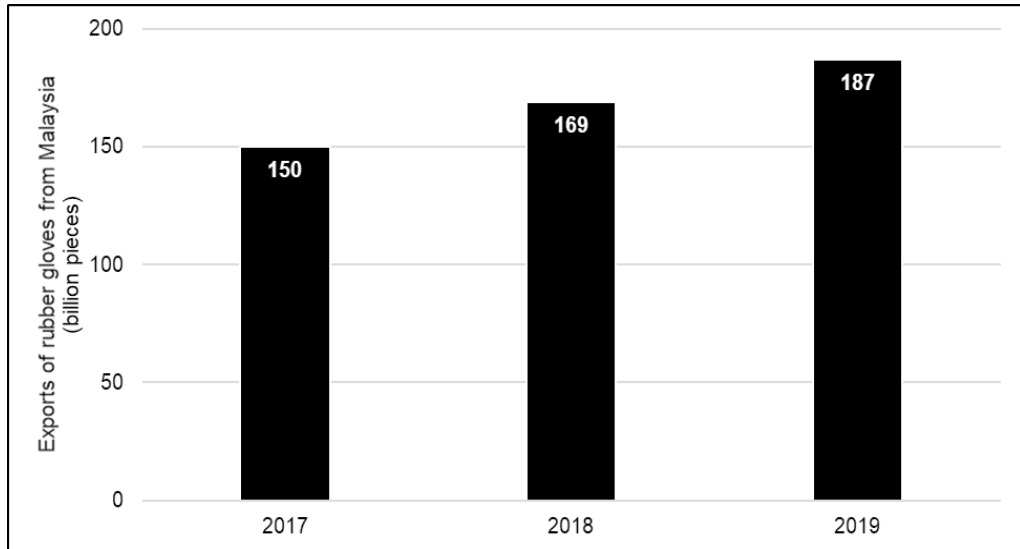
(Source: Economic and Monetary Review 2020, BNM, 31 March 2021)

8.2 Outlook and prospects of rubber glove exports from Malaysia

Based on latest available information, in 2019, Malaysia was the world’s largest exporter of rubber gloves, where exports of rubber gloves from Malaysia contributed to 63.18% total global demand for rubber gloves.

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

Exports of rubber gloves (Malaysia), 2017 – 2019

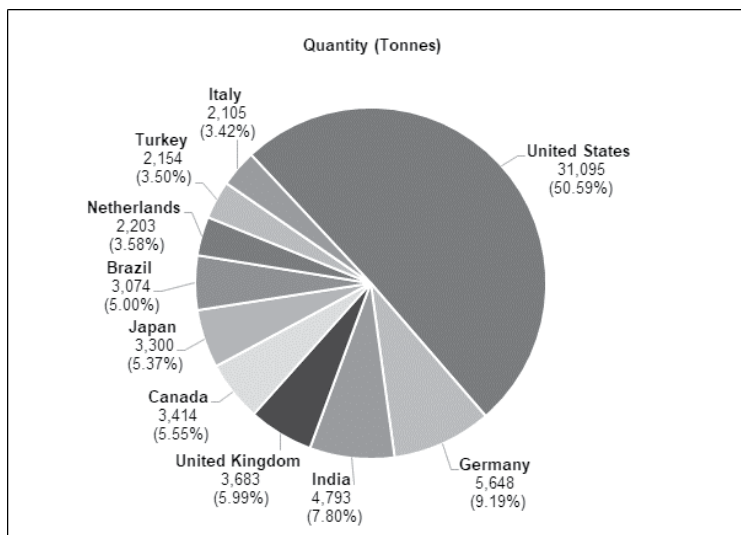


Based on MARGMA’s latest estimates for 2020, it expects exports of rubber gloves from Malaysia to have reached between 250 billion and 270 billion pieces in 2020, an increase of between 33.69% and 44.39% from 2019 and contributed between 65.79% and 71.05% to total global demand for rubber gloves in 2020, to support the surge in demand for medical gloves globally due to the on-going COVID-19 pandemic. Despite the availability of vaccines for COVID-19 with many countries already commencing mass vaccinations, exports of rubber gloves from Malaysia are expected to remain high, especially in the near term, as medical gloves will continue to be used by healthcare professionals globally for mass vaccination. Further, the demand for rubber gloves will be continuously driven by heightened awareness of the usage of rubber gloves as general protection against viruses and other diseases.

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

Based on latest available data, in June 2021, the top export countries of rubber gloves from Malaysia, measured in tonnes, was the US (50.59%) followed by Germany (9.19%).

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



Notes:-

- (i) The percentages are calculated based on the total rubber gloves exported to the top 10 export countries from Malaysia, measured in tonnes, as shown above.
- (ii) Percentage may not add up to 100.00% due to rounding.

Malaysia is a major producer of rubber gloves with approximately 73 rubber glove manufacturing companies. The manufacturing activities of rubber gloves have been increasing to support the increasing exports of rubber gloves from Malaysia to cater for the increasing global demand for rubber gloves.

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

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

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

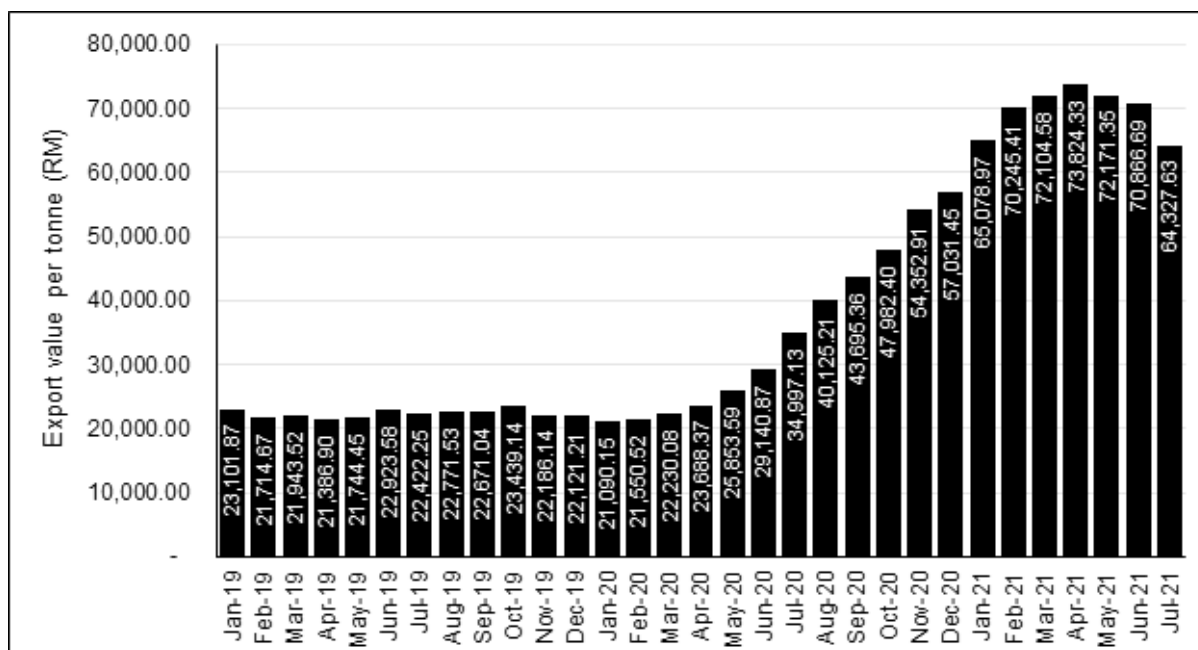
One of the aspects of technological upgrades in rubber glove manufacturing activities is the increase in automation of glove-dipping lines. Increased automation during the manufacturing of rubber gloves will speed up production, thus increasing the production volume of rubber gloves manufactured in a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

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

The value per tonne of rubber glove exports from Malaysia, as a proxy to average selling prices of rubber gloves, had been increasing since February 2020, prior to the declaration of COVID-19 as a pandemic by the World Health Organization (“WHO”) in March 2020. The value per tonne of rubber glove exports from Malaysia increased from RM21,550.52 per tonne in February 2020 to RM73,824.33 per tonne in April 2021, at a growth of 242.56%. Subsequent to this, the value per tonne of rubber glove exports from Malaysia declined by 12.86% from RM73,824.33 per tonne in April 2021 to RM64,327.63 per tonne in July 2021.

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Value per tonne of rubber glove exports (Malaysia), January 2019 – July 2021



The increase in the value per tonne of rubber glove exports from Malaysia was also due to a shortage of glove supply as a result of a lead time of more than 6 months for rubber glove manufacturers to meet orders. MARGMA expects global rubber glove shortage to continue until 2023 given that rubber glove manufacturers are currently in an oversold position. Moving forward, the global rubber glove shortage is anticipated to be resolved by 2023 and thereafter a slowdown in global demand for rubber gloves is expected in 2023 to 2024. Further, given that the supply of gloves is expected to grow with many companies venturing into rubber glove manufacturing business, there may be a global oversupply of gloves in the next 2 to 3 years. As at 3 September 2021, although there are research publications that indicate the possibility of a global oversupply of gloves in the next 2 to 3 years, SMITH ZANDER is unable to conclude the potential global oversupply of gloves in the next 2 to 3 years at this juncture as uncertainty of the COVID-19 pandemic remains.

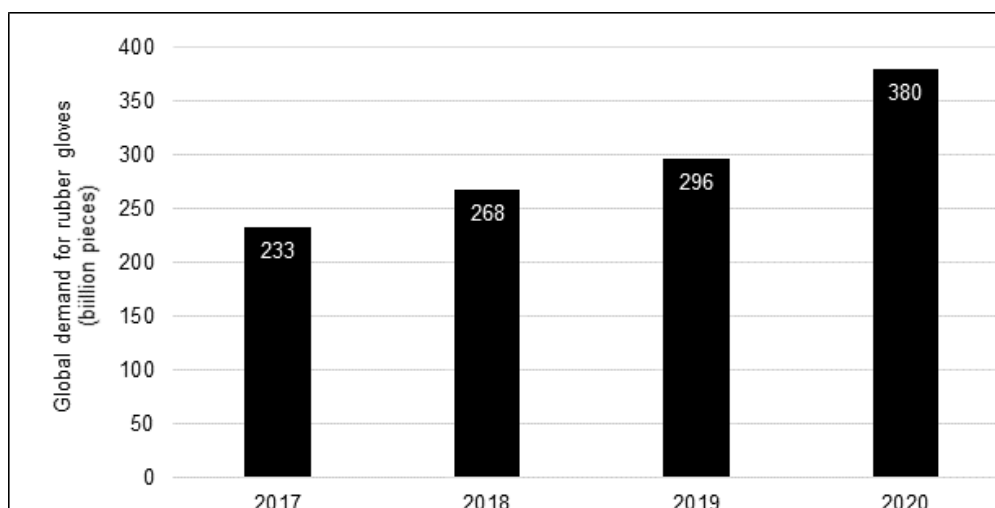
(Source: IMR Report prepared by SMITH ZANDER)

8.3 Outlook and prospects of the global rubber glove market

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

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

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Rubber glove market size (Global), 2017 – 2020

While many countries globally have rolled out vaccines to control the COVID-19 pandemic, the global demand for rubber gloves is expected to remain high. This is premised on the continuous usage of medical gloves among healthcare professionals worldwide during mass vaccination; and in the longer term, supported by heightened awareness of the usage of rubber gloves as general protection against viruses and other diseases. These are also expected to partially offset the gradual decrease in the usage of medical gloves used for the COVID-19 response when the pandemic subsides following the continuous efforts on vaccination in many countries globally. MARGMA forecasts the global demand for rubber gloves to reach 420 billion pieces in 2021, an increase of 10.53% from 2020. Moving forward, SMITH ZANDER anticipates that the global demand for rubber gloves is likely to slow down and taper off in 2023 to 2024 based on the current COVID-19 situation.

