

THIS ABRIDGED PROSPECTUS (“AP”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY. If you have sold or transferred all your shares in O&C Resources Berhad (*formerly known as Takaso Resources Berhad*) (“OCR” or the “Company”), you should immediately hand this AP together with the Notice of Provisional Allotment (“NPA”) and Rights Subscription Form (“RSF”) (collectively referred to as “Documents”) to the purchaser or transferee or agent/broker through whom you have effected the sale or transfer for onward transmission to the purchaser or transferee. You should address all enquiries concerning the Rights Issue of ICPS with Warrants (as defined herein) to our share registrar, Symphony Share Registrars Sdn Bhd (“Share Registrar”) at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan.

The Documents are only despatched to our shareholders (“Entitled Shareholders”) (other than an authorised nominee who has subscribed for Nominee Rights Subscription service (“NRS”)) whose names appear in our Record of Depositors as at 5.00 p.m. on 15 June 2016 (“Entitlement Date”) at their registered addresses in Malaysia. If you are an authorised nominee who has subscribed for NRS with Bursa Malaysia Depository Sdn Bhd (“Bursa Depository”), an electronic copy of this AP and the Rights Issue Entitlement File will be transmitted to you electronically by Bursa Depository through its existing network facility with the Authorised Nominee (as defined herein). The Documents are not intended to be (and will not be) issued, circulated or distributed in any countries or jurisdictions other than Malaysia. No action has been or will be taken to ensure that the Rights Issue of ICPS with Warrants or the Documents comply with the laws of any countries or jurisdictions other than the laws of Malaysia. The Documents do not constitute an offer, solicitation or invitation to subscribe for the Rights Issue of ICPS with Warrants in any jurisdiction other than Malaysia or to any person to whom it may be unlawful to make such an offer, solicitation or invitation. It shall be the sole responsibility of the Entitled Shareholders and/or their renounees/transferees (if applicable) who are residents in countries or jurisdictions other than Malaysia to consult their legal and/or other professional advisers as to whether their acceptance or renunciation (as the case may be) of his/her entitlement to the Rights Issue of ICPS with Warrants would result in the contravention of any laws of such countries or jurisdictions. Such Entitled Shareholders and/or their renounees/transferees (if applicable) should note the additional terms and restrictions as set out in Section 3 of this AP. Neither our Company nor TA Securities Holdings Berhad (“TA Securities”) shall accept any responsibility or liability whatsoever to any party in the event that any acceptance or sale/renunciation made by the Entitled Shareholders, and/or their renounees/transferees (if applicable) is or shall become illegal, unenforceable, voidable or void in any countries or jurisdictions in which the Entitled Shareholder and/or his renounee/transferee (if applicable) is a resident.

A copy of this AP has been registered with the Securities Commission Malaysia (“SC”). The registration of this AP should not be taken to indicate that the SC recommends the Rights Issue of ICPS with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in this AP. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this AP, together with the NPA and RSF, has also been lodged with the Registrar of Companies who takes no responsibility for the contents of these documents.

Our shareholders have approved the Rights Issue of ICPS with Warrants at the Extraordinary General Meeting held on 16 May 2016. Bursa Malaysia Securities Berhad (“Bursa Securities”) had vide its letter dated 2 February 2016 approved the admission of the ICPS (as defined herein) and Warrants (as defined herein) to the Official List of the Main Market of Bursa Securities and the listing of and quotation for the ICPS, Warrants and the new OCR Shares (as defined herein) to be issued upon the conversion of the ICPS and exercise of the Warrants on the Main Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue of ICPS with Warrants. Admission of the ICPS and Warrants to the Official List of the Main Market of Bursa Securities and the listing of and quotation for the ICPS, Warrants and new OCR Shares to be issued upon conversion of the ICPS and exercise of the Warrants on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue of ICPS with Warrants. Neither Bursa Securities nor the SC takes any responsibility for the correctness of any statement made or opinions expressed in the Documents. The listing of and quotation for the ICPS and Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the Central Depository System accounts of the Entitled Shareholders and/or their renounees/transferees (if applicable) have been duly credited and notices of allotment have been despatched to the Entitled Shareholders and/or their renounees/transferees (if applicable).

Our Board of Directors (“Board”) has seen and approved all the documentation relating to this Rights Issue of ICPS with Warrants. Our Board collectively and individually accepts full responsibility for the accuracy of the information given and confirms that, after having made all reasonable inquiries, and to the best of our Board’s 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.

TA Securities, being the Adviser for the Rights Issue of ICPS with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning the Rights Issue of ICPS with Warrants.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE REFER TO “RISK FACTORS” AS SET OUT IN SECTION 6 HEREIN.



O&C RESOURCES BERHAD
(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD)

(Company No. 440503-K)

(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 735,074,052 NEW IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES OF RM0.05 EACH IN OCR (“ICPS”) ON THE BASIS OF THREE (3) ICPS FOR EVERY ONE (1) EXISTING ORDINARY SHARE OF RM0.25 EACH IN OCR (“OCR SHARE” OR “SHARE”) HELD AS AT 5.00 P.M. ON 15 JUNE 2016 AT AN ISSUE PRICE OF RM0.05 PER ICPS, TOGETHER WITH UP TO 73,507,405 FREE DETACHABLE WARRANTS (“WARRANTS”) ON THE BASIS OF ONE (1) WARRANT FOR EVERY TEN (10) ICPS SUBSCRIBED FOR

Adviser



TA SECURITIES

A MEMBER OF THE TA GROUP

TA SECURITIES HOLDINGS BERHAD (14948-M)
 (A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME

Entitlement date	: Wednesday, 15 June 2016 at 5.00 p.m.
Last date and time for:	
Sale of provisional allotment of ICPS	: Thursday, 23 June 2016 at 5.00 p.m.
Transfer of provisional allotment of ICPS	: Tuesday, 28 June 2016 at 4.00 p.m.
Acceptance and payment	: Friday, 1 July 2016 at 5.00 p.m.*
Excess application and payment	: Friday, 1 July 2016 at 5.00 p.m.*

* or such later date and time as our Board may decide at its absolute discretion and announce not less than two (2) market days before the stipulated date and time

This Abridged Prospectus is dated 15 June 2016

All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this AP unless stated otherwise.

BURSA SECURITIES HAS APPROVED THE ADMISSION OF THE ICPS AND WARRANTS TO THE OFFICIAL LIST OF THE MAIN MARKET OF BURSA SECURITIES AND THE LISTING OF AND QUOTATION FOR THE ICPS, WARRANTS AND THE NEW SHARES TO BE ISSUED PURSUANT TO THE CONVERSION OF THE ICPS AND EXERCISE OF THE WARRANTS ON THE MAIN MARKET OF BURSA SECURITIES AND THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS THE RIGHTS ISSUE OF ICPS WITH WARRANTS.

THE SC AND BURSA SECURITIES ARE NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKE NO RESPONSIBILITY FOR THE CONTENTS OF THIS AP, MAKE NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIM ANY LIABILITY WHATSOEVER FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS AP.

YOU SHOULD RELY ON YOUR 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.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS AP ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT 2007 ("CMSA").

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

WE AND OUR ADVISER HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THIS AP.

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DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this AP and the accompanying appendices:

“5D-VWAP”	: Five (5)-day volume weighted average market price
“Acquisition of MCSB”	: Acquisition of fifty-one percent (51%) equity interest in MCSB from MISB at a cash consideration of RM5.00 million pursuant to the SSA with MISB which was completed on 15 January 2016 As at the LPD, our Company’s equity interest in MCSB is 50.01% pursuant to our Company’s subscription of 4,950 MCSB Shares and MISB’s subscription of 4,950 MCSB Shares on 15 April 2016
“Act”	: Companies Act, 1965
“Amendments”	: Amendments to the Memorandum and Articles of Association of our Company to facilitate the Rights Issue of ICPS with Warrants and the Increase in Authorised Share Capital which took effect on 16 May 2016
“Announcement”	: The announcement of, amongst others, the Rights Issue of ICPS with Warrants dated 19 August 2015
“Announcement LPD”	: 18 August 2015, being the latest practicable date prior to the Announcement
“AP”	: This Abridged Prospectus issued by our Company dated 15 June 2016
“ATM”	: Automated teller machine within Malaysia
“Authorised Nominee”	: A person who is authorised to act as nominee as defined under the Rules of Bursa Depository
“BNM”	: Bank Negara Malaysia
“Board”	: Board of Directors of our Company
“Bursa Depository”	: Bursa Malaysia Depository Sdn Bhd
“Bursa Securities”	: Bursa Malaysia Securities Berhad
“CDS”	: Central Depository System
“Code”	: Malaysian Code on Take-Overs and Mergers 2010
“Conditional LO”	: Conditional letter of offer dated 23 June 2015 to our Company issued by MISB in relation to the Acquisition of MCSB which is no longer conditional
“Conditional SPA”	: Conditional sale and purchase agreement dated 13 August 2015 entered into between TCSB and MIESB to acquire the Melaka Land for a cash consideration of RM9,316,165.00
“Construction Works”	: Specialist works comprising mechanical and electrical works as well as architect, structure and civil works of a block of twenty-one (21) storey commercial building located in Mukim Batu, Wilayah Persekutuan

DEFINITIONS (CONT'D)

“Conversion Period”	: (a) The ICPS may be converted at any time within five (5) years commencing on and including the date of issue of the ICPS up to and including the maturity date, as determined by the Conversion Ratio and Conversion Price (b) Any remaining ICPS that are not converted by the maturity date shall be automatically converted into new OCR Shares at the conversion ratio of ten (10) ICPS to be converted into one (1) new OCR Share
“Conversion Ratio” and “Conversion Price”	: Conversion ratio and conversion price of the ICPS which have been fixed at either ten (10) ICPS to be converted into one (1) OCR Share or a combination of one (1) ICPS and RM0.45 in cash for one (1) OCR Share
“Corporate Exercises”	: Rights Issue of ICPS with Warrants, Diversification, Increase in Authorised Share Capital and Amendments, collectively
“Debt”	: Outstanding amount due by MISB of approximately RM9,927,128.21 in the accounts of MCSB prior to the date of execution of the SSA with MISB and up to the LPD
“Deed Poll”	: The document constituting the Warrants executed by our Company dated 1 June 2016
“DIBS”	: Developer interest bearing scheme
“Director”	: A natural person who holds a directorship in our Company, whether in an executive or non-executive capacity, and shall have the meaning given in Section 4 of the Act and Section 2(1) of the Capital Markets and Services Act 2007
“Diversification”	: Diversification of the business of our Group to include property development business
“Dynavance”	: Dynavance Construction Sdn Bhd
“Earlier Joint Venture Agreement”	: Joint venture agreement dated 29 December 2014 entered into between MISB and MCSB in relation to the Yap Kwan Seng Project which has been substituted by the New Joint Venture Agreement
“EBITDA”	: Earnings before interest, taxation, depreciation and amortisation
“EGM”	: Extraordinary general meeting of our Company held on 16 May 2016
“Electronic Application”	: Application for the ICPS with Warrants through the ATMs of Participating Financial Institution
“Entitled Shareholders”	: Our shareholders whose names appear in our Company’s Record of Depositors on the Entitlement Date
“Entitlement Date”	: 15 June 2016 at 5.00 p.m. being the date and time as at the close of business on which our shareholders must be registered on the Record of Depositors in order to be entitled to the Rights Issue of ICPS with Warrants
“EPS”	: Earnings per OCR Share
“FPE”	: Financial period ended/ending, as the case may be
“FYE”	: Financial year ended/ending, as the case may be

DEFINITIONS (CONT'D)

“GDC”	: Gross development cost
“GDV”	: Gross development value
“GP”	: Gross profit
“GST”	: Malaysian goods and services tax
“H1 2014”	: First half of 2014
“H1 2015”	: First half of 2015
“HLBB”	: Hong Leong Bank Berhad
“ICPS”	: Up to 735,074,052 new irredeemable convertible preference shares to be issued pursuant to the Rights Issue of ICPS with Warrants
“ICPS 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 ICPS with Warrants
“Increase in Authorised Share Capital”	: Increase in the authorised share capital of our Company from RM100,000,000 comprising 400,000,000 OCR Shares to RM500,000,000 comprising 1,600,000,000 OCR Shares and 2,000,000,000 ICPS to facilitate the Rights Issue of ICPS with Warrants which took effect on 16 May 2016
“Internet Application”	: Application for the ICPS with Warrants within Malaysia through an Internet Participating Financial Institution
“Internet Participating Financial Institution”	: Participating financial institution for the Internet Applications as referred to in Section 3.5.3 of this AP
“Issue Price”	: The issue price of RM0.05 per ICPS
“JVA”	: Joint venture agreement dated 1 June 2015 entered into between TDKSB and SSPP in relation to the Kuantan Project
“Kuantan Land”	: A parcel of land held under H.S. (D) 19049, No. PT57721, Bandar Kuantan, Kuantan, Pahang Darul Makmur
“Kuantan Project”	: Proposed mixed development on the Kuantan Land
“LAT”	: Loss after taxation
“LBT”	: Loss before taxation
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities
“LOA”	: Letter of award dated 12 January 2015 from OCR Land appointing Takaso Land to construct and complete the Construction Works
“LPD”	: 23 May 2016, being the latest practicable date prior to the registration of this AP
“LPS”	: Loss per OCR Share
“Market Day”	: A day on which Bursa Securities is open for the trading of securities
“Maximum Scenario”	: Assuming full exercise of Warrants 2011/2016 prior to the Entitlement Date and all Entitled Shareholders fully subscribe for their ICPS entitlements and subsequently convert all the ICPS at the Conversion Ratio of a combination of one (1) ICPS and RM0.45 in cash for one (1) new OCR Share

DEFINITIONS (CONT'D)

“MCSB”	: Masbe Coffee Sdn Bhd, our 50.01%-owned subsidiary
“MCSB Shares”	: Ordinary shares of RM1.00 each in MCSB
“Melaka Land”	: A piece of leasehold land held under Pajakan Negeri No. Hakmilik: 2176, Lot No: 475, Kawasan Bandar XXXIX, Daerah Melaka Tengah, Negeri Melaka
“Melaka Project”	: Proposed mixed development on the Melaka Land
“MIESB”	: Mega Irama Enigma Sdn Bhd
“Minimum Scenario”	: Assuming none of the outstanding Warrants 2011/2016 is exercised into new OCR Shares prior to the Entitlement Date and only the Undertaking Shareholders fully subscribe for their entitlements of the ICPS pursuant to the Undertakings and subsequently convert all the ICPS at the Conversion Ratio of ten (10) ICPS for one (1) new OCR Share
“Minimum Subscription Level”	: Minimum level of subscription of 172,398,300 ICPS together with 17,239,830 Warrants pursuant to the Undertakings
“MISB”	: Makok Intl Sdn Bhd
“NA”	: Net assets attributable to ordinary equity holders of our Company
“New Joint Venture Agreement”	: New joint venture agreement dated 15 January 2016 entered into between MISB and MCSB in relation to the Yap Kwan Seng Project
“NPA”	: Notice of Provisional Allotment in relation to the Rights Issue of ICPS with Warrants
“NRS”	: Nominee Rights Subscription service offered by Bursa Depository, at the request of our Company, to Authorised Nominees for electronic subscription of ICPS with Warrants through Bursa Depository’s existing network facility with the Authorised Nominees
“NTA”	: Net tangible assets
“OCR” or “Company”	: O&C Resources Berhad (<i>formerly known as Takaso Resources Berhad</i>)
“OCR Group” or “Group”	: OCR and our subsidiaries, collectively
“OCR Land”	: OCR Land Holdings Sdn Bhd
“OCR Shares” or “Shares”	: Ordinary shares of RM0.25 each in our Company
“Official List”	: A list specifying all securities listed which have been admitted for listing on the Main Market of Bursa Securities and not removed
“OKC”	: Ong Kim Chong @ Ong Hwee Choo
“OKH”	: Ong Kah Hoe
“OKW”	: Ong Kah Wee
“OYM”	: Ong Yew Ming
“Participating Financial Institution”	: Participating financial institution of Electronic Application as referred to in Section 3.5.2 of this AP
“PAT”	: Profit after taxation
“PBT”	: Profit before taxation

DEFINITIONS (CONT'D)

“Projects”	: Kuantan Project, Yap Kwan Seng Project and Melaka Project, collectively
“Promissory Note”	: A written, signed, unconditional promise to repay the Debt given by MISB to MCSB pursuant to the SSA with MISB whereby MISB promises to repay the Debt owing to MCSB within three (3) years from the date of the promissory note or upon completion of the Yap Kwan Seng Project under the New Joint Venture Agreement, whichever is the later
“Record of Depositors”	: A record of securities holders provided by Bursa Depository under the Rules of Bursa Depository
“Rights Issue 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 entitlements under the Rights Issue of ICPS with Warrants as at the Entitlement Date
“Rights Issue of ICPS with Warrants”	: Renounceable rights issue of up to 735,074,052 ICPS on the basis of three (3) ICPS for every one (1) existing OCR Share held, together with up to 73,507,405 Warrants on the basis of ten (10) Warrants for every one (1) ICPS subscribed at the Entitlement Date
“RM” and “sen”	: Ringgit Malaysia and sen, respectively
“RPGT”	: Real property gains tax
“RSF”	: Rights Subscription Form in relation to the Rights Issue of ICPS with Warrants
“Rules of Bursa Depository”	: Rules of Bursa Depository including the rules in relation to a central depository as described in Section 2 of the SICDA
“SC”	: Securities Commission Malaysia
“SGD”	: Singapore Dollar
“Share Registrar”	: Symphony Share Registrars Sdn Bhd
“Shareholders’ Agreement”	: Shareholders’ agreement dated 15 January 2016 entered into between our Company, MCSB and MISB in relation to the Acquisition of MCSB
“SICDA”	: Securities Industry (Central Depositories) Act, 1991 as amended from time to time and any re-enactment thereof
“SIS”	: The existing share issuance scheme of our Company for the eligible Directors and employees of our Group (excluding our subsidiaries which are dormant), which was implemented on 30 August 2012 and expiring on 29 August 2017
“SSA”	: Conditional share sale agreement dated 1 October 2014 in relation to the acquisition of Dynavance which has been rescinded
“SSA with MISB”	: Share sale agreement dated 30 October 2015 entered into between our Company and MISB in relation to the Acquisition of MCSB
“SSPP”	: SSPP Development Sdn Bhd
“TA Securities” or the “Adviser”	: TA Securities Holdings Berhad
“Takaso Land”	: Takaso Land Sdn Bhd, our wholly-owned subsidiary
“Takaso SC”	: Takaso SC (Thailand) Limited, our wholly-owned subsidiary

DEFINITIONS (CONT'D)

“Takaso SC Shares”	: Ordinary shares of THB1.00 each in Takaso SC
“TCSB”	: Tristar City Sdn Bhd, our wholly-owned subsidiary
“TDKSB”	: Takaso Development (Kuantan) Sdn Bhd, our seventy percent (70%) owned subsidiary company
“TEAP”	: Theoretical ex-all price
“TERP”	: Theoretical ex-rights price
“THB”	: Thai baht
“TPY”	: Tan Poo Yot
“Undertaking Shareholders”	: OCR Land, OKH, TPY, OKC, OKW and OYM, collectively
“Undertakings”	: Irrevocable and unconditional written undertakings dated 18 August 2015 from the Undertaking Shareholders that they will not dispose any of their OCR Shares following the date of Announcement up to the completion of the Rights Issue of ICPS with Warrants and that they will subscribe in full for their entitlements of the ICPS with Warrants pursuant to the Rights Issue of ICPS with Warrants
“UOB”	: United Overseas Bank (Malaysia) Berhad
“Warrants”	: Up to 73,507,405 free detachable warrants to be issued pursuant to the Rights Issue of ICPS with Warrants
“Warrants 2011/2016”	: 32,949,185 outstanding warrants 2011/2016 in our Company as at the LPD as constituted by the deed poll dated 26 July 2011 and will expire on 4 September 2016 (being the day falling five (5) years commencing from and inclusive of the issue date and if such a day is not a market day, on the market day immediately preceding such a day)
“Yap Kwan Seng Land”	: A piece of freehold land located at Geran 34386, Lot 95 Seksyen 43, Bandar Kuala Lumpur, Daerah Kuala Lumpur
“Yap Kwan Seng Project”	: Development of the Yap Kwan Seng Land into a residential, commercial or mixed development

All references to “**our Company**” and/or “**OCR**” in this AP are to O&C Resources Berhad (*formerly known as Takaso Resources Berhad*). All references to “**our Group**” and/or “**OCR Group**” are to OCR and our subsidiaries and references to “**we**”, “**us**” “**our**” and “**ourselves**” are to OCR and where the context does require, shall include our subsidiaries.

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this AP to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this AP shall be reference to Malaysian time, unless otherwise specified.

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CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Address	Age	Nationality	Profession
Tunku Azudinshah Ibni Tunku Annuar (Chairman / Independent Non-Executive Director)	No. 17, Elitis Pinggiran Ancala Valencia 47000 Sungai Buloh Selangor Darul Ehsan	46	Malaysian	Company Director
Ong Kah Hoe (Executive Director)	No. 7 Jalan PJU 1A/54B Damansara Idaman 47301 Petaling Jaya Selangor Darul Ehsan	41	Malaysian	Company Director
Tee Tze Chern, JP (Executive Director)	No. 4 & 5 Lorong Jelawat 2 Taman Sungei Abong 84000 Muar Johor Darul Ta'zim	51	Malaysian	Company Director
Yong Mong Huay (Executive Director)	No. 37 Jalan USJ 6/2H 47610 Subang Jaya Selangor Darul Ehsan	44	Malaysian	Company Director
Tan Ooi Jin (Independent Non-Executive Director)	No. 6 Jalan Kenyalang 11/7A PJU 5, Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	41	Malaysian	Company Director
Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria (Independent Non-Executive Director)	No. 79 Jalan SS 3/43 Seaport 47300 Petaling Jaya Selangor Darul Ehsan	55	Malaysian	Company Director
Hj. Abdullah Bin Abdul Rahman (Independent Non-Executive Director)	No. 6, Jalan Bidai U8/13D Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan	58	Malaysian	Company Director

AUDIT COMMITTEE

Name	Designation	Directorship
Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria	Chairman	Independent Non-Executive Director
Tunku Azudinshah Ibni Tunku Annuar	Member	Chairman / Independent Non-Executive Director
Tan Ooi Jin	Member	Independent Non-Executive Director
Hj. Abdullah Bin Abdul Rahman	Member	Independent Non-Executive Director

COMPANY SECRETARIES

: Lam Sook Ching (MAICSA 7006942)
 Ng Bee Lian (MAICSA 7041392)
 49-B, Jalan Melaka Raya 8
 Taman Melaka Raya
 75000 Melaka
 Tel. no. : 06-281 5300
 Fax. no. : 06-281 5332

CORPORATE DIRECTORY (CONT'D)

REGISTERED OFFICE	:	49-B, Jalan Melaka Raya 8 Taman Melaka Raya 75000 Melaka Tel. no. : 06-281 5300 Fax. no. : 06-281 5332
HEAD/MANAGEMENT OFFICE/ PRINCIPAL PLACE OF BUSINESS	:	8.01, 8th Floor, Persoft Tower 6B, Persiaran Tropicana Tropicana Golf & Country Resort 47410 Petaling Jaya Selangor Darul Ehsan Tel. no. : 03-7806 3003 Fax. no. : 03-7880 4003 Website : www.takaso.com.my E-mail address : corporate@takasoland.com.my
SHARE REGISTRAR	:	Symphony Share Registrars Sdn Bhd Level 6, Symphony House Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan Tel. no. : 03-7849 0777 Fax. no. : 03-7841 8151 / 7841 8152
AUDITORS AND REPORTING ACCOUNTANTS	:	Messrs. Crowe Horwath Chartered Accountant Level 16, Tower C Megan Avenue II 12, Jalan Yap Kwan Seng 50450 Kuala Lumpur Tel. no. : 03-2788 9999 Fax. no. : 03-2788 9998
SOLICITORS FOR THE RIGHTS ISSUE OF ICPS WITH WARRANTS	:	Messrs. Peter Ling & van Geyzel B-19-4, Tower B Northpoint Office Suites Mid Valley City No. 1, Medan Syed Putra 59200 Kuala Lumpur Tel. no. : 03-2282 3080 Fax. no. : 03-2201 9880
PRINCIPAL BANKERS	:	OCBC Bank (Malaysia) Berhad 89, 91 & 93 Jalan SS21/60 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel. no. : 03-7719 9665 Fax. no. : 03-7725 9135 AmBank (M) Berhad Level 3, Menara Ambank No. 8, Jalan Yap Kwan Seng 50450 Kuala Lumpur Tel. no. : 03-2167 3000 Fax. no. : 03-2162 4564

CORPORATE DIRECTORY (CONT'D)

**ADVISER FOR THE RIGHTS ISSUE
OF ICPS WITH WARRANTS** : TA Securities Holdings Berhad
32nd Floor, Menara TA One
22, Jalan P. Ramlee
50250 Kuala Lumpur
Tel. no. : 03-2072 1277
Fax. no. : 03-2026 0127

STOCK EXCHANGE LISTING : Main Market of Bursa Securities

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O&C RESOURCES BERHAD
(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD)

(Company No. 440503-K)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

49-B, Jalan Melaka Raya 8
Taman Melaka Raya
75000 Melaka

15 June 2016

Our Board of Directors:

Tunku Azudinhshah Ibni Tunku Annuar (*Chairman / Independent Non-Executive Director*)
Ong Kah Hoe (*Executive Director*)
Tee Tze Chern, JP (*Executive Director*)
Yong Mong Huay (*Executive Director*)
Tan Ooi Jin (*Independent Non-Executive Director*)
Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria (*Independent Non-Executive Director*)
Hj. Abdullah Bin Abdul Rahman (*Independent Non-Executive Director*)

To: Our Entitled Shareholders

Dear Sir / Madam,

RIGHTS ISSUE OF ICPS WITH WARRANTS

1. INTRODUCTION

Our shareholders had, at the EGM held on 16 May 2016, approved the Rights Issue of ICPS with Warrants.

A certified true extract of the ordinary resolution in relation to the Rights Issue of ICPS with Warrants passed at the EGM is set out in Appendix I of this AP.

On 2 February 2016, Bursa Securities had given its approval for the:

- (i) admission to the Official List of the Main Market of Bursa Securities and the listing of and quotation for the ICPS and Warrants; and
- (ii) listing of and quotation for the new OCR Shares to be issued pursuant to the conversion of the ICPS and the exercise of the Warrants,

on the Main Market of Bursa Securities.

