

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

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

**THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS ABRIDGED PROSPECTUS. IF IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, PLEASE CONSULT A PROFESSIONAL ADVISER IMMEDIATELY.** All enquiries concerning the Rights Issue of ICPS with Warrants, which is the subject matter of this Abridged Prospectus, should be addressed to our Share Registrar, ShareWorks Sdn Bhd at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (Tel: +603 - 6201 1120).

This Abridged Prospectus, together with the NPA and RSF (collectively, the "Documents"), will be despatched only to our Entitled Shareholders whose names appear on our Record of Depositors as at 5.00 p.m. on 14 July 2020 at their registered address in Malaysia or who have provided our Share Registrar with a registered address in Malaysia in writing by 5.00 p.m. on 14 July 2020. The Documents are not intended to (and will not be made to) comply with the laws of any country or jurisdiction other than Malaysia and are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue of ICPS with Warrants complies with the laws of any country or jurisdiction other than the laws of Malaysia. Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal adviser and other professional advisers as to whether the acceptance or renunciation (as the case may be) of their entitlements to the Rights Issue with Warrants, application for Excess Rights ICPS with Warrants, or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue of ICPS with Warrants would result in the contravention of any law of such countries or jurisdictions. We, Mercury Securities and/or the advisers named herein shall not accept any responsibility or liability in the event that any acceptance and/or renunciation (as the case may be) of entitlements, application for Excess Rights ICPS with Warrants or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue of ICPS with Warrants made by any Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) are residents.

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

Approval for the Rights Issue of ICPS with Warrants has been obtained from our shareholders at our EGM convened on 29 June 2018. Approval has been obtained from Bursa Securities via its letter dated 15 May 2018 for the admission of the ICPS and Warrants to the Official List as well as the listing and quotation of the ICPS, Warrants and the new Shares to be issued upon conversion of the ICPS and exercise of the Warrants on the Main Market of Bursa Securities (subject to the conditions specified in the said letter), which will commence after, among others, receipt of confirmation from Bursa Depository that all the CDS Accounts of successful Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) have been duly credited with the Rights ICPS and Warrants allotted to them and notices of allotment have been despatched to them. However, such admission, listing and quotation are not an indication that Bursa Securities recommends the Rights Issue of ICPS with Warrants and are not to be taken as an indication of the merits of the Rights Issue of ICPS with Warrants.

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

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



## PERMAJU INDUSTRIES BERHAD

[Registration No. 199601006711 (379057-V)]

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

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 936,309,855 NEW IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES IN PERMAJU ("ICPS") ("RIGHTS ICPS") AT AN ISSUE PRICE OF RM0.05 PER RIGHTS ICPS TOGETHER WITH UP TO 93,630,985 FREE DETACHABLE WARRANTS IN PERMAJU ("WARRANTS") ON THE BASIS OF 10 RIGHTS ICPS TOGETHER WITH 1 FREE WARRANT FOR EVERY 2 EXISTING ORDINARY SHARES IN PERMAJU HELD BY THE ENTITLED SHAREHOLDERS OF PERMAJU AT 5.00 P.M. ON 14 JULY 2020**

*Principal Adviser*



## MERCURY SECURITIES SDN BHD

[Registration No. 198401000672 (113193-W)]

(A Participating Organisation of Bursa Malaysia Securities Berhad)

### IMPORTANT RELEVANT DATES AND TIMES

Entitlement Date	: Tuesday, 14 July 2020 at 5.00 p.m.
<b>Last date and time for:</b>	
Sale of Provisional Allotments	: Thursday, 30 July 2020 at 5.00 p.m.
Transfer of Provisional Allotments	: Tuesday, 4 August 2020 at 4.30 p.m.
Acceptance and payment	: Monday, 10 August 2020 at 5.00 p.m.
Excess Rights ICPS with Warrants Application and payment	: Monday, 10 August 2020 at 5.00 p.m.

**This Abridged Prospectus is dated 14 July 2020**

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

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

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

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

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

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

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

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

## DEFINITIONS

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

<b>Abridged Prospectus</b>	- This abridged prospectus dated 14 July 2020 in relation to the Rights Issue of ICPS with Warrants
<b>Act</b>	- Companies Act, 2016 of Malaysia as amended from time to time and any re-enactment thereof
<b>Agreement to Lease</b>	- Agreement entered into between Hardie and Mydin dated 31 July 2013 (as amended and supplemented by the supplemental agreements dated 28 March 2016 and 9 June 2017 respectively) in relation to the Mydin Project. The salient terms of this agreement are set out in Section 6.2 of this Abridged Prospectus
<b>Bloomberg</b>	- Bloomberg Finance Singapore L.P. and its affiliates
<b>BNM</b>	- Bank Negara Malaysia
<b>Board</b>	- Board of Directors of the Company
<b>Bursa Depository</b>	- Bursa Malaysia Depository Sdn Bhd [Registration No. 198701006854 (165570-W)]
<b>Bursa Securities</b>	- Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
<b>CAGR</b>	- Compound annual growth rate
<b>CDS</b>	- Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
<b>CDS Accounts</b>	- Securities accounts established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of deposits of securities and dealings in such securities by the depositor
<b>Closing Date</b>	- 10 August 2020 at 5.00 p.m., being the last date and time for the acceptance of and payment for the Rights ICPS with Warrants
<b>CMSA</b>	- Capital Markets and Services Act, 2007 of Malaysia as amended from time to time and any re-enactment thereof
<b>Code</b>	- Malaysian Code on Take-Overs and Mergers, 2016 as amended from time to time
<b>Constitution Amendments</b>	- Amendments to the Constitution of the Company to facilitate the creation and issuance of the Rights ICPS and Settlement ICPS pursuant to the Rights Issue of ICPS with Warrants and Settlement respectively, which took effect following the approval of the Shareholders on 29 June 2018
<b>Conversion Period</b>	- The period commencing on and including the issue date of the ICPS and up to an including the Market Day immediately preceding the date which is the 10th anniversary from the issue date of the ICPS where the ICPS may be converted into new Shares