(Source: IMR Report prepared by SMITH ZANDER)

8.4 Demand for rubber gloves

Notwithstanding the anticipated slowdown in the global demand for rubber gloves, the outlook of the global rubber glove market is positive, premised on the following:-

- Demand for personal protective equipment to curb the spread of COVID-19 pandemic boosts the demand for medical gloves. Based on latest available information, COVID-19 has affected approximately 223 countries, areas or territories, infecting more than 218.58 million persons and causing more than 4.53 million deaths as of 3 September 2021.

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

Further, as many countries globally have rolled out vaccines to control the COVID-19 pandemic, there will be continuous usage of medical gloves among healthcare professionals worldwide during mass vaccination.

Moreover, in the longer term, the demand for rubber gloves will continue to be supported by heightened awareness of the usage of rubber gloves as general protection against viruses and other diseases. These are also expected to partially offset the gradual decrease in the usage of medical gloves used for the COVID-19 response when the pandemic subsides following the continuous efforts on vaccination in many countries globally.

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

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

Based on latest available information, the global healthcare services industry grew in terms of global healthcare expenditure, which increased from USD7.58 trillion (RM31.42 trillion) in 2016 to USD8.44 trillion (RM34.06 trillion) in 2018, at a CAGR of 5.52%.

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

SMITH ZANDER forecasts global healthcare expenditure to increase from USD8.44 trillion (RM34.06 trillion) in 2018 to USD9.66 trillion (RM39.87 trillion) in 2021, at a CAGR of 4.60%.

- Growth in the global industrial production activities in the manufacturing sector drives the demand for industrial gloves. The global manufacturing sector, as measured by manufacturing value added, grew from USD13.06 trillion (RM56.17 trillion) in 2017 to USD13.93 trillion (RM57.71 trillion) in 2019, registering a CAGR of 3.28%. Industrial gloves are a form of protective wear used during industrial production activities of the manufacturing sector to cover and protect the hands from hazardous chemical, metal cuts, glass cuts and high-temperature sources. In addition, strict government regulations for workplace safety and increasing incidence of accidents in workplaces globally are expected to continue driving the demand for industrial gloves as a form of protective wear.

According to the United Nations Industrial Development Organization ("UNIDO"), the global manufacturing sector, as measured by manufacturing value added declined by 6.75% from USD13.93 trillion (RM57.71 trillion) in 2019 to USD12.99 trillion (RM54.58 trillion) in 2020. The decline in the global manufacturing sector in 2020 was due to the imposition of lockdowns, temporary closure or disruption in manufacturing operations in the respective countries to curb the spread of COVID-19. However, moving forward, the global manufacturing sector is expected to continue to grow once the outbreak of the COVID-19 subsides. As such, UNIDO forecasts the global manufacturing sector, as measured by manufacturing value added to recover by 7.60% from USD12.99 trillion (RM54.58 trillion) in 2020 to USD13.98 trillion (RM57.70 trillion) in 2021.

(Source: IMR Report prepared by SMITH ZANDER)

8.5 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.

Ports are locations which facilitate the loading and unloading of containerised goods from ocean vessels for seaborne transportation. In Malaysia, federal ports have been corporatised 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. Port 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 11 container ports in Malaysia, as listed below:-

- Bintulu Port, Sarawak
- Johor Port, Johor
- Kuantan Port, Pahang
- Kuching Port, Sarawak
- Miri Port, Sarawak
- Penang Port, Penang
- Port Klang, Selangor
- Port of Tanjung Pelepas, Johor
- Rajang Port, Sarawak
- Sabah Port, Sabah
- Tanjung Bruas Port, Melaka

The performance of the container liner industry in Malaysia is measured in terms of total container throughput. The size of the container liner industry in Malaysia grew from 24.94 million twenty-foot equivalent units in 2018 to 26.68 million twenty-foot equivalent units in 2020 at a CAGR of 3.43%. Despite headwinds of the COVID-19 pandemic which have affected many businesses and sectors in Malaysia as well as around the world, the container liner industry in Malaysia showed positive growth in 2020 by container throughput.

Moving forward, the container liner industry in Malaysia will continue to be driven by the following factors:-

- **Dependence on sea transportation to facilitate trade**

The container liner industry plays an important role in supporting trade activities as it facilitates the transportation of goods across international borders as well as domestically. Global trade is highly dependent on sea transportation, whereby more than 80.00% of the world's trade is transported by sea. Being a nation surrounded by sea, Malaysia's dependence on seaborne trade activities is prevalent. Building on this, Malaysia has developed Port Klang and Port of Tanjung Pelepas into globally recognised container ports.

In addition, the COVID-19 pandemic has led to closure of many international borders and air travel restrictions. The grounding of passenger aircraft and reduction in flight schedules have resulted in a significant reduction in air freight capacity, causing certain delivery of cargo to shift from air transportation to sea transportation. This will further increase the dependency on sea transportation and benefit the container liner industry in Malaysia until air freight capacity recovers to pre-COVID-19 level.

- **Growth in international and domestic trade activities**

The shipping industry is pivotal in supporting growth in international and domestic trade activities as shipping services are required for the movement of goods by sea. Malaysia's total external trade decreased from RM1.88 trillion in 2018 to RM1.78 trillion in 2020 at a negative CAGR of 2.70%. Despite the COVID-19 pandemic, total container throughput in Malaysia continued to experience growth, indicating the continuous growth in demand for container liner shipping services which specifically in 2020, was due to increase in transshipment activities which may have resulted from the growth in e-commerce activities and the shift from air transportation to sea transportation.

Malaysian economy is expected to gradually recover in 2021 with the roll-out of vaccination and several economic stimulus packages to support businesses and safeguard the welfare of the people. Improved economy condition is expected to boost the demand for the container liner shipping services to support growth in external and domestic trade activities as a result of growth in businesses and improvement in consumer purchasing power.

(Source: IMR Report prepared by SMITH ZANDER)

8.6 Prospects and future plans of the Group

In recent years, the Group had undertaken the following corporate exercises as part of its efforts to improve its financial condition:-

- (i) On 17 November 2017, the Company completed a capital reduction exercise involving par value reduction and share premium reduction. The capital reduction exercise resulted in the elimination of the Company's accumulated losses, thus rationalising the Company's financial position and enhancing its credibility with its bankers, customers, suppliers, investors and other stakeholders. This has resulted in the accumulated losses of the Company to reduce from RM85.21 million as at 31 December 2016 to RM5.21 million;
- (ii) On 5 December 2017, the Company completed a share consolidation exercise involving the consolidation of 869,321,280 PDZ Shares into 217,330,280 PDZ Shares. The share consolidation exercise provided the Company with greater flexibility to raise funds at a more attractive price as well as to implement future corporate exercises which entail the issuance of equity and equity-related securities including, amongst others, ordinary shares and convertible securities, thus enabling the Company to take advantage of future fund raising opportunities as and when the need arises.
- (iii) On 7 February 2018, the Company completed the Previous Rights Issue involving the issuance of 434,660,560 new Shares and 325,995,328 free Warrants B, raising a total of RM43.47 million. The proceeds raised were intended to be utilised mainly to finance the acquisition of a container tug and barge set, regional business expansion, working capital, dry-docking expenditure for its vessel, PDZ Mewah, purchase of containers and acquisition of a vessel. In turn, these were expected to contribute positively to the operations and financial performance of the Group.

Notwithstanding the above, part of the proceeds from the Previous Rights Issue is now being reallocated to fund the Gloves Business via the Variation.

- (iv) On 26 June 2020, the Company completed the Previous Private Placement involving the issuance of 204,597,000 new Shares, raising a total of RM5.74 million. The proceeds raised were intended to be utilised mainly for working capital comprising the operational expenses (such as slot purchasing costs, maintenance and upgrading costs as well as marketing and shipping charges), salaries, director fees, administrative expenses, professional and legal fees to advisers, consultants, lawyers and auditors as well as fees to Bursa Securities. In turn, these were expected to contribute positively to the operations and financial performance of the Group.

Further to the above, the Group has also undertaken a streamlining of its business operations by rebalancing its portfolio of shipping routes. In this regard, the Group has decided to focus on long-distance routes (e.g. ports from West Malaysia to East Malaysia and *vice versa*) which are more profitable as compared to short-distance routes (e.g. between ports within West Malaysia or within East Malaysia) which incur lower profit margins.

In addition, the Company had on 30 October 2020 entered into a JV Agreement with Sanichi Technology Berhad to develop and operate a regional e-commerce logistics hub on the land located in Desaru, Johor. Under the JV Agreement, PDZ will provide technical expertise in logistics management, information and communication technology (ICT) infrastructure backbone, obtaining regional port / storage network footprint and shipping route while Sanichi Technology Berhad will be responsible to obtain the operating leases on land from the relevant government agencies and/or own/other land, as well as for the design, construction and the development of logistics hub. The joint venture company will be responsible for the construction and development of the e-commerce logistics hub and the planned capital expenditures are currently estimated to be approximately RM22.5 million.

The JV Agreement will allow the Company to capitalise on the growth potential of e-commerce in Malaysia and generate additional revenue stream for the Group which in turn is expected to improve financial performance and enhance shareholders' value.

A joint-venture company has been incorporated on 3 November 2020 to facilitate the JV Agreement. As at the LPD, the joint venture company has an issued share capital of RM22.5 million comprising 22,500,000 ordinary shares which the funds injected of RM22.5 million is intended to be utilised in the development and construction of the e-commerce logistics hub.

Apart from the above, there has been no material update on the project since the signing of the JV Agreement. The parties are currently in the midst of discussion over the building plan and procurement system for the e-commerce logistics hub. The development of the e-commerce logistics hub is expected to commence in the 1st quarter of 2022 and be completed in the 4th quarter of 2022.

Moving forward, with the expected growth in the container shipping industry in tandem with global economic recovery as the COVID-19 pandemic is gradually contained, the Group plans to formulate and embark on a business turnaround plan to return the container shipping business to profitability. For the time being, the Group plans to build better relationships with suppliers of containers / vessels and improve customer service in terms of securing slots and timely shipment.

As for the Gloves Business, based on the current high demand for rubber gloves as set out in Sections 8.2, 8.3 and 8.4 of this Abridged Prospectus due to the COVID-19 pandemic, the Group will focus on establishing the new Gloves Business to capture this market demand. Moving forward, as set out in Section 8.4 of this Abridged Prospectus, even with the eventual containment of the COVID-19 pandemic, the demand for medical gloves is expected to remain high due to:-

- (i) heightened awareness of the usage of rubber gloves as general protection against viruses and other diseases;

- (ii) growth in healthcare services whereby medical gloves are used by healthcare professionals to protect them against infection and exposure to potential viruses, bacteria and contaminants as they attend to patients; and
- (iii) growth in global industrial production activities in the manufacturing sector whereby industrial gloves are a form of protective wear used during industrial production activities of the manufacturing sector to cover and protect the hands from hazardous chemical, metal cuts, glass cuts and high-temperature sources.

At this juncture, the average selling price of the rubber gloves is not expected to decline substantially as MARGMA expects the global rubber glove shortage to continue until 2023 given that rubber glove manufacturers are currently in an oversold position. The softening of average selling price will likely occur at a slow pace on the back of still robust demand and hence the profitability and viability of the Gloves Business are not expected to be severely affected.