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

	Conditions imposed	Status of compliance
(i)	Our Company and TA Securities, being the principal adviser, must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue of ICPS with Warrants;	To be complied
(ii)	Our Company and TA Securities to inform Bursa Securities upon the completion of the Rights Issue of ICPS with Warrants;	To be complied
(iii)	Our Company and TA Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue of ICPS with Warrants is completed;	To be complied
(iv)	Our Company to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the conversion of the ICPS and/or exercise of the Warrants as at the end of each quarter together with a detailed computation of listing fees payable; and	To be complied
(v)	To incorporate comments from Bursa Securities in respect of the draft circular to our shareholders.	Complied

On 1 June 2016, TA Securities had on our behalf announced that the Entitlement Date has been fixed on 15 June 2016 at 5.00 p.m. and the other relevant dates pertaining to the Rights Issue of ICPS with Warrants.

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

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.

2. DETAILS OF THE RIGHTS ISSUE OF ICPS WITH WARRANTS

The Rights Issue of ICPS with Warrants entails the issuance of up to 735,074,052 ICPS on the basis of three (3) ICPS for every one (1) existing OCR Share held, together with up to 73,507,405 Warrants on the basis of one (1) Warrant for every ten (10) ICPS subscribed for by the Entitled Shareholders at an issue price of RM0.05 per ICPS.

The basis of three (3) ICPS for every one (1) existing OCR Share and one (1) Warrant for every ten (10) ICPS were arrived at after taking into consideration, among others, the following:

- (i) the issue price of the ICPS of RM0.05 each, the details of which are set out in Section 2.1(a) of this AP;
- (ii) the funding requirements and purposes of our Group, the details of which are set out in Section 5 of this AP;
- (iii) the rationale for the Rights Issue of ICPS, with Warrants as set out in Section 4 of this AP; and
- (iv) to ensure compliance with paragraph 6.50 of the Listing Requirements which states that "*all outstanding warrants, where exercised, does not exceed 50% of the issued and paid-up share capital of the listed issuer (excluding treasury shares and before the exercise of the warrants) at all times.*"

The ICPS with Warrants which are not taken up or validly taken up shall be made available for excess applications by the Entitled Shareholders and/or their renounees/transferees (if applicable). It is the intention of our Board to allocate the excess ICPS in a fair and equitable manner on a basis specified under Section 3.8 herein. The entitlements for the ICPS with Warrants are renounceable in full or in part. The Warrants will be immediately detached from the ICPS upon issuance and be separately traded from the ICPS on the Main Market of Bursa Securities. The renunciation of ICPS by the Entitled Shareholders will accordingly entail the renunciation of the Warrants to be issued together with the ICPS pursuant to the Rights Issue of ICPS with Warrants. However, if the Entitled Shareholders decide to accept only part of their ICPS entitlements, they shall be entitled to the Warrants in proportion to their acceptances of the ICPS entitlements. Any unsubscribed ICPS with the attached Warrants shall be offered to other Entitled Shareholders and/or their renounees/transferees (if applicable) under the excess ICPS with Warrants application.

In determining our shareholders' entitlements to the Warrants, any fractional entitlements shall be disregarded and dealt with by our Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of our Company.

As you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisionally allotted ICPS with Warrants, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue of ICPS with Warrants. You will find enclosed with this AP, the NPA notifying you of the crediting of such provisional ICPS with Warrants into your CDS Account and the RSF to enable you to subscribe for the provisional ICPS with Warrants, as well as to apply for the excess ICPS with Warrants if you choose to.

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository, an electronic copy of this AP and the Rights Issue Entitlement File will be transmitted to you electronically by Bursa Depository through its existing network facility with the Authorised Nominees. Please refer to Sections 3.5.4 and 3.8.4 of this AP for the procedures for acceptance as well as to apply for excess ICPS with Warrants, if you choose to do so.

Any dealing in our securities will be subject to the SICDA and the Rules of Bursa Depository. Accordingly, the ICPS with Warrants and new Shares to be issued arising from the conversion of the ICPS and exercise of the Warrants will be credited directly to the respective CDS Accounts of the successful applicants. No physical ICPS certificates and warrant certificates will be issued to the Entitled Shareholders and/or their renounees/transferees, nor will any physical share certificates be issued for new Shares to be issued pursuant to the conversion of the ICPS and the exercise of the Warrants. A notice of allotment will be despatched to the successful applicants within eight (8) Market Days from the last date of acceptance and payment for the Rights Issue of ICPS with Warrants and a notice of allotment will be despatched to the exercising ICPS and/or Warrant holders within eight (8) Market Days after the date of receipt of the subscription form together with the requisite payment (for conversion of ICPS and/or exercise of Warrants) from the date of conversion of ICPS and/or exercise of the Warrants.

2.1 Basis of determining the Issue Price of the ICPS and exercise price of the Warrants

(a) ICPS

The issue price of RM0.05 per ICPS was arrived at after taking into consideration the following:

- (i) the TEAP of RM0.5337 per OCR Share, calculated based on the 5D-VWAP of OCR Shares up to and including the Announcement LPD of RM0.5539;
- (ii) the par value of each OCR Share of RM0.25;
- (iii) the Conversion Ratio and Conversion Price of the ICPS;
- (iv) the rationale for the Rights Issue of ICPS with Warrants, as set out in Section 4 of this AP; and

(v) the funding requirements of our Group, as detailed in Section 5 of this AP.

The Conversion Price of RM0.50 for the ICPS into one (1) OCR Share represents a discount of approximately RM0.0337 or 6.31% to the TEAP of RM0.5337 per OCR Share, calculated based on the 5D-VWAP of OCR Shares up to and including the Announcement LPD of RM0.5539 per OCR Share. The TEAP is based on the conversion ratio of ten (10) ICPS to be converted into one (1) new OCR Share.

The Conversion Price will provide the Entitled Shareholders with an opportunity to further increase their equity participation in our Company at a predetermined price. Please refer to Section 8.3 of this AP for the effects of the Rights Issue of ICPS with Warrants on the consolidated earnings and EPS of our Group. For information purposes only, the 5D-VWAP of OCR Shares as at the LPD was RM0.5837.

The sum of the issue price of the ICPS at RM0.05 each and the Conversion Price of RM0.50 each into one (1) OCR Share (or Conversion Ratio of ten (10) ICPS into one (1) OCR) is RM0.55, which approximates the 5D-VWAP OCR Shares as at the Announcement LPD. It is the intention of our Board to fix the sum of the said issue price and Conversion Price (or Conversion Ratio) to approximate the 5D-VWAP as at the Announcement LPD.

(b) Warrants

The Warrants will be issued at no cost to the Entitled Shareholders who successfully subscribed for the ICPS.

The exercise price of RM0.50 per Warrant was arrived at after taking into consideration the following:

- (i) the TERP of RM0.5415 per OCR Share, calculated based on the 5D-VWAP of OCR Shares up to and including the Announcement LPD of RM0.5539; and
- (ii) the par value of each OCR Share of RM0.25.

The exercise price of RM0.50 per Warrant is at a discount of RM0.0415 or 7.66% to the TERP of RM0.5415 per OCR Share, calculated based on the 5D-VWAP of OCR Shares up to and including the Announcement LPD of RM0.5539 per OCR Share. The TERP is based on the conversion ratio of ten (10) ICPS to be converted into one (1) new OCR Share.

2.2 Salient terms of the ICPS

The salient terms of the ICPS are as follows:

Terms	Details
Issue size	: Up to 735,074,052 ICPS.
Issue price	: RM0.05 per ICPS.
Par value	: RM0.05 per ICPS.

Terms	Details
Dividend rate	<p>: No dividend shall be paid during the tenure of the ICPS, unless otherwise declared by our Company.</p> <p>Our Company shall have the discretion to decide whether to declare any dividend. Dividend, if declared, shall be in priority over all ordinary shares of our Company, where the dividend rate is a non-cumulative preference dividend rate of 5% per annum calculated based on the nominal value of the ICPS, to be declared and payable annually in arrears.</p>
Tenure	: Five (5) years commencing from and inclusive of the date of issue of the ICPS.
Maturity date	: The day immediately preceding the fifth (5 th) anniversary from the date of issue of the ICPS. If such a day falls on a non-market day, then the maturity date would be the preceding market day.
Redemption	: Not redeemable for cash.
Board lot	: For the purpose of trading on Bursa Securities, one (1) board lot of ICPS shall comprise one hundred (100) ICPS, or such other denomination as determined by Bursa Securities from time to time.
Form and denomination	: The ICPS will be issued in registered form and will be constituted by our Company's Memorandum and Articles of Association.
Conversion rights	<p>: (a) Each ICPS carries the entitlement to be converted into new OCR Shares at the Conversion Ratio through the surrender of the ICPS.</p> <p>(b) No adjustment to the Conversion Price shall be made for any declared and unpaid dividends on the ICPS surrendered for conversion.</p> <p>(c) If the conversion results in a fractional entitlement to ordinary shares of our Company, such fractional entitlement shall be disregarded and no refund or credit, whether in the form of the ICPS, cash or otherwise, shall be given in respect of the disregarded fractional entitlement.</p>
Conversion period	<p>: (a) The ICPS may be converted at any time within five (5) years commencing on and including the date of issue of the ICPS up to and including the maturity date, as determined by the Conversion Ratio and Conversion Price.</p> <p>(b) Any remaining ICPS that are not converted by the maturity date shall be automatically converted into new OCR Shares at the conversion ratio of ten (10) ICPS to be converted into one (1) new OCR Share.</p>

Terms	Details
Conversion Ratio* and Conversion Price	: The Conversion Ratio and Conversion Price have been fixed at either ten (10) ICPS to be converted into one (1) new OCR Share or a combination of one (1) ICPS and RM0.45 in cash for one (1) new OCR Share.
Ranking of the ICPS and liquidation preference	: The ICPS shall rank <i>pari passu</i> amongst themselves and shall rank in priority to any other class of shares in the capital of our Company. In the event of liquidation, dissolution, winding-up, reduction of capital or other repayment of capital: <ul style="list-style-type: none"> (a) The ICPS shall confer on the holders the rights to receive in priority to the holders of ordinary shares in our Company, cash repayment in full of the amount of any non-cumulative preferential dividend that has been declared and remaining in arrears. After the payment of any dividends to the holders of ICPS, the remaining assets shall be distributed first to the holders of ICPS in full of the amount which is equal to the issue price for each ICPS, provided that there shall be no further right to participate in any surplus capital or surplus profits of our Company. (b) In the event that our Company has insufficient assets to permit payment of the full issue price to the ICPS holders, the assets of our Company shall be distributed pro rata on an equal priority, to the ICPS holders in proportion to the amount that each ICPS holder would otherwise be entitled to receive.
Ranking of new OCR Shares to be issued pursuant to the conversion of the ICPS	: All new OCR Shares to be issued pursuant to the conversion of the ICPS shall, upon allotment and issuance, rank <i>pari passu</i> in all respects with the existing OCR Shares except that such new OCR Shares shall not be entitled to any dividends, rights, allotments and/or other distribution, the entitlement date of which is prior to the date of allotment and issuance of the new OCR Shares arising from the conversion of the ICPS.

Terms	Details
Adjustment to Conversion Price and Conversion Ratio	<p>The Conversion Price and/or Conversion Ratio will be adjusted at the determination of our Company, in all or any of the following events:</p> <ul style="list-style-type: none"> (a) an alteration to the par value of OCR Shares by reason of consolidation or subdivision; or (b) a bonus issue of fully paid-up ordinary shares by our Company or any other capitalisation issue for accounting purposes; or (c) a capital distribution to shareholders made by our Company whether on a reduction of capital or otherwise, but excluding any cancellation of capital which is loss or unrepresented by assets; or (d) a rights issue of ordinary shares by our Company; or (e) any other circumstances that our Board deems necessary, <p>provided that any adjustment to the Conversion Price will be rounded down to the nearest one sen (RM0.01) and under no circumstances shall any adjustment result in the Conversion Price falling below the par value of OCR Shares. No adjustment to the Conversion Price and/or Conversion Ratio will be made unless the computation has been certified by the external auditors of our Company.</p>
Rights of ICPS holders	<p>ICPS holders are not entitled to any voting right or participation in any rights, allotments and/or other distribution in our Company except in the following circumstances until and unless such holders convert their ICPS into new Shares:</p> <ul style="list-style-type: none"> (a) when the dividend or part of the dividend on the ICPS is in arrears for more than six (6) months; (b) on a proposal to reduce our Company's share capital; (c) on a proposal for sanctioning the sale of the whole of our Company's property, business and undertaking; (d) on a proposal that directly affects their rights and privileges attached to the ICPS; (e) on a proposal to wind-up our Company; and (f) during the winding-up of our Company.
Listing	<p>The ICPS will be listed and traded on the Main Market of Bursa Securities. Approval has been obtained from Bursa Securities for the admission of the ICPS to the Official List of the Main Market of Bursa Securities and the listing of and quotation for the ICPS and the new OCR Shares to be issued pursuant to the conversion of the ICPS on the Main Market of Bursa Securities.</p>

Terms	Details
Transfer	: The ICPS will be transferable only by instrument in writing in the usual or common form or such other form as our Directors and the relevant authorities may approve. As the ICPS will be listed on and traded on the Main Market of Bursa Securities, they will be deposited in a central depository system and will be subject to the rules of such system.
Modification of rights	: Our Company may from time to time with the consent or sanction of all the holders of the ICPS make modifications to the terms of which in the opinion of our Company are not materially prejudicial to the interest of the holders of the ICPS or are to correct a manifest error or to comply with mandatory provisions of the laws of Malaysia and the relevant regulations.
Governing law	: The laws of Malaysia.

Note:

* The rationale of providing two (2) conversion options (as set out in the Conversion Ratio and Conversion Price) is to provide flexibility to the ICPS holders in the conversion of their ICPS over the tenure based on their respective investment strategy as the ICPS holders may convert their ICPS into new OCR Shares at:

- (a) the Conversion Ratio of ten (10) ICPS into one (1) new OCR Share if they do not wish to increase their cash investment in OCR; or
- (b) the Conversion Ratio of a combination of one (1) ICPS and RM0.45 in cash for one (1) new OCR Share if they wish to increase their cash investment in OCR and obtain more OCR Shares.

Please refer to Sections 8.1, 8.2 and 8.3 of this AP for the effects of the Rights Issue of ICPS with Warrants on the issued and paid-up share capital of our Company, NA, NTA and gearing as well as earnings and EPS of our Group, respectively.

2.3 Salient terms of the Warrants

The salient terms of the Warrants are as follows:

Terms	Details
Issue size	: Up to 73,507,405 Warrants.
Form and denomination	: The Warrants which are free will be issued in registered form and will be constituted by the Deed Poll.
Exercise period	: The Warrants may be exercised at any time within five (5) years commencing on and including the date of issuance of the Warrants until 5.00 p.m. on the expiry date. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.
Exercise price	: The exercise price of the Warrants is fixed at RM0.50 each.
Expiry date	: The day falling five (5) years from and including the date of issue of the Warrants, provided that if such day falls on a day which is not a market day, then on the preceding market day.

Terms	Details
Exercise rights	: Each Warrant entitles the registered holder to subscribe for one (1) new OCR Share at any time during the exercise period at the exercise price (subject to adjustments in accordance with the provisions of the Deed Poll).
Mode of exercise	: The registered holder of the Warrants is required to lodge an exercise form, as set out in the Deed Poll, with our Company's registrar, duly completed, signed and stamped together with payment of the exercise price for the new OCR Shares subscribed for by banker's draft or cashier's order or money order or postal order in Ringgit Malaysia drawn on a bank or post office operating in Malaysia.
Board lot	: For the purpose of trading on Bursa Securities, one (1) board lot of Warrant shall comprise one hundred (100) Warrants carrying the right to subscribe for one hundred (100) new OCR Shares at any time during the exercise period, or such other denomination as determined by Bursa Securities from time to time.
Adjustments in the exercise price and/or number of the Warrants	: The exercise price and/or number of unexercised Warrants shall be adjusted in the event of alteration to the share capital by reason of any issue of shares, consolidation, subdivision, conversion or capital distribution in accordance with the provisions of the Deed Poll.
Provision for changes in the terms of the Warrants	: Any modification to the Deed Poll (including the form and content of the global warrant certificate) may be effected only by Deed Poll, executed by our Company and expressed to be supplemental to the Deed Poll, and only if the requirement of Condition 6 of the Deed Poll has been complied with. Any modification shall however be subject to the approval of Bursa Securities (if so required).
Rights of the Warrant holders	: The new OCR Shares arising from the exercise of the Warrants are not entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment and issuance of the new OCR Shares upon the exercise of the Warrants. The Warrant holders are not entitled to any voting rights or participation in any form of distribution and/or offer of securities in our Company until and unless such Warrant holders exercise their Warrants into new OCR Shares.
Rights in the event of winding-up, liquidation, compromise and/or arrangement	: If a resolution is passed for a members' voluntary winding-up of our Company or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of our Company with one or more companies, then: <ul style="list-style-type: none"> (i) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the Warrant holder (or some person designated by them for such purpose by special resolution) shall be a party, the terms of such winding-up, compromise and arrangement shall be binding on all the Warrant holders; and

Terms**Details**

- (ii) in any other case, every Warrant holder shall be entitled upon and subject to the conditions at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of our Company or the granting of the court order approving the compromise or arrangement (as the case may be), to exercise their Warrants by submitting the exercise form duly completed authorising the debiting of his Warrants together with payment of the relevant exercise price to elect to be treated as if he had immediately prior to the commencement of such winding-up exercised the exercise rights to the extent specified in the exercise form(s) and had on such date been the holder of the new Shares to which he would have become entitled pursuant to such exercise and the liquidator of our Company shall give effect to such election accordingly.

Listing status : The Warrants will be listed and traded on the Main Market of Bursa Securities. Approval has been obtained for the admission of Warrants to the Official List of the Main Market of Bursa Securities and the listing of and quotation for the Warrants and the new OCR Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities.

Governing law : The laws of Malaysia.

2.4 Ranking of the new OCR Shares to be issued pursuant to the conversion of the ICPS and/or the exercise of the Warrants

The new OCR Shares to be issued arising from the conversion of the ICPS and/or exercise of the Warrants shall, upon issuance and allotment, rank *pari passu* in all respects with the then existing OCR Shares, save and except that the new OCR Shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment and issuance of the new OCR Shares arising from the conversion of the ICPS and/or exercise of the Warrants.

2.5 Minimum subscription level and shareholders' undertakings

The Rights Issue of ICPS with Warrants will be implemented based on the Minimum Subscription Level. Based on the issue price of RM0.05 per ICPS, our Company will raise minimum gross proceeds of RM8.62 million from the Rights Issue of ICPS with Warrants.

The minimum gross proceeds of RM8.62 million to be raised was determined by our Board after taking into consideration, *inter-alia*, the funding requirements of our Group as set out in Section 5 of this AP.

To meet the Minimum Subscription Level, our Company has obtained written unconditional and irrevocable undertakings dated 18 August 2015 from our Undertaking Shareholders, namely OCR Land, OKH, TPY, OKC, OKW and OYM, that they will not dispose any of their OCR Shares following the Announcement up to the completion of the Rights Issue of ICPS with Warrants and that they will subscribe in full for their entitlements of the ICPS with Warrants, as set out in the table below.

In the event the Minimum Subscription Level is not achieved, our Company will not proceed with the implementation of the Rights Issue of ICPS with Warrants. All subscription monies received pursuant to the Rights Issue of ICPS with Warrants will be refunded without interest and shall be despatched to the subscribing Entitled Shareholders and/or their renounee(s) within fifteen (15) market days from the last date for acceptance and payment for the Rights Issue of ICPS with Warrants.

Details of the Undertakings based on the Minimum Subscription Level are as follows:

Undertaking Shareholders	As at the LPD			
	Direct		Indirect	
	No. of OCR Shares held	%	No. of OCR Shares held	%
OCR Land	31,215,000	14.72	-	-
OKH	16,087,300	7.59	41,378,800 ⁽¹⁾	19.51
TPY	2,600,000	1.23	54,866,100 ⁽²⁾	25.87
OKC	800,000	0.38	56,666,100 ⁽³⁾	26.72
OKW	3,381,900	1.59	54,084,200 ⁽⁴⁾	25.51
OYM	3,381,900	1.59	54,084,200 ⁽⁵⁾	25.51
Total	57,466,100	27.10	N/A	N/A

Undertaking Shareholders	ICPS Entitlement		Warrants Entitlement	
	No. of ICPS	% ⁽⁶⁾	No. of Warrants	% ⁽⁷⁾
OCR Land	93,645,000	54.32	9,364,500	54.32
OKH	48,261,900	27.99	4,826,190	27.99
TPY	7,800,000	4.52	780,000	4.52
OKC	2,400,000	1.39	240,000	1.39
OKW	10,145,700	5.89	1,014,570	5.89
OYM	10,145,700	5.89	1,014,570	5.89
Total	172,398,300	100.00	17,239,830	100.00

Notes:

N/A Not applicable.

- (1) The indirect interests of OKH of 41,378,000 OCR Shares in our Company are via his parents (namely TPY and OKC) as well as his siblings' (namely OKW and OYM) shareholdings and via Kenanga Nominees (Tempatan) Sdn Bhd, pledged securities accounts for OCR Land in which he is deemed interested pursuant to Section 6A of the Act.
- (2) The indirect interests of TPY of 54,866,100 OCR Shares in our Company are via her spouse (namely OKC) as well as her children's (namely OKH, OKW and OYM) shareholdings and via Kenanga Nominees (Tempatan) Sdn Bhd, pledged securities accounts for OCR Land in which she is deemed interested pursuant to Section 6A of the Act.
- (3) The indirect interests of OKC of 56,666,100 OCR Shares in our Company are via his spouse (namely TPY) as well as his children's (namely OKH, OKW and OYM) shareholdings and via Kenanga Nominees (Tempatan) Sdn Bhd, pledged securities accounts for OCR Land in which he is deemed interested pursuant to Section 6A of the Act.
- (4) The indirect interests of OKW of 54,084,200 OCR Shares in our Company are via his parents (namely TPY and OKC) as well as his siblings' (namely OKC and OYM) shareholdings and via Kenanga Nominees (Tempatan) Sdn Bhd, pledged securities accounts for OCR Land in which he is deemed interested pursuant to Section 6A of the Act.
- (5) The indirect interests of OYM of 54,084,200 OCR Shares in our Company are via her parents (namely TPY and OKC) as well as her siblings' (namely OKC and OKW) shareholdings and via Kenanga Nominees (Tempatan) Sdn Bhd, pledged securities accounts for OCR Land in which she is deemed interested pursuant to Section 6A of the Act.

- (6) *Percentages are calculated based on 172,398,300 ICPS available for subscription under the Minimum Subscription Level.*
- (7) *Percentages are calculated based on 17,239,830 Warrants available for subscription under the Minimum Subscription Level.*

OKH, OKW and OYM are the directors and shareholders of OCR Land. OKH, OKW and OYM are siblings and are children of OKC and TPY.

OKC is a shareholder of OCR Land. He is the spouse of TPY and the father of OKH, OKW and OYM.

TPY is a shareholder of OCR Land. She is the spouse of OKC and the mother of OKH, OKW and OYM.

The Undertaking Shareholders have confirmed that they have sufficient financial resources to subscribe for their full entitlements of 172,398,300 ICPS pursuant to the Undertakings. As the Adviser for the Rights Issue of ICPS with Warrants, TA Securities has verified that the Undertaking Shareholders have sufficient financial resources to fulfil the Undertakings under the Minimum Subscription Level.

In view that the Minimum Subscription Level can be achieved via the Undertakings, no underwriting arrangement will be made for the balance of the ICPS with Warrants for which no irrevocable undertaking to subscribe has been obtained.

2.5.1 Take-over implications

(i) Undertaking Shareholders

After taking into consideration of the Undertakings, the subscription of the ICPS by the Undertaking Shareholders will not give rise to any consequences of mandatory general offer obligation pursuant to the Code.

Pursuant to Part III of the Code, a shareholder of our Company and/or persons acting in concert with it/him/her will be obliged to undertake a mandatory general offer for all the remaining OCR Shares and convertible securities not already held by them in the event:

- (a) their shareholdings increase to above thirty-three percent (33%); or
- (b) where their aggregate shareholdings is between thirty-three percent (33%) and fifty percent (50%), an increase by more than two percent (2%) in any six (6) months period.

As at the LPD, the Undertaking Shareholders hold an aggregate of 57,466,100 OCR Shares, representing approximately 27.10% of the total issued and paid-up share capital of our Company. As such, if the Undertaking Shareholders convert their ICPS and/or Warrants into new OCR Shares to the extent of increasing their aggregate shareholdings in our Company to more than thirty-three percent (33%), the Undertaking Shareholders will be obliged under Part III of the Code to undertake a mandatory general offer for all the remaining OCR Shares and convertible securities not already held by the Undertaking Shareholders after the conversion of the ICPS and/or exercise of the Warrants.

The Undertaking Shareholders do not intend to undertake a mandatory general offer to acquire the remaining OCR Shares and convertible securities not already held by them. Hence, the Undertaking Shareholders will monitor closely on the aggregate number of OCR Shares held and/or to be held by them (i.e., including those arising from the conversion ICPS and/or exercise of Warrants). If necessary, the Undertaking Shareholders will seek the relevant exemptions from the SC under the Code prior to the increase in shareholdings. As such, the Undertaking Shareholders have in their Undertakings confirmed that they will observe and comply at all times with the provisions of the Code.

(ii) Directors' previous failure to comply with all the relevant requirements relating to mandatory offer pursuant to the Malaysian Code on Take-Overs and Mergers 1998 ("Code 1998")

The SC had on 5 November 2003 imposed a total fine of RM100,000 towards Up & Famous Sdn Bhd ("UFSB") and parties acting in concert with it ("PACs"), namely:

- (a) Dato' Tee How Cut, PIS, DPTJ, our former Director;
- (b) Tee Tze Chern, JP, our Director;
- (c) Datin Teo Beng Ha, our former Director;
- (d) Tee Bee Leng, PJK, our former Director;
- (e) Lim Kwee Hua, our former Director; and
- (f) Lily Tee, a director of our subsidiaries (namely Takaso Rubber Products Sdn Bhd, Japlo Healthcare Sdn Bhd and Takaso Marketing Sdn Bhd),

for failure to comply with all the relevant requirements relating to the mandatory offer pursuant to Practice Note 2.9.7 of the Code 1998.

Based on the company's statutory records lodged with the Companies Commission of Malaysia as at 30 May 2012, UFSB has been dissolved.

Dato' Tee How Cut, PIS, DPTJ is the spouse of Datin Teo Beng Ha and father of Tee Tze Chern, JP, Tee Bee Leng, PJK and Lily Tee. He is also the father-in-law of Lim Kwee Hua.