## DEFINITIONS (CONT'D)

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<b>Conversion Price</b>	- RM0.25, being the amount to be satisfied in order for an ICPS holder to convert his/her/its ICPS into 1 new Share
<b>Corporate Exercises</b>	- Collectively, the Rights Issue of ICPS with Warrants, Settlement and Constitution Amendments
<b>Creditors</b>	- Collectively, Tan Sri Datuk Chai and Dato' Chua Tiong Moon
<b>DBKK</b>	- Dewan Bandaraya Kota Kinabalu
<b>Deed Poll</b>	- Deed poll dated 18 June 2020 constituting the Warrants
<b>Director</b>	- Directors of the Company
<b>EGM</b>	- Extraordinary general meeting of the Company
<b>Entitled Shareholders</b>	- Shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date in order to be entitled to the Rights Issue of ICPS with Warrants
<b>Entitlement Date</b>	- 14 July 2020, at 5.00 p.m., being the date on which the names of Shareholders must appear in the Record of Depositors of the Company in order to be entitled to participate in the Rights Issue of ICPS with Warrants
<b>EPS</b>	- Earnings per Share
<b>Excess Rights ICPS with Warrants</b>	- Rights ICPS with Warrants which are not taken up or not validly taken up by Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) prior to the Closing Date
<b>Excess Rights ICPS with Warrants Applications</b>	- Applications for additional Rights ICPS with Warrants in excess of the Provisional Allotments
<b>Exercise Period</b>	- Any time within a period of 5 years commencing from and including the date of issue of the Warrants to the close of business at 5.00 p.m. on the Market Day immediately preceding the date which is the 5 <sup>th</sup> anniversary from the date of issue of the Warrants. Any Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid
<b>Exercise Price</b>	- RM0.25, being the price at which 1 Warrant is exercisable into 1 new Share, subject to adjustments in accordance with the provisions of the Deed Poll
<b>Foreign-Addressed Shareholders</b>	- Shareholders who have not provided to the Company a registered address or an address in Malaysia for the service of documents which will be issued in connection with the Rights Issue of ICPS with Warrants
<b>FPE</b>	- Financial period ended
<b>FYE</b>	- Financial year ended / ending, as the case may be
<b>GDP</b>	- Gross domestic product
<b>GP</b>	- Gross profit

## DEFINITIONS (CONT'D)

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<b>Hardie</b>	- Hardie Development Sdn Bhd [Registration No. 199301019429 (274167-M)], a 70%-owned subsidiary of Permaju, who is also the lessor in the Agreement to Lease
<b>ICPS</b>	- Irredeemable convertible preference shares in Permaju
<b>IMR Report</b>	- The independent market research report dated 15 June 2020 prepared by SMITH ZANDER
<b>JV Agreement</b>	- Joint venture agreement dated 11 April 2003 entered into between Supernesa and Hardie
<b>km</b>	- Kilometers
<b>Land</b>	- A piece of land measuring approximately 44.28 hectares held under country lease no. 015494934, District of Kota Kinabalu, Sabah
<b>LAT</b>	- Loss after tax
<b>LBT</b>	- Loss before tax
<b>Listing Requirements</b>	- Main Market Listing Requirements of Bursa Securities, including any amendments made thereto from time to time
<b>LPD</b>	- 15 June 2020, being the latest practicable date prior to the printing of this Abridged Prospectus
<b>LPS</b>	- Loss per Share
<b>LTD</b>	- 13 April 2018, being the last trading day prior to the announcement of the Corporate Exercises
<b>Market Day</b>	- Any day on which Bursa Securities is open for trading in securities
<b>Maximum Scenario</b>	- Assuming:- <ul style="list-style-type: none"> <li>(i) all Entitled Shareholders and/or their transferee(s) and/or their renounee(s) fully subscribe to their entitlements of the Rights ICPS with Warrants;</li> <li>(ii) the Settlement is completed immediately after the completion of the Rights Issue of ICPS with Warrants;</li> <li>(iii) all the Rights ICPS and Settlement ICPS issued are fully converted into new Shares based on the conversion mode of surrendering 1 ICPS (which is issued at RM0.05 each) with additional cash payment of RM0.20 to arrive at the Conversion Price of RM0.25 for 1 new Share; and</li> <li>(iv) all the Warrants issued are fully exercised into new Shares based on the Exercise Price of RM0.25.</li> </ul>
<b>Mercury Securities or the Principal Adviser</b>	- Mercury Securities Sdn Bhd [Registration No. 198401000672 (113193-W)]