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

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

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9. EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

9.1 Share capital

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

	Minimum Scenario		Base Case Scenario		Maximum Scenario	
	No. of Shares	Share capital RM	No. of Shares	Share capital RM	No. of Shares	Share capital RM
Issued share capital as at the LPD	101,117,471	98,021,350	101,117,471	98,021,350	101,117,471	98,021,350
New Shares to be issued assuming full exercise of Warrants B	-	-	-	-	31,840,224	⁽¹⁾ 35,024,224
	101,117,471	98,021,350	101,117,471	98,021,350	132,957,695	133,045,574
New Shares to be issued pursuant to the Rights Issue with Warrants	71,428,572	⁽²⁾ 10,000,000	606,704,826	⁽²⁾ 84,938,676	797,746,170	⁽²⁾ 111,684,464
New Shares to be issued assuming full exercise of the Warrants C	23,809,524	⁽³⁾ 3,809,524	202,234,942	⁽³⁾ 32,357,591	265,915,390	⁽³⁾ 42,546,462
Enlarged issued share capital	196,355,567	111,830,874	910,057,239	215,317,616	1,196,619,255	287,276,500

Notes:-

- (1) Assuming all the 31,840,224 Warrants B which are outstanding as at the LPD are exercised into new Shares at the exercise price of RM1.00 each and after accounting for the reversal of warrant reserve.
- (2) Based on the issue price of RM0.14 per Rights Share.
- (3) Based on the exercise price of RM0.16 per Warrant C.

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9.2 NA and gearing

As at the LPD, there are no material transactions which may have a material effect on the operations, financial position and results of the Group since the Group's latest unaudited 6-month FPE 30 June 2021.

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

Minimum Scenario

	Unaudited as at 30 June 2021 RM'000	(i) After the Share Consolidation ⁽¹⁾ RM'000	(ii) After (i) and the Rights Issue with Warrants ⁽²⁾⁽³⁾ RM'000	(iii) After (ii) and assuming full exercise of the Warrants C ⁽⁴⁾ RM'000
Share capital	98,021	98,021	108,021	111,831
Warrant reserve	3,184	3,184	6,765	3,184
Other reserve	-	-	(3,581)	-
Revaluation reserve	886	886	886	886
Accumulated losses	(57,897)	(57,897)	(58,927)	(58,927)
Shareholders' equity / NA	44,194	44,194	53,164	56,974
Non-controlling interests	300	300	300	300
Total equity	44,494	44,494	53,464	57,274
No. of Shares in issue ('000)	1,011,179	101,117	172,546	196,356
NA per Share (RM)	0.04	0.44	0.31	0.29
Total borrowings (RM'000)	-	-	-	-
Gearing (times)	-	-	-	-

Notes:-

- (1) After accounting for the consolidation of every 10 Shares into 1 Consolidated Share pursuant to the Share Consolidation which was completed on 12 August 2021.
- (2) Based on the issuance of 71,428,572 Rights Shares at the issue price of RM0.14 each together with 23,809,524 Warrants C.
- (3) After accounting for the creation of warrant reserve based on the issuance of Warrants C at a fair value of RM0.1504 per Warrant C (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and estimated expenses incidental to the Corporate Exercises of RM1.03 million.
- (4) Based on the exercise price of RM0.16 per Warrant C and after accounting for the reversal of warrant reserve.

Base Case Scenario

	Unaudited as at 30 June 2021 RM'000	(i) After the Share Consolidation ⁽¹⁾ RM'000	(ii) After (i) and the Rights Issue with Warrants ⁽²⁾⁽³⁾ RM'000	(iii) After (ii) and assuming full exercise of the Warrants C ⁽⁴⁾ RM'000
Share capital	98,021	98,021	182,960	215,318
Warrant reserve	3,184	3,184	33,600	3,184
Other reserve	-	-	(30,416)	-
Revaluation reserve	886	886	886	886
Accumulated losses	(57,897)	(57,897)	(58,927)	(58,927)
Shareholders' equity / NA	44,194	44,194	128,103	160,461
Non-controlling interests	300	300	300	300
Total equity	44,494	44,494	128,403	160,761
No. of Shares in issue ('000)	1,011,179	101,117	707,822	910,057
NA per Share (RM)	0.04	0.44	0.18	0.18
Total borrowings (RM'000)	-	-	-	-
Gearing (times)	-	-	-	-

Notes:-

- (1) After accounting for the consolidation of every 10 Shares into 1 Consolidated Share pursuant to the Share Consolidation which was completed on 12 August 2021.
- (2) Based on the issuance of 606,704,826 Rights Shares at the issue price of RM0.14 each together with 202,234,942 Warrants C.
- (3) After accounting for the creation of warrant reserve based on the issuance of Warrants C at a fair value of RM0.1504 per Warrant C (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and estimated expenses incidental to the Corporate Exercises of RM1.03 million.
- (4) Based on the exercise price of RM0.16 per Warrant C and after accounting for the reversal of warrant reserve.

Maximum Scenario

	Unaudited as at 30 June 2021 RM'000	(I) After the Share Consolidation ⁽¹⁾ RM'000	(II) After (I) and assuming full exercise of the Warrants B ⁽²⁾ RM'000	(III) After (II) and the Rights Issue with Warrants ⁽³⁾⁽⁴⁾ RM'000	(IV) After (III) and assuming full exercise of the Warrants C ⁽⁵⁾ RM'000
Share capital	98,021	98,021	133,046	244,730	287,277
Warrant reserve	3,184	3,184	-	39,994	-
Other reserve	-	-	-	(39,994)	-
Revaluation reserve	886	886	886	886	886
Accumulated losses	(57,897)	(57,897)	(57,897)	(58,927)	(58,927)
Shareholders' equity / NA	44,194	44,194	76,035	186,689	229,236
Non-controlling interests	300	300	300	300	300
Total equity	44,494	44,494	76,335	186,989	229,536
No. of Shares in issue ('000)	1,011,179	101,117	132,958	930,704	1,196,619
NA per Share (RM)	0.04	0.04	0.57	0.20	0.19
Total borrowings (RM'000)	-	-	-	-	-
Gearing (times)	-	-	-	-	-

Notes:-

- (1) After accounting for the consolidation of every 10 Shares into 1 Consolidated Share pursuant to the Share Consolidation which was completed on 12 August 2021.
- (2) Assuming all the 31,840,224 Warrants B which are outstanding as at the LPD are exercised into new Shares at the exercise price of RM1.00 each and after accounting for the reversal of warrant reserve.
- (3) Based on the issuance of 797,746,170 Rights Shares at the issue price of RM0.14 each together with 265,915,390 Warrants C.
- (4) After accounting for the creation of warrant reserve based on the issuance of Warrants C at a fair value of RM0.1504 per Warrant C (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and estimated expenses incidental to the Corporate Exercises of RM1.03 million.
- (5) Based on the exercise price of RM0.16 per Warrant C and after accounting for the reversal of warrant reserve.

9.3 Substantial Shareholders' shareholdings

As at the LPD, the Company has no substantial Shareholders.

Minimum Scenario

However, under the Minimum Scenario, the Undertaking Shareholders will emerge as substantial Shareholders upon their subscription of Rights Shares pursuant to their respective Undertakings. The pro forma effects of the Rights Issue with Warrants on their shareholdings are as follows:-

Shareholders	As at the LPD				(I) After the Rights Issue with Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Datuk Tan Chor How Christopher	25,000	0.02	-	-	35,739,286	20.71	-	-
Ho Jien Shiung	630,090	0.62	-	-	36,344,376	21.06	-	-

Shareholders	(II) After (I) and assuming full exercise of the Warrants C			
	Direct		Indirect	
	No. of Shares	(3)%	No. of Shares	(3)%
Datuk Tan Chor How Christopher	47,644,048	24.26	-	-
Ho Jien Shiung	48,249,138	24.57	-	-

Notes:-

- (1) Based on the issued share capital of 101,117,471 Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 172,546,043 Shares under the Minimum Scenario.
- (3) Based on the enlarged issued share capital of 196,355,567 Shares assuming full exercise of the Warrants C.

Base Case Scenario

Under the Base Case Scenario, the Undertaking Shareholders will not emerge as substantial Shareholders.

Shareholders	As at the LPD				(I) After the Rights Issue with Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(¹)%	No. of Shares	(¹)%	No. of Shares	(²)%	No. of Shares	(²)%
Datuk Tan Chor How Christopher	25,000	0.02	-	-	175,000	0.02	-	-
Ho Jien Shiung	630,090	0.62	-	-	4,410,630	0.62	-	-

Shareholders	(II) After (I) and assuming full exercise of the Warrants C			
	Direct		Indirect	
	No. of Shares	(³)%	No. of Shares	(³)%
Datuk Tan Chor How Christopher	225,000	0.02	-	-
Ho Jien Shiung	5,670,810	0.62	-	-

Notes:-

- (1) Based on the issued share capital of 101,117,471 Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 707,822,297 Shares under the Base Case Scenario.
- (3) Based on the enlarged issued share capital of 910,057,239 Shares assuming full exercise of the Warrants C.

Maximum Scenario

Under the Maximum Scenario, the Undertaking Shareholders will not emerge as substantial Shareholders.

Shareholders	As at the LPD				(I) After assuming full exercise of the Warrants B			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(¹)%	No. of Shares	(¹)%	No. of Shares	(²)%	No. of Shares	(²)%
Datuk Tan Chor How Christopher	25,000	0.02	-	-	25,000	0.02	-	-
Ho Jien Shiung	630,090	0.62	-	-	630,097	0.47	-	-

Shareholders	(II) After (I) and the Rights Issue with Warrants				(III) After (II) and assuming full exercise of the Warrants C			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(³)%	No. of Shares	(³)%	No. of Shares	(⁴)%	No. of Shares	(⁴)%
Datuk Tan Chor How Christopher	175,000	0.02	-	-	225,000	0.02	-	-
Ho Jien Shiung	4,410,679	0.47	-	-	5,670,873	0.47	-	-

Notes:-

- (1) Based on the issued share capital of 101,117,471 Shares as at the LPD.
- (2) Based on the issued share capital of 132,957,695 Shares assuming full exercise of the Warrants B.
- (3) Based on the enlarged issued share capital of 930,703,865 Shares under the Maximum Scenario.
- (4) Based on the enlarged issued share capital of 1,196,619,255 Shares assuming full exercise of the Warrants C.

9.4 Losses and LPS

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

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

	Audited FYE 31 December 2020	(I) After the Share Consolidation ⁽¹⁾			(II) After (I) and the Rights Issue with Warrants		
		Minimum Scenario	Base Case Scenario	Maximum Scenario	Minimum Scenario	Base Case Scenario	Maximum Scenario
LAT attributable to owners of the Company (RM'000)	(15,381)	(15,381)	(15,381)	(15,381)	⁽³⁾ (16,411)	⁽³⁾ (16,411)	⁽³⁾ (16,411)
Weighted average no. of Shares ('000)	797,411	79,741	79,741	⁽²⁾ 111,581	151,170	686,446	⁽²⁾ 909,327
LPS (sen)	(1.93)	(19.29)	(19.29)	(13.78)	(10.86)	(2.39)	(1.80)

Notes:-

- (1) After accounting for the consolidation of every 10 Shares into 1 Consolidated Share pursuant to the Share Consolidation which was completed on 12 August 2021.
- (2) After assuming full exercise of the Warrants B prior to the Entitlement Date.
- (3) After accounting for estimated expenses incidental to the Corporate Exercises of RM1.03 million.

	(III) After (II) and assuming full exercise of the Warrants C		
	Minimum Scenario	Base Case Scenario	Maximum Scenario
LAT attributable to owners of the Company (RM'000)	⁽³⁾ (16,411)	⁽³⁾ (16,411)	⁽³⁾ (16,411)
Weighted average no. of Shares ('000)	174,979	888,681	⁽²⁾ 1,175,243
LPS (sen)	(9.38)	(1.85)	(1.40)

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

10.1 Working capital and sources of liquidity

The Group's working capital is funded through Group's existing cash and bank balances, cash generated from operating activities as well as the proceeds from the issuance of equity securities.