Tee Tze Chern, JP is the son of Dato' Tee How Cut, PIS, DPTJ and Datin Teo Beng Ha and the brother of Tee Bee Leng, PJK and Lily Tee. He is also the spouse of Lim Kwee Hua.

Datin Teo Beng Ha is the spouse of Dato' Tee How Cut, PIS, DPTJ and mother of Tee Tze Chern, JP, Tee Bee Leng, PJK and Lily Tee. She is also the mother-in-law of Lim Kwee Hua.

Tee Bee Leng, PJK is the daughter of Dato' Tee How Cut, PIS, DPTJ and Datin Teo Beng Ha. She is the sister of Tee Tze Chern, JP and Lily Tee. She is also the sister-in-law of Lim Kwee Hua.

Lim Kwee Hua is the spouse of Tee Tze Chern, JP and daughter-in-law of Dato' Tee How Cut, PIS, DPTJ and Datin Teo Beng Ha. She is also sister-in-law of Tee Bee Leng, PJK and Lily Tee.

Lily Tee is the daughter of Dato' Tee How Cut, PIS, DPTJ and Datin Teo Beng Ha and sister of Tee Tze Chern, JP and Tee Bee Leng. She is also the sister-in-law of Lim Kwee Hua.

Pursuant to the SC's letter dated 5 November 2003, UFSB, our former substantial shareholder and its PACs must undertake the compensation scheme as specified therein to all remaining shareholders of our Company on 17 January 2002, which was the date, UFSB and its PACs triggered the obligation to extend a mandatory offer under Part II of the Code 1998 pursuant to Practice Note 2.3(2). Further thereto, the SC had, vide its letter dated 7 April 2006, made a decision to impose a moratorium on all the OCR Shares held by UFSB and its PACs as registered owner and/or beneficial owner ("**Moratorium Shares**") with immediate effect ("**Moratorium**"). Under the conditions of Moratorium imposed, UFSB and its PACs are not allowed to sell, transfer or assign the Moratorium Shares until the followings are implemented:

- (i) restricted unconditional mandatory offer by UFSB to acquire the OCR Shares not owned by UFSB and its PACs as at 17 January 2002; and
- (ii) compensation by UFSP to our shareholders as at 17 January 2002, who subsequently sold their OCR Shares at a price lower than RM 1.60 per OCR Share (cum bonus issue and rights issue) or RM 1.06 per OCR Share (ex-bonus issue and rights issue).

SC had on 22 December 2006 filed a civil suit against UFSB and its PACs (hereinafter referred to as "**the Defendants**") in KL High Court Originating Motion on D1-25-27-2006, Suruhanjaya Sekuriti v Up & Famous Sdn Bhd & 6 Others. The Kuala Lumpur High Court made the following Orders on 7 August 2009:

- (i) Within 21 days of being ordered to do so, each of the Defendants, whether by themselves or by their servants or agents, circulate the offer and compensation documents in the form of Exhibit A15 attached to the Affidavit affirmed by Md Noor Bin Abd Rahim and filed in support of the Motion dated 21 December 2006 (subject to updating current information) to all our shareholders;
- (ii) Within 21 days of the deadline imposed in the said offer and compensation document, the Defendants pay the respective portions to all our shareholders who are entitled to receive proceeds of the compensation scheme as listed in Exhibit A22 attached to the Affidavit affirmed by the said Md Noor Bin Abd Rahim;
- (iii) In the event any Defendant fails to comply with the Orders referred to in Paragraphs (i) and (ii) above within the specified period, SC be entitled to take execution proceedings under the Rules of the High Court, 1980, and/or seek leave of the High Court to punish such Defendant for contempt of court for failure to comply orders of the High Court; and
- (iv) The costs of this proceeding shall be borne by the Defendants on the normal basis and such costs to be taxed.

Pursuant to the Order of Kuala Lumpur High Court made on 7 August 2009, UFSB, on behalf of itself and its PACs circulated the offer and compensation document on 28 August 2009 in accordance to with Paragraph 1 of the court order to qualified shareholders who are the registered shareholders of our Company as at 5.00 p.m. on 17 January 2002 other than the Defendants.

On 27 October 2009, UFSB, on behalf of itself and its PACs announced, through our Company, that it has received acceptance for 171,201 OCR Shares representing 0.41% of the then issued and paid-up share capital of our Company for the unconditional mandatory offer, of which 166,701 OCR Shares were pending verification.

Subsequently, UFSB had on 12 November 2009 and 13 November 2009 made payment to the following:

	Number of OCR Shares	Amount (RM)
Number of OCR Shares approved for acceptance of offer	4,500	4,770
Number of OCR Shares approved for compensation to claimants who sold any OCR Shares held as at 5.00 p.m. on 17 January 2002 at a price lower than RM1.60 per OCR Share (if the OCR Shares were sold cum bonus issue and rights issue) and/or RM1.06 per OCR Share (if the OCR Shares were sold ex-bonus issue and rights issue)	52,500	24,780
	57,000	29,550

Nonetheless, the abovementioned failure by Tee Tze Chern, JP and Lily Tee to comply with all the relevant requirements relating to the mandatory offer pursuant to Practice Note 2.9.7 of the Code 1998 will not have any impact on this AP as they did not take part as undertaking shareholders to subscribe for the ICPS with Warrants and:

- (i) as at the LPD, Tee Tze Chern, JP's shareholding is negligible (i.e., holds 88 OCR Shares); and
- (ii) as at the LPD, Lily Tee does not hold any OCR Shares and did not take part as undertaking shareholders to subscribe for the ICPS with Warrants.

In addition, our Company had on 13 September 2011 completed a renounceable rights issue of shares with warrants.

Further thereto, our Company has informed Tee Tze Chern, JP and Lily Tee and they have agreed that they (individually and collectively) will observe and comply at all times with the provisions of the Code.

Tee Tze Chern, JP and Lily Tee have also acknowledged that in the event their respective shareholding and/or the aggregate shareholdings of theirs and persons acting in concert with them in our Company increase to above thirty-three percent (33%) or increase by more than two percent (2%) in any six (6) months period, the persons acting in concert with them and/or themselves are obliged under Part III of the Code to undertake a mandatory general offer for all the remaining OCR Shares and convertible securities in OCR not already held by them, unless an exemption for the mandatory general offer is obtained.

Please refer to Section 6.1(iii) of this AP for further details on the risk of the Directors' previous failure to comply with all the relevant requirements relating to mandatory offer pursuant to the Code 1998.

2.6 Details of other corporate exercises

As at the LPD, save as disclosed below and for the Rights Issue of ICPS with Warrants, there is no other outstanding corporate proposal which has been announced but pending completion:

- (i) TCSB had on 13 August 2015 entered into the Conditional SPA with MIESB to acquire the Melaka Land for a cash consideration of RM9,316,165.00. The Melaka Land is expected to be developed into a mixed development project. Subsequently, MIESB had on 25 November 2015 fulfilled the conditions precedent following the obtainment of the state authority's consent approving the transfer of the Melaka Land in favour of TCSB. The said transaction is expected to be completed in the third (3rd) quarter of 2016. There will be a cash outflow for the payment of the balance purchase consideration of RM7,919,000, which will be funded via internally-generated funds;
- (ii) Our Company had on 29 September 2015 entered into a conditional share sale agreement with Tan Teck Ang and Chen Ling Wah to acquire 125,000 ordinary shares of RM1.00 each in A.W. Impian Land Sdn Bhd for a cash consideration of RM6,000,000. The said acquisition is expected to be completed in the second (2nd) half of 2016. There will be a cash outflow for the payment of the cash consideration of RM6,000,000, which will be funded via internally-generated funds; and
- (iii) our Company had on 2 October 2015 accepted a conditional letter of intent dated 22 September 2015 from Lay Hong Berhad to acquire 200,000 Takaso SC Shares, being 100% of the issued and paid-up share capital of Takaso SC.

Subsequently, our Company had on 4 February 2016 entered into a shares sale agreement with Lay Hong Berhad, OKH, Yong Mong Huay and Su Seong Yeen for the disposal of 200,000 Takaso SC Shares for a cash consideration of RM8,500,000.00.

Our Company had on 13 May 2016 entered into a supplemental agreement with Lay Hong Berhad, OKH, Yong Mong Huay and Su Seong Yeen to reflect the deletion of "clause 4.2 –payment of consideration" in the shares sale agreement dated 4 February 2016 and replace it with a new payment schedule. The said disposal is expected to be completed in the third (3rd) quarter of 2016. There will be a cash inflow upon our receipt of the disposal consideration of RM8,500,000.

3. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION FOR THE RIGHTS ISSUE OF ICPS WITH WARRANTS

3.1 General

As you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisional ICPS with Warrants which you are entitled to subscribe for in full or in part, under the terms of the Rights Issue of ICPS with Warrants. You will find enclosed with this AP, the NPA notifying you of the crediting of such provisional ICPS with Warrants into your CDS Account and the RSF to enable you to subscribe for the provisional ICPS with Warrants, as well as to apply for excess ICPS with Warrants 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 AP and the Rights Issue Entitlement File will be transmitted to you electronically by Bursa Depository through its existing network facility with the Authorised Nominee. Please refer to Sections 3.5.4 and 3.8.4 of this AP for the procedures for acceptance as well as to apply for excess ICPS with Warrants, if you choose to do so.

3.2 NPA

The provisionally allotted ICPS with Warrants are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in the provisional ICPS with Warrants will be by book entries through the CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. You and/or your renounees/transferees (if applicable) are required to have valid and subsisting CDS Accounts when making your applications.

3.3 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the provisional ICPS with Warrants is at **5.00 p.m. on 1 July 2016**, or such extended date and time as our Board may decide at its absolute discretion. Where the closing date of the acceptance is extended from the original closing date, the announcement of such extension will be made not less than two (2) Market Days before the original closing date.

3.4 Methods of application

You may subscribe for such number of ICPS with Warrants that you have been provisionally allotted as well as to apply for excess ICPS with Warrants, if you so choose, using either of the following methods:

<u>Method of application</u>	<u>Category of Entitled Shareholders</u>
RSF ⁽¹⁾	All Entitled Shareholders
Electronic Application ⁽²⁾ or Internet Application ⁽³⁾	All Entitled Shareholders
NRS	Authorised Nominee who has subscribed for NRS

Notes:

- (1) A copy of the RSF is enclosed together with this AP. The RSF is also available on the website of Bursa Securities (<http://www.bursamalaysia.com>).
- (2) The following surcharge per Electronic Application will be charged by the Participating Financial Institution:
 - Public Bank Berhad – RM4.24 (inclusive of 6% GST); and
 - Affin Bank Berhad – RM4.24 (inclusive of 6% GST);
- (3) The following processing fee per Internet Application will be charged by the respective Internet Participating Financial Institution:
 - Public Bank Berhad (<http://www.pbebank.com>) – RM4.24 (inclusive of 6% GST); and
 - Affin Bank Berhad (<https://www.affinbank.com.my>) – RM4.24 (inclusive of 6% GST).

3.5 Procedure for full acceptance and payment by Entitled Shareholders and acceptance by renounees/transferees

3.5.1 By way of RSF

If you wish to accept your entitlement to the provisional ICPS with Warrants, the acceptance of and payment for the provisional ICPS with Warrants must be made on the respective RSF enclosed with this AP 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 AP, the NPA or the RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

Renouncees/Transferees who wish to accept the provisional ICPS with Warrants must obtain a copy of the RSF from their stockbrokers or our Share Registrar or at our Registered Office or from the Bursa Securities' website at <http://www.bursamalaysia.com> and complete the RSF and submit the same together with the remittance to our Share Registrar in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders also applies to renouncees/transferees who wish to accept the provisional ICPS with Warrants.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ICPS WITH WARRANTS, EXCESS APPLICATION FOR THE ICPS WITH WARRANTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL/TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS AP AND THE ACCOMPANYING RSF.

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

If you wish to accept your entitlement/acceptance, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions provided in the RSF. Thereafter, please send each completed and signed RSF together with the relevant payment by using the envelope provided (at your own risk) to our Share Registrar by **ORDINARY POST** or **DELIVERED BY HAND AND/OR COURIER** at the following address:

**FOR DELIVERY BY HAND
AND/OR COURIER:**

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Tel. no.: 03-7849 0777
Fax no.: 03-7841 8151/8152

FOR ORDINARY POST:

Symphony Share Registrars Sdn Bhd
Peti Surat 9150
Pejabat Pos Kelana Jaya
46785 Petaling Jaya
Selangor Darul Ehsan
Malaysia

so as to arrive **not later than 5.00 p.m. on 1 July 2016**, being the last time and date for acceptance and payment, or such extended time and date as may be determined and announced by our Board.

One (1) RSF can only be used for acceptance of provisional ICPS with Warrants standing to the credit of one (1) CDS Account. Separate RSF(s) must be used for separate CDS Account(s). If successful, the ICPS with Warrants subscribed for will be credited into your CDS Account(s) as stated in the completed RSF(s).

A reply envelope is enclosed in this AP. In order to facilitate the processing of the RSF by our Share Registrar for the ICPS with Warrants, you are advised to use one (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 ICPS and Warrants comprises one hundred (100) ICPS and one hundred (100) Warrants, respectively. Successful applicants of the ICPS will be given the Warrants on the basis of one (1) Warrant for every ten (10) ICPS successfully subscribed for. The minimum number of security that can be subscribed for or accepted is three (3) ICPS for every one (1) existing OCR Share held. The minimum number of Warrant that can be issued and allotted with the accepted ICPS is one (1) Warrant.

If acceptance of and payment for the provisional ICPS with Warrants is not received by our Share Registrar by **5.00 p.m. on 1 July 2016**, being the last time and date for acceptance of and payment for the provisional ICPS with Warrants, or any other extended date and time as may be determined and announced by our Board, you will be deemed to have declined the provisional entitlement made to you and it will be cancelled. In the event that the ICPS with Warrants are not fully taken up by such applicants, our Board will then have the right to allot such ICPS with Warrants to the applicants who have applied for the excess ICPS with Warrants in the manner as set out in Section 3.8 of this AP. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar. Our Board reserves the right not to accept any application or to accept any application in part only without providing any reason.

If you lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies from your stockbrokers, Bursa Securities' website at <http://www.bursamalaysia.com>, our Share Registrar at the address stated above or our 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 "OCR RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, CONTACT NUMBER AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF. NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE OF ICPS WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR ICPS WITH WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO THEM OR THEIR RENOUNCEES/TRANSFEREES (IF APPLICABLE) AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE OF ICPS WITH WARRANTS.

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

WHERE AN APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE OF ICPS WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN ON BURSA DEPOSITORY'S RECORD OF DEPOSITORS AT THE APPLICANTS' OWN RISK.

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

3.5.2 By way of Electronic Application

Please read carefully and follow the terms of this AP, the procedures, terms and conditions for Electronic Application and the procedures set out at the ATMs of the Participating Financial Institution before making an Electronic Application.

(i) Steps for Electronic Applications through a Participating Financial Institution's ATM within Malaysia

The procedures for Electronic Applications at the ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions ("**Steps**"). For illustration purposes, the procedures for Electronic Applications at ATMs are set out below. The Steps set out the actions that you must take at the ATM to complete an Electronic Application. Please read carefully the terms of this AP, the Steps and the Terms and Conditions for Electronic Applications set out below before making an Electronic Application:

- (a) You must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account. An ATM card issued by one of the Participating Financial Institution cannot be used to apply for the ICPS at an ATM belonging to other Participating Financial Institutions;
- (b) You are advised to read and understand this AP **BEFORE** making the application; and
- (c) You shall apply for the ICPS with Warrants via the ATM of the Participating Financial Institution by choosing the Electronic Application option. Mandatory statements required in the application are as set out in "**Terms and conditions for Electronic Applications**" (please refer to Section 3.5.2(iii) below). You shall enter at least the following information through the ATM when the instructions on the ATM screen requires you to do so:
 - Personal Identification Number ("**PIN**");
 - Select OCR Rights Issue;
 - CDS Account number;
 - Number of ICPS with Warrants applied for and/or the RM amount to be debited from the account;
 - Current contact number (for e.g. your mobile phone number); and
 - Confirmation of several mandatory statements.

Upon the completion of your Electronic Application transaction, 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 our Company or the Share Registrar. The Transaction Record is for your record and is not required to be submitted with your application.

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 INSTITUTION, 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.

(ii) Participating Financial Institution

Electronic Applications may be made through an ATM of the following Participating Financial Institutions and their branches within Malaysia:

- Public Bank Berhad
- Affin Bank Berhad

(iii) Terms and conditions of Electronic Applications

The Electronic Application shall be made on, and subject to, the terms of this AP, 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 (by pressing pre-designated keys or buttons on the ATM keyboard) and undertake that the following information given are true and correct:
 - (i) You have attained 18 years of age as at the last day for application and payment;
 - (ii) You have read the relevant AP and understood and agreed with the terms and conditions of the application; and
 - (iii) You hereby give consent to our Company, Bursa Depository, our 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 at the ATM unless you complete all the steps required by the Participating Financial Institutions. 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 of the 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 ICPS with Warrants 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 screen of the ATM 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 ICPS 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) on the ATM) of the number of ICPS with Warrants applied for shall signify, and shall be treated as, your acceptance of the number of ICPS with Warrants 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, requests and authorises our Company to credit the ICPS with Warrants 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 our Company, our Share Registrar, the Participating Financial Institutions or Bursa Depository and irrevocably agrees that if:
 - (i) Our Company, our Share Registrar or Bursa Depository does not receive your Electronic Application; or
 - (ii) Data relating to your Electronic Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our 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 our Company, our Share Registrar, the Participating Financial Institutions or Bursa Depository for the ICPS with Warrants applied for or for any compensation, loss or damage relating to the application for the ICPS with Warrants.

- (g) All of your particulars, including your nationality and place of residence, in the records of the relevant Participating Financial Institution at the time you make your Electronic Application shall be true and correct, and our Company, our Share Registrar, the relevant Participating Financial Institution 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 Institution 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:

- (i) In consideration of our Company agreeing to allow and accept your application for the ICPS with Warrants via the Electronic Application facility established by the Participating Financial Institution at their respective ATMs, your Electronic Application is irrevocable and cannot be subsequently withdrawn;
- (ii) Our Company, the Participating Financial Institutions, Bursa Depository and our 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 to any cause beyond our control;
- (iii) Notwithstanding the receipt of any payment by or on behalf of our Company, the notice of successful allocation for prescribed securities issued in respect of the ICPS with Warrants 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 ICPS with Warrants; and
- (iv) You agree that in relation to any legal action, proceedings or dispute arising out of or in relation with the contract between the parties and/or 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) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.
- (k) Notification on the outcome of your application for the ICPS with Warrants 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:
 - (i) successful application – a notice of allotment will be despatched within eight (8) Market Days from the last day for application and payment for the ICPS with Warrants; or
 - (ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the ICPS with Warrants.

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 3.5.2(iii) of this AP 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.

3.5.3 By way of Internet Application

Please read carefully and follow the terms of this AP, the procedures, terms and conditions for Internet Application and the procedures set out on the internet financial services website of the Internet Participating Financial Institution before making an Internet Application.

(i) Step 1: Set up of account

Before making an application by way of Internet Application, you **must have all** of the following:

- (a) an existing account with access to internet financial services with **Public Bank Berhad** at <http://www.pbebank.com> or **Affin Bank Berhad** at <http://www.affinbank.com.my>. Accordingly, you will need to have your user identification and PIN/password for the internet financial services facility; and
- (b) a CDS Account held in your name.

(ii) Step 2: Read the AP

You are advised to read and understand this AP **BEFORE** making your application.

(iii) Step 3: Apply through Internet

While we will attempt to provide you with assistance in your application for the ICPS with Warrants through Internet Applications, please note that the actual steps for Internet Applications through the internet financial services website of a particular Internet Participating Financial Institution may differ from the steps outlined below. The possible steps set out below are purely for illustration purposes only:

- (a) Connect to the internet financial services website of the Internet Participating Financial Institution with which you have a bank account;
- (b) Log in to the internet financial services facility by entering your user identification and PIN/password;
- (c) Navigate to the section of the website on applications in respect of the ICPS with Warrants;
- (d) Select the counter in respect of the ICPS with Warrants to launch the terms and conditions of the Internet Application;
- (e) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions;
- (f) At the next screen, complete the online application form;
- (g) Check that the information contained in your online application form, such as the share counter (in this case, OCR Rights Issue Account), your current contact number (for e.g. your mobile phone number), your CDS Account number, number of ICPS with Warrants applied for, the amount of payment of subscription monies, the payment of bank charges and the account number to debit are correct. Then select confirm and submit the online application form;

- (h) As soon as the transaction is completed, a message from the Authorised Financial Institution (as defined below) with details of your application appear on the screen of the website; and
- (i) You are advised to print out the confirmation screen for your reference and record.

(iv) Terms and conditions of Internet Applications

The Internet Application shall be made on, and subject to, the terms of this AP, as well as the terms and conditions of the Internet Participating Financial Institution and those appearing herein:

- (a) After selecting the designated hyperlink on the screen, you are required to confirm and undertake that the following information given are true and correct:
 - (i) You have attained 18 years of age as at the last day for application and payment;
 - (ii) You have, prior to making the Internet Application, received and/or have had access to a printed/electronic copy of this AP, the contents of which you have read and understood;
 - (iii) You agree to all the terms and conditions of the Internet Application as set out in this AP and have carefully considered the risk factors set out in this AP, in addition to all other information contained in this AP, before making the Internet Application;
 - (iv) You authorise the financial institution with which you have a bank account to deduct the full amount payable for the ICPS with Warrants (including the processing fee as mentioned in Section 3.4 (Note 3) of this AP) from your bank account with the said financial institution ("**Authorised Financial Institution**"); and
 - (v) You hereby give consent in accordance with the relevant laws of Malaysia (including Section 134 of the Financial Services Act, 2013 and Section 45(1)(a) of the SICDA) for the disclosure by our Company, Bursa Depository, our Share Registrar, the relevant Internet Participating Financial Institution, their respective agents and any third party involved in facilitating the application/refund, of information pertaining to yourself, the Internet Application made by you, your account with the Internet Participating Financial Institutions and/or the Authorised Financial Institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the application/refund.
- (b) You confirm that you are not applying for the ICPS with Warrants as a nominee of any other person and that the Internet Application is made in your own name, as beneficial owner and subject to the risks referred to in this AP.
- (c) You agree and undertake to subscribe for or purchase and to accept the number of ICPS with Warrants applied for as stated on the Confirmation Screen in respect of your Internet Application. Your confirmation of the number of ICPS with Warrants applied for shall signify, and shall be treated as, your acceptance of the number of ICPS with Warrants that may be allotted to you.

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

- (d) By making and completing your Internet Application, you, if successful, requests and authorises our Company to credit the ICPS with Warrants allotted to you into your CDS Account.
- (e) You acknowledge that your Internet 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 our Company, our Share Registrar, the Internet Participating Financial Institutions or Bursa Depository and irrevocably agrees that if:
 - (i) Our Company, our Share Registrar or Bursa Depository does not receive your Internet Application; or
 - (ii) Data relating to your Internet Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our Share Registrar or Bursa Depository,

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

- (f) All of your particulars, including your nationality and place of residence, in the records of the relevant Internet Participating Financial Institution at the time you make your Internet Application shall be true and correct, and our Company, our Share Registrar, the relevant Internet Participating Financial Institution and Bursa Depository shall be entitled to rely on the accuracy thereof.
- (g) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Internet Participating Financial Institution are correct and identical. Otherwise, your Internet 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.
- (h) By making and completing an Internet Application, you agree that:
 - (i) In consideration of our Company agreeing to allow and accept your application for the ICPS with Warrants via the Internet Application facility established by the Internet Participating Financial Institutions at their respective internet financial services website, your Internet Application is irrevocable and cannot be subsequently withdrawn;
 - (ii) Our Company, the Internet Participating Financial Institutions, Bursa Depository and our Share Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Internet Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;
 - (iii) Notwithstanding the receipt of any payment by or on behalf of our Company, the notice of successful allocation for prescribed securities issued in respect of the ICPS with Warrants for which your Internet Application has been successfully completed is the only confirmation for the acceptance of this offer to subscribe for and purchase the said ICPS with Warrants; and

- (iv) You agree that in relation to any legal action, proceedings or dispute arising out of or in relation with the contract between the parties and/or the Internet 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.
- (i) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.
- (j) Notification on the outcome of your application for the ICPS with Warrants 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:
 - (i) successful application – a notice of allotment will be despatched within eight (8) Market Days from the last day for application and payment for the ICPS with Warrants; or
 - (ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the ICPS with Warrants.

The refund will be credited directly into your bank account with the Authorised Financial Institution from which payment of your subscription monies was made. Kindly take note of the terms and conditions as stated in Section 3.5.3(iv) of this AP and the required consent in making your Internet Application.

If the crediting of the refund into your bank account with the Authorised Financial Institution from which payment of your subscription monies 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.

- (k) A surcharge is imposed on each Internet Application which will be charged by the Internet Participating Financial Institution as mentioned in Section 3.4 (Note 3) of this AP.
- (l) You authorise the Internet Participating Financial Institutions to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, Bursa Securities or other relevant parties in connection with the Rights Issue of ICPS with Warrants, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institutions, necessary for the provision of the Internet Application services or if such disclosure is requested or required in connection with the Rights Issue of ICPS with Warrants. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information furnished by you to the Internet Participating Financial Institutions in connection with the use of the Internet Application services.

3.5.4 By way of NRS

Our Company has appointed Bursa Depository to provide NRS to our shareholders who are Authorised Nominees. Only our 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 AP, 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 AP, the RSF nor the NPA by post.
- (b) Instead, this AP and a Rights Issue 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 AP and the Rights Issue 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 AP, **BEFORE** making the application.
- (e) You may accept, on behalf of your client, partially or fully, their respective allocation under the Rights Issue of ICPS with Warrants.
- (f) To apply for the ICPS with Warrants, you will be required to submit your subscription information via a ICPS 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 ICPS Subscription File to Bursa Depository at any time daily before 5.00 p.m., but in any event no later than the last day and time for acceptance and payment.
- (h) Together with the ICPS Subscription File, you will also need to submit a confirmation to Bursa Depository of the following information:
 - (i) Confirmation that you have, prior to making the application via NRS, received and/or had access to the electronic copy of this AP, the contents of which you have read, understood and agreed; and
 - (ii) Consent to the disclosure of your information to facilitate electronic refunds where applicable.
- (i) With regards to payment for the ICPS with Warrants which you have applied for, you must transfer the amount payable directly to our bank account, the details of which are as follows:

Bank: **PUBLIC BANK BERHAD**
Account Name: **OCR RIGHTS ISSUE ACCOUNT**
Bank Account No.: **3201-2332-01**

prior to submitting the ICPS Subscription File to Bursa Depository.