## DEFINITIONS (CONT'D)

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<b>Minimum Scenario</b>	- Assuming:- <ul style="list-style-type: none"> <li>(i) the Rights Issue of ICPS with Warrants is undertaken on the Minimum Subscription Level;</li> <li>(ii) the Settlement is completed immediately after the completion of the Rights Issue of ICPS with Warrants;</li> <li>(iii) all the Rights ICPS and Settlement ICPS issued are fully converted into new Shares based on the conversion mode of surrendering 5 ICPS (which are issued at RM0.05 each) without additional cash payment to arrive at the Conversion Price of RM0.25 for 1 new Share; and</li> <li>(iv) all the Warrants issued are fully exercised into new Shares based on the Exercise Price of RM0.25.</li> </ul>
<b>Minimum Subscription Level</b>	- Minimum subscription level of 420,000,000 Rights ICPS together with 42,000,000 Warrants, based on an issue price of RM0.05 per Rights ICPS to arrive at RM21.0 million
<b>Mydin</b>	- Mydin Mohamed Holdings Bhd [Registration No. 199101011136 (221448-A)], the lessee in the Agreement to Lease
<b>Mydin Project or Phase 1E</b>	- The construction of a 4-storey hypermarket on the Land which has been approved by DBKK. The 4-storey hypermarket will be constructed as Mydin hypermarket pursuant to the Agreement to Lease
<b>NA</b>	- Net assets
<b>NPA</b>	- Notice of provisional allotment in relation to the Rights Issue of ICPS with Warrants
<b>Official List</b>	- The official list of the Main Market of Bursa Securities
<b>PAT</b>	- Profit after tax
<b>PBT</b>	- Profit before tax
<b>Permaju or the Company</b>	- Permaju Industries Berhad [Registration No. 199601006711 (379057-V)]
<b>Permaju Group or the Group</b>	- Collectively, Permaju and its subsidiaries
<b>Permaju Shares or Shares</b>	- Ordinary shares in the Company
<b>Princess Heights or the Princess Heights Project</b>	- A mixed residential and commercial development project known as "Princess Heights" to be developed on the Land
<b>Provisional Allotments</b>	- The Rights ICPS with Warrants provisionally allotted to Entitled Shareholders
<b>Record of Depositors</b>	- A record of securities holders provided by Bursa Depository under the Rules of Bursa Depository

## DEFINITIONS (CONT'D)

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<b>Rights ICPS</b>	- Up to 936,309,855 new ICPS to be allotted and issued pursuant to the Rights Issue of ICPS with Warrants
<b>Rights Issue of ICPS with Warrants</b>	- Renounceable rights issue of up to 936,309,855 Rights ICPS together with up to 93,630,985 free detachable Warrants on the basis of 10 Rights ICPS together with 1 free Warrant for every 2 existing Shares held by Entitled Shareholders on the Entitlement Date
<b>RM and sen</b>	- Ringgit Malaysia and sen respectively
<b>RSF</b>	- Rights subscription form in relation to the Rights Issue of ICPS with Warrants
<b>Rules of Bursa Depository</b>	- The Rules of Bursa Depository as issued pursuant to the SICDA, as amended from time to time
<b>Rules on Take-Overs, Mergers and Compulsory Acquisitions</b>	- Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the SC pursuant to Section 377 of the CMSA, as amended from time to time
<b>SC</b>	- Securities Commission Malaysia
<b>Settlement</b>	- Settlement of debt owing by Permaju to the Creditors in the aggregate sum of RM22,248,918 to be fully satisfied via the issuance of 444,978,360 Settlement ICPS at an issue price of RM0.05 per Settlement ICPS to Dato' Chua Tiong Moon and Chai Woon Yun
<b>Settlement Agreement</b>	- Settlement agreement dated 16 April 2018 entered into between the Creditors, Chai Woon Yun and Permaju for the Settlement
<b>Settlement ICPS</b>	- 444,978,360 new ICPS to be allotted and issued to Dato' Chua Tiong Moon and Chai Woon Yun pursuant to the Settlement
<b>Share Registrar</b>	- ShareWorks Sdn Bhd [Registration No. 199101019611 (229948-U)]
<b>Shareholders</b>	- Registered holders of the Shares
<b>SICDA</b>	- Securities Industry (Central Depositories) Act, 1991 of Malaysia, as amended from time to time and any re-enactment thereof
<b>SMITH ZANDER or the Independent Market Researcher</b>	- Smith Zander International Sdn Bhd [Registration No. 201301028298 (1058128-V)], an independent market researcher
<b>Sq m or s.m.</b>	- Square meters
<b>Supernesa</b>	- Supernesa Sdn Bhd [Registration No. 197701005193 (36270-P)]
<b>Tan Sri Datuk Chai</b>	- Tan Sri Datuk Chai Kin Kong, a creditor of Permaju and the father of Chai Woon Yun who is an Executive Director of the Company
<b>TEAP</b>	- Theoretical ex-all price