As at the LPD, the Group's cash and bank balances stood at RM0.9 million and fixed deposits stood at RM28.7 million. The fixed deposits include unutilised balance proceeds of RM19.9 million from the Previous Rights Issue as well as RM0.7 million from Previous Private Placement.

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

The Board confirmed that, after taking into consideration the Group's existing cash and bank balances, fixed deposits, proceeds to be raised from the Rights Issue with Warrants, potential damages from litigation cases and the impact of COVID-19 pandemic on the businesses of the Group, the Group will have sufficient working capital for its current level of operations for a period of 12 months from the date of this Abridged Prospectus.

10.2 Borrowings

As at the LPD, the Board confirmed that there are no borrowings incurred by the Group.

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

10.3 Contingent liabilities

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

10.4 Material commitments

As at the LPD, the Board confirmed that there are no material commitments incurred or known to be incurred by the Group.

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11. INSTRUCTIONS FOR ACCEPTANCE AND PAYMENT

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

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

11.1 General

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

If you are an authorised nominee who has subscribed for NRS with Bursa Depository, an electronic copy of this Abridged Prospectus and the Rights Shares Entitlement File will be transmitted to you electronically by Bursa Depository through its existing network facility with the authorised nominees. Please refer to Sections 11.5.3 and 11.8.3 of this Abridged Prospectus for the procedures for acceptance as well as to apply for Rights Shares, if you choose to do so.

This Abridged Prospectus and the RSF are also available at the registered office of the Company, the Share Registrar or on Bursa Securities' website (<https://www.bursamalaysia.com>).

11.2 NPA

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

11.3 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the Rights Shares with Warrants C and the Excess Rights Shares with Warrants C Application is **Monday, 18 October 2021 at 5.00 p.m.** Within 5 Market Days after the Closing Date, the Company will make the relevant announcements in relation to the subscription rate of the Rights Issue with Warrants.

11.4 Methods of acceptance and application

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

<u>Method</u>	<u>Category of Entitled Shareholders</u>
RSF	All Entitled Shareholders
Electronic Application ⁽¹⁾	All Entitled Shareholders
Bursa Anywhere ⁽²⁾	All Entitled Shareholders who have registered for Bursa Anywhere
NRS	Authorised nominee who has subscribed for NRS

Notes:-

(1) The following surcharge per Electronic Application via ATM will be charged by the Participating Financial Institution:-

- Public Bank Berhad – RM4.00; and
- Affin Bank Berhad – RM4.00

The following processing fee per Electronic Application via internet financial services website will be charged by the respective Participating Financial Institution:-

- Public Bank Berhad (<http://www.pbebank.com>) – RM4.00; and
- Affin Bank Berhad (<https://www.affinbank.com.my>) – RM4.00.

(2) A processing fee of RM2.00 per Electronic Application via Bursa Anywhere will be charged.

11.5 Procedures for full acceptance and payment

11.5.1 By way of RSF

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

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

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

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

Securities Services (Holdings) Sdn Bhd
[Registration No. 197701005827 (36869-T)]
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan
Tel. No.: +603 2084 9000
Fax No.: +603 2094 9940

so as to arrive not later than **Monday, 18 October 2021 at 5.00 p.m.**, being the last time and date for acceptance and payment, or such extended time and date as may be determined and announced by the Board.

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

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

You and/or your renounees / transferees (if applicable) should take note that a trading board lot for the Rights Shares with Warrants C will comprise 100 Rights Shares and 100 Warrants C each respectively. Successful applicants of the Rights Shares will be given free Warrants C on the basis of 1 Warrant C for every 3 Rights Shares successfully subscribed for. The minimum number of securities that can be subscribed for or accepted is 1 Rights Share. The Warrants C will be issued in the proportion of 2 Warrant C for every 6 Rights Shares subscribed. Fractional entitlements arising from the Rights Issue with Warrants will be disregarded and the aggregate of such fractions shall be dealt with as the Board may at its absolute discretion deem fit and expedient and in the best interest of the Company. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar.

If acceptance and payment for the Rights Shares with Warrants C provisionally allotted to you and/or your renounees and/or transferees (if applicable) is not received by the Share Registrar by **Monday, 18 October 2021 at 5.00 p.m.**, being the last date and time for acceptance and payment, or such extended date and time as may be determined and announced by the Board at their discretion, you and/or your renounees and/or transferees (if applicable) will be deemed to have declined the Provisional Allotments made to you and/or your renounees and/or transferees (if applicable) and it will be cancelled. Such Rights Shares with Warrants C not taken up will be allotted to the applicants applying for Excess Rights Shares with Warrants C.

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

EACH COMPLETED RSF MUST BE ACCOMPANIED BY REMITTANCE IN RM FOR THE FULL AMOUNT IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "PDZ RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH THE NAME, ADDRESS AND CDS ACCOUNT NUMBER OF THE APPLICANT IN BLOCK LETTERS TO BE RECEIVED BY THE SHARE REGISTRAR BY MONDAY, 18 OCTOBER 2021 AT 5.00 P.M.

APART FROM THE ABOVE, EACH COMPLETED RSF MAY ALSO BE ACCOMPANIED BY THE APPROPRIATE REMITTANCE IN RM FOR THE FULL AMOUNT PAYABLE FOR THE RIGHTS SHARES APPLIED IN THE FORM OF INTERNAL BANK TRANSFER TO THE FOLLOWING BANK ACCOUNT AND INDICATE THE DETAIL / REFERENCE OF INTERNAL BANK TRANSFER WITH THE LAST 9 DIGITS OF CDS ACCOUNT AND SHAREHOLDER NAME:-

NAME OF ACCOUNT	PDZ RIGHTS ISSUE ACCOUNT
NAME OF BANK	MALAYAN BANKING BERHAD
BANK ACCOUNT NO.	514012446284

IF PAYMENT IS TO BE MADE BY WAY OF INTERNAL BANK TRANSFER, EACH COMPLETED RSF MUST BE ACCOMPANIED BY THE RELEVANT BANK-IN SLIP AS A PROOF OF PAYMENT AND MUST BE RECEIVED BY THE SHARE REGISTRAR BY 5.00 P.M. ON MONDAY, 18 OCTOBER 2021.

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. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

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

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

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

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

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

11.5.2 By way of Electronic Application

Only Malaysian individuals who are Entitled Shareholders may apply for the Rights Shares by way of Electronic Application.

Please read carefully and follow the terms of this Abridged Prospectus, the procedures, terms and conditions for Electronic Application and the procedures set out at the ATMs and internet financial services website of the Participating Financial Institutions before making an Electronic Application.

The procedures for Electronic Applications at the ATMs and internet financial services website of the Participating Financial Institutions are set out on the ATM screens and internet financial services website of the relevant Participating Financial Institutions. For illustration purposes, the procedures for Electronic Applications are set out below. Please read carefully the terms of this Abridged Prospectus, the steps and the terms and conditions of the Electronic Application set out in Section 11.5.2(ii) of this Abridged Prospectus before making an Electronic Application.

You must have an account with a Participating Financial Institution and an ATM card issued by a Participating Financial Institution or with access to internet financial services with Public Bank Berhad at <http://www.pbepbank.com> or Affin Bank Berhad at <https://www.affinbank.com.my>.

You are advised to read and understand this Abridged Prospectus **BEFORE** making the application.

You shall apply for the Rights Issue with Warrants via the ATM or internet financial services website of the Participating Financial Institutions by choosing the Electronic Application option. Mandatory statements required in the application are as set out in Section 11.5.2(ii) of this Abridged Prospectus "**Terms and conditions of Electronic Applications**".

Upon the completion of your Electronic Application transaction via ATM, you will receive a computer-generated transaction slip ("**Transaction Record**"), confirming the details of your Electronic Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Application or any data relating to such an Electronic Application by the Company or the Share Registrar. The Transaction Record is for your record and is not required to be submitted with your application.

For application via internet financial services website, a message from the Participating Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment for the Rights Shares is being made. Subsequently, the Participating Financial Institutions shall confirm that the said application has been completed, via the confirmation screen in respect of your application ("**Confirmation Screen**") on their website. You are advised to print out the Confirmation Screen for your reference and record.

YOU MUST ENSURE THAT YOU USE THE NUMBER OF THE CDS ACCOUNT HELD IN YOUR NAME WHEN MAKING AN ELECTRONIC APPLICATION. IF YOU OPERATE A JOINT BANK ACCOUNT WITH ANY OF THE PARTICIPATING FINANCIAL INSTITUTIONS, YOU MUST ENSURE THAT YOU ENTER THE NUMBER OF THE CDS ACCOUNT HELD IN YOUR NAME WHEN USING AN ATM CARD ISSUED TO YOU IN YOUR NAME. YOUR APPLICATION WILL BE REJECTED IF YOU FAIL TO COMPLY WITH THE FOREGOING.

(i) Participating Financial Institutions

Electronic Applications may be made through an ATM or internet financial services websites of the following Participating Financial Institutions and their branches within Malaysia:-

- Public Bank Berhad
- Affin Bank Berhad

(ii) Terms and conditions of Electronic Applications

The Electronic Application shall be made on, and subject to, the terms of this Abridged Prospectus, as well as the terms and conditions of the Participating Financial Institutions and those appearing herein:-

- (a) You are required to confirm the following statements and undertake that the following information given are true and correct:-
- (aa) You have attained 18 years of age as at the Closing Date;
 - (bb) You have read the Abridged Prospectus and understood and agreed with the terms and conditions of the application; and

- (cc) You give consent to the Company, Bursa Depository, the Share Registrar, the relevant Participating Financial Institutions, their respective agents and any third party involved in facilitating the application / refund, to disclose information pertaining to yourself and your account with the Participating Financial Institutions and Bursa Depository to the relevant authorities and any person as may be necessary or expedient to facilitate the making of the application / refund.

Your application will not be successfully completed and cannot be recorded as a completed transaction unless you complete all the steps required by the Participating Financial Institution. By doing so, you shall have confirmed each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 134(1)(a) of Financial Services Act, 2013 and Section 45(1)(a) of the SICDA, to the disclosures as described above.

- (b) You confirm that you are not applying for the Provisional Allotments as a nominee of any other person and that any Electronic Application that you make is made by you as the beneficial owner.
- (c) You must have sufficient funds in your account with the relevant Participating Financial Institutions at the time you make your Electronic Application, failing which your Electronic Application will not be completed. Any Electronic Application, which does not strictly conform to the instructions set out on the ATM or screen of financial services websites of the Participating Financial Institutions through which the Electronic Application is being made, will be rejected.
- (d) You agree and undertake to subscribe for or purchase and to accept the number of Rights Shares applied for as stated on the Transaction Record in respect of your Electronic Application. Your confirmation (by your action of pressing the pre-designated keys (or buttons)) of the number of Rights Shares applied for shall signify, and shall be treated as, your acceptance of the number of Rights Shares that may be allotted to you.

Should you encounter any problems in your Electronic Application, please refer to the Participating Financial Institutions.

- (e) By making and completing your Electronic Application, you, if successful, request and authorise the Company to credit the Rights Shares allotted to you into your CDS Account.
- (f) You acknowledge that your Electronic Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of the Company, the Share Registrar, the Participating Financial Institutions or Bursa Depository and you irrevocably agree that if:-

- (aa) The Company, the Share Registrar or Bursa Depository does not receive your Electronic Application; or

- (bb) Data relating to your Electronic Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to the Company, the Share Registrar or Bursa Depository,

you shall be deemed not to have made an Electronic Application and you shall not make any claim whatsoever against the Company, the Share Registrar, the Participating Financial Institutions or Bursa Depository for the Rights Shares applied for or for any compensation, loss or damage relating to the application for the Rights Shares.