- (j) Upon completion of the transfer/payment, you may receive a transaction slip (“**Transaction Record**”) from the transacting financial institution confirming the details of your transfer/payment. The Transaction Record 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 our Company or Bursa Depository. The Transaction Record 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 ICPS with Warrants electronically within the timelines as stated below. No physical notice of allotment will be mailed to you.
 - (i) successful application – an electronic notification will be sent to you within eight (8) Market Days from the last day for application and payment for the ICPS with Warrants; or
 - (ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the ICPS with Warrants.

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 Section 3.5.4(ii)(a) of this AP 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 ICPS 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 ICPS with Warrants 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 ICPS with Warrants submitted under NRS will be irrevocable upon submission of the ICPS 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 AP, 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 of the Financial Services Act, 2013 and Section 45(1)(a) of the SICDA, to the disclosure by our Company, Bursa Depository, our 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 ICPS with Warrants applied for as stated on your ICPS Subscription File in respect of your application via NRS. Your application shall signify, and shall be treated as, your acceptance of the number of ICPS with Warrants that may be allotted to you.
- (c) You acknowledge that by completing and submitting the ICPS Subscription File to Bursa Depository, you, if successful, requests and authorises our Company to credit the ICPS with Warrants allotted to you into the respective CDS Account(s) as indicated in the ICPS 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 our Company, our Share Registrar, the relevant financial institution or Bursa Depository, and irrevocably agree that if:
 - (i) our Company, our Share Registrar or Bursa Depository does not receive your application via NRS; or
 - (ii) the data relating to your application via NRS is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our Share Registrar or Bursa Depository,you shall be deemed not to have made your application and you shall not make any claim whatsoever against our Company, Bursa Depository, our Share Registrar or the relevant financial institution for the ICPS with Warrants applied for or for any compensation, loss or damage relating to the application for the ICPS with Warrants.
- (e) By completing and submitting the ICPS Subscription File to Bursa Depository, you agree that:
 - (i) In consideration of our Company agreeing to allow and accept your application for the ICPS with Warrants via the NRS facility established by Bursa Depository, your application via NRS is irrevocable and cannot be subsequently withdrawn;
 - (ii) Our Company, the relevant financial institutions, Bursa Depository and our 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 our control;

(iii) Notwithstanding the receipt of any payment by or on behalf of our Company, the electronic notification of allotment in respect of the ICPS with Warrants issued is the only confirmation for the acceptance of this offer to subscribe for and purchase the said ICPS with Warrants; and

(iv) 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.

(f) Our Share Registrar and Bursa Depository, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.

3.6 Procedure for part acceptance by Entitled Shareholders and/or renouncees/transferees

3.6.1 By way of RSF

You must complete both Part I(A) of the RSF by specifying the number of the ICPS with Warrants which you are accepting and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the manner set out in Section 3.5.1 of this AP.

3.6.2 By way of Electronic Application and Internet Application

If you are an individual who is an Entitled Shareholder and wish to accept part of your provisional ICPS with Warrants via Electronic Application or Internet Application, you may do so by following the same steps as set out in Sections 3.5.2 and 3.5.3, respectively of this AP.

3.6.3 By way of NRS

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository who is an Entitled Shareholder and wish to accept part of your provisional ICPS with Warrants, you may do so by following the same steps as set out in Section 3.5.4 of this AP.

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

3.7 Procedure for sale/transfer of provisional ICPS with Warrants

As the provisional ICPS with Warrants are prescribed securities, you may dispose of or transfer all or part of your entitlement to the ICPS with Warrants to one (1) or more person(s) through your stockbrokers without first having to request for a split of the provisional ICPS with Warrants standing to the credit of your CDS Accounts. To dispose or transfer all or part of your entitlement to the provisional ICPS with Warrants, you may sell such entitlement in the open market or transfer such entitlement to such persons as may be allowed pursuant to the Rules of Bursa Depository. If you have sold or transferred only part of the provisional ICPS with Warrants, you may still accept the balance of the provisional ICPS with Warrants by completing Parts I(A) and II of the RSF. Please refer to Section 3.5 of this AP for the procedure, acceptance and payment.

In disposing/transferring all or part of your provisionally ICPS with Warrants, you need not deliver any document including the RSF, to any stockbroker. However, you must ensure that there is sufficient provisional ICPS with Warrants standing to the credit of your CDS Accounts that are available for settlement of the sale or transfer.

3.8 Procedure for application of excess ICPS with Warrants

3.8.1 By way of RSF

You and/or your renounees/transferees (if applicable) who accepted the provisional ICPS with Warrants may apply for excess ICPS with Warrants by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forward it (together with a separate remittance for the full amount payable in respect of the excess ICPS with Warrants applied for) to our Share Registrar **not later than 5.00 p.m. on 1 July 2016**, being the last time and date for acceptance and payment, or such extended time and date as may be determined and announced by our Board.

PAYMENT FOR THE EXCESS ICPS WITH WARRANTS APPLIED FOR SHOULD BE MADE IN THE SAME MANNER AS DESCRIBED IN SECTION 3.5.1 OF THIS AP, WHERE THE BANKER'S DRAFT(S)/CASHIER'S ORDER(S)/MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "OCR EXCESS RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, CONTACT NUMBER AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR.

It is the intention of our Board to allot the excess ICPS with Warrants in the following priority:

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

Nevertheless, our Board reserves the right to allot any excess ICPS with Warrants applied for under Part I(B) of the RSF on a fair and equitable basis and in such manner as it deems fit and expedient and in the best interest of our Company subject always to (i), (ii), (iii) and (iv) above are achieved. Our Board also reserves the right to accept any excess ICPS with Warrants application, in full or in part, without assigning any reason.

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

3.8.2 By way of Electronic Application

If you are an individual who is an Entitled Shareholder and/or a renouncee and/or a transferee and/or if you have purchased any provisional ICPS with Warrants, and wish to apply for additional ICPS with Warrants via Electronic Application in excess of your entitlement, you may do so by following the same steps as set out in Section 3.5.2 of this AP save and except that you shall proceed with the option for Excess ICPS Application and the amount payable to be directed to “**OCR EXCESS RIGHTS ISSUE ACCOUNT**” for the excess ICPS with Warrants applied.

It is the intention of our Board to allot the excess ICPS with Warrants, if any, on a fair and equitable basis as set out in Section 3.8.1 of this AP.

The Electronic Application for excess ICPS with Warrants shall be made on, and subject to, the same terms and conditions appearing in Section 3.5.2 of this AP.

3.8.3 By way of Internet Application

If you are an Entitled Shareholder and/or a renouncee and/or a transferee and/or if you have purchased any provisional ICPS with Warrants, and wish to apply for additional ICPS with Warrants via Internet Application in excess of your entitlement, you may do so by following the same steps as set out in Section 3.5.3 of this AP save and except that you shall proceed with the option for Excess ICPS Application and the amount payable to be directed to “**OCR EXCESS RIGHTS ISSUE ACCOUNT**” for the excess ICPS with Warrants applied.

It is the intention of our Board to allot the excess ICPS with Warrants, if any, on a fair and equitable basis as set out in Section 3.8.1 of this AP.

The Internet Application for excess ICPS with Warrants shall be made on, and subject to, the same terms and conditions appearing in Section 3.5.3 of this AP.

3.8.4 By way of NRS

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository who is an Entitled Shareholder and/or a renouncee and/or a transferee and/or if you have purchased any provisional ICPS with Warrants, and wish to apply for additional ICPS with Warrants via NRS in excess of your entitlement, you may do so by following the same steps as set out in Section 3.5.4 of this AP save and except for the amount payable to be directed to “**OCR EXCESS RIGHTS ISSUE ACCOUNT**” (**Bank Account No. 3201-2333-35 with Public Bank Berhad**) for the excess ICPS with Warrants applied and also that you should complete the details for excess rights application at the designated fields for excess applications in the ICPS Subscription File.

It is the intention of our Board to allot the excess ICPS with Warrants, if any, on a fair and equitable basis as set out in Section 3.8.1 of this AP.

The Application for excess ICPS with Warrants via NRS shall be made on, and subject to, the same terms and conditions appearing in Section 3.5.4 of this AP, Bursa Depository’s terms and conditions for NRS and User Guide for NRS (which are made available to all Authorised Nominees who wish to register for NRS).

3.9 Notice of allotment

Upon allotment of the ICPS with Warrants in respect of your acceptance and/or your renounee's/transferee's acceptance (if applicable) and excess ICPS with Warrants application (if any), the ICPS with Warrants shall be credited directly into the respective CDS Account. No physical share certificates and warrant certificates will be issued in respect of the ICPS with Warrants. However, a notice of allotment will be despatched to you and/or your renounees/transferees (who are not an Authorised Nominee who has subscribed for NRS) (if applicable), by ordinary post within eight (8) Market Days from the last date of acceptance and payment for the ICPS with Warrants and excess ICPS with Warrants application, or such other period as may be prescribed or allowed by Bursa Securities, at the address shown on the Record of Depositors at your own risk.

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository, an electronic notification will be sent to you within eight (8) Market Days from the last day for application and payment for the ICPS with Warrants and excess ICPS with Warrants application, or such other period as may be prescribed or allowed by Bursa Securities 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.

Where any application for the ICPS with Warrants is not accepted due to non-compliance with the terms of the Rights Issue of ICPS 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 within fifteen (15) Market Days from the last date and time for acceptance and payment of the ICPS with Warrants by ordinary post to the address shown on the Record of Depositors at your own risk.

Please note that a completed RSF and the payment thereof once lodged with our Share Registrar for the Rights Issue of ICPS with Warrants cannot be withdrawn subsequently.

3.10 Form of issuance

Bursa Securities has prescribed that our Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the ICPS with Warrants and the new Shares to be issued arising from the conversion of the ICPS and exercise of the Warrants are prescribed securities and as such the SICDA and the Rules of Bursa Depository shall apply in respect of the dealings in the ICPS with Warrants.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected. Your subscription for the ICPS with Warrants shall mean your consent to receiving such ICPS with Warrants as deposited securities which will be credited directly into your CDS Account. No physical share certificate or warrant certificate will be issued to you under the Rights Issue of ICPS with Warrants. Instead, the ICPS with Warrants will be credited directly into your CDS Accounts, and notices of allotment will be sent to you in the manner as stated in Section 3.9.

Any person who has purchased the provisional ICPS with Warrants or to whom provisional ICPS with Warrants has been transferred and intends to subscribe for the ICPS with Warrants must state his/her CDS Account number in the space provided in the RSF. The ICPS with Warrants will be credited directly as prescribed or deposited securities into his/her CDS Account upon allotment and issue.

The excess ICPS with Warrants, if allotted to the successful applicant who applies for excess ICPS with Warrants, will be credited directly as prescribed securities into the CDS Account of the successful applicant. The allocation of the excess ICPS with Warrants will be made on a fair and equitable basis as disclosed in Section 3.8.1 of this AP.

3.11 Laws of foreign jurisdictions

This AP and the accompanying NPA and RSF have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign jurisdiction. The Rights Issue of ICPS with Warrants will not be made or offered for subscription in any foreign jurisdiction.

Accordingly, this AP together with the accompanying documents will not be sent to the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) who do not have a registered address in Malaysia. However, such foreign Entitled Shareholders and/or their renounees/transferees (if applicable) may collect this AP including the accompanying documents from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the documents relating to the Rights Issue of ICPS with Warrants.

Foreign Entitled Shareholders and/or their renounees/transferees (if applicable) may only accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue of ICPS with Warrants only to the extent that it would be lawful to do so.

TA Securities, our Company and our Directors and officers would not, in connection with the Rights Issue of ICPS with Warrants, be in breach of, responsible or liable under the laws of any jurisdiction to which that foreign Entitled Shareholders and/or their renounees/transferees (if applicable) are or may be subject to. He shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. TA Securities, our Company and our Directors and officers and other professional advisers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders and/or their renounees/transferees (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

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

By signing the RSF, the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) TA Securities, our Company and our Directors and officers that:

- (i) our Company would not, by acting on the acceptance or renunciation in connection with the Rights Issue of ICPS with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders or renounees/transferees (if applicable) is or may be subject to;
- (ii) the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation of the provisional ICPS with Warrants;

- (iii) the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation of the provisional ICPS with Warrants, be in breach of the laws of any jurisdiction to which that person is or may be subject to;
- (iv) the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) are aware that the ICPS with Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) have received a copy of this AP and have been provided the opportunity to post such questions to the representatives and receive answers thereto as the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) deem necessary in connection with the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) decision to subscribe for or purchase the ICPS with Warrants. However, any information relevant to an investment shall be contained in this AP; and
- (vi) the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the ICPS with Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the ICPS with Warrants.

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

Any person who does forward this AP, the NPA and the RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the ICPS with Warrants from any such application by foreign Entitled Shareholders and/or their renounees/transferees (if applicable) in any jurisdiction other than Malaysia.

Our Company reserves the right, in our absolute discretion, to treat any acceptance of the ICPS with Warrants as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

4. RATIONALE FOR THE RIGHTS ISSUE OF ICPS WITH WARRANTS

After due consideration of the various methods of fund-raising available, our Board is of the opinion that the Rights Issue of ICPS with Warrants is currently an appropriate avenue as:

- (i) it allows our Company to raise funds without the need to service immediate interest as compared to bank borrowings;
- (ii) it enables our Group to raise funds for purposes as set out in Section 5 of this AP, such as to fund our Group's staff costs and property development as well as construction businesses which are expected to contribute positively to the future earnings of our Group and improve our financial performance;

- (iii) the issuance of ICPS minimises the immediate dilution effects on our EPS, which would otherwise have immediate upfront impact if the fund-raising exercise was a rights issuance of ordinary shares, as the ICPS are expected to be converted over a period of time (i.e., during the Conversion Period);
- (iv) the issuance of ICPS allows our Company to have the discretion in declaring dividends to the ICPS holders taking into consideration of our Group's profitability and cash flows in the future and not to be burdened with a fixed funding cost (such as a fixed interest/coupon rate, if any, for the loan stocks);
- (v) it provides an opportunity for the existing shareholders to increase their equity participation in our Company by the conversion of the ICPS and/or exercising the Warrants into new OCR Shares; and
- (vi) The Undertakings will allow the Undertaking Shareholders of our Company to extend their support for the Rights Issue of ICPS with Warrants which will facilitate our Group to raise the necessary funds without incurring underwriting costs.

5. UTILISATION OF PROCEEDS

5.1 From the issuance of ICPS

At the issue price of RM0.05 per ICPS, the gross proceeds from the Rights Issue of ICPS with Warrants will be utilised in the following manner based on the scenarios as illustrated below:

	Notes	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)	Expected time frame for utilisation of proceeds (from the date of listing of the ICPS)
Construction Works	(1)	3,000	3,000	Within 18 months
Property development	(2)	4,340	32,474	Within 24 months
Staff costs	(3)	680	680	Within 6 months
Estimated expenses in relation to the Corporate Exercises	(4)	600	600	Within 2 weeks
Total estimated proceeds		8,620	36,754	

Notes:

- (1) On 13 January 2015, our Company announced that Takaso Land received the LOA from OCR Land (our major shareholder, a related party) appointing Takaso Land to construct and complete the Construction Works. Our Company obtained our shareholders' approval for the said transaction at our extraordinary general meeting convened on 2 April 2015.

Based on the LOA, the total estimated construction cost in relation to the Construction Works is approximately RM34.04 million, representing approximately 91% of the contract sum of the LOA of RM37.44 million. The Construction Works commenced in April 2015 and is expected to be completed in January 2017. Based on the latest architect's certification on 19 April 2016, the percentage of completion of the Construction Works was approximately 7.87%. Notwithstanding the low percentage of completion as at the LPD, our Company is of the opinion that the progress of Construction Works is in accordance to schedule as the Construction Works which comprise the mechanical and electrical works as well as architect, structure and civil works will mainly be carried out at a later stage of the construction of the commercial building.

In respect of the above, our Group intends to utilise RM3.00 million of the proceeds as follows:

	RM'000
Electrical works and telephone	1,000
Aluminium works	2,000
	<u>3,000</u>

The remaining costs in relation to the Construction Works of up to approximately RM31.07 million are expected to be financed by our Group through internally-generated funds (mainly via progress billing from the Construction Works) and/or bank borrowings, of which the breakdown will only be determined by our Board at a later date based on the funding requirements.

- (2) Our Group intends to utilise up to RM32.47 million of the proceeds for the following property development projects:

Projects		Minimum Scenario RM'000	Maximum Scenario RM'000
Kuantan Project	(a)	1,170	10,640
Yap Kwan Seng Project	(b)	3,170	17,290
Melaka Project	(c)	-	4,544
		<u>4,340</u>	<u>32,474</u>

- (a) The estimated GDC for the Kuantan Project, a joint venture project between TDKSB and SSPP (a third party) is approximately RM263.08 million. The remaining balance of the estimated GDC for the Kuantan Project of approximately RM261.91 million (based on the Minimum Scenario) and up to approximately RM252.44 million (based on the Maximum Scenario) is expected to be funded by the internally-generated funds (mainly via progress billing from the development of the Kuantan Project) and/or bank borrowings.
- (b) The estimated GDC for the Yap Kwan Seng Project, a joint venture project with MCSB and MISB (third party) is approximately RM94.49 million. The remaining balance of the estimated GDC for the Yap Kwan Seng Project of approximately RM91.32 million (based on the Minimum Scenario) and up to approximately RM77.20 million (based on the Maximum Scenario) is expected to be funded by the internally-generated funds (mainly via progress billing from the development of the Yap Kwan Seng Project) and/or bank borrowings.
- (c) The estimated GDC for the Melaka Project by TCSB is approximately RM92.14 million. In the event the Rights Issue of ICPS with Warrants is implemented under the Minimum Scenario, the entire estimated GDC for Melaka Project of approximately RM92.14 million will be funded by internally-generated funds and/or bank borrowings. Based on the Maximum Scenario, the remaining balance of the estimated GDC for the Melaka Project of up to approximately RM87.60 million will be funded by internally-generated funds (mainly via progress billing from the development of the Melaka Project) and/or bank borrowings.

The allocation of funding above was determined based on the status of the respective project and the estimated initial cost required before launching of the respective project. More proceeds are allocated to the Yap Kwan Seng Project as it is at a relatively more advanced stage (i.e., a revision of the development order is expected to be submitted to the Planning Department of DBKL by the end of the second (2nd) quarter of 2016) whereas lesser proceeds are allocated to the Melaka Project as an amendment application on the development order for the Melaka Project will only be submitted to the relevant authorities after the completion of the Acquisition of the Melaka Land (which is expected to be completed in third (3rd) quarter of 2016).

Any surplus arising from the proceeds allocated for the Projects as a result of, among others, termination and/or lapse of the JVA, New Joint Venture Agreement and/or Conditional SPA and/or delays in the Projects will be adjusted to the proceeds allocated for any of the other said projects and/or the Construction Works, depending on their respective funding requirements.

- (3) The staff costs consist of salaries, employees' remuneration and employees' insurance of our Company after taking into consideration staff cost of approximately RM0.11 million per month.
- (4) The estimated expenses consist of professional fees, fees payable to the relevant authorities, expenses to convene the EGM, printing, advertising and other ancillary expenses. Any surplus or shortfall for the estimated expenses in relation to the Corporate Exercises will be adjusted accordingly to/from the working capital (i.e., staff costs) of our Company.

The actual proceeds to be raised from the Rights Issue of ICPS with Warrants are dependent on the actual number of ICPS to be issued. Any variation in the actual proceeds raised (i.e., any amount in excess of the Minimum Scenario but below Maximum Scenario) will be adjusted to the proceeds allocated for our Group's property development purposes, depending on the Projects' respective funding requirements during the expected time frame for such utilisation of 24 months.

Pending utilisation of the proceeds from the Rights Issue of ICPS with Warrants for the abovementioned purposes, the proceeds will be placed in deposits with financial institution or short-term money market instruments as our Board may deem fit. The interest derived from the deposits with the financial institution or any gain arising from the short-term money market instruments will be used as our Group's working capital. This would include staff costs, other administration and operating expenses such as general and other operating expenses for the Group's operations such as professional fees, marketing and promotional activities for the Group's property development projects, rental, electricity, telephone, internet and other sundry expenses.

5.2 From the conversion of the ICPS and/or exercise of the Warrants

The exact quantum of proceeds that may be raised by our Company pursuant to the conversion of the ICPS and/or exercise of the Warrants will depend upon the actual number of ICPS converted and/or the Warrants exercised during the tenure of the ICPS and/or the Warrants as well as the Conversion Ratio.

The proceeds to be raised from the exercise of the Warrants and the conversion of ICPS shall be utilised for the working capital of our Group, of which the exact timeframe and the breakdown for the utilisation cannot be determined at this juncture.

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5.3 Details of the Projects

(i) Kuantan Project

On 1 June 2015, TDKSB entered into the JVA with SSPP in relation to the Kuantan Project.

The details of the Kuantan Land are as follows:

Title details	H.S.(D) 19049, No. PT57721, Bandar Kuantan, Kuantan, Pahang
Registered proprietor	Pasdec ⁽¹⁾
Land area	2.22 acres (approximately 96,872 square feet)
Category of land use	Commercial (Building)
Existing use	Vacant land
Proposed use	Mixed development
Tenure	Leasehold land with lease expiring on 2 September 2093
Restriction-in-interest	Malay reserved land ⁽¹⁾
Encumbrances	Charged to Bank Muamalat Malaysia Berhad ⁽¹⁾

Note:

(1) *The joint venture between TDKSB and SSPP in relation to the Kuantan Project is conditional upon the following conditions having been fulfilled by SSPP within six (6) months from the date of the JVA (i.e., on 30 November 2015):*

- (a) *procure the Kuantan Land to be transferred from Pasdec to SSPP; and*
- (b) *convert the Kuantan Land into Non-Malay reserved land and ensure that the Kuantan Land is free of all encumbrances and third party interests.*

Subsequently, our Company had on 30 November 2015 and 31 May 2016 announced that TDKSB and SSPP mutually agreed with no penalty incurred by our Group to extend the conditional period until 31 May 2016 and 30 November 2016, respectively.

The Kuantan Project is currently at the initial conceptual planning stage. It is intended as a mixed development project with thirty-four (34) retail outlets and two (2) blocks of serviced apartments comprising 978 units on the Kuantan Land.

While building works have not commenced as at the LPD for the Kuantan Project, certain planning expenses and feasibility study expenses to evaluate and assess the feasibility of the Kuantan Project have been incurred and were recognised as property development expenditure. Based on the latest quarterly results for the six (6)-month FPE 31 January 2016, our Group had incurred approximately RM2.08 million of property development expenditure for the Kuantan Project.

TDKSB shall commence and proceed with building works within two (2) years from the unconditional date of the JVA (being the date TDKSB receives a copy of the title and the conditions set out in Note 1 above have been fulfilled, whichever is later) and the Kuantan Project shall be completed within four (4) years from the commencement of the building works.

Based on the above and the estimated GDV and GDC of the Kuantan Project of approximately RM345.35 million and RM263.08 million respectively, the Kuantan Project is expected to generate an estimated PAT of approximately RM58.58 million. Based on our shareholding in TDKSB, our Group will be entitled to an estimated PAT of Kuantan Project of approximately RM28.70 million (i.e., 70% x 70% x RM58.58 million).

(ii) **Yap Kwan Seng Project**

The New Joint Venture Agreement was entered into on 15 January 2016 between MCSB and MISB (in substitution of the Earlier Joint Venture Agreement for the Yap Kwan Seng Project).

The details of the Yap Kwan Seng Land are as follows:

Title details	GRN 34386, Lot 95 Seksyen 43, Bandar Kuala Lumpur, Daerah Kuala Lumpur
Registered proprietor	MISB
Land area	1,492.23 square metres (equivalent to 16,062.22 square feet)
Category of land use	Residential (Building)
Existing use	Three (3)-storey residential property
Proposed use	Residential, commercial or mixed development
Tenure	Freehold
Restriction in interest	None
Encumbrances	Charged to UOB by MISB ⁽¹⁾

Note:

- (1) Prior to the date of execution of the SSA with MISB, MCSB had applied and been granted facilities amounting to RM29.6 million by UOB for, among others, the financing of the development of the Yap Kwan Seng Project and to pay off the outstanding loan and redeem the Yap Kwan Seng Land from HLBB.

UOB had via its letter of offer dated 11 June 2014 approved the said application and had on 18 September 2014 entered into a facilities agreement with MCSB. Pursuant to the said facilities agreement, the facilities comprised the following limits:

Term loan 1 : RM10.0 million ("**Term Loan 1**");
 Term loan 2 : RM5.6 million; and
 Bridging loan : RM14.0 million.

Term Loan 1 was disbursed by UOB to HLBB to, among others, pay off the outstanding loan and to redeem Yap Kwan Seng Land from HLBB. The securities required to secure Term Loan 1 include the following:

- A third (3rd) party all monies first legal charge was created over Yap Kwan Seng Land owned by MISB (as the encumbrances mentioned above); and
- A personal guarantee of RM29.6 million was executed by Mak Choong Moon, a director and shareholder of MISB.

Thus, the said amount was recorded as an outstanding amount due by MISB (i.e., the Debt) in the accounts of MCSB prior to the date of execution of the SSA with MISB. The remaining facilities of RM19.6 million will be utilised to partly finance the development cost of Yap Kwan Seng Land and have not been drawdown as of the LPD.

The Debt is subsequently reflected in the Promissory Note. Pursuant to the Promissory Note, MISB shall repay RM9,927,128.21 to MCSB within three (3) years from the date of the Promissory Note or upon completion of the Yap Kwan Seng Project under the New Joint Venture Agreement, whichever is later or at such other later date as may be instructed by MCSB ("**Maturity Date**"). The Debt to be paid by MISB to MCSB will be set off against MISB's net profit entitlement in the New Joint Venture Agreement on the Maturity Date.

Based on the existing principal development order (obtained by MCSB on 10 April 2015), the Yap Kwan Seng Land has been approved for the development of one (1) block of serviced apartment comprising 145 units. Currently, MCSB is in the midst of preparing a revision of the development order which is expected to be submitted to the Planning Department of DBKL by the end of second (2nd) quarter of 2016 to:

- (a) design a unique building that is more efficient in terms of layout, overall façade and unit size that suits market demand and at the same time, to promote our Company's branding; and
- (b) change the mechanical car park system from a plate system to tower system which would reduce waiting time for car parking and retrieval.