## DEFINITIONS (CONT'D)

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- Undertaking** - The written undertaking from the Undertaking Shareholder dated 16 April 2018 pursuant to which the Undertaking Shareholder has irrevocably and unconditionally undertaken, amongst others, to apply and subscribe in full for her entitlement of Rights ICPS and additional Rights ICPS not taken up by other Entitled Shareholders by way of excess applications, to the extent such that the aggregate subscription proceeds of Rights ICPS received by the Company arising from the subscription by all Entitled Shareholders (including the Undertaking Shareholder) and/or their transferee(s) and/or their renounee(s) amount to not less than RM21.0 million, details of which are set out in Section 3 of this Abridged Prospectus
- Undertaking Shareholder** - Ms. Chai Woon Yun, an Executive Director of the Company
- WVAP** - Volume-weighted average market price
- Warrants** - Up to 93,630,985 free detachable warrants in Permaju to be allotted and issued pursuant to the Rights Issue of ICPS with Warrants
- Warrant Holders** - Holders of the Warrants

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

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

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

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

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

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

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**ADVISER'S DIRECTORY**

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- PRINCIPAL ADVISER** : Mercury Securities Sdn Bhd  
L-7-2, No 2, Jalan Solaris  
Solaris Mont' Kiara  
50480 Kuala Lumpur  
Wilayah Persekutuan  
Tel : +603 - 6203 7227  
Fax : +603 - 6203 7117
- SOLICITORS FOR THE RIGHTS  
ISSUE OF ICPS WITH  
WARRANTS** : Mah-Kamariyah & Philip Koh  
3A07, Block B, Phileo Damansara II  
15 Jalan 16/11, Off Jalan Damansara  
46350 Petaling Jaya  
Selangor Darul Ehsan  
Tel : +603 - 7956 8686  
Fax : +603 - 7956 2208
- SHARE REGISTRAR** : ShareWorks Sdn Bhd  
No. 2-1, Jalan Sri Hartamas 8  
Sri Hartamas  
50480 Kuala Lumpur  
Wilayah Persekutuan  
Tel : +603 - 6201 1120  
Fax : +603 - 6201 3121
- AUDITORS AND REPORTING  
ACCOUNTANTS** : Al Jafree Salihin Kuzaimi PLT (LLP0006652-LCA)  
555, Jalan Samudra Utara 1  
Taman Samudra  
68100 Batu Caves  
Selangor Darul Ehsan  
Tel : +603 – 6185 9970  
Fax : +603 – 6184 2524
- INDEPENDENT MARKET  
RESEARCHER** : Smith Zander International Sdn Bhd  
15-01, Level 15, Menara MBMR  
1, Jalan Syed Putra  
58000 Kuala Lumpur  
Wilayah Persekutuan  
Tel : +603 - 2732 7537  
  
Managing Partner: Dennis Tan Tze Wen  
(Bachelor of Science (major in Computer Science and minor in  
Business Administration) from Memorial University of  
Newfoundland, Canada)
- STOCK EXCHANGE LISTING** : Main Market of Bursa Securities

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## SUMMARY OF THE RIGHTS ISSUE OF ICPS WITH WARRANTS

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

Key information	Summary										
(i) Number of Rights ICPS to be issued and basis of allotment	<p>Basis: 10 Rights ICPS together with 1 free Warrant for every 2 existing Shares held by the Entitled Shareholders</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: center;">Minimum Scenario</th> <th style="text-align: center;">Maximum Scenario</th> </tr> </thead> <tbody> <tr> <td><b>Number of Rights ICPS to be issued</b></td> <td style="text-align: center;">420,000,000</td> <td style="text-align: center;">936,309,855</td> </tr> <tr> <td><b>Number of Warrants attached</b></td> <td style="text-align: center;">42,000,000</td> <td style="text-align: center;">93,630,985</td> </tr> </tbody> </table> <p>The Rights ICPS with Warrants which are not taken up or not validly taken up by the Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) prior to the Closing Date shall be made available for Excess Rights ICPS with Warrants Applications. It is the intention of the Board to allot the Excess Rights ICPS with Warrants, if any, in a fair and equitable manner in the following priority:-</p> <ul style="list-style-type: none"> <li>(i) firstly, to minimise the incidence of odd lots of ICPS;</li> <li>(ii) secondly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for Excess Rights ICPS with Warrants, taking into consideration their respective shareholdings in the Company as at the Entitlement Date;</li> <li>(iii) thirdly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for Excess Rights ICPS with Warrants, taking into consideration the quantum of their respective Excess Rights ICPS with Warrants Applications; and</li> <li>(iv) finally, on a pro-rata basis and in board lots, to the transferee(s) and/or renounee(s) who have applied for Excess Rights ICPS with Warrants, taking into consideration the quantum of their respective Excess Rights ICPS with Warrants Applications.</li> </ul> <p>The Excess Rights ICPS with Warrants will firstly be allocated to minimise the odd lots of ICPS (if any) held by each applicant of Excess Rights ICPS with Warrants. Thereafter, the allocation process will perform items (ii), (iii) and (iv) in succession. Any remaining balance of Excess ICPS with Warrants will be allocated by performing the same sequence of allocation i.e. items (ii), (iii) and (iv) again in succession until all Excess ICPS with Warrants are allotted.</p> <p>Please refer to Sections 2.1 &amp; 11.6 of this Abridged Prospectus for further information.</p>			Minimum Scenario	Maximum Scenario	<b>Number of Rights ICPS to be issued</b>	420,000,000	936,309,855	<b>Number of Warrants attached</b>	42,000,000	93,630,985
	Minimum Scenario	Maximum Scenario									
<b>Number of Rights ICPS to be issued</b>	420,000,000	936,309,855									
<b>Number of Warrants attached</b>	42,000,000	93,630,985									
(ii) Price of the ICPS	<p>Issue price of the Rights ICPS: RM0.05 per Rights ICPS Exercise Price for the Warrants: RM0.25 per Warrant</p> <p>Please refer to Section 2.2 of this Abridged Prospectus for further information.</p>										
(iii) Shareholder's undertaking	<p>Undertaking Shareholder and undertaking amount : Ms. Chai Woon Yun (Executive Director): RM21.0 million</p> <p>Minimum Rights ICPS to be subscribed for if none of the other Entitled Shareholders and/or their transferees and/or their renounees subscribe for the Rights ICPS : 420,000,000 Rights ICPS (representing 44.86% of the total number of 936,309,855 ICPS available for subscription under the Maximum Scenario)</p> <p>Please refer to Sections 3 of this Abridged Prospectus for further information.</p>										