- (g) All of your particulars, including your nationality and place of residence, in the records of the relevant Participating Financial Institutions at the time you make your Electronic Application shall be true and correct, and the Company, the Share Registrar, the relevant Participating Financial Institutions and Bursa Depository shall be entitled to rely on the accuracy thereof.
- (h) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institutions are correct and identical. Otherwise, your Electronic Application will be rejected. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to your correspondence address last maintained with Bursa Depository.
- (i) By making and completing an Electronic Application, you agree that:-
 - (aa) In consideration of the Company agreeing to allow and accept your application for the Rights Shares via the Electronic Application facility established by the Participating Financial Institutions at their respective ATMs and financial services websites, your Electronic Application is irrevocable and cannot be subsequently withdrawn;
 - (bb) The Company, the Participating Financial Institutions, Bursa Depository and the Share Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Application due to a breakdown or failure of transmission or communication facilities or any cause beyond the Company's control;
 - (cc) Notwithstanding the receipt of any payment by or on behalf of the Company, the notice of successful allocation for the Rights Shares for which your Electronic Application has been successfully completed is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Rights Shares; and

- (dd) You agree that in relation to any legal action, proceedings or dispute arising out of or in relation to the Electronic Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (j) The Share Registrar, on the authority of the Company, reserves the right to reject applications which do not conform to these terms/ instructions.
- (k) Notification on the outcome of your application for the Rights Shares will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:-
 - (aa) successful application – a notice of allotment will be despatched within 8 Market Days from the Closing Date or such other period as may be prescribed or allowed by Bursa Securities; or
 - (bb) unsuccessful / partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within 15 Market Days from the Closing Date.

The refund will be credited directly into your bank account from which your Electronic Application was made. Kindly take note of the terms and conditions as stated in Section 11.5.2(ii) of this Abridged Prospectus and the required consent in making your Electronic Application.

If the crediting of the refund into your bank account from which your Electronic Application was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

11.5.3 By way of Bursa Anywhere

Only Entitled Shareholders who had registered for Bursa Anywhere and subscribed for eDividend service could apply for the Rights Shares with Warrants C by way of Bursa Anywhere mobile application.

Please read carefully and follow the terms of this Abridged Prospectus, the procedures, notices, terms and conditions for Bursa Anywhere application before making an application.

The procedures for submitting an application at Bursa Anywhere are set out on the Bursa Anywhere mobile application screens. Please read carefully the terms of this Abridged Prospectus, the steps and the terms and conditions as set out in Section 11.5.3(ii) of this Abridged Prospectus before making an application:-

You are advised to read and understand this Abridged Prospectus **BEFORE** making the application.

Upon the completion of your application transaction via Bursa Anywhere, you will receive a receive a push notification from Bursa Anywhere and a message in your Bursa Anywhere account inbox on the request of your Rights Shares subscription. The notification message is only a record of the completed transaction at the Bursa Anywhere.

(i) Procedures for submitting an application through Bursa Anywhere

- (a) Launch the Bursa Anywhere application on your handphone and login using your username and password.
- (b) Upon a successful login, choose the “My Services” at the bottom of the screen and then select “eRights”.
- (c) Next, select “Submit Application”, and you will see a screen that informs you to agree with the “Terms & Conditions and Notices” that governs your Rights Shares with Warrants C application via Bursa Anywhere.
- (d) Click on the hyperlink of “Terms & Conditions and Notices”. You must read and understand the “Terms & Conditions and Notices” before you click “Agree” to proceed to the next page.
- (e) Click “Agree” to proceed to a landing page for you to select the Rights Shares with Warrants C that you would like to subscribe to.
- (f) Select the Rights Shares with Warrants C that you want to apply.
- (g) You may click on the hyperlink of the “Prospectus” to view the content of the related abridged prospectus.
- (h) You are also required to click on the hyperlink to the “Declaration”. Read and understand the clauses of the “Declarations”.
- (i) Upon the completion of the above, at the bottom of the Rights Issue with Warrants detail page you are required to swipe the toggle to the right to indicate that you have read and understood the Abridged Prospectus as well as accepted and made the declarations stated in the “Declaration”.
- (j) Next, select the CDS account for your Rights Shares with Warrants C subscription and click “NEXT”.
- (k) You will come to a page for you to fill up for entitled and excess Rights Shares with Warrants C subscription. You have the options to select either “Entitled only”, “Excess only” and “Entitled & Excess” for your Rights Shares with Warrants C subscription.
- (l) Select the subscription type, enter the number of units that you would like to subscribe. Click “NEXT” once you complete the required information.

- (m) You will come to a “Preview” page, where it displays the following information of your subscription:-
 - units and Ringgit amount of your Rights Shares subscriptions
 - subscription fee (charged by Bursa Securities)
 - Tax, if applicable
 - Stamp duty, if applicable
 - (n) Check the summary information on the “Preview” page. Click “CONFIRM” at the bottom of the same page, if the information is correct.
 - (o) Next, you will receive a six-digit “SMS” transaction verification code (TAC) via your mobile phone (the mobile number that you registered with Bursa Anywhere).
 - (p) You are required to key-in and submit the verification code.
 - (q) Upon successful validation of the verification code, you will be led to the payment gateway for payment.
 - (r) You are required to select the bank for your Rights Shares with Warrants C subscription payment. **(IMPORTANT NOTE: You are required to use the bank account that you have registered for Bursa Depository’s eDividend service. Your subscription will be rejected if another bank account is used for payment. You will be notified if your subscription is rejected. Your subscription monies will be refunded within 3 Market Days, to the subscription bank account that you have just subscribed.)**
 - (s) You will be brought to your selected bank login page for payment.
 - (t) Once payment is made successfully via your selected bank, you will be brought to the “Thank You” page, which displays your bank transaction details.
 - (u) Click “DONE” at the bottom, you will be led back to the “My Service” landing page.
 - (v) You will receive a push notification message in your Bursa Anywhere account inbox.
 - (w) You can made multiple applications during the subscription period subject to the maximum quantity that you are entitled.
- (ii) Terms and conditions of applications via Bursa Anywhere**
- (a) The electronic copy of the Abridged Prospectus is available at the “Prospectus” landing page of “Corporate Announcement” at Bursa Securities’ website and can be accessed via the hyperlink in the Bursa Anywhere. You have read the Abridged Prospectus prior to making an investment decision and should make the investment decision based on the Abridged Prospectus rather than on advertising or promotional materials. The securities offered are offered by the issuer solely on the basis of the information contained in the Abridged Prospectus.

- (b) The Company has appointed Bursa Depository to provide eRights services via the Bursa Anywhere. Bursa Depository is not responsible for, has not authorised and shall not be deemed to have authorised the contents of the electronic copy of the Abridged Prospectus and therefore, shall not have any liability in respect of the electronic copy of the Abridged Prospectus or the application submitted by way of Bursa Anywhere.
- (c) The physical printed copy of the Abridged Prospectus is available upon request from the Company at the location specified in the Abridged Prospectus during the offer period.
- (d) You may also obtain a physical printed copy of the Abridged Prospectus from the participating organisation(s) set out in this Abridged Prospectus.
- (e) Payment of subscription to the Rights Shares with Warrants C via Bursa Anywhere is required to be made from your eDividend bank account. Failing which, the request of the eRights application will be rejected.
- (f) By submitting an eRights application from Bursa Anywhere, the you confirm that:-
- You have read and understood the contents of the Abridged Prospectus;
 - You have read and agreed to be bound by these terms and conditions and notices for application of Rights Shares with Warrants C and the terms and conditions of the Bursa Anywhere;
 - You are eligible to apply for the Rights Shares with Warrants C in Malaysia or in jurisdictions where the Rights Shares with Warrants C are intended to be available;
 - You irrevocably consent to the receipt of any cash payment or refund in relation to the eRights application to be made via direct credit into the eDividend bank account; and
 - You agree to give irrevocable consent to Bursa Depository to disclose your information, including bank account information, which are necessary or expedient to the relevant entities involved in the application process and to the relevant entities involved in facilitating the payment of any cash payments or refunds via direct credit into e-Dividend bank account in relation to the application.
- (g) Applications shall close at the Closing Date or such extended time and date as may be determined and announced by the Board.
- (h) An application is deemed to be received by Bursa Anywhere only upon its completion, that is, when you have:-
- successfully made full subscription payment via the payment gateway; and
 - received an email indicating that the application has been submitted to the Company and/or the Share Registrar.

- (i) You are advised to print out and retain a copy of the Transaction Records for record purposes. The Transaction Records are only a record of the completed transactions received at the Bursa Anywhere and not a record of the receipt of the application or any data relating to such an application by the Company or the Share Registrar. No application or monies can be accepted electronically in respect of the securities offered once the offer closes on the Closing Date.
- (j) Upon your receipt of the Transaction Record, cancellation of the application will not be allowed.
- (k) Bursa Depository shall not be liable for any applications made through any alternative methods of application.
- (l) If Bursa Depository has any reason to believe that the electronic copy of the Abridged Prospectus or processes for collection and handling of applications via the Bursa Anywhere have been tampered with, Bursa Depository may reject the application and Bursa Depository shall not be liable for such rejection.
- (m) No securities will be allotted or issued on the basis of the Abridged Prospectus after the Closing Date. Bursa Depository, Bursa Securities and Bursa Malaysia Berhad do not guarantee any allotment of securities as a result of the application via the Bursa Anywhere and are not responsible for any non-allotment of the Rights Shares with Warrants C or part thereof by the Company pursuant to the application via the Bursa Anywhere.
- (n) Any request for any refunds related to the allotment of the Rights Shares with Warrants C must be referred to the Company.
- (o) No refund of any subscription fee charged by Bursa Depository and applicable tax (if any), will be made to you if your subscription is rejected by the Share Registrar.
- (p) The electronic copy of the Abridged Prospectus made available on the Bursa Securities' website after the Closing Date as described in the terms and conditions is made available solely for informational and archiving purposes.
- (q) Risk of submitting the applications from Bursa Anywhere:-
 - (aa) By submitting an application via Bursa Anywhere, You agree to assume the risks associated with conducting transactions online, including risks of electrical, electronic, technical and mobile-related faults and breakdowns, faults with mobile applications, problems occurring during data transmission, mobile security threats such as viruses, hackers and crackers, fires, acts of god and other events beyond the control of Bursa Depository, and/or the Company. You acknowledge that the aforementioned events may result in (i) interruption, transmission blackout or delayed transmission; and/or (ii) incorrect data transmission due to the public nature of the Internet and agrees to bear such risks.

The applicant agrees that neither Bursa Depository, Bursa Securities, Bursa Malaysia Berhad, the issuer nor the Share Registrar shall be liable for any delay, failure or inaccuracy in the recording, storage or transmission or delivery of data, breakdown or failure in communication facilities or due to any cause beyond their control.

- (bb) If, Bursa Depository, the issuer and/or the Share Registrar does not receive your application and/or the relevant payment, or in the event that any data relating to the application is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever, you shall be deemed not to have made an application. In such an event, you shall have no claim whatsoever against Bursa Depository and/or Bursa Securities and/or Bursa Malaysia Berhad and/or the Company and/or the Share Registrar, in relation to the purported application.
- (r) Instead of submitting an application via Bursa Anywhere, you may alternatively submit applications through the existing manual paper-based application method as well as other means of application specified in this Abridged Prospectus, such as via ATM or internet facilities of financial institutions offering such services within Malaysia and such other methods as may from time to time be permitted by the SC.
- (s) In the event a supplementary Abridged Prospectus is issued, you are entitled to revise or withdraw your application by contacting the Share Registrar directly. Bursa Depository or Bursa Anywhere will not be able to facilitate any revision or withdrawal of the application in such circumstances.
- (t) Bursa Depository is committed to protecting the security of the applicant's personal information. It uses a variety of security technologies and procedures, to help protect the confidentiality and security of an applicant's personal information provided through the Bursa Anywhere, from unauthorised access, use, or disclosure. In addition, Bursa Depository has put in place appropriate measures to minimise the risks of unauthorised access and to maintain the security of the information it collects through Bursa Anywhere.