The approval from the Planning Department of DBKL for the revised development order is expected to be obtained in the third (3rd) quarter of 2016. Thereafter, MISB will submit building plans to the Building Department of DBKL, of which approval is expected to be obtained within five (5) months from the date of application.

While building works have not commenced as at the LPD for the Yap Kwan Seng Project, certain planning expenses and feasibility study expenses to evaluate and assess the feasibility of the Yap Kwan Seng Project have been incurred and were recognised as property development expenditure. Based on the latest quarterly results for the six (6)-month FPE 31 January 2016, our Group had incurred approximately RM2.12 million of property development expenditure for the Yap Kwan Seng Project.

The Yap Kwan Seng Project is scheduled to commence within one (1) year from the execution date of the New Joint Venture Agreement (i.e., by the first (1st) quarter of 2017) and is scheduled for completion within three (3) years from the commencement date (i.e. by the first (1st) quarter of 2020).

Based on the above and the estimated GDV and GDC of the Yap Kwan Seng Project of approximately RM204.94 million and RM94.49 million respectively, the Yap Kwan Seng Project is expected to generate an estimated PAT of approximately RM81.61 million. Notwithstanding our shareholding of 50.01%* in MCSB (which, being the developer, is entitled to 50% of the net profits of the Yap Kwan Seng Project), our Group will be entitled to an estimated PAT of the Yap Kwan Seng Project of approximately RM40.81 million (i.e., 50% x RM81.61 million) based on the Shareholders' Agreement.

Note:

* Our Company and MISB had on 15 April 2016 subscribed for additional 4,950 new MCSB Shares at RM4,950 respectively with the intention to align our Company's and MISB's respective equity interest with the profit entitlements to be shared from the Yap Kwan Seng Project. Subsequent to the said subscription, the issued and paid-up share capital of MCSB increased from RM100 comprising 100 MCSB Shares to RM10,000 comprising 10,000 MCSB Shares whereby our Company and MISB hold 5,001 MCSB Shares (representing 50.01% of the equity interest in MCSB) and 4,999 MCSB Shares (representing 49.99% of the equity interest in MCSB), respectively.

(iii) Melaka Project

On 13 August 2015, TCSB, entered into the Conditional SPA with MIESB to acquire the Melaka Land for a cash consideration of RM9,316,165.00.

The details of the Melaka Land are as following:

Title details	Pajakan Negeri No. Hakmilik: 2176, Lot No: 475, Kawasan Bandar XXXIX, Daerah Melaka Tengah, Negeri Melaka
Registered proprietor	MIESB ⁽²⁾
Land area	Approximately 37,264.66 square feet
Category of land use	Commercial (Building)
Existing use	Vacant land
Proposed use	Mixed development
Tenure	Leasehold land with lease expiring 4 October 2082
Restriction in interest	State consent is required for any sale and purchase transaction
Encumbrances	Charged to UOB by MIESB ⁽¹⁾

Notes:

- (1) Pursuant to the Conditional SPA, TCSB shall purchase the Melaka Land with vacant possession free from encumbrances and free from squatters, occupants, tenants, debris, junk, rubble, shrine, permanent structure(s), encroachment(s), which in any way intrudes/invades/encloses/diminish any portion/part/area of the Melaka Land and subject to the terms and conditions in the Conditional SPA.*
- (2) MIESB had on 25 November 2015 fulfilled the conditions precedent following the obtainment of the state authority's consent approving the transfer of the Melaka Land in favour of TCSB. The said transaction is expected to be completed in the third (3rd) quarter of 2016.*

Notwithstanding the development order has been issued and building plan has been approved for the development of a seven (7)-storey budget hotel with 174 rooms on Melaka Land, TCSB will submit an amendment application on the development order to the relevant authorities for the Melaka Project after the completion of the Acquisition of Melaka Land. Based on the estimated GDV and GDC of the Melaka Project of approximately RM134.15 million and 92.14 million, respectively, the Melaka Project is expected to generate an estimated PAT of approximately RM30.40 million to our Group.

While building works have not commenced as at the LPD for the Melaka Project, certain planning expenses and feasibility study expenses to evaluate and assess the feasibility of the Melaka Project have been incurred and were recognised as property development expenditure. Based on the latest quarterly results for the six (6)-month FPE 31 January 2016, our Group had incurred approximately RM1.85 million of property development expenditure for the Melaka Project.

The Melaka Project is expected to commence within one (1) year from the date of all the approvals being obtained from the appropriate authorities relating to the said proposed development and is expected to be completed within three (3) years from the commencement date.

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6. RISK FACTORS

You and/or your renounees/transferees (if applicable) should consider carefully the following risk factors (which may not be exhaustive) which may have an impact on the future performance of our Group, in addition to other information contained elsewhere in this AP, before subscribing for or investing in the Rights Issue of ICPS with Warrants.

6.1 Risks relating to our business and industry

(i) Operational/Business risks

Our Company is principally involved in the business of investment holding, while its subsidiary companies are principally involved in the manufacturing of rubber products and baby products as well as trading in baby apparels, infant milk and toiletries, trading of electrical and mechanical products and construction of residential and commercial properties as well as property development and property investment.

The breakdown of our Group's segmental revenue for the FYE 31 July 2015 and the six (6)-month FPE 31 January 2016 is as follows:

Revenue			Manufacturing ⁽¹⁾	Trading ⁽²⁾	Construction ⁽³⁾	Total
			RM'000	RM'000	RM'000	RM'000
FYE	31	July	9,198	27,565	-	36,763
2015 (audited)						
FPE	31	January	3,439	6,469	476	9,525
2016 (unaudited)						

Notes:

- (1) *Manufacturing of condoms, baby products and moulds and/or recycling of glass.*
- (2) *Trading and retailing in rubber products, baby apparels, infant milk formula, toiletries, consumable products, electrical and mechanical products.*
- (3) *Construction of residential and commercial properties.*

Therefore, our Group is subject to risks inherent to the manufacturing, trading, construction and property development industries in which we operate.

Such risks may include constraints in labour supply, increases in labour and raw material costs, changes in economic and business conditions in the global and regional economy, construction/property development schedule risk (i.e., late completion or primarily risks associated with the completion of the construction/property development works within planned schedules), project defects, entry of new players, dependency on operating permits, licenses, certificates and/or regulatory approvals, fluctuations in the prices of building materials (such as metal, petrol and other petroleum related products and cements), availability of building materials and labour, adverse weather conditions, changes in the demand and supply of properties and changes in the regulatory framework industry governing the construction and property development sectors.

(ii) Dependency on key management personnel

Our Group's sustainability in our business depends largely on the abilities, skills, experience and competency of our existing Directors and the key management personnel. The loss of our Directors and/or any of the relevant key management personnel without suitable and timely replacement, or the inability of our Group to attract and retain other qualified personnel, could adversely affect our Group's business operations and consequently, its revenue and profitability.

(iii) Directors' failure to comply with all the relevant requirements relating to mandatory offer pursuant to the Code 1998

On 5 November 2003, UFSB and its PACs including, amongst others, Tee Tze Chern, JP (our Executive Director) and Lily Tee (Director of our subsidiaries) were imposed a total fine of RM100,000 by the SC for failure to comply with all the relevant requirements relating to the mandatory offer pursuant to Practice Note 2.9.7 of the Code 1998.

On 22 December 2006, SC filed a civil suit against the Defendants, directing them to carry out compensation scheme for failing to carry out a mandatory general offer to the remaining shareholders of our Company.

Please refer to Section 2.5.1(ii) of this AP for further details of the Directors' previous failure to comply with all the relevant requirements relating to mandatory offer pursuant to the Code 1998 carry out mandatory general offer of the Code 1998.

(iv) Competition

Our Group faces direct competition in both the local and global markets as well as from existing players and/or potential new entrants in the industries we are operating in. Our success is dependent upon, among others our continuing efforts to improve our manufacturing processes and manufacturing efficiency, standards and quality of our products, as well as our trading skills and expertise.

Our Group being a new entrant into the industry, lacks the track record and brand recognition as compared to the existing players that may already enjoy the privilege of their established brand name and reputation in the industry. There is also no assurance that any changes to the competitive environment will not have a material adverse effect on our Group's business.

(v) Supply of raw materials and products

A continuous supply of raw materials such as latex and plastic materials and products is essential to ensure the smooth running of the business of our Group. Our Group sources its raw materials and products from local and overseas (approximately 94% and 6%, respectively) suppliers and any shortages of raw materials and products may adversely affect our Group's business activities.

There were no shortages of raw materials and products for our manufacturing processes and business of our Group in the past. However, there can be no assurance that there will be no shortages of raw materials and products in the future and that it will not materially affect the performance of our Group.

(vi) Financing risks

As disclosed in Section 5 of this AP, the Projects will be funded through a combination of proceeds raised from the Rights Issue of ICPS with Warrants, internally generated funds and/or bank borrowings. If bank borrowings are secured to fund the development costs, the gearing level of our Group will increase and any adverse movement in the interest rates may have a significant impact on the project costs which would adversely affect our Group's financial performance in the future.

There can be no assurance that the performance of our Group would not be materially affected in the event of any adverse changes in interest rates.

(vii) Environmental issues

Our Group's construction/property development operations may experience adverse impact arising from environmental issues such as soil erosion, flood, noise and air pollution. Land clearing activities carried out on project sites expose the earth to erosion by water of which its rate of erosion is dependent on factors such as soil characteristics, climate, topography and soil cover.

Our Group also faces the risk of noise and air pollution which are inevitable in construction sites/works as machineries used will be noisy and may have emissions of carbon monoxide and hydrocarbons as well as dust caused by moving vehicles and machineries at the construction sites.

(viii) Defects liability

Our Group's property development operations involve extending defects liability period of 12 to 24 months from the official handover date of the development properties. During the defects liability period, our Group is liable for any repair work, reconstruction or rectification of any defects that may arise during this period at our own cost. Any increases in the number of defects would inadvertently increase the development cost of a property development project and consequently may have an adverse impact on the overall profitability of our Group.

(ix) Unforeseen delay in project completion

Timely completion of our construction and property development projects is crucial as our Group may be subject to additional costs and potential claims which may have an adverse effect on the operations and profitability of our Group's construction and property development businesses.

Timely completion depends on many external factors including, amongst others, obtaining the necessary approvals as scheduled, securing adequate construction materials throughout the development timeframe, satisfactory performance by third party contractors appointed, labour shortage and weather conditions.

(x) Political, economic and environmental considerations

Adverse changes in political, economic and regulatory conditions in Malaysia could materially affect the financial position of our Group. Amongst the political, economic and regulatory uncertainties are the changes in the risks of economic downturn, unfavourable monetary and fiscal policy changes, exchange control regulations or introduction of new rules or regulation, changes in interest rates, inflation and taxation and political leadership.

Much of the above changes are beyond our Group's control. There can be no assurance that any adverse economic, political and regulatory developments will not materially affect the performance of our Group.

6.2 Risks relating to the Rights Issue of ICPS with Warrants

(i) No prior market for the ICPS

The ICPS comprises a new issuance of securities for which there is currently no public market. No assurance can be given that an active market for the ICPS will develop upon or subsequent to the listing of and quotation for the ICPS on the Main Market of Bursa Securities or, if developed, that such a market will be sustainable or adequately liquid during the tenure of the ICPS.

The market price of the ICPS, like other securities traded on Bursa Securities, is subject to fluctuations and will be influenced by, amongst others, prevailing market sentiments, volatility of the stock market, the market price of the underlying OCR Shares, interest rate movements, trades of substantial amounts of the ICPS on Bursa Securities in the future, corporate developments as well as the future prospects of the construction and property development industries.

There is no assurance that the market price of the ICPS will trade at or above its issue price of RM0.05 subsequent to its listing.

(ii) Investment and capital market risk

The market price of the ICPS is influenced by, amongst others, the prevailing market sentiments, the volatility of equity markets, the liquidity of the ICPS and OCR Shares, the outlook for the construction and property development industries, changes in regulatory requirements or market conditions, the financial performance and fluctuations in our Group's operating results. In addition, the performance of the local stock market (where our ICPS and Shares are listed) is dependent on the economic and political condition in Malaysia as well as external factors such as, amongst others, the performance of the world bourses, flows of foreign funds and prices of commodities. In view of this, there can be no assurance that the ICPS will trade above the Issue Price for the ICPS or TEAP upon or subsequent to the listing of and quotation for the ICPS on the Main Market of Bursa Securities.

The market price of the Warrants may be influenced by, amongst others, the market price of OCR Shares, and the remaining exercise period of the Warrants and the volatility of OCR Shares. There can be no assurance that the Warrants will be "in-the-money" during the exercise period of the Warrants. In the event the Warrants are not exercised during the exercise period, the unexercised Warrants will lapse and cease thereafter to be valid for any purpose.

(iii) Delay in or failure of the Rights Issue of ICPS with Warrants

The Rights Issue of ICPS with Warrants is exposed to the risk that it may be aborted or delayed on the occurrence of force majeure events or circumstances which are beyond the control of our Company arising prior to the implementation of the Rights Issue of ICPS with Warrants. Such events or circumstances include, *inter alia*, natural disasters, adverse developments in political, economic and government policies in Malaysia, including changes in inflation and interest rates, global economic downturn, acts of war, acts of terrorism, riots, expropriations and changes in political leadership.

In this respect, all proceeds arising from the Rights Issue of ICPS with Warrants will be refunded without interest to the Entitled Shareholders and/or their renouncees/transferees (if applicable) in the event the Rights Issue of ICPS with Warrants is aborted and if such monies are not repaid within fourteen (14) days after OCR becomes liable, we will repay such monies with interest at the rate of ten percent (10%) per annum or such other rate as may be prescribed by the SC in accordance with Section 243(2) of the Capital Markets and Services Act 2007. Notwithstanding the above, our Company will exercise our best endeavor to ensure the successful implementation of the Rights Issue of ICPS with Warrants. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or abortion of the Rights Issue of ICPS with Warrants.

In the event that the ICPS have been allotted to the successful Entitled Shareholders and/or their renounees/transferees (if applicable) and the Rights Issue of ICPS with Warrants is subsequently cancelled or terminated, a return of monies to the shareholders can only be achieved by way of cancellation of our share capital as provided under the Act. Such cancellation requires the approval of our shareholders by way of special resolution in a general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya. There can be no assurance that such monies can be returned within a short period of time or at all under such circumstances.

(iv) Forward-looking statements

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

All forward-looking statements contained in this AP are based on forecasts and assumptions made by our Company, unless stated otherwise. Although our Board believes that these forward-looking statements are reasonable, the statements 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 future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, amongst others, the risk factors as set out in this section. In view of the above, the inclusion of any forward-looking statements in this AP should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

7. INDUSTRY OUTLOOK AND FUTURE PROSPECTS OF OUR GROUP

7.1 Overview and outlook of the Malaysian economy

The Malaysian economy grew by 5.0% in 2015 (2014: 6.0%), supported by the continued expansion of domestic demand (2015: 5.1%, 2014: 5.9%). Domestic demand was primarily driven by the private sector. Modest improvements in external demand in the second (2nd) half of the year also provided additional impetus to economic growth.

Private consumption continued to expand, albeit at a more moderate pace as households adjusted their spending to the higher cost of living arising from the implementation of GST, adjustments in administrative prices, and the depreciation in the ringgit. Nevertheless, households received some support from the higher cash transfers under the Bantuan Rakyat 1Malaysia scheme, the reduction in individual income tax rates for the 2015 assessment year and savings derived from lower domestic fuel prices during the year. Household spending was also supported by continued income growth and stable labour market conditions. Public consumption recorded a sustained growth of 4.3% in 2015 (2014: 4.4%), reflecting the continued efforts by the Government to provide support to growth, while remaining committed to the steady reduction in the fiscal deficit.

On the supply side, all major economic sectors registered more moderate growth, with the exception of the mining sector. The moderation reflected the slower expansion of activity in industries catering to domestic demand. However, export-oriented manufacturing and trade-related services benefited from the modest improvement in external demand.

Overall, the Malaysian economy is expected to grow by 4 – 4.5% in 2016 (2015: 5.0%). Domestic demand will continue to be the principal driver of growth, sustained primarily by private sector spending. The pace of expansion in domestic demand, however, is expected to be more moderate amid ongoing adjustments by consumers and investors to the challenging economic environment. Private consumption growth is projected to trend below its long-term average, as households continue to make expenditure adjustments in response to the lingering effects of the GST implementation, and changes in administered prices. Household spending will also be affected by weaker consumer sentiments due to the uncertain conditions in the labour and financial markets. These moderating effects, however, will be partially offset by continued growth in income, employment and some support from Government measures targeted at enhancing households' disposable income. In an environment of prolonged uncertainty and cautious business sentiments, private investment growth is projected to be less buoyant compared to its performance over the past five years, when it registered an average growth of 12.2%. Private sector capital spending is expected to be underpinned by the implementation of ongoing and new investment projects in the manufacturing and services sectors.

(Source: BNM Annual Report 2015, BNM)

The Malaysia economy expanded by 4.2% in the first (1st) quarter of 2016 (4Q 2015: 4.5%). The slight moderation in growth mainly reflected external shocks to the economy and cautious spending by the private sector. On the supply side, growth continued to be driven by the major economic sectors.

(Source: Economic and Financial Developments in the Malaysian Economy in the First (1st) Quarter of 2016, BNM)

7.2 Overview and outlook of the manufacturing industry in Malaysia

The manufacturing sector expanded by 4.9% in 2015 (2014: 6.2%), attributable mainly to the continued strength of the export-oriented industries. The performance of the export-oriented industries was primarily driven by strong production growth in the E&E cluster, particularly in the consumer-based electrical segment and selected semiconductor components. Growth was further supported by the primary-related cluster due mainly to sustained regional demand for chemical products. The domestic-oriented industries, however, moderated mainly as a result of slower growth in the consumer-related cluster.

(Source: BNM Annual Report 2015, BNM)

The manufacturing sector continued to expand during the first (1st) quarter of 2016 (4.5%; 4Q 2015: 5.0%) supported by both domestic- and export-oriented industries. Growth in the domestic-oriented industries was driven by stronger production in the consumer-related cluster, particularly food related products, as well as firm demand for construction-related materials. Meanwhile, the export-oriented industries were supported by the better performance in the primary-related cluster amid continued expansion in the electrical and electronics cluster.

(Source: Economic and Financial Developments in the Malaysian Economy in the First (1st) Quarter of 2016, BNM)

The manufacturing sector is expected to grow by 4.1% in 2016 (2015: 4.9%).

(Source: Fiscal and Economic Data, Real Sector – Gross Domestic Product by Sector (updated as at May 2016), Ministry of Finance Malaysia)

7.3 Overview and outlook of the retail industry in Malaysia

The retail trade segment expanded at a faster pace of 4.2% in 4th quarter 2015 (3rd quarter 2015: 2.8%) following stronger sales especially of automotive fuel at specialised stores.

(Source: Bank Negara Malaysia Annual Report 2015, BNM)

The wholesale and retail trade subsector grew by 6.9% in 2015. The wholesale and retail trade sub-sector grew by 5.2% in the first (1st) quarter of 2016 (4Q 2015: 6.4%), in tandem with continued growth in household spending.

(Source: Economic and Financial Developments in the Malaysian Economy in the First (1st) Quarter of 2016, BNM)

The wholesale and retail trade as well as food, beverage and accommodation subsectors are expected to increase by 6.5% and 6%, respectively in 2016.

(Source: Economic Performance and Prospects, Ministry of Finance Malaysia)

7.4 Overview and outlook of the construction and property development industries in Malaysia

In spite of the challenging economic and financial environment facing the country in the past months, the property market managed to stay poised and posted a marginal softening in market activity in the H1 2015. Both volume and value was down by 3.5% and 6.6% respectively against corresponding period.

On the supply-side, the number of housing approvals for construction (as approved by the Ministry of Urban Wellbeing, Housing and Local Government) saw a declining trend since the first half of 2012, with the exception of H1 2014. Similar downtrend was seen in demand-side indicator.

Market volume recorded at 186,661 transactions worth RM76.61 billion, down by 3.5% in volume and 6.6% in value against H1 2014. The residential sub-sector continued to lead the overall market, with 64.1% contribution in volume and 47.5% in value. However, the subsector recorded a slight downturn by 2.6% in volume and correspondingly down in value by 9.7%. Commercial and industrial sub-sectors recorded upward movements, up by 1.6% and 4.7% in volume.

(Source: Property Market Report First Half 2015, Valuation and Property Services Department, Ministry of Finance)

The construction sector grew at a moderate pace in 2015 (8.2%; 2014: 11.8%), due mainly to the slower growth in the residential sub-sector. Construction activity in the residential sub-sector was affected by fewer property launches during the year. Nonetheless, growth in the civil engineering sub-sector picked up, reflecting the progress of existing infrastructure projects as well as the commencement of a large petrochemical project in Johor. Growth in the construction sector was also supported by the non-residential sub-sector, which was underpinned by projects in both the industrial and commercial property segments.

(Source: BNM Annual Report 2015, BNM)

The construction sector grew by 7.9% in the first (1st) quarter of 2016 (4Q 2015: 7.4%), underpinned by the civil engineering sub-sector. The expansion of the civil engineering sub-sector was driven by petrochemical, utility and transport-related projects. Growth in the specialised construction activities sub-sector improved during the quarter, reflecting increased early-work activities such as demolition, piling and earthworks. In the non-residential sub-sector, the pace of expansion was subdued due to slower construction activity for industrial and commercial buildings. In the residential sub-sector, growth remained supported by the construction of properties in both the mass- and high-end markets.

(Source: Economic and Financial Developments in the Malaysian Economy in the First (1st) Quarter of 2016, BNM)

The specialised construction activities subsector expanded by 8.9% in the first (1st) quarter of 2016 (Q4 2015: 4.6%) supported by earthworks and piling projects in Johor, Kuala Lumpur and Pahang. The residential subsector posted a growth of 4.9% in the first (1st) quarter of 2016 (Q4 2015: 5.7%) aided by government initiatives on affordable housing as well as high-end housing projects particularly in Johor and Kuala Lumpur. The non-residential subsector grew at a slower pace of 0.4% in the first (1st) quarter of 2016 (Q4 2015: 0.5%) partly due to the completion of health and education related projects. The private sector continued to dominate construction activity with a share of 66.1% during the first (1st) quarter of 2016.

(Source: Quarterly update on the Malaysian Economy – 1st Quarter 2016, Ministry of Finance Malaysia)

7.5 Overview and outlook of the property development industry in Pahang

Property market in Pahang firmed up in H1 2015 as indicated by the positive movements in market activity. There were 9,646 transactions recorded with a total value of RM2.62 billion, up by 7.9% and 12.5% in volume and value respectively in the review period. The residential sub-sector continued to spearhead the property market, contributed 61.6% of total market activity. Agricultural sub-sector was the next leading contributor with 23.9% market share, followed by commercial (7.7%), development land (5.3%) and industrial (1.5%) sub-sectors.

Market activity across all sub-sectors recorded mixed movements. Residential, commercial and industrial subsectors observed double-digit growth between 12.0% to 41.3%. Conversely, agricultural and development land sub-sectors were down by 5.0% and 5.2% respectively. Correspondingly, transactions value moved in tandem.

(Source: Property Market Report First Half 2015, Valuation and Property Services Department, Ministry of Finance)

7.6 Overview and outlook of the property development industry in Melaka

Property market in Melaka sustained its performance in H1 2015. There were 8,293 transactions worth RM2.37 billion recorded in the review period. Against H1 2014, the number of transactions increased marginally by 3.4% though value of transactions contracted by 5.4% (H1 2014: 8,021 transactions worth RM2.51 billion). Residential sub-sector continued to dominate the overall market share, contributing 61.9% of the total transactions. Agricultural sub-sector came second with 18.2%, followed by commercial (9.4%), development land (7.4%) and industrial (3.1%) sub-sectors.

Market activity portrayed mixed movements across the board. Residential, industrial and agricultural sub-sectors charted positive growth of 5.5%, 5.3% and 6.9% respectively. On the contrary, commercial and development land sub-sectors shrank by 1.1% and 13.5% respectively. In terms of value, industrial and agricultural sub-sectors each observed an uptrend of 8.5% and 59.8%, whereas residential, commercial and development land sub-sectors showed otherwise.

(Source: Property Market Report First Half 2015, Valuation and Property Services Department, Ministry of Finance)

7.7 Overview and outlook of the property development industry in Kuala Lumpur

The state's property market performance moderated in H1 2015. Nevertheless, several indicators aligned the market onto a hopeful track as indicated by the primary market performance and livelier construction activities. There were 9,291 transactions worth RM11.01 billion recorded in the review period, contracted by 7.4% in volume against H1 2014. In tandem, transactions value shrank by 6.5% after experiencing an 18.1% uptrend in corresponding period. The residential sub-sector dominated the market activity, capturing 74.7% of the market activity. Commercial sub-sector ranked second with 22.1% market share, followed by development land (2.0%) and industrial sub-sector (1.2%).

Residential property prices were recorded mixed movement across the board. Residential properties in established areas served with efficient connectivity continued to enjoy capital appreciations. The All House Price Index for the state stood at 264.5 points as at 2nd quarter of 2015, up by 5.6% over 2nd quarter 2014. On the same note, the All House Price crept up to RM701,823.00, the highest in the country.

In the residential rental market, the trend was in tandem with the capital movement as increases were noted in prominent schemes and strategic locations served with good accessibility.

On the commercial front, shops prices were on the whole stable with increases noted in strategic areas served with efficient road linkages. Similarly, the retail sub-sector recorded stable prices for most shopping complexes with movements witnessed at selected complexes. On a brighter note, office space prices in purpose-built buildings charted some upward trends. UOA Centre in Jalan Pinang and Phileo Promenade recorded 13.5% and 12.3% increase respectively. However, isolated marginal declines were recorded in Plaza Pantai, Plaza Mont' Kiara, Solaris Mont' Kiara as well as in Gateway Kiaramas.

(Source: Property Market Report First Half 2015, Valuation and Property Services Department, Ministry of Finance)

7.8 Prospects of our Group

Our Group has been facing challenges in its core business of manufacturing and marketing of condoms and baby products, in view of rising raw material prices and operational costs for the past few years. Taking cognisance of this, our Group has made efforts to improve our financial performance and position which include, among others, our Group's acceptance of the LOA which led to our Group's diversification of business to include the construction business. Our Group has since expanded its initial foray in the construction business to include the property development business as well.