**SUMMARY OF THE RIGHTS ISSUE OF ICPS WITH WARRANTS (CONT'D)**

Key information	Summary																											
(iv) Utilisation of proceeds	<p>The gross proceeds to be raised from the Rights Issue of ICPS with Warrants will be utilised in the following manner:-</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Utilisation of proceeds</th> <th style="text-align: center;">Expected timeframe for utilisation from completion of the Rights Issue of ICPS with Warrants</th> <th style="text-align: center;">Minimum Scenario RM'000</th> <th style="text-align: center;">Maximum Scenario RM'000</th> </tr> </thead> <tbody> <tr> <td>(i) Development of the Mydin Project</td> <td style="text-align: center;">Within 36 months</td> <td style="text-align: center;">21,000</td> <td style="text-align: center;">38,470</td> </tr> <tr> <td>(ii) Funding for automotive division</td> <td style="text-align: center;">Within 12 months</td> <td style="text-align: center;">-</td> <td style="text-align: center;">5,000</td> </tr> <tr> <td>(iii) Repayment of bank borrowings</td> <td style="text-align: center;">Within 3 months</td> <td style="text-align: center;">-</td> <td style="text-align: center;">1,995</td> </tr> <tr> <td>(iv) Estimated expenses for the Corporate Exercises</td> <td style="text-align: center;">Immediate</td> <td style="text-align: center;">(1)-</td> <td style="text-align: center;">1,350</td> </tr> <tr> <td colspan="2" style="text-align: left;"><b>Total</b></td> <td style="text-align: center;"><b>21,000</b></td> <td style="text-align: center;"><b>46,815</b></td> </tr> </tbody> </table> <p><u>Note:-</u>            (1) Under the Minimum Scenario, the expenses for the Corporate Exercises shall be funded via internally generated funds.</p> <p>Please refer to Section 5 of this Abridged Prospectus for further information.</p>				Utilisation of proceeds	Expected timeframe for utilisation from completion of the Rights Issue of ICPS with Warrants	Minimum Scenario RM'000	Maximum Scenario RM'000	(i) Development of the Mydin Project	Within 36 months	21,000	38,470	(ii) Funding for automotive division	Within 12 months	-	5,000	(iii) Repayment of bank borrowings	Within 3 months	-	1,995	(iv) Estimated expenses for the Corporate Exercises	Immediate	(1)-	1,350	<b>Total</b>		<b>21,000</b>	<b>46,815</b>
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<b>Total</b>		<b>21,000</b>	<b>46,815</b>																									
(v) Risk factors	<p>You should consider the following risk factors before subscribing for or investing in the Rights Issue of ICPS with Warrants:-</p> <p>(i) the Group's automotive division operates in a highly competitive environment whereby it faces competition from a diversified group of industry players as well the rise of application-based ride hailing services; and</p> <p>(ii) the Group's property development business is subject to a multitude of factors such as completion delays, cost overruns and performance of the property market. The Group is also susceptible to the risk of property overhang due to economic downturn, tightening of credit and unfavourable market conditions.</p> <p>Please refer to Section 7 of this Abridged Prospectus for further information.</p>																											
(vi) Procedures for acceptance and payment	<p>Acceptance of and payment for the Provisional Allotments allotted to you must be made on the RSF issued together with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained therein.</p> <p>The last day, date and time for acceptance of and payment for the Provisional Allotments and the Excess Rights ICPS with Warrants is on <b>Monday, 10 August 2020 at 5.00 p.m.</b></p> <p>Please refer to Section 11 of this Abridged Prospectus for further information.</p>																											

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**PERMAJU INDUSTRIES BERHAD**

[Registration No. 199601006711 (379057-V)]

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

**Registered Office**

Suite 10.02, Level 10  
The Gardens South Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Wilayah Persekutuan