11.5.4 By way of NRS

The Company has appointed Bursa Depository to provide NRS to the shareholders who are authorised nominees. Only the Entitled Shareholders who are authorised nominees and who have subscribed for NRS with Bursa Depository may apply via NRS.

Please read carefully and follow the terms of this Abridged Prospectus, the procedures, terms and conditions for application via NRS and Bursa Depository's terms and conditions for NRS and user guide for NRS (which are made available to all authorised nominees who have subscribed for NRS with Bursa Depository) before making the application.

(i) Steps for applications via NRS

- (a) If you are an Entitled Shareholder, and who is an authorised nominee who has subscribed for NRS with Bursa Depository, you will not be receiving this Abridged Prospectus, the RSF nor the NPA by post.
- (b) Instead, this Abridged Prospectus and the Rights Shares Entitlement File will be transmitted electronically to you by Bursa Depository through Bursa Depository's existing network facility with the authorised nominees in the manner as set out in Bursa Depository's user guide for NRS, on the next business day after the Entitlement Date.
- (c) A notification of the delivery of the Abridged Prospectus and the Rights Shares Entitlement File will also be sent to you via email using the details you have provided to Bursa Depository when you subscribed for NRS with Bursa Depository.
- (d) You are advised to read carefully, understand and follow the terms of this Abridged Prospectus, **BEFORE** making the application.
- (e) You may accept, on behalf of your client, partially or fully, their respective allocation under the Rights Issue with Warrants.
- (f) To apply for the Rights Shares, you will be required to submit your subscription information via Rights Shares Subscription File which is to be prepared based on the format as set out in Bursa Depository's user guide for NRS.
- (g) Once completed, you will need to submit the Rights Shares Subscription File to Bursa Depository at any time daily before 5.00 p.m., but in any event no later than the Closing Date.
- (h) Together with the Rights Shares Subscription File, you will also need to submit a confirmation to Bursa Depository of the following information:-
 - (aa) Confirmation that you have, prior to making the application via NRS, received and/or had access to the electronic copy of this Abridged Prospectus, the contents of which you have read, understood and agreed; and
 - (bb) Consent to the disclosure of your information to facilitate electronic refunds where applicable.

- (i) With regards to payment for the Rights Shares with Warrants C which you have applied for, you must transfer the amount payable directly to the Company's bank account, the details of which are as follows:-

Bank : **MALAYAN BANKING
BERHAD**
Account name : **PDZ RIGHTS ISSUE
ACCOUNT**
Bank account no : **514012446284**

- (j) Upon completion of the transfer / payment, you may receive a transaction slip from the transacting financial institution confirming the details of your transfer / payment. The transaction slip is only a record of the completed transaction and not a record of the receipt of the application via NRS or any data relating to such an application by the Company or Bursa Depository. The transaction slip is for your record and is not required to be submitted with your application via NRS.

- (k) You will be notified on the outcome of your application for the Rights Shares with Warrants C electronically within the timelines as stated below. No physical notice of allotment will be mailed to you.

(aa) successful application – an electronic notification will be sent to you within 8 Market Days from the Closing Date or such other period as may be prescribed or allowed by Bursa Securities; or

(bb) unsuccessful / partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within 15 Market Days from the Closing Date.

The refund will be credited directly into your bank account(s) from which payment of your subscription monies were made.

Kindly take note of the terms and conditions as stated in this Abridged Prospectus and the required consent in making the application via NRS.

If the crediting of the refund into your bank account(s) (as provided by you in the Rights Shares Subscription File) from which payment of your subscription monies were made is unsuccessful, the refund will then be made via cheque(s) which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

- (l) Upon crediting of the Rights Shares allotted to you into your CDS account(s), you will also receive an electronic confirmation of the crediting from Bursa Depository.
- (m) You should note that all applications made for the Rights Shares with Warrants C submitted under NRS will be irrevocable upon submission of the Rights Shares Subscription File to Bursa Depository and cannot be subsequently withdrawn.

(ii) Terms and conditions for applications via NRS

The application via NRS shall be made on, and subject to, the terms of this Abridged Prospectus, Bursa Depository's terms and conditions for NRS and Bursa Depository's user guide for NRS as well as the terms and conditions appearing herein:-

- (a) For purposes of making the electronic refund, you hereby give consent in accordance with the relevant laws of Malaysia, including Section 134(1)(a) of Financial Services Act, 2013 and Section 45(1)(a) of the SICDA, to the disclosure by the Company, Bursa Depository, the Share Registrar, the relevant financial institution, their respective agents and any third party involved in facilitating the payment of refunds to you as the case may be, of information pertaining to yourself and your account with the relevant financial institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the making of refunds or for any other purpose in connection with such payments. You will be required to provide confirmation of your consent in the manner prescribed in Bursa Depository's terms and conditions for NRS.
- (b) You agree and undertake to subscribe for or purchase and to accept the number of Rights Shares with Warrants C applied for as stated on your Rights Shares Subscription File in respect of your application via NRS. Your application shall signify, and shall be treated as, your acceptance of the number of Rights Shares that may be allotted to you.
- (c) You acknowledge that by completing and submitting the Rights Shares Subscription File to Bursa Depository, you, if successful, requests and authorises the Company to credit the Rights Shares allotted to you into the respective CDS Account(s) as indicated in the Rights Shares Subscription File.
- (d) You acknowledge that your application via NRS is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of the Company, the Share Registrar, the relevant financial institution or Bursa Depository, and irrevocably agree that if -

- (aa) the Company, the Share Registrar or Bursa Depository does not receive your application via NRS; or
- (bb) the data relating to your application via NRS is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to the Company, the Share Registrar or Bursa Depository,

you shall be deemed not to have made your application and you shall not make any claim whatsoever against the Company, Bursa Depository, the Share Registrar or the relevant financial institution for the Rights Shares with Warrants C applied for or for any compensation, loss or damage relating to the application for the Rights Shares with Warrants C.

- (e) By completing and submitting the Rights Shares Subscription File to Bursa Depository, you agree that:-
 - (aa) In consideration of the Company agreeing to allow and accept your application for Rights Shares via the NRS facility established by Bursa Depository, your application via NRS is irrevocable and cannot be subsequently withdrawn;
 - (bb) The Company, the relevant financial institutions, Bursa Depository and the Share Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your application via NRS due to a breakdown or failure of transmission or communication facilities or to any cause beyond the Company's control;
 - (cc) Notwithstanding the receipt of any payment by or on behalf of the Company, the electronic notification of allotment in respect of the Rights Shares with Warrants C issued is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Rights Shares with Warrants C; and
 - (dd) You agree that in relation to any legal action, proceedings or dispute arising out of or in relation to with the contract between the parties and/or the application via NRS and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.

The Share Registrar and Bursa Depository, on the authority of the Company, reserves the right to reject applications which do not conform to these instructions.

11.6 Procedures for part acceptance

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

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

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

11.7 Procedures for sale or transfer of Provisional Allotments

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

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

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

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

11.8 Procedures for the Excess Rights Shares with Warrants C Application

11.8.1 By way of RSF

You and/or your renouncee(s) and/ or transferee(s) (if applicable) may apply for the Excess Rights Shares with Warrants C in excess of your entitlement by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forward it (together with a **separate remittance made in RM** for the full amount payable in respect of the Excess Rights Shares with Warrants C applied for) to the Share Registrar **not later than Monday, 18 October 2021 at 5.00 p.m.**, being the last date and time for application and payment for the Excess Rights Shares with Warrants C.

PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS C APPLIED FOR SHOULD BE MADE IN THE SAME MANNER AS DESCRIBED IN SECTION 11.4 OF THIS ABRIDGED PROSPECTUS, AND IN THE FORM OF BANKER'S DRAFT(S) / CASHIER'S ORDER(S) / MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "PDZ EXCESS RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, ADDRESS AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY THE SHARE REGISTRAR NOT LATER THAN THE LAST DATE AND TIME FOR EXCESS RIGHTS SHARES WITH WARRANTS C APPLICATION AND PAYMENT AS SET OUT IN THE COVER PAGE OF THIS ABRIDGED PROSPECTUS. THE PAYMENT MUST BE MADE FOR THE FULL AND EXACT AMOUNT PAYABLE FOR THE EXCESS RIGHTS SHARES WITH WARRANTS C APPLIED FOR ANY EXCESS OR INSUFFICIENT MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF THE BOARD.

APART FROM THE ABOVE, EACH COMPLETED RSF MAY ALSO BE ACCOMPANIED BY THE APPROPRIATE REMITTANCE IN RM FOR THE FULL AMOUNT PAYABLE FOR THE EXCESS RIGHTS SHARES APPLIED IN THE FORM OF INTERNAL BANK TRANSFER TO THE FOLLOWING BANK ACCOUNT AND INDICATE THE DETAIL / REFERENCE OF INTERNAL BANK TRANSFER WITH THE LAST 9 DIGITS OF CDS ACCOUNT AND SHAREHOLDER NAME:-

NAME OF ACCOUNT	PDZ EXCESS RIGHTS ISSUE ACCOUNT
NAME OF BANK	MALAYAN BANKING BERHAD
BANK ACCOUNT NO.	514012446291

IF PAYMENT IS TO BE MADE BY WAY OF INTERNAL BANK TRANSFER, EACH COMPLETED RSF MUST BE ACCOMPANIED BY THE RELEVANT BANK-IN SLIP AS A PROOF OF PAYMENT AND MUST BE RECEIVED BY THE SHARE REGISTRAR BY 5.00 P.M. ON MONDAY, 18 OCTOBER 2021.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR EXCESS RIGHTS SHARES WITH WARRANTS C APPLICATION MONIES WILL BE ISSUED BY THE COMPANY OR THE SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS SHARES WITH WARRANTS C. HOWEVER, IF YOUR EXCESS RIGHTS SHARES WITH WARRANTS C APPLICATION IS SUCCESSFUL, THE RIGHTS SHARES WILL BE CREDITED INTO YOUR CDS ACCOUNT AND A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 8 MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED OR ALLOWED BY BURSA SECURITIES.

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

WHERE AN APPLICATION FOR THE EXCESS RIGHTS SHARES WITH WARRANTS C IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.

11.8.2 By way of Electronic Application

You and/or your renounee(s) and/or transferee(s) (if applicable) may apply for the Excess Rights Shares with Warrants C in excess of your entitlement via Electronic Application in addition to your Provisional Allotments. If you wish to do so, you may apply for the Excess Rights Shares with Warrants C by following the same steps as set out in Section 11.5.2 of this Abridged Prospectus.

The Electronic Application for Excess Rights Shares with Warrants C will be made on, subject to, the same terms and conditions as set out in Section 11.5.2 of this Abridged Prospectus.

11.8.3 By way of Bursa Anywhere

You and/or your renounee(s) and/or transferee(s) (if applicable) may apply for the Excess Rights Shares with Warrants C via Bursa Anywhere in addition to your Provisional Allotments. If you wish to do so, you may apply for the Excess Rights Shares with Warrants C by following the same steps as set out in Section 11.5.3 of this Abridged Prospectus.

The application for Excess Rights Shares with Warrants C via Bursa Anywhere will be made on, subject to, the same terms and conditions as set out in Section 11.5.3 of this Abridged Prospectus.