The following are the plans to be undertaken by our Group to strengthen our financial performance and position in the medium and long term:

- (i) our Company had on 2 April 2015 obtained our shareholders' approval for Takaso Land to accept the LOA appointing Takaso Land to construct and complete the Construction Works. The Construction Works commenced in April 2015 and are expected to be completed in January 2017. Based on the latest architect's certification on 19 April 2016, the percentage of completion of the Construction Works was approximately 7.87%;
- (ii) TDKSB had on 1 June 2015 entered into the JVA with SSPP to undertake the Kuantan Project. As at the LPD, SSPP has not fulfilled the conditions precedent in relation to the JVA. The JVA will expire on 30 November 2015, being six (6) months from the date of the JVA or such other extended period as may be fixed by TDKSB at its sole discretion in the event any of the conditions precedent in the JVA is not fulfilled prior to the expiry date.

Subsequently, our Company had on 30 November 2015 and 31 May 2016 announced that TDKSB and SSPP mutually agreed to extend the conditional period until 31 May 2016 and 30 November 2016, respectively;

- (iii) our Company had on 30 July 2015 accepted the conditional letter of offer dated 23 June 2015 to our Company issued by MISB in relation to the Acquisition of MCSB (Conditional LO) with the intention to acquire fifty-one percent (51%) equity interest in MCSB from MISB at an offer price of RM5.00 million.

Subsequently, our Company had on 30 October 2015 entered into the SSA with MISB. Following the completion of the Acquisition of MCSB on 15 January 2016, the New Joint Venture Agreement was entered into on the same date between MCSB and MISB (in substitution of the Earlier Joint Venture Agreement for the Yap Kwan Seng Project) and the Shareholders' Agreement was also entered into on the same date between OCR, MISB and MCSB.

On 15 April 2016, our Company and MISB further subscribed for 4,950 new MCSB Shares each, thus resulting in our Company and MISB holding 50.01% and 49.99% equity interest in MCSB, respectively; and

- (iv) TCSB had on 13 August 2015 entered into the Conditional SPA with MIESB to acquire the Melaka Land for a cash consideration of RM9,316,165.00. The Melaka Land is expected to be developed into a mixed development project. Subsequently, MIESB had on 25 November 2015 fulfilled the conditions precedent following the obtainment of the state authority's consent approving the transfer of the Melaka Land in favour of TCSB. The said transaction is expected to be completed in the third (3rd) quarter of 2016.

Notwithstanding the Construction Works and Projects, our Group is also making efforts to source and negotiate for new opportunities for our Group's construction and property development business which include leveraging on our management's business associates network and exploring for suitable projects land via recommendation and/or introduction from our project division and/or external parties such as shareholders and suppliers.

Our Group will also continue to focus on our manufacturing and trading businesses and make efforts to improve our financial performance and position in the immediate and medium term which include, among others, trimming down our operational costs and/or disposing our existing loss-making business(es) as and when the opportunity arises. In addition, our management expects the Construction Works (which is expected to be completed in January 2017) and the Projects to contribute positively to the earnings of our Group progressively over their respective tenure of between two (2) and four (4) years following the progress billings for work done based on stages of completion of the said projects, thus improving our Group's financial performance and cash flow position in the immediate and medium term. The Rights Issue of ICPS with Warrants is also expected to ease our Group's cash flow position and reduce potential interest expenses to be incurred as opposed to bank borrowings to finance the construction/development costs of the Construction Works and Projects.

Taking into account the outlook of the manufacturing, retail, construction and property development industries as set out in Sections 7.2 to 7.7 of this AP and the efforts undertaken by our Group, our management is of the opinion that the prospects of our Group are expected to be positive in the future.

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8. EFFECTS OF THE RIGHTS ISSUE OF ICPS WITH WARRANTS

8.1 Issued and paid-up share capital

The pro forma effects of the Rights Issue of ICPS with Warrants on our issued and paid-up share capital are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of OCR Shares	RM ⁽¹⁾	No. of OCR Shares	RM ⁽¹⁾
Issued and paid-up share capital as at the LPD ⁽²⁾	212,075,499	53,018,875	212,075,499	53,018,875
To be issued pursuant to the full exercise of the outstanding Warrants 2011/2016	-	-	32,949,185	8,237,296
To be issued pursuant to the full conversion of the ICPS	212,075,499 17,239,830 ⁽³⁾	53,018,875 4,309,958	245,024,684 735,074,052 ⁽⁴⁾	61,256,171 183,768,513
To be issued pursuant to the full exercise of Warrants 2011/2016	229,315,329 32,949,185 ⁽⁵⁾	57,328,833 8,237,296	980,098,736 -	245,024,684 -
To be issued pursuant to the full exercise of Warrants	262,264,514 17,239,830 ⁽⁶⁾	65,566,129 4,309,958	980,098,736 73,507,405 ⁽⁷⁾	245,024,684 18,376,851
Enlarged issued and paid-up share capital	279,504,344	69,876,087	1,053,606,141	263,401,535

Notes:

(1) Being the number of OCR Shares at the par value of RM0.25 each.

(2) As at the LPD, our Company does not have any treasury share.

(3) Assuming the Conversion Ratio of every ten (10) ICPS for one (1) new OCR Share.

Aggregate number of ICPS to be issued pursuant to the Undertakings = 172,398,300 ICPS
(172,398,300 ICPS at the Conversion Ratio of ten (10) ICPS for one (1) new OCR Share = 17,239,830 OCR Shares)

(4) Assuming the Conversion Ratio of a combination of one (1) ICPS and RM0.45 in cash for one (1) new OCR Share.

Aggregate number of ICPS to be issued under the Maximum Scenario = 735,074,052 ICPS
(735,074,052 ICPS at the Conversion Ratio of one (1) ICPS and RM0.45 in cash for one (1) new OCR Share = 735,074,052 OCR Shares)

(5) Disclosure of pro forma effect of the exercise of Warrants 2011/2016 after the conversion of the ICPS.

- (6) *One (1) Warrant for every ten (10) ICPS subscribed for.*

*Aggregate number of ICPS to be issued pursuant to the Undertakings = 172,398,300 ICPS
(172,398,300 ICPS / 10 = 17,239,830 Warrants). Each Warrant entitles the registered holder to
subscribe for one (1) new OCR Share.*

- (7) *One (1) Warrant for every ten (10) ICPS subscribed for.*

*Aggregate number of ICPS to be issued under the Maximum Scenario = 735,074,052 ICPS
(735,074,052 ICPS / 10 = 73,507,405 Warrants)*

Premised on the above, our Company would be in compliance with paragraph 6.50 of the Listing Requirements which states that “*all outstanding warrants, where exercised, does not exceed 50% of the issued and paid-up share capital of the listed issuer (excluding treasury shares and before the exercise of the warrants) at all times*” after the Rights Issue of ICPS with Warrants and prior to the conversion of ICPS as:

- (i) under the Minimum Scenario, the aggregate number of outstanding Warrants 2011/2016 and Warrants will be 50,189,015, representing approximately 23.67% of the enlarged issued and paid-up share capital of our Company of RM53,018,874.75 comprising 212,075,499 OCR Shares; and
- (ii) under the Maximum Scenario, the aggregate number of outstanding Warrants 2011/2016 and Warrants will be 73,507,405, representing approximately 30.00% of the enlarged issued and paid-up share capital of our Company of RM61,256,171 comprising 245,024,684 OCR Shares.

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8.2 NA, NTA and gearing

The pro forma effects of the Rights Issue of ICPS with Warrants on the NA, NTA and gearing of our Group based on the audited consolidated financial statements of our Company as at 31 July 2015 are as follows:

Minimum Scenario

	(Audited) As at 31 July 2015 (RM)	(I) After subsequent event up to the LPD ⁽¹⁾ (RM)	(II) After (I) and the Rights Issue of ICPS with Warrants (RM)	(III) After (II) and assuming full conversion of ICPS ⁽³⁾ (RM)	(IV) After (III) and assuming full exercise of the Warrants 2011/2016 (RM)	(V) After (IV) and assuming full exercise of the Warrants (RM)
Share capital	51,075,450	53,018,875	53,018,875	57,328,833	65,566,129	69,876,087
Warrant reserve	3,302,847	2,672,358	2,967,026 ⁽²⁾	2,967,026	294,668	- ⁽⁷⁾
Share premium	12,941,164	14,349,023	13,749,023 ⁽³⁾	18,058,980	24,026,257 ⁽⁶⁾	28,630,882 ⁽⁷⁾
Foreign exchange translation reserve	248,339	248,339	248,339	248,339	248,339	248,339
ICPS	-	-	8,619,915 ⁽⁴⁾	-	-	-
Accumulated losses	(19,044,619)	(19,044,619)	(19,339,287)	(19,339,287)	(19,339,287)	(19,339,287)
Shareholders' funds / NA	48,523,181	51,243,976	59,263,891	59,263,891	70,796,106	79,416,021
No. of OCR Shares in issue	204,301,799	212,075,499	212,075,499	229,315,329	262,264,514	279,504,344
NA per OCR Share (RM)	0.24	0.24	0.28	0.26	0.27	0.28
NTA per OCR Share (RM)	0.24	0.24	0.28	0.26	0.27	0.28
Total borrowings (RM)	3,182,196	3,182,196	3,182,196	3,182,196	3,182,196	3,182,196
Gearing (times)	0.07	0.06	0.05	0.05	0.04	0.04

Notes:

(1) Taking into consideration of the exercise of 7,773,700 Warrants 2011/2016 at the exercise price of RM0.35.

(2) Taking into consideration of the issuance 17,239,830 Warrants at a relative fair value of RM0.017 each based on the Black-Scholes option pricing model.

- (3) After deducting RM600,000 as the estimated expenses in relation to the Corporate Exercises against share premium account pursuant to Section 60 of the Act.
- (4) Arising from the issuance of 172,398,300 ICPS at the issue price of RM0.05 each.
- (5) Assuming full conversion of ten (10) ICPS into one (1) OCR Share.
- (6) Assuming full exercise of 32,949,185 Warrants 2011/2016 at the exercise price of RM0.35 each.
- (7) Assuming full exercise of 17,239,830 Warrants at the exercise price of RM0.50 each. The originating entry to recognise warrant reserve upon the issuance of 17,239,830 Warrants is reversed upon the exercise of 17,239,830 Warrants.

Maximum Scenario

	(Audited) As at 31 July 2015 (RM)	(I) After subsequent event up to the LPD ⁽¹⁾ (RM)	(II) After (I) and assuming full exercise of the Warrants 2011/2016 (RM)	(III) After (II) and the Rights Issue of ICPS with Warrants (RM)	(IV) After (III) and assuming full conversion of ICPS ⁽⁶⁾ (RM)	(V) After (IV) and assuming full exercise of the Warrants (RM)
Share capital	51,075,450	53,018,875	61,256,171	61,256,171	245,024,684	263,401,535
Warrant reserve	3,302,847	2,672,358	-	1,256,409 ⁽³⁾	1,256,409	- ⁽⁷⁾
Share premium	12,941,164	14,349,023	20,316,300 ⁽²⁾	19,716,300 ⁽⁴⁾	203,484,813	223,118,074 ⁽⁷⁾
Foreign exchange translation reserve	248,339	248,339	248,339	248,339	248,339	248,339
ICPS	-	-	-	36,753,703 ⁽⁵⁾	-	-
Accumulated losses	(19,044,619)	(19,044,619)	(19,044,619)	(20,301,028)	(20,301,028)	(20,301,028)
Shareholders' funds / NA	48,523,181	51,243,976	62,776,191	98,929,894	429,713,217	466,466,920
No. of OCR Shares in issue	204,301,799	212,075,499	245,024,684	245,024,684	980,098,736	1,053,606,141
NA per OCR Share (RM)	0.24	0.24	0.26	0.40	0.44	0.44
NTA per OCR Share (RM)	0.24	0.24	0.26	0.40	0.44	0.44
Total borrowings (RM)	3,182,196	3,182,196	3,182,196	3,182,196	3,182,196	3,182,196
Gearing (times)	0.07	0.06	0.05	0.03	0.01	0.01

Notes:

- (1) *Taking into consideration of the exercise of 7,773,700 Warrants 2011/2016 at the exercise price of RM0.35.*
- (2) *Assuming full exercise of 32,949,185 Warrants 2011/2016 at the exercise price of RM0.35 each.*
- (3) *Taking into consideration the issuance of 73,507,405 Warrants at a relative fair value of RM0.017 each based on the Black-Scholes option pricing model.*
- (4) *After deducting RM600,000 as the estimated expenses in relation to the Corporate Exercises against share premium account pursuant to Section 60 of the Act.*
- (5) *Arising from the issuance of 735,074,052 ICPS at the issue price of RM0.05 each.*
- (6) *Assuming full conversion of 735,074,052 ICPS via combination of one (1) ICPS and RM0.45 in cash for one (1) new OCR Share.*
- (7) *Assuming full exercise of 73,507,405 Warrants at the exercise price of RM0.50 each. The originating entry to recognise warrant reserve upon the issuance of 73,507,405 Warrants is reversed upon the exercise of 73,507,405 Warrants.*

8.3 Earnings and EPS

The Rights Issue of ICPS with Warrants is not expected to have any material effect on the consolidated earnings and EPS of our Group for the FYE 31 July 2016 as the Rights Issue of ICPS with Warrants is only expected to be completed in the third (3rd) quarter of 2016 with the resulting proceeds to be raised are expected to be utilised within twenty-four (24) months from the date of the ICPS listing. However, the Rights Issue of ICPS with Warrants is expected to contribute positively to the future earnings of our Group when the benefits of the utilisation of proceeds are realised.

The EPS of our Company shall be correspondingly diluted as a result of the increase in the number of issued OCR Shares arising from the conversion of the ICPS and/or the exercise of the Warrants in the future.

The effect of any ICPS conversion and/or Warrants exercise on our Company's consolidated EPS would be dependent on the Conversion Ratio chosen for the ICPS and the returns generated by our Company from the utilisation of proceeds arising from the Right Issue of ICPS with Warrants and/or conversion of the ICPS with cash option and/or the exercise of Warrants.

For illustration purposes, assuming the Rights Issue of ICPS with Warrants is completed on 1 August 2014, being the commencement for the FYE 31 July 2015, the EPS of our Group shall be as follows:

Minimum Scenario

	(Audited)	(I)	(II)	(III)	(IV)	(V)
	As at 31 July 2015	After subsequent event up to the LPD ⁽¹⁾	After (I) and the Rights Issue of ICPS with Warrants	After (II) and assuming full conversion of ICPS ⁽²⁾	After (III) and assuming full exercise of the Warrants 2011/2016 ⁽³⁾	After (IV) and assuming full exercise of the Warrants ⁽⁴⁾
LAT attributable to our equity holders (RM)	(7,990,875)	(7,990,875)	(7,990,875)	(7,990,875)	(7,990,875)	(7,990,875)
No. of OCR Shares in issue	204,301,799	212,075,499	212,075,499	229,315,329	262,264,514	279,504,344
No. of ICPS in issue	-	-	172,398,300	-	-	-
No. of Warrants in issue	-	-	17,239,830	17,239,830	17,239,830	-
No. of Warrants 2011/2016 in issue	40,722,885	32,949,185	32,949,185	32,949,185	-	-
Basic LPS (sen)	(4.20)	(3.77)	(3.77)	(3.48)	(3.05)	(2.86)
Diluted LPS (sen)	N/A ⁽⁵⁾	N/A ⁽⁵⁾	N/A ⁽⁵⁾	N/A ⁽⁵⁾	N/A ⁽⁵⁾	N/A ⁽⁵⁾

Notes:

(1) Taking into consideration of the exercise of 7,773,700 Warrants 2011/2016 at the exercise price of RM0.35.

(2) Assuming full conversion of ten (10) ICPS into one (1) OCR Share.

(3) Assuming full exercise of 32,949,185 Warrants 2011/2016 at the exercise price of RM0.35 each.

(4) Assuming full exercise of 17,239,830 Warrants at the exercise price of RM0.50 each.

(5) Not applicable as the effects arising from the assumed exercise of the SIS options, Warrants 2011/2016 are anti-dilutive on the LPS of our Group for the FYE 31 July 2015.

Maximum Scenario

	(Audited) As at 31 July 2015	(I) After subsequent event up to the LPD ⁽¹⁾	(II) After (I) and assuming full exercise of the Warrants 2011/2016 ⁽²⁾	(III) After (II) and the Rights Issue of ICPS with Warrants	(IV) After (III) and assuming full conversion of ICPS ⁽³⁾	(V) After (IV) and assuming full exercise of the Warrants ⁽⁴⁾
LAT attributable to our equity holders (RM)	(7,990,875)	(7,990,875)	(7,990,875)	(7,990,875)	(7,990,875)	(7,990,875)
No. of OCR Shares in issue	204,301,799	212,075,499	245,024,684	245,024,684	980,098,736	1,053,606,141
No. of ICPS in issue	-	-	-	735,074,052	-	-
No. of Warrants in issue	-	-	-	73,507,405	73,507,405	-
No. of Warrants 2011/2016 in issue	40,722,885	32,949,185	-	-	-	-
Basic LPS (sen)	(4.20)	(3.77)	(3.26)	(3.26)	(0.82)	(0.76)
Diluted LPS (sen)	N/A ⁽⁵⁾	N/A ⁽⁵⁾	N/A ⁽⁵⁾	N/A ⁽⁵⁾	N/A ⁽⁵⁾	N/A ⁽⁵⁾

Notes:

(1) Taking into consideration of the exercise of 7,773,700 Warrants 2011/2016 at the exercise price of RM0.35.

(2) Assuming full exercise of 32,949,185 Warrants 2011/2016 at the exercise price of RM0.35 each.

(3) Assuming full conversion of 735,074,052 ICPS via combination of one (1) ICPS and RM0.45 in cash for one (1) new OCR Share.

(4) Assuming full conversion of 73,507,405 Warrants at the exercise price of RM0.50 each.

(5) Not applicable as the effects arising from the assumed exercise of the SIS options, Warrants 2011/2016 are anti-dilutive on the LPS of our Group for the FYE 31 July 2015.

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

9.1 Working capital

Our Board is of the opinion that after taking into consideration the proceeds from the Rights Issue of ICPS with Warrants, cash in hand, funds generated from our operations and banking facilities available, our Group will have adequate working capital for the next twelve (12) months from the date of this AP.

9.2 Borrowings

As at the LPD, our Group has total outstanding borrowings of RM2.60 million, all of which are interest-bearing and from local financial institutions as follows:

	As at the LPD (RM'000)
Short-term borrowings:	
Hire purchase payables	165
Term loans	71
Bank overdrafts	1,305
Long-term borrowings:	
Hire purchase payables	503
Term loans	554

Our Group has no non-interest bearing and foreign currency-denominated borrowings as at the LPD.

Our Group did not default on the payment of any interest or principal sums in respect of any borrowing, throughout the past one (1) FYE 31 July 2015, and the subsequent financial period up to the LPD.

9.3 Contingent liabilities

Save as disclosed below, as at the LPD, there is no other contingent liability incurred by our Company or our Group, which upon becoming enforceable, may have a material impact on the financial position of our Group:

	Company level As at LPD (RM'000)	As at 31 July 2015 (RM'000)
Corporate guarantees extended:		
- to financial institutions for bank overdraft granted to Takaso Marketing Sdn Bhd, a wholly owned subsidiary of Takaso Rubber Products Sdn Bhd	1,305	1,752

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9.4 Material commitments

Save as disclosed below, as at the LPD, there is no other material commitment incurred by our Company or our Group, which upon becoming enforceable, may have a material impact on the financial position of our Group:

	RM'000
Balance purchase consideration to MIESB in relation to the acquisition of the Melaka Land, representing approximately 85.0% of the total purchase consideration	7,919
Balance purchase consideration in relation to the Acquisition of MCSB, representing approximately 30.0% of the total purchase consideration	1,500
Cash consideration in relation to the acquisition of A.W. Impian Sdn Bhd	6,000

Our Group intends to satisfy the abovementioned material commitments via internally generated funds.

10. TERMS AND CONDITIONS

The issuance of the ICPS with Warrants is governed by the terms and conditions set out in this AP, the Deed Poll, the NPA and the RSF enclosed herewith.

11. FURTHER INFORMATION

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

Yours faithfully

For and behalf of the Board of

O&C RESOURCES BERHAD

(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD)



ONG KAH HOE
Executive Director

CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE OF ICPS WITH WARRANTS PASSED AT OUR EGM HELD ON 16 MAY 2016

O&C RESOURCES BERHAD

(Formerly known as Takaso Resources Berhad)
(Company No: 440503-K)
(Incorporated in Malaysia)

**EXTRACT OF MINUTES OF EXTRAORDINARY GENERAL MEETING
OF THE COMPANY HELD ON 16TH MAY 2016**

AS ORDINARY RESOLUTION 2

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 735,074,052 ICPS ON THE BASIS OF THREE (3) ICPS FOR EVERY ONE (1) EXISTING ORDINARY SHARE OF RM0.25 EACH IN OCR ("OCR SHARE" OR "SHARE") HELD, TOGETHER WITH UP TO 73,507,405 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF ONE (1) WARRANT FOR EVERY TEN (10) ICPS SUBSCRIBED AT AN ENTITLEMENT DATE TO BE DETERMINED LATER ("ENTITLEMENT DATE") ("PROPOSED RIGHTS ISSUE OF ICPS WITH WARRANTS")

RESOLVED:-

THAT subject to and conditional upon the passing of the Special Resolution 1 and Ordinary Resolution 1 and the approvals of all relevant parties and/or authorities being obtained (where required), the Board of Directors of the Company ("**Board**") be and is hereby authorised:

- (i) to provisionally issue and allot by way of a renounceable rights issue of up to 735,074,052 ICPS at an issue price of RM0.05 each on the basis of three (3) ICPS for every one (1) existing OCR Share held, together with up to 73,507,405 Warrants on the basis of one (1) Warrant for every ten (10) ICPS subscribed by the shareholders of OCR whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined later by the Board;
- (ii) to enter into and execute the deed poll in relation to the Proposed Rights Issue of ICPS with Warrants ("**Deed Poll**") and to do all acts, deeds and things as they may deem fit or expedient in order to implement, finalise and give full effect to the aforesaid Deed Poll; and
- (iii) to utilise the proceeds to be derived from the Proposed Rights Issue of ICPS with Warrants in the manner as set out in Section 3 of the Circular and to vary the manner and/or purpose of utilisation of such proceeds as they may deem fit and in the best interest of the Company.

THAT the shareholders' fractional entitlements to the Warrants under the Proposed Rights Issue of ICPS with Warrants, if any, shall be disregarded and dealt with by the Board in such manner at the absolute discretion of the Board as they may deem fit or expedient and in the best interest of the Company.

THAT the ICPS with Warrants which are not taken up or validly taken up shall be made available for excess applications by the entitled shareholders and/or their renounee(s) (if applicable) and such excess ICPS with Warrants shall be allocated in a fair and equitable manner on a basis to be determined by the Board and announced later by the Company.

Dated this 16th day of May, 2016

CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE OF ICPS WITH WARRANTS PASSED AT OUR EGM HELD ON 16 MAY 2016 (CONT'D)

O&C RESOURCES BERHAD

EXTRACT OF MINUTES OF EXTRAORDINARY GENERAL MEETING OF THE COMPANY HELD ON 16 MAY 2016


RE: PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 735,074,052 ICPS ON THE BASIS OF THREE (3) ICPS FOR EVERY ONE (1) EXISTING ORDINARY SHARE OF RM0.25 EACH IN OCR ("OCR SHARE" OR "SHARE") HELD, TOGETHER WITH UP TO 73,507,405 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF ONE (1) WARRANT FOR EVERY TEN (10) ICPS SUBSCRIBED AT AN ENTITLEMENT DATE TO BE DETERMINED LATER ("ENTITLEMENT DATE") ("PROPOSED RIGHTS ISSUE OF ICPS WITH WARRANTS")

- 2 -

THAT the new OCR Shares to be issued arising from the conversion of the ICPS and/or exercise of the Warrants shall, upon issuance and allotment, rank *pari passu* in all respects with the then existing OCR Shares, save and except that the new OCR Shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment and issuance of the new OCR Shares arising from the conversion of the ICPS and/or exercise of the Warrants.

AND THAT the Board be and is hereby authorised to take all such necessary steps to give full effect to the Proposed Rights Issue of ICPS with Warrants with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required or permitted by any relevant authorities or deemed necessary by the Board, and to take all steps and to do all such acts and matters as they may consider necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue of ICPS with Warrants.

Dated this 16th day of May, 2016

CERTIFIED TRUE COPY

ONG KAH HOE
Director



YONG MONG HUAY
Director

INFORMATION ON OUR COMPANY

1. HISTORY AND BUSINESS

Our Company was incorporated in Malaysia under the Act on 28 July 1997 as a public limited company and was listed on the then Second Board (*now known as Main Market*) of Bursa Securities on 16 March 1999. On 1 October 2015, our Company changed its name from Takaso Resources Berhad to O&C Resources Berhad.

Our Company is principally engaged in the business of investment holding, while our subsidiary companies are principally involved in the manufacturing of rubber products and baby products as well as trading in baby apparels, infant milk and toiletries, trading of electrical and mechanical products and construction of residential and commercial properties as well as property development and property investment.

Further details of the principal activities of our subsidiary companies are set out in Section 6 of this Appendix II.