14 July 2020

**Board of Directors:-**

Jean-Michel Fink (Independent Non-Executive Chairman)  
Chai Woon Yun (Executive Director)  
Teh Foo Hock (Executive Director)  
Tang Boon Koon (Executive Director)  
Mark Chew Shin Yong (Independent Non-Executive Director)  
Ho Pui Hold (Independent Non-Executive Director)

**To: Entitled Shareholders**

Dear Sir / Madam,

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 936,309,855 RIGHTS ICPS AT AN ISSUE PRICE OF RM0.05 PER RIGHTS ICPS TOGETHER WITH UP TO 93,630,985 FREE DETACHABLE WARRANTS ON THE BASIS OF 10 RIGHTS ICPS TOGETHER WITH 1 FREE WARRANT FOR EVERY 2 EXISTING SHARES HELD BY THE ENTITLED SHAREHOLDERS AT 5.00 P.M. ON 14 JULY 2020**

---

**1. INTRODUCTION**

On 16 April 2018, Mercury Securities had, on behalf of the Board, announced that the Company proposes to undertake the Corporate Exercises.

On 30 April 2018, Mercury Securities had, on behalf of the Board, announced that the Board had on even date resolved to fix the Exercise Price at RM0.25 per Warrant.

On 15 May 2018, Mercury Securities had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 15 May 2018, granted its approval for the following:-

- (i) admission of the ICPS and Warrants to the Official List;
- (ii) listing and quotation of the ICPS and the Warrants; and
- (iii) listing and quotation of the new Shares to be issued arising from the conversion of the ICPS and exercise of the Warrants.

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

Condition	Status of compliance
(i) Permaju and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue of ICPS with Warrants and the Settlement;	To be met
(ii) Permaju and Mercury Securities to inform Bursa Securities upon the completion of the Corporate Exercises;	To be met
(iii) Permaju to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Corporate Exercises are completed;	To be met
(iv) Permaju to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the conversion of ICPS and exercise of the Warrants respectively as at the end of each quarter together with a detailed computations of listing fees payable.	To be met

The Board is pleased to inform that the Shareholders had, during the EGM held on 29 June 2018, approved the Corporate Exercises.

Subsequently, the Board has obtained the following approvals for the extension of time from Bursa Securities with details as follows:-

- (i) On 8 October 2018, Mercury Securities had, on behalf of the Board, submitted an application to Bursa Securities for an extension of time of 6 months from 15 November 2018 to 15 May 2019 for the Company to complete the Corporate Exercises.

On 12 October 2018, Mercury Securities had on behalf of the Board, announced that Bursa Securities had, vide its letter dated 12 October 2018, granted its approval for the extension of time.

- (ii) On 2 May 2019, Mercury Securities had, on behalf of the Board, submitted an application to Bursa Securities for an extension of time of 6 months from 15 May 2019 to 15 November 2019 for the Company to complete the Corporate Exercises.

On 17 May 2019, Mercury Securities had on behalf of the Board, announced that Bursa Securities had, vide its letter dated 16 May 2019, granted its approval for the extension of time.

- (iii) On 29 October 2019, Mercury Securities had, on behalf of the Board, submitted an application to Bursa Securities for an extension of time of 6 months from 15 November 2019 to 14 May 2020 for the Company to complete the Corporate Exercises.

On 28 February 2020, Mercury Securities had on behalf of the Board, announced that Bursa Securities had, vide its letter dated 28 February 2020, granted its approval for the extension of time.

- (iv) On 21 April 2020, Mercury Securities had, on behalf of the Board, submitted an application to Bursa Securities for an extension of time of up to 31 August 2020 for the Company to complete the Corporate Exercises.

On 20 May 2020, Mercury Securities had on behalf of the Board, announced that Bursa Securities had, vide its letter dated 20 May 2020, granted its approval for the extension of time.

On 19 June 2020, Mercury Securities had, on behalf of the Board, announced that the Entitlement Date for the Rights Issue of ICPS with Warrants has been fixed at 5.00 p.m. on 14 July 2020.

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

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

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

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

The Rights Issue of ICPS with Warrants entails a provisional allotment of up to 936,309,855 Rights ICPS together with up to 93,630,985 free Warrants on a renounceable basis of 10 Rights ICPS together with 1 free Warrant for every 2 existing Shares held by the Entitled Shareholders on the Entitlement Date, at an issue price of RM0.05 per Rights ICPS.

The actual number of Rights ICPS and Warrants to be issued will depend on the eventual subscription level for the Rights Issue of ICPS with Warrants.

As the Rights ICPS and Warrants are prescribed securities, the respective CDS Accounts of the Entitled Shareholders will be duly credited with the number of Provisional Allotments they are entitled to subscribe for in full or in part under the terms of the Rights Issue of ICPS with Warrants. Entitled Shareholders will find the NPA as enclosed in this Abridged Prospectus, notifying Entitled Shareholders of the crediting of such securities into their respective CDS Accounts, and the RSF as enclosed in this Abridged Prospectus, enabling Entitled Shareholders to subscribe for the Provisional Allotments as well as to apply for Excess Rights ICPS with Warrants if Entitled Shareholders so choose to. However, only Entitled Shareholders who have an address in Malaysia as stated in our Record of Depositors or who have provided our Share Registrar with an address in Malaysia in writing by the Entitlement Date will receive this Abridged Prospectus together with the NPA and RSF.