11.8.4 By way of NRS

You and/or your renounee(s) and/or transferee(s) (if applicable) may apply for the Excess Rights Shares with Warrants C via NRS in addition to your Provisional Allotments. If you wish to do so, you may apply for the Excess Rights Shares with Warrants C by following the same steps as set out in Section 11.5.4 of this Abridged Prospectus save and except for the amount payable to be directed to "**PDZ EXCESS RIGHTS ISSUE ACCOUNT**" (**BANK ACCOUNT NO. 514012446291 WITH MALAYAN BANKING BERHAD**) for the Rights Shares with Warrants C applied and also that you should complete the details for the Excess Rights Shares with Warrants C Application at the designated fields for excess applications in the Rights Shares Subscription File.

The application for Excess Rights Shares with Warrants C via NRS will be made on, subject to, the same terms and conditions as set out in Section 11.5.4 of this Abridged Prospectus.

Any Rights Shares which are not taken up or not validly taken up by you and/or your renounee(s) and/or transferee(s) (if applicable) shall be made available for Excess Rights Shares with Warrants C. It is the intention of the Board to allot the Excess Rights Shares with Warrants C, 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 C, taking into consideration their respective shareholdings in the Company as at the Entitlement Date;
- (iii) thirdly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for Excess Rights Shares with Warrants C, taking into consideration the quantum of their respective Excess Rights Shares with Warrants C Applications; and
- (iv) finally, on a pro-rata basis and in board lots, to the transferee(s) and/or renounee(s) who have applied for Excess Rights Shares with Warrants C, taking into consideration the quantum of their respective Excess Rights Shares with Warrants C Applications.

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

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

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

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

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

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

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

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

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

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

11.10 CDS Account

Bursa Securities has already prescribed the Shares listed on the 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 C. 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 C shall signify your consent to receiving such Rights Shares with Warrants C as deposited securities that will be credited directly into your CDS Account. No physical certificates will be issued.

All Excess Rights Shares with Warrants C 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 C that you subscribed for will be credited into the CDS Accounts where the Provisional Allotments are standing to the credit.

11.11 Notice of allotment

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

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

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

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

11.12 Foreign-Addressed Shareholders

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

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

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

As a result, this Abridged Prospectus, the NPA and the RSF have not been (and will not be) sent to Foreign-Addressed Shareholders. However, Foreign-Addressed Shareholders may collect this Abridged Prospectus, the NPA and the RSF from the Share Registrar, Securities Services (Holdings) Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia. The Share Registrar will be entitled to request evidence from the Foreign-Addressed Shareholders as it deems necessary to satisfy itself as to the identity and authority of the person collecting this Abridged Prospectus, the NPA and the RSF.

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

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

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

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

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

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

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

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 C UNLESS SUCH OFFER, INVITATION OR SOLICITATION COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER REGULATORY OR LEGAL REQUIREMENTS ON SUCH TERRITORY.

12. TERMS AND CONDITIONS

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

13. FURTHER INFORMATION

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

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



DATUK TAN CHOR HOW CHRISTOPHER
Executive Director cum Chief Executive Officer

APPENDIX I – INFORMATION ON THE COMPANY

1. SHARE CAPITAL

As at the LPD, the issued share capital of the Company is RM98,021,350 comprising 101,117,471 Shares.

2. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

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

3. DIRECTORS

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

Name (Designation)	Age	Address	Nationality
Dato' Sri Rusli Bin Ahmad (Independent Non-Executive Chairman)	64	No. 2, Jalan Mendapan 8/21, 40000 Shah Alam, Selangor	Malaysian
Datuk Tan Chor How Christopher (Executive Director cum Chief Executive Officer)	41	No. 2, Jalan Damar Bayu 3A, Glenmarie Cove, 42000 Pelabuhan Klang, Selangor	Malaysian
Ho Jien Shiung (Executive Director)	37	18, Laluan Bulan 2, Taman Kinta, 31400 Ipoh, Perak	Malaysian
Dr. Rosli Bin Azad Khan (Executive Director)	64	37 Residency, Jalan Rimba Riang 9/15, Kota Damansara, 47810 Petaling Jaya, Selangor	Malaysian
Dato' Ahmad Zaffry Bin Hj. Sulaiman (Independent Non-Executive Director)	46	Divana Residences, No. 1, Jalan Kailan 24/39, Seksyen 24, 40300 Shah Alam, Selangor	Malaysian
Hoo Swee Guan (Independent Non- Executive Director)	39	No. 8, Jalan Ria 4, Taman Ria, 86700 Kahang, Johor	Malaysian
Nor Rafhanah Binti Abdullah (Independent Non- Executive Director)	25	No. 2, Lorong Berjaya Permai 37, Taman Berjaya Permai, 25150 Kuantan, Pahang	Malaysian

Save for Datuk Tan Chor How Christopher and Ho Jien Shiung, none of the Directors have any direct and/or indirect shareholding in the Company as at the LPD. Please refer to Section 9.3 of this Abridged Prospectus on the pro forma effects of the Rights Issue with Warrants on their shareholdings.

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

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

Historical financial performance

	Audited			Unaudited	
	FYE 31 December 2018	FYE 31 December 2019	FYE 31 December 2020	6-month FPE 30 June 2020	6-month FPE 30 June 2021
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	5,000	5,757	5,028	1,938	2,280
Cost of sales	(4,536)	(5,192)	(4,598)	(1,753)	(2,062)
GP	464	565	430	185	218
Other income / (expenses)	(8,335)	(6,311)	63	(6,355)	(521)
Administrative expenses	(4,264)	(6,405)	(10,334)	(2,217)	(2,355)
(Impairment loss) on receivables and deposits - net	(758)	-	(6,355)	-	-
Finance income	1,182	1,624	935	504	307
Finance costs	(75)	-	-	-	-
Share of net profit of a joint venture	-	-	-	-	75
LBT	(11,786)	(10,527)	(15,261)	(7,883)	(2,276)
Taxation	(295)	100	(68)	-	-
LAT	(12,081)	(10,427)	(15,329)	(7,883)	(2,276)
PAT / (LAT) attributable to:-					
- owners of the Company	(11,836)	(10,412)	(15,381)	(7,883)	(2,276)
- minority interest	(245)	(15)	52	-	-
GP margin (%)	9.28	9.81	8.55	9.55	9.56
LAT margin (%)	(241.62)	(181.12)	(304.87)	(406.76)	(99.82)
Weighted average no. of Shares in issue ('000)	681,991	681,991	797,411	689,527	1,007,621
LPS					
- basic (sen)	(1.74)	(1.53)	(1.93)	(1.14)	(0.23)
- diluted (sen)	₋₍₁₎	₋₍₁₎	₋₍₁₎	₋₍₁₎	₋₍₁₎

Note:-

- (1) Diluted LPS is not presented as there are no dilutive potential ordinary shares outstanding.

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APPENDIX I – INFORMATION ON THE COMPANY (CONT'D)
Historical financial position

	Audited			Unaudited
	As at 31 December 2018	As at 31 December 2019	As at 31 December 2020	As at 30 June 2021
	RM'000	RM'000	RM'000	RM'000
Non-current assets	5,362	5,184	13,585	13,201
Current assets	57,837	55,543	44,908	43,893
Total assets	63,199	60,727	58,493	57,094
Share capital	80,027	80,027	95,621	98,021
Warrants reserve	3,260	3,260	3,184	3,184
Financial assets at fair value through other comprehensive income	(397)	(484)	(220)	-
Foreign currency reserve	88	88	-	-
Revaluation reserve	886	886	886	886
Accumulated losses	(29,992)	(40,404)	(55,621)	(57,897)
Shareholders' equity / NA	53,872	43,373	43,850	44,194
Non-controlling interests	263	248	300	300
Total equity	54,135	43,621	44,150	44,494
Non-current liabilities	280	280	280	280
Current liabilities	8,784	16,826	14,063	12,320
Total liabilities	9,064	17,106	14,343	12,600
Total equity and liabilities	63,199	60,727	58,493	57,094

Historical cash flow

	Audited			Unaudited
	FYE 31 December 2018	FYE 31 December 2019	FYE 31 December 2020	6-month FPE 30 June 2021
	RM'000	RM'000	RM'000	RM'000
Net cash from / (used in)				
Operating activities	(6,407)	(3,839)	(7,190)	(5,928)
Investing activities	(2,328)	(330)	(8,863)	-
Financing activities	44,336	-	14,574	2,159
Net increase / (decrease) in cash and cash equivalents	35,601	(4,169)	(1,479)	(3,769)
Effect of exchange rate changes	(7)	(4)	-	-
Cash and cash equivalents at beginning of the year / period	3,405	38,999	34,826	33,347
Cash and cash equivalents at end of the year / period	38,999	34,826	33,347	29,578

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

(i) 6-month FPE 30 June 2021 vs 6-month FPE 30 June 2020

The Group's revenue for 6-month FPE 30 June 2021 increased by 17.65% to RM2.28 million as compared to RM1.94 million in the previous corresponding period. This was mainly due to higher volume transported by the Group due to higher trade volume in the market.

The Group's GP and GP margin remained relatively unchanged at RM0.22 million and 9.56% respectively in the 6-month FPE 30 June 2021 as compared to RM0.18 million and 9.55% respectively in the previous 6-month FPE 30 June 2020.

The Group recorded a LAT of RM2.28 million in 6-month FPE 30 June 2021 as compared to a LAT of RM7.88 million in the previous corresponding period, representing a decrease of 71.13%. This was mainly due to the absence of one-off impairment of other receivables of RM6.58 million in the previous 6-month FPE 30 June 2020, which arose mainly from the material litigation as set out in Section 8(iii) of Appendix I of this Abridged Prospectus. In turn, this was partly offset by the following:-

- (a) corporate expenses amounting to RM0.68 million incurred mainly for the Corporate Exercises such as professional fees, legal fees and fees payable to the relevant authorities; and
- (b) one-off share option expenses amounting to RM0.24 million incurred arising from the exercise of options granted under an earlier employees' share option scheme of the Company which was terminated on 2 February 2021 ("**Earlier ESOS Options**") in view that the Board does not intend to grant any further options under this employees' share option scheme and intends to replace it with the new ESOS to be implemented after the completion of the Rights Issue with Warrants.

The Group recorded a net decrease in cash and cash equivalents of RM3.77 million for the 6-month FPE 30 June 2021 (6-month FPE 30 June 2020: net increase of RM3.42 million) mainly due to the net cash used in operating activities of RM5.93 million (comprising payment to supplier of RM3.64 million on the slots purchase costs, container handling expenses and the reimbursement fees to shipping agents, other administrative expenses of RM2.29 million such as salaries and directors' fees as well as fees payable to professionals and regulatory authorities). However, this was partly offset by proceeds of RM2.16 million raised from the exercise of Earlier ESOS Options.

(ii) FYE 31 December 2020 vs FYE 31 December 2019

The Group's revenue for FYE 31 December 2020 decreased by 12.66% to RM5.03 million as compared to the previous financial year. This was mainly due to decrease in volume transported by the Group as a result of stiff competition from other regional players.

The Group's GP and GP margin remained relatively unchanged at RM0.43 million and 8.55% respectively in the FYE 31 December 2020 as compared to RM0.57 million and 9.81% respectively in the previous financial year.

The Group recorded a higher LAT of RM15.33 million in FYE 31 December 2020 as compared to a LAT of RM10.43 million in the previous financial year, representing an increase of 47.01%. This was mainly due to the following:-

- (a) one-off impairment of other receivables amounting to RM6.73 million mainly arising from the material litigation as set out in Section 8(iii) of Appendix I of this Abridged Prospectus; and

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

- (b) higher administrative expenses of RM3.30 million (FYE 31 December 2019: RM2.50 million) mainly as a result of corporate exercise expenses incurred for the Previous Private Placement.