2. SHARE CAPITAL

Our authorised and issued and paid-up share capital as at the LPD are as follows:

Type	No. of OCR Shares/ ICPS	Par value RM	Total RM
Authorised share capital			
- OCR Shares	1,600,000,000	0.25	400,000,000
- ICPS	2,000,000,000	0.05	100,000,000
			<u>500,000,000</u>
Issued and paid-up share capital			
- OCR Shares	212,075,499	0.25	53,018,875
- ICPS	-	0.05	-
			<u>53,018,875</u>

The changes in our issued and paid-up share capital for the past three (3) years up to the LPD are as follows:

Date of allotment	No. of Shares allotted	Par value (RM)	Description	Cumulative issued and paid- up share capital (RM)
4 November 2013	12,004,000	0.25	Exercise of employee share issuance scheme options	40,186,949.75
1 October 2014	9,956,600	0.25	Exercise of employee share issuance scheme options	42,676,099.75
13 October 2014	2,166,000	0.25	Exercise of Warrants 2011/2016	43,217,599.75
16 October 2014	370,000	0.25	Exercise of Warrants 2011/2016	43,310,099.75
21 October 2014	340,000	0.25	Exercise of Warrants 2011/2016	43,395,099.75
24 October 2014	443,000	0.25	Exercise of Warrants 2011/2016	43,505,849.75
29 October 2014	455,000	0.25	Exercise of Warrants 2011/2016	43,619,599.75
4 November 2014	3,199,800	0.25	Exercise of Warrants 2011/2016	44,419,549.75
10 November 2014	1,165,500	0.25	Exercise of Warrants 2011/2016	44,710,924.75
18 November 2014	830,000	0.25	Exercise of Warrants 2011/2016	44,918,424.75
24 November 2014	130,000	0.25	Exercise of Warrants 2011/2016	44,950,924.75

INFORMATION ON OUR COMPANY (CONT'D)

Date of allotment	No. of Shares allotted	Par value (RM)	Description	Cumulative issued and paid-up share capital (RM)
8 December 2014	17,900,000	0.25	Cash (from private placement)	49,425,924.75
10 December 2014	100,000	0.25	Exercise of Warrants 2011/2016	49,450,924.75
17 December 2014	150,000	0.25	Exercise of Warrants 2011/2016	49,488,424.75
29 December 2014	53,000	0.25	Exercise of Warrants 2011/2016	49,501,674.75
8 January 2015	70,000	0.25	Exercise of Warrants 2011/2016	49,519,174.75
29 January 2015	893,500	0.25	Exercise of Warrants 2011/2016	49,742,549.75
5 February 2015	2,200,000	0.25	Exercise of Warrants 2011/2016	50,292,549.75
6 February 2015	900,800	0.25	Exercise of Warrants 2011/2016	50,517,749.75
10 February 2015	1,045,000	0.25	Exercise of Warrants 2011/2016	50,778,999.75
12 February 2015	120,000	0.25	Exercise of Warrants 2011/2016	50,808,999.75
16 February 2015	706,800	0.25	Exercise of Warrants 2011/2016	50,985,699.75
20 April 2015	199,000	0.25	Exercise of Warrants 2011/2016	51,035,449.75
30 April 2015	160,000	0.25	Exercise of Warrants 2011/2016	51,075,449.75
11 August 2015	331,000	0.25	Exercise of Warrants 2011/2016	51,158,199.75
18 August 2015	748,000	0.25	Exercise of Warrants 2011/2016	51,345,199.75
25 August 2015	162,000	0.25	Exercise of Warrants 2011/2016	51,385,699.75
14 September 2015	82,000	0.25	Exercise of Warrants 2011/2016	51,406,199.75
22 September 2015	100,000	0.25	Exercise of Warrants 2011/2016	51,431,199.75
13 October 2015	92,000	0.25	Exercise of Warrants 2011/2016	51,454,199.75
15 December 2015	92,000	0.25	Exercise of Warrants 2011/2016	51,477,199.75
20 January 2016	92,000	0.25	Exercise of Warrants 2011/2016	51,500,199.75
28 January 2016	1,890,200	0.25	Exercise of Warrants 2011/2016	51,972,749.75
2 February 2016	731,600	0.25	Exercise of Warrants 2011/2016	52,155,649.75
16 February 2016	133,900	0.25	Exercise of Warrants 2011/2016	52,189,124.75
22 February 2016	848,300	0.25	Exercise of Warrants 2011/2016	52,401,199.75
1 March 2016	755,500	0.25	Exercise of Warrants 2011/2016	52,590,074.75
9 March 2016	319,800	0.25	Exercise of Warrants 2011/2016	52,670,024.75
21 March 2016	380,600	0.25	Exercise of Warrants 2011/2016	52,765,174.75
31 March 2016	266,000	0.25	Exercise of Warrants 2011/2016	52,831,674.75
12 April 2016	193,500	0.25	Exercise of Warrants 2011/2016	52,880,049.75
27 April 2016	465,300	0.25	Exercise of Warrants 2011/2016	52,996,374.75
17 May 2016	90,000	0.25	Exercise of Warrants 2011/2016	53,018,874.75

3. BOARD OF DIRECTORS

Please refer to the Corporate Directory on page 1 of this AP for details of the members of our Board.

INFORMATION ON OUR COMPANY (CONT'D)

4. DIRECTORS' SHAREHOLDINGS

The pro forma effects of the Rights Issue of ICPS with Warrants on the shareholdings of our Directors based on our Record of Depositors as at the LPD are as follows:

Minimum Scenario

Name	As at the LPD			(I) Assuming full conversion of the ICPS*		
	Direct No. of OCR Shares	%	Indirect No. of OCR Shares	Direct No. of OCR Shares	Indirect No. of OCR Shares	%
Tunku Azudinshah Ibni Tunku Annuar	-	-	-	-	-	-
OKH	16,087,300	7.59	41,378,800 ⁽¹⁾	20,913,490	53,792,440 ⁽¹⁾	23.46
Tee Tze Chern, JP	88	Neg	-	88	-	-
Yong Mong Huay	-	-	-	-	-	-
Tan Ooi Jin	-	-	-	-	-	-
Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria	-	-	-	-	-	-
Hj. Abdullah Bin Abdul Rahman	-	-	-	-	-	-

INFORMATION ON OUR COMPANY (CONT'D)

Name	(II) After (I) and assuming full exercise of the Warrants 2011/2016			(III) After (II) and assuming full exercise of the Warrants		
	Direct		Indirect	Direct		Indirect
	No. of OCR Shares	%	No. of OCR Shares	No. of OCR Shares	%	No. of OCR Shares
Tunku Azudinsyah Ibni Tunku Annuar	-	-	-	-	-	-
OKH	20,913,490	7.97	54,231,940 ⁽¹⁾⁽²⁾	25,739,680	9.21	66,645,580 ⁽¹⁾
Tee Tze Chern, JP	88	Neg	-	88	Neg	-
Yong Mong Huay	-	-	-	-	-	-
Tan Ooi Jin	-	-	-	-	-	-
Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria	-	-	-	-	-	-
Hj. Abdullah Bin Abdul Rahman	-	-	-	-	-	-

Notes:

* The issuance of the ICPS with Warrants will not have an effect on the shareholdings of our shareholders. Assuming the Conversion Ratio of ten (10) ICPS into one (1) new OCR Share.

Neg Negligible

(1) The indirect interests are via his parents and siblings' shareholdings and via Kenanga Nominees (Tempatan) Sdn Bhd, pledged securities accounts for OCR Land in which he is deemed interested pursuant to Section 6A of the Act.

(2) OKC holds 439,500 Warrants 2011/2016 as at the LPD.

INFORMATION ON OUR COMPANY (CONT'D)

Maximum Scenario

Name	As at the LPD			(I) Assuming full exercise of the Warrants 2011/2016		
	Direct No. of OCR Shares	%	Indirect No. of OCR Shares	Direct No. of OCR Shares	Indirect No. of OCR Shares	%
Tunku Azudinshah Ibni Tunku Annuar	-	-	-	-	-	-
OKH	16,087,300	7.59	41,378,800 ⁽¹⁾	16,087,300	41,818,300 ⁽¹⁾⁽²⁾	17.07
Tee Tze Chern, JP	88	Neg	-	88	-	-
Yong Mong Huay	-	-	-	-	-	-
Tan Ooi Jin	-	-	-	-	-	-
Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria	-	-	-	-	-	-
Hj. Abdullah Bin Abdul Rahman	-	-	-	-	-	-

Name	(II) After (I) and assuming full conversion of the ICPS*			(III) After (II) and assuming full exercise of the Warrants		
	Direct No. of OCR Shares	%	Indirect No. of OCR Shares	Direct No. of OCR Shares	Indirect No. of OCR Shares	%
Tunku Azudinshah Ibni Tunku Annuar	-	-	-	-	-	-
OKH	64,349,200	6.57	167,273,200 ⁽¹⁾	69,175,390	179,818,690 ⁽¹⁾	17.07
Tee Tze Chern, JP	352	Neg	-	378	-	-
Yong Mong Huay	-	-	-	-	-	-
Tan Ooi Jin	-	-	-	-	-	-
Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria	-	-	-	-	-	-
Hj. Abdullah Bin Abdul Rahman	-	-	-	-	-	-

INFORMATION ON OUR COMPANY (CONT'D)

Notes:

* The issuance of the ICPS with Warrants will not have an effect on the shareholdings of our shareholders. Assuming the Conversion Ratio of one (1) ICPS and RM0.45 in cash for one (1) new OCR Share.

(1) The indirect interests are via his parents and siblings' shareholdings and via Kenanga Nominees (Tempatan) Sdn Bhd, pledged securities accounts for OCR Land in which he is deemed interested pursuant to Section 6A of the Act.

(2) OKC holds 439,500 Warrants 2011/2016 as at the LPD.

5. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The pro forma effects of the Rights Issue of ICPS with Warrants on the shareholdings of our substantial shareholders based on our Record of Depositors as at the LPD are as follows:

Minimum Scenario

Name	As at the LPD			(I) Assuming full conversion of the ICPS*		
	Direct		Indirect	Direct		Indirect
	No. of OCR Shares	%		No. of OCR Shares	%	
OCR Land	31,215,000	14.72	-	40,579,500	17.70	-
OKH	16,087,300	7.59	41,378,800 ⁽¹⁾	20,913,490	9.12	53,792,440 ⁽¹⁾
Innofarm Sdn Bhd	15,713,000	7.41	-	15,713,000	6.85	-

Name	(II) After (I) and assuming full exercise of the Warrants 2011/2016			(III) After (II) and assuming full exercise of the Warrants		
	Direct		Indirect	Direct		Indirect
	No. of OCR Shares	%		No. of OCR Shares	%	
OCR Land	40,579,500	15.47	-	49,944,000	17.87	-
OKH	20,913,490	7.97	54,231,940 ⁽¹⁾⁽²⁾	25,739,680	9.21	66,645,580 ⁽¹⁾
Innofarm Sdn Bhd	15,713,000	5.99	-	15,713,000	5.62	-

INFORMATION ON OUR COMPANY (CONT'D)

Notes:

- * The issuance of the ICPS with Warrants will not have an effect on the shareholdings of our shareholders. Assuming the Conversion Ratio of ten (10) ICPS into one (1) new OCR Share.
- (1) The indirect interests are via his parents and siblings' shareholdings and via Kenanga Nominees (Tempatan) Sdn Bhd, pledged securities accounts for OCR Land in which he is deemed interested pursuant to Section 6A of the Act.
- (2) OKC holds 439,500 Warrants 2011/2016 as at the LPD.

Maximum Scenario

Name	As at the LPD			(I) Assuming full exercise of the Warrants 2011/2016		
	Direct		Indirect	Direct		Indirect
	No. of OCR Shares	%		No. of OCR Shares	%	
OCR Land	31,215,000	14.72	-	31,215,000	12.74	-
OKH	16,087,300	7.59	41,378,800 ⁽¹⁾	16,087,300	6.57	41,818,300 ⁽¹⁾⁽²⁾
Innofarm Sdn Bhd	15,713,000	7.41	-	15,713,000	6.41	-
						17.07
						-

Name	(II) After (I) and assuming full conversion of the ICPS*			(III) After (II) and assuming full exercise of the Warrants		
	Direct		Indirect	Direct		Indirect
	No. of OCR Shares	%		No. of OCR Shares	%	
OCR Land	124,860,000	12.74	-	134,224,500	12.74	-
OKH	64,349,200	6.57	167,273,200 ⁽¹⁾	69,175,390	6.57	179,818,690 ⁽¹⁾
Innofarm Sdn Bhd	62,852,000	6.41	-	67,565,900	6.41	-
						17.07
						-

Notes:

- * The issuance of the ICPS with Warrants will not have an effect on the shareholdings of our shareholders. Assuming the Conversion Ratio of one (1) ICPS and RM0.45 in cash for one (1) new OCR Share.
- (1) The indirect interests are via his parents and siblings' shareholdings and via Kenanga Nominees (Tempatan) Sdn Bhd, pledged securities accounts for OCR Land in which he is deemed interested pursuant to Section 6A of the Act.
- (2) OKC holds 439,500 Warrants 2011/2016 as at the LPD.

INFORMATION ON OUR COMPANY (CONT'D)**6. SUBSIDIARY AND ASSOCIATED COMPANIES**

The details of our subsidiary companies as at the LPD are as follows:

Company	Date and place of incorporation	Principal activities	Issued and paid-up share capital (RM)	Effective equity interest (%)
Takaso Rubber Products Sdn Bhd	7 July 1982, Malaysia	Manufacturing of rubber products and baby products, and trading in baby accessories, apparels and milk powder.	8,000,000	100.00
Japlo Healthcare Sdn Bhd	24 November 1999, Malaysia	Distributing and retailing of baby products.	500,000	100.00
Takaso Commerce Sdn Bhd	27 September 2011, Malaysia	Retail and trading of consumable products.	1,500,000	100.00
Takaso Industries Pte Ltd	12 November 2011, The Republic of Singapore	Trading of electrical and mechanical products.	SGD100,000	100.00
TDKSB	24 April 2015, Malaysia	Property development and property investment.	100	70.00 ⁽¹⁾
TCSB	5 June 2015, Malaysia	Dormant.	2	100.00
Grand Superland Sdn Bhd	12 June 2015, Malaysia	Dormant.	2	100.00
Takaso Marketing Sdn Bhd	11 December 1996, Malaysia	Marketing of rubber products, baby products, and trading in baby accessories, apparels and milk powder.	8,500,000	100.00 ⁽²⁾
Takaso Land Sdn Bhd	21 November 2014, Malaysia	Construction of residential and commercial properties and property development.	750,000	100.00
PT Takaso Indonesia Global Manufacturing	4 November 2014, Indonesia	Dormant.	Nil ⁽³⁾	51.00 ⁽³⁾
Takaso SC	27 November 2013, The Kingdom of Thailand	Dormant.	THB20,000,000	100.00

INFORMATION ON OUR COMPANY (CONT'D)

Company	Date and place of incorporation	Principal activities	Issued and paid-up share capital (RM)	Effective equity interest (%)
MCSB	25 March 2011, Malaysia	Property development and property investment.	10,000.00	50.01 ⁽⁴⁾

Notes:

- (1) The remaining 30% equity interest in TDKSB is owned by SSPP Development Sdn Bhd, a third party.
- (2) Held through Takaso Rubber Products Sdn Bhd.
- (3) No capital injection has been effected by our Company as at the LPD.
- (4) Held through Takaso Industries Pte Ltd. The remaining 49% equity interest is owned by Sendy Parmon, Eddy Iskandar and Harrison Law, third parties.
- (5) The remaining 49.99% equity interest is owned by MISB, a third party.

We do not have any associated companies as at the LPD.

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INFORMATION ON OUR COMPANY (CONT'D)

7. PROFIT AND DIVIDEND RECORDS

The profit and dividend records based on our Group's audited consolidated financial statements for the FYE 31 July 2013, FYE 31 July 2014, and FYE 31 July 2015, as well as for the six (6)-month FPE 31 January 2015 and 31 January 2016, are summarised as follows:

	← Unaudited →		← Audited →		
	Six (6)-month FPE 31 January 2016	Six (6)-month FPE 31 January 2015	FYE 31 July 2015	FYE 31 July 2014	FYE 31 July 2013
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	20,067	18,516	36,763	37,563	45,083
GP	4,440	3,490	5,679	5,603	7,066
Other income	1,749	664	758	810	556
Administrative expenses	(4,024)	(4,462)	(8,968)	(8,794)	(8,711)
Selling and distribution expenses	(832)	(466)	(1,083)	(1,098)	(1,146)
Other expenses	(428)	(198)	(4,079)	(1,809)	(702)
Profit / (Loss) from operations	905	(972)	(7,693)	(5,288)	(2,937)
Finance costs	(175)	(130)	(268)	(447)	(522)
PBT / (LBT)	730	(1,102)	(7,961)	(5,735)	(3,459)
Taxation	(166)	(98)	(31)	(212)	(147)
PAT / (LAT)	564	(1,200)	(7,992)	(5,947)	(3,606)
PAT / (LAT) attributable to:					
Equity holders of our Company	596	(1,200)	(7,991)	(5,947)	(3,606)
Non-controlling interests	(32)	-	(1)	-	-
PAT / (LAT)	564	(1,200)	(7,992)	(5,947)	(3,606)
 EBITDA / (LBITDA)	 1,819	 (73)	 (5,875)	 (3,804)	 (1,737)
Weighted average number of OCR Shares in issue ('000)	205,695	177,195	190,447	157,623	148,744
Basic EPS / (LPS) ⁽¹⁾ (sen)	0.29	(0.68)	(4.20)	(3.77)	(2.42)
Diluted EPS / (LPS) (sen)	0.27	(0.62)	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾
GP margin (%)	22.13	18.85	15.45	14.92	15.67
PBT / (LBT) margin (%)	3.64	(5.95)	(21.65)	(15.27)	(7.67)
PAT / (LAT) margin (%)	2.81	(6.48)	(21.74)	(15.83)	(8.00)
Dividend (sen)	-	-	-	-	-

Notes:

N/A Not applicable

(1) Being the PAT/(LAT) attributable to owners of our Company divided by weighted average number of Shares in issue for the financial periods/years under review.

(2) Not applicable as the effects arising from the assumed exercise of the SIS options, Warrants 2003/2013 and/or Warrants 2011/2016 are anti-dilutive.

INFORMATION ON OUR COMPANY (CONT'D)

(i) FYE 31 July 2014 vs FYE 31 July 2013

Our Group's revenue for the FYE 31 July 2014 decreased by 16.68% to approximately RM37.56 million from approximately RM45.08 million for the FYE 31 July 2013. The decrease in revenue for the FYE 31 July 2014 was mainly due to:

- (i) reduced trading sales in computer accessories as a result of a one-off project sales to a customer in the FYE 31 July 2013;
- (ii) slowdown in cathode ray tube glass recycling business contributed by Benchmark Vista Sdn Bhd* as a result of lower market demand; and
- (iii) weaker export sales to Middle East and African countries due to their unstable market conditions.

As a result of the above mentioned decreased revenue, our Group's GP and GP margin decreased to approximately RM5.60 million and 14.92% for FYE 31 July 2014 compared to RM7.07 million and 15.67% for the FYE 31 July 2013, respectively.

Other income for the FYE 31 July 2014 of approximately RM0.81 million comprised mainly interest income generated from fixed deposits with licensed banks of approximately RM0.23 million and other income of approximately RM0.50 million which mainly consists of back-charged income generated from our customers in relation to forwarding cost, packaging cost, exhibition cost, insurance expense as well as refund of human development resources fund ("Back-Charged Income") compared to the FYE 31 July 2013 of approximately RM0.56 million which comprised mainly interest income generated from fixed deposits with licensed banks of approximately RM0.24 million and Back-Charged Income of approximately RM0.29 million.

Our Group's LAT for the FYE 31 July 2014 in turn increased by 64.87% to approximately RM5.95 million from approximately RM3.61 million for the FYE 31 July 2013. Thus, the increase in LAT for the FYE 31 July 2014 was mainly due to:

- (i) decreased in revenue which is insufficient to cover the operating expenses such as depreciation of property, plant and equipment of approximately RM1.68 million, rental of premises of approximately RM1.26 million and staff cost of approximately RM6.86 million;
- (ii) impairment loss on goodwill of approximately RM0.41 million as a result of more prudent approach adopted by our Group on the fair value assessment of goodwill; and
- (iii) impairment loss on plant and equipment of approximately RM1.00 million as a result of value in use of the plant and equipment is lower than its recoverable amount.

(ii) FYE 31 July 2015 vs FYE 31 July 2014

Our Group's revenue for the FYE 31 July 2015 decreased by 2.13% to approximately RM36.76 million from approximately RM37.56 million for the FYE 31 July 2014. The decrease in revenue for the FYE 31 July 2015 was mainly due to:

- (i) slowdown in cathode ray tube recycling business contributed by Benchmark Vista Sdn Bhd* due to lower market demand; and
- (ii) decrease in trading sales in consumable products due to competitive pricing from competitors to secure orders.

INFORMATION ON OUR COMPANY (CONT'D)

Notwithstanding the above mentioned decreased revenue, our Group's GP and GP margin increased to approximately RM5.68 million and 15.45% for FYE 31 July 2015 compared to RM5.60 million and 14.92%, respectively mainly due to lower cost of materials charged by new suppliers and tighter cost controls implemented by our Group to trim down our Group's operational costs such as utilities, upkeep of plant and machinery and packaging charges.

Other income for the FYE 31 July 2015 of approximately RM0.76 million comprised mainly bad debt recovered of approximately RM0.19 million and Back-Charged Income of approximately RM0.40 million compared to the FYE 31 July 2014 of approximately RM0.81 million which comprised mainly interest income generated from fixed deposits with licensed banks of approximately RM0.23 million and Back-Charged Income of approximately RM0.50 million.

Nevertheless, our Group's LAT increased by 34.39% to approximately RM7.99 million for the FYE 31 July 2015 from approximately RM5.95 million for the FYE 31 July 2014. The LAT increased by approximately RM2.05 million mainly due to:

- (i) impairment loss on plant and machinery of approximately RM2.52 million (FYE 31 July 2014: RM1.0 million) as value in use of selected plant and machinery is lower than its recoverable amount; and
- (ii) impairment loss on receivables of approximately RM0.82 million due to amount owing by receivables had exceeded the credit terms granted of up to 120 days.

Note:

* *In view of the slowdown in the business of Benchmark Vista Sdn Bhd, our Company had and as announced on 11 September 2015 entered into a shares sale agreement with Cheah Kim Tee and Norhalimah Binti Rahim to dispose 1,000,000 ordinary shares of RM1.00 each in Benchmark Vista Sdn Bhd, representing 100% of issued and paid-up share capital of Benchmark Vista Sdn Bhd for a total cash consideration of RM655,000. The said disposal was completed on 8 December 2015.*

(iii) Six (6)-month FPE 31 January 2016 vs Six (6)-month FPE 31 January 2015

Our Group's revenue for the six (6)-month FPE 31 January 2016 increased by 8.38% to approximately RM20.07 million from approximately RM18.52 million for the six (6)-month FPE 31 January 2015. The increase in revenue for the six (6)-month FPE 31 January 2016 was mainly due to:

- (i) increased sales generated from the manufacturing of rubber products and baby products business contributed by Takaso Rubber Products Sdn Bhd arising from increased orders from major customers;
- (ii) increased sales generated from the trading of electrical and mechanical products business contributed by Takaso Industries Pte Ltd as a result of the weakening of RM against Singapore Dollar (i.e. sales were in Singapore Dollars); and
- (iii) progressive recognition of revenue from the Construction Works which commenced in April 2015.

As a result of the above mentioned increased revenue, our Group's GP and GP margin increased to approximately RM4.44 million and 22.13%, respectively for the six (6)-month FPE 31 January 2016 compared to RM3.49 million and 18.85%, respectively for the six (6)-month FPE 31 January 2015.

INFORMATION ON OUR COMPANY (CONT'D)

Other income for the six (6)-month FPE 31 January 2016 of approximately RM1.75 million comprised of unrealised gain on foreign exchange gain of approximately RM1.25 million and Back-Charged Income of approximately RM0.49 million compared to the six (6)-month FPE 31 January 2015 of approximately RM0.66 million which comprised mainly Back-Charged Income of approximately RM0.61 million.

Our Group recorded a PAT of approximately RM0.60 million in the six (6)-month FPE 31 January 2016 as compared to LAT of RM1.20 million in the six (6)-month FPE 31 January 2015 mainly attributable to the above and higher other income of approximately RM1.75 million for the six (6)-month FPE 31 January 2016 as mentioned above compared to other income of approximately RM0.66 million for the six (6)-month FPE 31 January 2015.

8. HISTORICAL PRICES OF OCR SHARES

The monthly highest and lowest transacted market prices of OCR Shares for the past twelve (12) months are as follows:

	Highest (RM)	Lowest (RM)
2015		
May	0.520	0.480
June	0.500	0.470
July	0.565	0.470
August	0.580	0.480
September	0.555	0.480
October	0.510	0.480
November	0.500	0.460
December	0.500	0.480
2016		
January	0.560	0.465
February	0.540	0.470
March	0.515	0.490
April	0.520	0.480

The last transacted market price of OCR Shares on 18 August 2015 (being the last trading date prior to the Announcement) was RM0.550.

The last transacted market price of OCR Shares on 23 May 2016 (being the LPD) was RM0.575.

The last transacted market price of OCR Shares on 10 June 2016 (being the last day on which OCR Shares were traded prior to the ex-date of the Rights Issue of ICPS with Warrants) was RM0.51.

(Source: Bloomberg Finance L.P.)

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON



Crowe Horwath AF 1018
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Our Ref: AUD/CSU1/CTW/NTBH

1 June 2016

The Board of Directors

**O&C RESOURCES BERHAD
(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD)**

49-B, Jalan Melaka Raya 8
Taman Melaka Raya
75000 Melaka
Malaysia

Strictly Private and Confidential

Dear Sir/Madam,

**O&C RESOURCES BERHAD
(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")
REPORTING ACCOUNTANTS' LETTER ON THE COMPILATION OF PROFORMA
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2015**

We have completed our assurance engagement to report on the compilation of Proforma Consolidated Statements of Financial Position of OCR and its subsidiaries (the "OCR Group") as at 31 July 2015 together with the accompanying notes thereto, (which we have stamped for the purpose of identification), which have been prepared by the Board of Directors for illustrative purposes, in relation to the renounceable rights issue of up to 735,074,052 new irredeemable convertible preference shares of RM0.05 each in OCR ("ICPS") on the basis of three (3) ICPS for every one (1) existing ordinary share of RM0.25 each in OCR ("OCR Share" or "Share") held as at 5.00 pm on 15 June 2016, together with up to 73,507,405 free detachable warrants ("Warrants") on the basis of one (1) Warrant for every ten (10) ICPS subscribed for at an issue price of RM0.05 per ICPS ("Rights Issue of ICPS with Warrants").

The Proforma Consolidated Statements of Financial Position are compiled by the Board of Directors to illustrate the impact of the event or transaction on the basis set out on Note 1 of the Proforma Consolidated Statements of Financial Position.

As part of this process, information about the financial position has been extracted by the Board of Directors from the relevant financial statements for the financial year ended 31 July 2015, on which audit reports have been published.

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS
AT 31 JULY 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER
THEREON (CONT'D)**



**DIRECTORS' RESPONSIBILITIES FOR THE PROFORMA CONSOLIDATED STATEMENTS
OF FINANCIAL POSITION**

The Board of Directors is solely responsible for compiling the Proforma Consolidated Statements of Financial Position on the basis set out on Note 1 of the Proforma Consolidated Statements of Financial Position.

OUR RESPONSIBILITIES

Our responsibility is to express an opinion about whether the Proforma Consolidated Statements of Financial Position have been compiled, in all material aspects, by the Board of Directors of OCR on the basis of the applicable criteria.

We conducted our work in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3420 Assurance Engagements to Report on the Compilation of Proforma Financial Information included in a Prospectus issued by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors have compiled, in all material respects, the proforma financial information on the basis of the applicable criteria.

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

The purpose of the Proforma Consolidated Statements of Financial Position is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

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

- (i) the related proforma adjustments give appropriate effect to those criteria; and
- (ii) the Proforma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS
AT 31 JULY 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER
THEREON (CONT'D)**



The procedures selected depend on our judgement, having regard to our understanding of the nature of OCR, the event or transaction in respect of which the Proforma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances.