The Warrants are attached to the Rights ICPS without any cost and will be issued only to Entitled Shareholders and/or their transferee(s) and/or their renounee(s) who subscribe for the Rights ICPS. The Warrants are exercisable into new Shares and each Warrant will entitle the Warrant Holder to subscribe for 1 new Share at the Exercise Price. The Warrants will be immediately detached from the Rights ICPS upon issuance and traded separately. The Warrants will be issued in registered form and constituted by the Deed Poll. The salient terms of the Warrants are set out in Section 2.6 of this Abridged Prospectus.

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

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

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

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

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

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

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

### (i) Issue price of the Rights ICPS

The Board had fixed the issue price of the Rights ICPS at RM0.05 per Rights ICPS after taking into consideration, amongst others, the following:-

- (a) the funding requirements of the Group as set out in Section 5 of this Abridged Prospectus;
- (b) the TEAP<sup>(1)</sup> of Permaju Shares based on the 5-day VWAP of Permaju Shares up to and including the LTD; and
- (c) the rationale for the Rights Issue of ICPS with Warrants, as set out in Section 4 of this Abridged Prospectus.

Based on the issue price of the Rights ICPS of RM0.05 and the conversion ratio of 5 ICPS for every 1 new Share, the Conversion Price of RM0.25 represents:-

- (a) a premium of approximately 0.12% to the TEAP of Permaju Shares of RM0.2497, calculated based on the 5-day VWAP of Permaju Shares up to and including the LTD of RM0.2493; and
- (a) a discount of approximately 44.90% to the TEAP of Permaju Shares of RM0.4537 calculated based on the 5-day VWAP of Permaju Shares up to and including the LPD of RM0.7593.

Note:-

- (1) TEAP is computed as follows:-

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

where:-

A = Number of ICPS

B = Number of Warrants

- C = Number of existing Shares
- D = Conversion ratio
- X = Issue price of the ICPS
- Y = Exercise Price
- Z = 5-day VWAP of Permaju Shares up to and including the LTD / LPD

and the ratio of A:B:C is 10:1:2, in accordance with the entitlement basis of 10 Rights ICPS together with 1 free Warrant for every 2 existing Shares held.

**(ii) Exercise Price**

The Board had fixed the Exercise Price at RM0.25 per Warrant, after taking into consideration the following:-

- (a) the Conversion Price of RM0.25;
- (b) the TEAP of Permaju Shares based on the 5-day VWAP of Permaju Shares up to and including 27 April 2018, being the last trading day before the price-fixing date for the Warrants;
- (c) the prevailing market prices of Permaju Shares; and
- (d) the future prospects of the Company.

The Exercise Price represents:-

- (a) a premium of approximately 6.31% to the TEAP of RM0.2352, calculated based on the 5-day VWAP of Permaju Shares up to and including 27 April 2018, being the last trading day before the price-fixing date for the Warrants of RM0.2129; and
- (b) a discount of approximately 44.90% to the TEAP of Permaju Shares of RM0.4537, calculated based on the 5-day VWAP of Permaju Shares up to and including the LPD of RM0.7593.

**2.3 Ranking of new Shares to be issued arising from conversion of the Rights ICPS and/or exercise of the Warrants**

**(i) New Shares to be issued arising from conversion of the Rights ICPS**

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

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

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

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

The Closing Date is 5.00 p.m. on **Monday, 10 August 2020**.

**2.5 Salient terms of the Rights ICPS**

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

Issuer	: Permaju
Issue size	: Up to 936,309,855 Rights ICPS.
Issue price	: RM0.05 per Rights ICPS.
Form and denomination	: The ICPS will be constituted by the Company's Constitution and will be issued in registered form.
Dividend rate	: The holders of the ICPS shall not be entitled to be paid any dividends whatsoever
Board lot	: For the purpose of trading on Bursa Securities, a board lot of the ICPS shall be 100 units of the ICPS, or such other number of units as may be prescribed by Bursa Securities from time to time.
Tenure	: 10 years from the date of issuance of the ICPS.
Maturity date	: The Market Day immediately preceding the date which is the 10th anniversary from the date of issue of the ICPS.
Conversion period	: The ICPS may be converted into new fully-paid Shares on any Market Day commencing on and including the issue date of the ICPS up to and including the Maturity Date. Any remaining ICPS that are not converted by the Maturity Date shall be automatically converted into new fully-paid Shares at the Conversion Ratio (as defined hereinafter).
Redemption	: Not redeemable for cash.
Conversion Price	: The Conversion Price of the ICPS to be converted into 1 new Share is RM0.25.

Conversion mode : The ICPS may be converted into new Shares at the Conversion Price in the following manner:-

- (i) by surrendering for cancellation the ICPS with an aggregate issue price of the ICPS equivalent to the Conversion Price, subject to a minimum of 1 ICPS and a maximum of 5 ICPS for every 1 new Share ("**Conversion Ratio**"); and
- (ii) by paying the difference between the aggregate issue price of ICPS surrendered and the Conversion Price, if any, in cash, for every 1 new Share.