In turn, the above was partly offset by a one-off provision of RM6.25 million made in the previous FYE 31 December 2019 in relation to the material litigation as set out in Section 8(ii) of Appendix I of this Abridged Prospectus.

The Group recorded a net decrease in cash and cash equivalents of RM1.48 million in FYE 31 December 2020 (FYE 31 December 2019: net decrease of RM4.17 million) mainly due to the investment in quoted securities of RM9.00 million and net cash used in operating activities of RM7.19 million. However, this was partly offset by the proceeds raised from issuance of Shares pursuant to a private placement exercise previously undertaken by the Company in 2020 and the Previous Rights Issue amounting to RM5.74 million, the exercise of Earlier ESOS Options of RM8.08 million as well as the conversion of existing Warrants B of RM0.75 million.

(iii) FYE 31 December 2019 vs FYE 31 December 2018

The Group's revenue for FYE 31 December 2019 increased by 15.14% to RM5.76 million as compared to the previous financial year. This was mainly due to increase in volume transported by the Group due to higher trade volume in the market.

The Group's GP and GP margin remained relatively unchanged at RM0.57 million and 9.81% respectively in the FYE 31 December 2019 as compared to RM0.46 million and 9.28% respectively in the previous financial year.

The Group recorded a lower LAT of RM10.43 million in FYE 31 December 2019 as compared to a LAT of RM12.08 million in the previous financial year, representing a decrease of 13.69%. This was mainly due to no impairment loss on property, plant and equipment recorded in FYE 31 December 2019 as compared to an impairment loss on property, plant and equipment of RM1.75 million recorded in the previous financial year. Further details of such impairment loss are set out in Section (iii)(a) below.

The Group recorded a net decrease in cash and cash equivalents of RM4.17 million in FYE 31 December 2019 (FYE 31 December 2018: net increase of RM35.60 million) mainly due to net cash used in operating activities of RM3.84 million as well as the purchase of property, plant and equipment of RM0.33 million.

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

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

	High RM	Low RM
<u>2020</u>		
September	0.120	0.070
October	0.090	0.065
November	0.140	0.065
December	0.115	0.070
<u>2021</u>		
January	0.090	0.065
February	0.080	0.055
March	0.080	0.045
April	0.050	0.030
May	0.040	0.030
June	0.045	0.030
July	0.045	0.030
August	⁽¹⁾ 0.405	0.025

Last transacted market price on 22 March 2021, being the last Market Day immediately prior to the first announcement of the Rights Issue with Warrants (RM)	0.065
Last transacted market price on 29 September 2021, being the Market Day immediately prior to the ex-date for the Rights Issue with Warrants (RM)	⁽¹⁾ 0.260
Last transacted market price on the LPD (RM)	⁽¹⁾ 0.210

Note:-

(1) Adjusted pursuant to the Share Consolidation that was completed on 12 August 2021.

(Source: Bloomberg)

6. OPTION TO SUBSCRIBE FOR SHARES

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

- (i) 31,840,224 outstanding Warrants B as at the LPD which entitle the Warrants B holders to subscribe for 1 new Share at an exercise price of RM1.00 per Warrant B at any time until the maturity of the Warrants B on 29 January 2023, subject to the provision of the Deed Poll B.

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

7. MATERIAL CONTRACTS

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

- (i) the JV Agreement entered into between the Company and Sanichi Technology Berhad for the development and operation of a regional e-commerce logistics hub on the land located in Desaru, Johor. Under the JV Agreement, PDZ will provide technical expertise in logistics management, information and communication technology (ICT) infrastructure backbone, obtaining regional port / storage network footprint and shipping route while Sanichi Technology Berhad will be responsible to obtain the operating leases on land from the relevant government agencies and/or own/other land, as well as for the design, construction and the development of logistics hub. The joint venture company will be responsible for the construction and development of the e-commerce logistics hub and the planned capital expenditures are currently estimated to be approximately RM22.5 million.

Pursuant to the JV Agreement, the parties have incorporated a joint venture company on 3 November 2020. As at the LPD, the joint venture company has an issued share capital of RM22.5 million comprising 22,500,000 ordinary shares. Since the signing of the JV Agreement on 30 October 2020, there is no material update or any costs incurred up to the LPD.

Apart from the above, there has been no material update on the project since the signing of the JV Agreement. The parties are currently in the midst of discussion over the building plan and procurement system for the e-commerce logistics hub.

8. MATERIAL LITIGATION

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

- (i) **Court of Appeal Civil Appeal: W-02(NCC)(W)-2514-12/2018**

In May 2014, PDZ 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 PDZ 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 PDZ and in turn they can claim indemnity from JJ (“First Suit”).

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

On 2 December 2014, JJ 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 (“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 claim by JJ against PMB and PDZ, jointly and severally. On 30 November 2016, the High Court struck off JJ’s counter claim (“Striking Off”).

On 16 December 2016, JJ filed an appeal at the Court of Appeal against the Striking Off whereby the Court of Appeal has set aside the Striking Off and ordered that the case be retried at the High Court. The High Court dismissed the counter claim by JJ after full trial whereby JJ has appealed against such dismissal at the Court of Appeal (“Appeal”).

During the hearing on 17 August 2021, the Court of Appeal has dismissed the appeal with cost of RM5,000.00 to be paid by JJ to PDZ.

(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”), which is a former wholly-owned subsidiary of PDZ had commenced an action at the Admiralty Court in Kuala Lumpur (“Admiralty Court”) against Formosa Plastics Marine Corporation (“Formosa”), Eastgate Ventures Sdn Bhd (“Eastgate”), Evra Shipping Lines Sdn Bhd (“Evra”) and Kundang Lakes Country Club Sdn Bhd (“KLCCSB”) seeking, amongst others for the following declarations:-

- (a) that the novation of the charterparties in respect of the vessels, namely MV Formosa Container 5 and MV FPMC Container 10 (collectively, the “Vessels”), 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) that 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 which is payable by Eastgate to Formosa (“Corporate Guarantee to Formosa”).

Prior to the suit, negotiation has occurred between Formosa, PDZSB, PDZ (as the agent of PDZSB), Eastgate and Evra for the formal transfer and novation of the charterparties of the Vessels from PDZSB to Eastgate in which Formosa has imposed amongst others, that the Corporate Guarantee to Formosa be granted by PDZ. The said negotiation led to the Novation. Eastgate subsequently defaulted in payment to Formosa for the (4th) and fifth (5th) hire outstanding as well as the payment for the subsequent (7th) hire of the Vessels. Thereafter, Formosa completely disregarded the arrangement under the Novation and wrongfully demanded for the subsequent (7th) hire of the Vessels from PDZSB.

On 30 December 2016, the Company had completed the disposal of 50,000,000 preference shares and 1,500,000 ordinary shares of RM1.00 each representing the entire share capital in PDZSB, to Salvage Point Ltd. As a result, PDZSB ceased to be subsidiary of the Company. The disposal was completed on 30 December 2016.

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

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 for operational expenses paid by Eastgate to Formosa for and on behalf of PDZSB.

On 2 May 2017, the Admiralty 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. PDZ is not aware of any development on the Singapore Arbitration Proceedings as PDZ has not been served with the notice of Singapore Arbitration Proceedings following disposal of its entire equity interest in PDZSB. As such, to the best of PDZ's knowledge, PDZSB's claims against Formosa remain stayed with no further development at this juncture.

On 31 October 2019, the Admiralty Court gave judgment, amongst others that, the charterparties of the Vessels were not novated under the Novation and further awarded Eastgate's counterclaim against PDZ and its former subsidiary, PDZSB amounting to RM5.2 million, being the operational expenses incurred by Eastgate and its subsidiaries, with interest of RM0.9 million and additional cost of RM0.1 million. The total exposure of RM6.2 million has already been provided for in the financial statements of PDZ for the FYE 31 December 2019.

On 28 November 2019, the Admiralty Court granted a stay of execution of the abovementioned judgement upon the application to stay by PDZ and PDZSB dated 18 November 2019, with a sum of RM1.2 million paid by the Company into a joint stakeholder account and with a private caveat on the Company's office building until conclusion of the hearing and final disposal of the appeal by PDZ and PDZSB to Court of Appeal. As at the LPD, the matter is pending appeal to Court of Appeal whereby a case management has been fixed on 27 October 2021. The solicitors of PDZ opines that PDZ has reasonably good prospects of success in the appeal.

(iii) Court of Appeal Civil Application No. W-02(ADM)-(A)-1034-08-08/2020

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**").

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

Dan-Bunkering's claim against PDZ was for, amongst others, the outstanding principal balance sum of approximately USD484,119.00 (approximately RM2,006,673.25⁽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.

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.

On 3 August 2020, the High Court allowed the appeal by Dan-Bunkering and the matter has been referred for a full trial at the Admiralty High Court of Kuala Lumpur whereby the Admiralty High Court of Kuala Lumpur awarded to Dan-Bunkering the judgement sum of USD484,119.00 (approximately RM2,006,673.25⁽¹⁾), contractual interest of USD108,689.74 (approximately RM450,518.97⁽¹⁾) with accruing interest on the outstanding principal judgement sum at the rate of 2.5% per month from 11 January 2017 until the date of full payment, costs of RM150,000.00 and allocator fee of RM6,000.00. Nonetheless, the total exposure for the Dan-Bunkering's claim of RM4,950,000 has already been provided for during FYE 31 December 2020. Additionally, the Company has made a provision of RM1,782,000 for other receivables from Dan-Bunkering. As such, the total provision made in the financial statements of the Group for the FYE 31 December 2020 in respect of Dan-Bunkering amounted to RM6,732,000.

Note:-

(1) Based on BNM's exchange rate of USD1:RM4.1450 as at the LPD.

On 10 August 2020, PDZ filed an appeal against the said decisions by the Admiralty High Court of Kuala Lumpur. The matter is currently fixed for hearing on 23 November 2021. The solicitors of PDZ opines that PDZ has a good arguable case in 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**"). The Writ in Admiralty Action in Rem did not state the amount to be claimed.

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 8(iii), Appendix I 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. The Statement of Claim did not state the amount to be claimed.

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 8(iii), Appendix I above, in view that the damages claimed by Harbour-Link were caused by the wrongful Arrest of Vessel by Dan-Bunkering. As such, the total exposure cannot be determined at this juncture and hence no sum has been provided for in the financial statements of the Group.

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

(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**”). The Writ in Admiralty Action in Rem did not state the amount to be claimed.

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 8(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. The Statement of Claim did not state the amount to be claimed.

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 8(iii) above, in view that the damages claimed by Shin Yang were caused by the wrongful Arrest of Vessel by Dan-Bunkering. As such, the total exposure cannot be determined at this juncture and hence no sum has been provided for in the financial statements of the Group.

9. CONSENTS

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

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at Third Floor, No. 77, 79 & 81, Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor, Malaysia during normal business hours from Monday to Friday (except public holidays) for a period of 6 months from the date of this Abridged Prospectus:-

- (i) the Constitution of the Company;
- (ii) the Undertakings referred to in Section 3 of this Abridged Prospectus;
- (iii) the IMR Report referred to in Sections 8.2, 8.3, 8.4 and 8.5 of this Abridged Prospectus;
- (iv) the letters of consent referred to in Section 9 of this Appendix I;
- (v) the relevant cause papers in respect of the material litigation referred to in Section 8 of this Appendix I;

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

- (vi) the Deed Poll C; and
- (vii) the material contract referred to in Section 7 of this Appendix I.

11. RESPONSIBILITY STATEMENT

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

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