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

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

OPINION

In our opinion, the Proforma Consolidated Statements of Financial Position have been properly compiled on the basis stated.

OTHER MATTERS

We understand that this letter is issued for the sole purpose of inclusion in the Abridged Prospectus to Shareholders in connection with the Rights Issue of ICPS with Warrants. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully

A handwritten signature in black ink, appearing to be a stylized 'C' or 'H'.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

A handwritten signature in black ink, appearing to be "Chong Tuck Wai".

Chong Tuck Wai
Approval No: 3023/03/17 (J)
Chartered Accountant

APPENDIX III

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)

O&C RESOURCES BERHAD (FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")
 PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
 AS AT 31 JULY 2015

MINIMUM SCENARIO



		(I) Proforma I	(II) Proforma II	(III) Proforma III	(IV) Proforma IV	(V) Proforma V
		After subsequent event of OCR	After Proforma I and the Rights Issue of ICPS with Warrants	After Proforma II and assuming full conversion of ICPS	After Proforma III and assuming full exercise of Warrants 2011/2016	After Proforma IV and assuming full exercise of Warrants
	Note	Audited as at 31.7.2015 RM	RM	RM	RM	RM
ASSETS						
NON-CURRENT ASSETS						
Property, plant and equipment		22,861,576	22,861,576	22,861,576	22,861,576	22,861,576
Investment property		1,995,017	1,995,017	1,995,017	1,995,017	1,995,017
		<u>24,856,593</u>	<u>24,856,593</u>	<u>24,856,593</u>	<u>24,856,593</u>	<u>24,856,593</u>
CURRENT ASSETS						
Inventories		5,580,592	5,580,592	5,580,592	5,580,592	5,580,592
Trade and other receivables		23,953,695	23,953,695	23,953,695	23,953,695	23,953,695
Current tax assets		29,680	29,680	29,680	29,680	29,680
Fixed deposits with licensed banks		120,000	120,000	120,000	120,000	120,000
Cash and bank balances	2	4,817,815	7,538,610	15,558,525	27,090,740	35,710,655
		<u>34,501,782</u>	<u>45,242,492</u>	<u>45,242,492</u>	<u>56,774,707</u>	<u>65,394,622</u>
TOTAL ASSETS		<u>59,358,375</u>	<u>70,099,085</u>	<u>70,099,085</u>	<u>81,631,300</u>	<u>90,251,215</u>

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)

O&C RESOURCES BERHAD (FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2015 (CONT'D)

MINIMUM SCENARIO (CONT'D)



	Note	Audited as at 31.7.2015 RM	(I) Proforma I After subsequent event of OCR RM	(II) Proforma II After Proforma I and the Rights Issue of ICPS with Warrants RM	(III) Proforma III After Proforma II and assuming full conversion of ICPS RM	(IV) Proforma IV After Proforma III and assuming full exercise of Warrants 2011/2016 RM	(V) Proforma V After Proforma IV and assuming full exercise of Warrants RM
EQUITY AND LIABILITIES							
EQUITY							
Share capital	3	51,075,450	53,018,875	53,018,875	57,328,833	65,566,129	69,876,087
Warrant reserve	4	3,302,847	2,672,358	2,967,026	2,967,026	294,668	-
Share premium	5	12,941,164	14,349,023	13,749,023	18,058,980	24,026,257	28,630,882
Foreign exchange translation reserve		248,339	248,339	248,339	248,339	248,339	248,339
Irredeemable convertible preference share ("ICPS")	6	-	-	8,619,915	-	-	-
Accumulated losses	7	(19,044,619)	(19,044,619)	(19,339,287)	(19,339,287)	(19,339,287)	(19,339,287)
EQUITY TO OWNERS		48,523,181	51,243,976	59,263,891	59,263,891	70,796,106	79,416,021
Non-controlling interest		(1,291)	(1,291)	(1,291)	(1,291)	(1,291)	(1,291)
TOTAL EQUITY		48,521,890	51,242,685	59,262,600	59,262,600	70,794,815	79,414,730
NON-CURRENT LIABILITIES							
Long-term borrowings		1,124,433	1,124,433	1,124,433	1,124,433	1,124,433	1,124,433
Deferred tax liability		258,000	258,000	258,000	258,000	258,000	258,000
		1,382,433	1,382,433	1,382,433	1,382,433	1,382,433	1,382,433

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)

**O&C RESOURCES BERHAD (FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2015 (CONT'D)**

MINIMUM SCENARIO (CONT'D)



		(I) Proforma I	(II) Proforma II	(III) Proforma III	(IV) Proforma IV	(V) Proforma V
		After subsequent event of OCR	After Proforma I and the Rights Issue of ICPS with Warrants	After Proforma II and assuming full conversion of ICPS	After Proforma III and assuming full exercise of Warrants 2011/2016	After Proforma IV and assuming full exercise of Warrants
Note	Audited as at 31.7.2015	RM	RM	RM	RM	RM
CURRENT LIABILITIES						
Trade and other payables	7,355,837	7,355,837	7,355,837	7,355,837	7,355,837	7,355,837
Short-term borrowings	305,749	305,749	305,749	305,749	305,749	305,749
Provision for taxation	40,452	40,452	40,452	40,452	40,452	40,452
Bank overdrafts	1,752,014	1,752,014	1,752,014	1,752,014	1,752,014	1,752,014
	9,454,052	9,454,052	9,454,052	9,454,052	9,454,052	9,454,052
	10,836,485	10,836,485	10,836,485	10,836,485	10,836,485	10,836,485
TOTAL LIABILITIES	59,358,375	62,079,170	70,099,085	70,099,085	81,631,300	90,251,215
Ratios						
Number of OCR Shares	204,301,799	212,075,499	212,075,499	229,315,329	262,264,514	279,504,344
Net assets per OCR Share (RM)	0.24	0.24	0.28	0.26	0.27	0.28
Net tangible assets per OCR Share (RM)	0.24	0.24	0.28	0.26	0.27	0.28
Total interest-bearing borrowings	3,182,196	3,182,196	3,182,196	3,182,196	3,182,196	3,182,196
Gearing (times)	0.07	0.06	0.05	0.05	0.04	0.04

APPENDIX III

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)

O&C RESOURCES BERHAD (FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")
 PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
 AS AT 31 JULY 2015 (CONT'D)

MAXIMUM SCENARIO

Initiated For Identification Purposes Only



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		(I) Proforma I	(II) Proforma II	(III) Proforma III	(IV) Proforma IV	(V) Proforma V
		After subsequent event of OCR	After Proforma I and assuming full exercise of Warrants 2011/2016	After Proforma II and the Rights Issue of ICPS with Warrants	After Proforma III and assuming full conversion of ICPS	After Proforma IV and assuming full exercise of Warrants
Note	Audited as at 31.7.2015 RM	RM	RM	RM	RM	RM
ASSETS						
NON-CURRENT ASSETS						
Property, plant and equipment	22,861,576	22,861,576	22,861,576	22,861,576	22,861,576	22,861,576
Investment property	1,995,017	1,995,017	1,995,017	1,995,017	1,995,017	1,995,017
	24,856,593	24,856,593	24,856,593	24,856,593	24,856,593	24,856,593
CURRENT ASSETS						
Inventories	5,580,592	5,580,592	5,580,592	5,580,592	5,580,592	5,580,592
Trade and other receivables	23,953,695	23,953,695	23,953,695	23,953,695	23,953,695	23,953,695
Current tax assets	29,680	29,680	29,680	29,680	29,680	29,680
Fixed deposits with licensed banks	120,000	120,000	120,000	120,000	120,000	120,000
Cash and bank balances	4,817,815	7,538,610	19,070,825	55,224,528	386,007,851	422,761,554
	34,501,782	37,222,577	48,754,792	84,908,495	415,691,818	452,445,521
TOTAL ASSETS	59,358,375	62,079,170	73,611,385	109,765,088	440,548,411	477,302,114

APPENDIX III

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)

O&C RESOURCES BERHAD (FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2015 (CONT'D)

MAXIMUM SCENARIO (CONT'D)

Initialed For Identification Purposes Only

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		(I) Proforma I	(II) Proforma II After Proforma I and assuming full exercise of Warrants 2011/2016	(III) Proforma III After Proforma II and the Rights Issue of ICPS with Warrants	(IV) Proforma IV After Proforma III and assuming full conversion of ICPS	(V) Proforma V
	Note	Audited as at 31.7.2015 RM	After subsequent event of OCR RM	RM	RM	After Proforma IV and assuming full exercise of Warrants RM
EQUITY AND LIABILITIES						
EQUITY						
Share capital	3	51,075,450	53,018,875	61,256,171	245,024,684	263,401,535
Warrant reserve	4	3,302,847	2,672,358	1,256,409	1,256,409	-
Share premium	5	12,941,164	14,349,023	19,716,300	203,484,813	223,118,074
Foreign exchange translation reserve		248,339	248,339	248,339	248,339	248,339
Irredeemable convertible preference share ("ICPS")	6	-	-	36,753,703	-	-
Accumulated losses	7	(19,044,619)	(19,044,619)	(20,301,028)	(20,301,028)	(20,301,028)
EQUITY TO OWNERS		48,523,181	51,243,976	98,929,894	429,713,217	466,466,920
Non-controlling interest		(1,291)	(1,291)	(1,291)	(1,291)	(1,291)
TOTAL EQUITY		48,521,890	51,242,685	98,928,603	429,711,926	466,465,629
NON-CURRENT LIABILITIES						
Long-term borrowings		1,124,433	1,124,433	1,124,433	1,124,433	1,124,433
Deferred tax liability		258,000	258,000	258,000	258,000	258,000
		1,382,433	1,382,433	1,382,433	1,382,433	1,382,433

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)

**O&C RESOURCES BERHAD (FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2015 (CONT'D)**

MAXIMUM SCENARIO (CONT'D)

Initialed For Identification Purposes Only

Crowe Horwath

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		(I) Proforma I	(II) Proforma II After Proforma I and assuming full exercise of Warrants 2011/2016	(III) Proforma III After Proforma II and the Rights Issue of ICPS with Warrants	(IV) Proforma IV After Proforma III and assuming full conversion of ICPS	(V) Proforma V After Proforma IV and assuming full exercise of Warrants
	Note	Audited as at 31.7.2015 RM	After subsequent event of OCR RM	RM	RM	RM
CURRENT LIABILITIES						
Trade and other payables		7,355,837	7,355,837	7,355,837	7,355,837	7,355,837
Short-term borrowings		305,749	305,749	305,749	305,749	305,749
Provision for taxation		40,452	40,452	40,452	40,452	40,452
Bank overdrafts		1,752,014	1,752,014	1,752,014	1,752,014	1,752,014
		9,454,052	9,454,052	9,454,052	9,454,052	9,454,052
		10,836,485	10,836,485	10,836,485	10,836,485	10,836,485
TOTAL LIABILITIES		59,358,375	62,079,170	109,765,088	440,548,411	477,302,114
TOTAL EQUITY AND LIABILITIES						
Ratios						
Number of OCR shares		204,301,799	212,075,499	245,024,684	980,098,736	1,053,606,141
Net assets per OCR Share (RM)		0.24	0.24	0.26	0.44	0.44
Net tangible assets per OCR Share (RM)		0.24	0.24	0.26	0.44	0.44
Total interest-bearing borrowings		3,182,196	3,182,196	3,182,196	3,182,196	3,182,196
Gearing (times)		0.07	0.06	0.05	0.01	0.01

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)

Initialed For Identification Purposes Only

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O&C RESOURCES BERHAD

(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2015

1. Basis Of Preparation

1.1 Proforma Consolidated Statements of Financial Position

The Proforma Consolidated Statements of Financial Position of OCR have been prepared based on the audited Consolidated Statements of Financial Position of OCR as at 31 July 2015. The Proforma Consolidated Statements of Financial Position have been prepared solely for illustrative purposes, to show the effect of the renounceable rights issue of up to 735,074,052 new irredeemable convertible preference shares of RM0.05 each in OCR ("ICPS") on the basis of three (3) ICPS for every one (1) existing ordinary share of RM0.25 each in OCR ("OCR Share" or "Share") held as at 5.00 p.m. on 15 June 2016, together with up to 73,507,405 free detachable warrants ("Warrants") on the basis of one (1) Warrant for every ten (10) ICPS subscribed for at an issue price of RM0.05 per ICPS ("Rights Issue of ICPS with Warrants").

The financial statements used in the preparation of the Proforma Consolidated Statements of Financial Position have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards in Malaysia and the auditors' report on the said financial statements was not qualified.

The Proforma Consolidated Statements of Financial Position have been prepared based on the accounting policies and bases consistent with those adopted by OCR in the preparation of its audited consolidated financial statements.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)

Initialed For Identification Purposes Only

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**O&C RESOURCES BERHAD
(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2015**

1. Basis Of Preparation (Cont'd)

1.2 Proforma I – Subsequent event

Proforma I incorporates the effects of the significant event subsequent to the audited consolidated financial statements of OCR for the financial year ended ("FYE") 31 July 2015 up to 23 May 2016. A total of 7,773,700 new OCR Shares of RM0.25 each were allotted at an exercise price of RM0.35 each per Share for cash pursuant to the exercise of warrants 2011/2016 in OCR as constituted in the deed poll dated 26 July 2011 ("Warrant 2011/2016") by warrant holders of OCR. This exercise has an effect on its issued and paid-up share capital, net assets, net assets per share and gearing position.

1.3. Minimum Scenario

1.3(a) Proforma II – Rights Issue of ICPS with Warrants

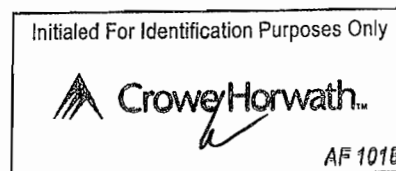
Proforma II incorporates the effects of Proforma I and the Rights Issue of 172,398,300 ICPS at an issue price of RM0.05 per ICPS together with 17,239,830 free detachable warrants on the basis of one (1) Warrant for every ten (10) ICPS subscribed to raise gross proceeds of RM8,619,915. It also incorporates the effects of the estimated expenses of RM600,000 in relation to the corporate exercises announced on 19 August 2015 by OCR which include the Rights Issue of ICPS with Warrants ("Corporate Exercises").

The proceeds arising from the Rights Issue of ICPS with Warrants will be utilised in the following manner:

	Amount RM'000
Construction works	* 3,000
Property development	* 4,340
Staff costs	* 680
Estimated expenses in relation to the Corporate Exercises	600
Total estimated proceeds	<u>8,620</u>

* For illustrative purpose, the proceeds are included in cash and bank balances.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)



**O&C RESOURCES BERHAD
(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2015**

1. Basis Of Preparation (Cont'd)

1.3. Minimum Scenario (Cont'd)

1.3(b) Proforma III – Assuming full conversion of ICPS

Proforma III incorporates the effects of Proforma II and assumes that 172,398,300 ICPS at the issue price of RM0.05 per ICPS are fully converted into 17,239,830 OCR Shares at the conversion ratio of ten (10) ICPS into one (1) new OCR Share without additional consideration by the ICPS holders.

1.3(c) Proforma IV – Assuming full exercise of Warrants 2011/2016

Proforma IV incorporates the effects of Proforma III and assumes that all 32,949,185 Warrants 2011/2016 are fully exercised into 32,949,185 OCR Shares at the exercise price of RM0.35 per Share.

1.3(d) Proforma V – Assuming full exercise of Warrants

Proforma V incorporates the effects of Proforma IV and assumes that all 17,239,830 Warrants are fully exercised into 17,239,830 OCR Shares at the exercise price of RM0.50 per Share.

1.4. Maximum Scenario

1.4(a) Proforma II – Assuming full exercise of Warrants 2011/2016

Proforma II incorporates the effects of Proforma I and assumes that all 32,949,185 Warrants 2011/2016 are fully exercised into 32,949,185 OCR Shares at the exercise price of RM0.35 per Share.

1.4(b) Proforma III – Rights Issue of ICPS with Warrants

Proforma III incorporates the effects of Proforma II and the Rights Issue of 735,074,052 ICPS at an issue price of RM0.05 per ICPS on the basis of three (3) ICPS for every one (1) existing OCR Share held, together with 73,507,405 Warrants on the basis of one (1) Warrant for every ten (10) ICPS subscribed to raise gross proceeds of RM36,753,703. It also incorporates the effects of the estimated expenses of RM600,000 in relation to the Corporate Exercises.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)

Initialed For Identification Purposes Only

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O&C RESOURCES BERHAD

(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2015

1. Basis Of Preparation (Cont'd)

1.4. Maximum Scenario (Cont'd)

1.4(b) Proforma III – Rights Issue of ICPS with Warrants (Cont'd)

The proceeds arising from the Rights Issue of ICPS with Warrants will be utilised in the following manner:

	Amount RM'000
Construction works	* 3,000
Property development	* 32,474
Staff costs	* 680
Estimated expenses in relation to the Corporate Exercises	600
Total estimated proceeds	<u>36,754</u>

* For illustrative purposes, the proceeds are included in cash and bank balances.

1.4(c) Proforma IV – Assuming full conversion of ICPS

Proforma IV incorporates the effects of Proforma III and assumes that 735,074,052 ICPS are fully converted into 735,074,052 OCR Shares at the conversion ratio of one (1) ICPS and RM0.45 in cash for one (1) new OCR Share.

1.4(d) Proforma V – Assuming full exercise of Warrants

Proforma V incorporates the effects of Proforma IV and assumes that 73,507,405 Warrants are fully exercised into 73,507,405 OCR Shares at the exercise price of RM0.50 per Share.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)

Initialed For Identification Purposes Only



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**O&C RESOURCES BERHAD
(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2015**

2. Cash and bank balances

The movements in the cash and bank balances of OCR are as follows:

Minimum Scenario

	Amount RM
As at 31 July 2015 (audited)	4,817,815
Proceeds from exercise of Warrants 2011/2016	2,720,795
As per Proforma I	7,538,610
Proceeds from Rights Issue of ICPS with Warrants	8,619,915
Estimated expenses relating to the Corporate Exercises *	(600,000)
As per Proforma II/III	15,558,525
Proceeds from assuming full exercise of Warrants 2011/2016	11,532,215
As per Proforma IV	27,090,740
Proceeds from assuming full exercise of Warrants	8,619,915
As per Proforma V	35,710,655

* The estimated expenses related to the Corporate Exercises of RM600,000 will be written off against the share premium account under Section 60 of the Companies Act, 1965.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)

Initialed For Identification Purposes Only



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**O&C RESOURCES BERHAD
(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2015**

2. Cash and bank balances (Cont'd)

Maximum Scenario

	Amount RM
As at 31 July 2015 (audited)	4,817,815
Proceeds from exercise of Warrants 2011/2016	2,720,795
As per Proforma I	7,538,610
Proceeds from assuming full exercise of Warrants 2011/2016	11,532,215
As per Proforma II	19,070,825
Proceeds from Rights Issue of ICPS with Warrants	36,753,703
Estimated expenses relating to the Corporate Exercises *	(600,000)
As per Proforma III	55,224,528
Proceeds from assuming full conversion of ICPS	330,783,323
As per Proforma IV	386,007,851
Proceeds from assuming full exercise of Warrants	36,753,703
As per Proforma V	422,761,554

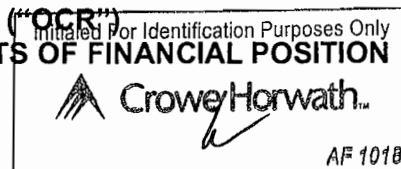
* The estimated expenses related to the Corporate Exercises of RM600,000 will be written off against the share premium account under Section 60 of the Companies Act, 1965.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)

O&C RESOURCES BERHAD

(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2015



3. Share Capital

The movements in the issued and paid-up share capital of OCR are as follows:

Minimum Scenario

	Number of Ordinary Shares	Amount RM
As at 31 July 2015 (audited)	204,301,799	51,075,450
New shares issued from the exercise of Warrant 2011/2016	7,773,700	1,943,425
As per Proforma I/II	212,075,499	53,018,875
Assuming full conversion of ICPS	17,239,830	4,309,958
As per Proforma III	229,315,329	57,328,833
Assuming full exercise of Warrants 2011/2016	32,949,185	8,237,296
As per Proforma IV	262,264,514	65,566,129
Assuming full exercise of Warrants	17,239,830	4,309,958
As per Proforma V	279,504,344	69,876,087

Maximum Scenario

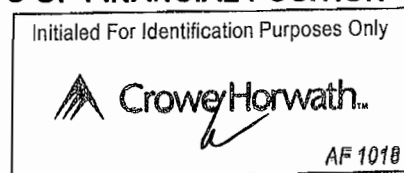
	Number of Ordinary Shares	Amount RM
As at 31 July 2015 (audited)	204,301,799	51,075,450
New shares issued from the exercise of Warrant 2011/2016	7,773,700	1,943,425
As per Proforma I	212,075,499	53,018,875
Assuming full exercise of Warrants 2011/2016	32,949,185	8,237,296
As per Proforma II/III	245,024,684	61,256,171
Assuming full conversion of ICPS	735,074,052	183,768,513
As per Proforma IV	980,098,736	245,024,684
Assuming full exercise of Warrants	73,507,405	18,376,851
As per Proforma V	1,053,606,141	263,401,535

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)

**O&C RESOURCES BERHAD
(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2015**

4. Warrant Reserve

Minimum Scenario



	Number of Warrants	Amount RM
As at 31 July 2015 (audited)	40,722,885	3,302,847
Exercised	(7,773,700)	(630,489)
As per Proforma I	32,949,185	2,672,358
Arising from Rights Issue of ICPS with Warrants	17,239,830	294,668
As per Proforma II/III	50,189,015	2,967,026
Assuming full exercise of Warrants 2011/2016	(32,949,185)	(2,672,358)
As per Proforma IV	17,239,830	294,668
Assuming full exercise of Warrants	(17,239,830)	(294,668)
As per Proforma V	-	-

Maximum Scenario

	Number of Warrants	Amount RM
As at 31 July 2015 (audited)	40,722,885	3,302,847
Exercised	(7,773,700)	(630,489)
As per Proforma I	32,949,185	2,672,358
Assuming full exercise of Warrants 2011/2016	(32,949,185)	(2,672,358)
As per Proforma II	-	-
Arising from Rights Issue of ICPS with Warrants	73,507,405	1,256,409
As per Proforma III/IV	73,507,405	1,256,409
Assuming full exercise of Warrants	(73,507,405)	(1,256,409)
As per Proforma V	-	-

The allocated fair value of Warrants that is credited to a warrant reserve is non-distributable. Warrant reserve is transferred to the share premium account upon the exercise of Warrants.

The value of the Warrants is based on the relative fair values of the ordinary shares by reference to the critical assumptions comprising:-

Theoretical ex-all price of OCR Share	: RM0.5523
Exercise price	: RM0.50
Assumed expiry date	: 22 May 2021
Volatility	: Historical volatility of last past 365 days up to 23 May 2016 was 45.412%
Dividend	: Nil

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)

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**O&C RESOURCES BERHAD
(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2015**

5. Share Premium

Minimum Scenario

	Amount RM
As at 31 July 2015 (audited)	12,941,164
Arising from issuance of new shares from the exercise of Warrants 2011/2016	777,370
Arising from exercise of Warrants 2011/2016	630,489
As per Proforma I	14,349,023
Estimated expenses relating to the Corporate Exercises *	(600,000)
As per Proforma II	13,749,023
Assuming full conversion of ICPS	4,309,957
As per Proforma III	18,058,980
Assuming full exercise of Warrants 2011/2016	2,672,358
Assuming issuance of new shares on full exercise of Warrants 2011/2016	3,294,919
As per Proforma IV	24,026,257
Assuming full exercise of Warrants	294,668
Assuming issuance of new shares on full exercise of Warrants	4,309,957
As per Proforma V	28,630,882

* The estimated expenses related to the Corporate Exercises of RM600,000 will be written off against the share premium account under Section 60 of the Companies Act, 1965.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)

**O&C RESOURCES BERHAD
(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2015**

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5. Share Premium (Cont'd)

Maximum Scenario

	Amount RM
As at 31 July 2015 (audited)	12,941,164
Arising from issuance of new shares from the exercise of Warrants 2011/2016	777,370
Arising from exercise of Warrants 2011/2016	630,489
As per Proforma I	14,349,023
Assuming full exercise of Warrants 2011/2016	2,672,358
Assuming issuance of new shares on full exercise of Warrants 2011/2016	3,294,919
As per Proforma II	20,316,300
Estimated expenses relating to the Corporate Exercises *	(600,000)
As per Proforma III	19,716,300
Assuming full conversion of ICPS	183,768,513
As per Proforma IV	203,484,813
Assuming full exercise of Warrants	1,256,409
Assuming issuance of new shares on full exercise of Warrants	18,376,852
As per Proforma V	223,118,074

* The estimated expenses related to the Corporate Exercises of RM600,000 will be written off against the share premium account under Section 60 of the Companies Act, 1965.

6. ICPS

Minimum Scenario

	Number of ICPS	Amount RM
As at 31 July 2015 (audited)/ As per Proforma I	-	-
Arising from issuance of ICPS	172,398,300	8,619,915
As per Proforma II	172,398,300	8,619,915
Assuming full conversion of ICPS	(172,398,300)	(8,619,915)
As per Proforma III/IV/V	-	-

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)

**O&C RESOURCES BERHAD
(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2015**

Initialed For Identification Purposes Only

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6. ICPS (Cont'd)

Maximum Scenario

	Number of ICPS	Amount RM
As at 31 July 2015 (audited)/As per Proforma I/II	-	-
Arising from issuance of ICPS	735,074,052	36,753,703
As per Proforma III	735,074,052	36,753,703
Assuming full conversion of ICPS	(735,074,052)	(36,753,703)
As per Proforma IV/IV	-	-

7. Accumulated Losses

Minimum Scenario

	Amount RM
As at 31 July 2015 (audited)/As per Proforma I	(19,044,619)
Arising from Rights Issue of ICPS with Warrants	(294,668)
As per Proforma II/III/IV/IV	(19,339,287)

Maximum Scenario

	Amount RM
As at 31 July 2015 (audited)/As per Proforma I/II	(19,044,619)
Arising from Rights Issue of ICPS with Warrants	(1,256,409)
As per Proforma III/IV/IV	(20,301,028)

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)

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**O&C RESOURCES BERHAD
(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2015**

APPROVED AND ADOPTED ON BEHALF OF THE BOARD



**Ong Kah Hoe
Executive Director**



**Yong Mong Huay
Executive Director**