Based on the above, the different conversion modes are illustrated below:-

No. of ICPS to surrender for cancellation	Total issue price of ICPS surrendered (RM)	Additional cash payment (RM)	Conversion Price (RM)
1	0.05	0.20	0.25
2	0.10	0.15	0.25
3	0.15	0.10	0.25
4	0.20	0.05	0.25
5	0.25	-	0.25

- Conversion mechanism :
- (i) The conversion of the ICPS into new Shares shall be exercised by the ICPS holders by delivering a duly completed and signed conversion notice ("**Conversion Notice**") and the payment by way of banker's draft or cashier's order drawn on a bank operating in Malaysia or money order or postal order issued by a post office in Malaysia for the Conversion Price, if any, to the office of the share registrar of the Company during its business hours on any Market Day during the Conversion Period. The Conversion Notice is irrevocable upon receipt by the Company at the share registrar's office. A holder of the ICPS who has issued a Conversion Notice ("**Converting ICPS Holder**") shall further furnish to the Company such supporting documents or information as may be prescribed by the Company or as may be required under any applicable laws or regulations from time to time. The conversion shall be carried out in accordance with such procedures as may be prescribed by any applicable laws and regulations.
  - (ii) All the ICPS that remain outstanding on the Market Day immediately after the Maturity Date will be automatically converted into new Shares.

- Conversion mechanism (cont'd) : (iii) Subject to all applicable laws, rules and regulations, within 8 Market Days from the date of receipt by the Company of a Conversion Notice or such other period as may be prescribed or allowed by Bursa Securities or under any applicable laws and regulations, the Company shall:-
- (a) issue and/or allot to the relevant Converting ICPS Holders, such number of Shares to which such holders are entitled to receive by virtue of the exercise of the Conversion Rights (as defined below), credited as fully paid-up ("**Conversion Shares**"), and shall cause the securities account of the said holders to be credited with such number of Conversion Shares; and
  - (b) dispatch a notice of allotment to the relevant Converting ICPS Holders in respect of the Conversion Shares.
- (iv) Once converted, the ICPS shall not be capable of reissuance.
- Conversion rights : (i) Each ICPS carries the entitlement to convert into new Shares at the Conversion Price through the surrender of the ICPS in the manner of the Conversion Mode; and
- (ii) If the conversion results in a fractional entitlement to Permaju Shares, 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.
- Adjustments to Conversion Price and/or Conversion mode : The Conversion Price and/or Conversion Mode may be adjusted at the determination of the Board, in all or any of the following events:-
- (i) a bonus issue of Shares by the Company; or
  - (ii) a capital distribution to the Shareholders made by the Company whether on a reduction of capital or otherwise, but excluding any cancellation of capital which is lost or unrepresented by assets; or
  - (iii) a rights issue of Shares or convertible securities by the Company; or
  - (iv) a consolidation of shares, subdivision of shares or reduction of capital; or
  - (v) any other circumstances deemed necessary by the Board,

provided that any adjustment to the Conversion Price will be rounded down to the nearest 1 sen (RM0.01). The adjustments shall be adjusted, calculated or determined by the Board in consultation with and certified by an approved adviser or external auditor appointed by the Company, as the case may be.

Ranking of the ICPS and liquidation preference : The ICPS are unsecured and shall upon allotment and issue, rank *pari passu* amongst themselves and shall rank in priority to any other class of shares in the capital of the Company, except that:-

- (i) they will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared by the Company; and
- (ii) they carry no right to vote at any general meeting of the Company save for the voting rights as set out under the "Rights of the holders of ICPS" section.

In the event of liquidation or winding-up of the Company:-

- (i) the assets of the Company shall be distributed first to the holders of the ICPS in full of the amount which is equal to the issue price for each ICPS , provided that there shall be no further right for the holders of the ICPS to participate in any surplus capital or surplus profits of the Company; and
- (ii) in the event that the Company has insufficient assets to permit payment of the full issue price to the holders of the ICPS , the assets of the Company shall be distributed pro rata on an equal priority to the holders of the ICPS in proportion to the amount that each holder of ICPS would otherwise be entitled to receive.

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

Rights of the holders of the ICPS : A ICPS does not carry any right to vote at any general meeting of the Company except for the right to vote in person or by proxy or by attorney at such meeting in each of the following circumstances until and unless the holders of the ICPS convert their ICPS into new Shares:-

- (i) on a proposal considering the reduction of the share capital of the Company (excluding any cancellation of capital which is lost or unrepresented by assets);
- (ii) on a proposal for the sale of the whole of the Company's property, business and undertaking;
- (iii) on a proposal that directly affects the rights and privileges attached to the ICPS;
- (iv) on a proposal to wind-up the Company; and
- (v) during the winding-up of the Company.

- Rights of the holders of the ICPS (cont'd) : Where the holders of the ICPS are entitled to vote at any general meeting, every ICPS shall on a poll, carry 1 vote for each ordinary share into which the ICPS are convertible upon exercise of the Conversion Right (based on the Conversion Mode) and every ordinary share shall, notwithstanding other provision of the Constitution, carry 1 vote for each such share.
- The ICPS holders shall be entitled to receive notices, report and accounts, and attend meetings of which Shareholders are entitled.
- Listing : The ICPS will be listed and traded on the Main Market of Bursa Securities. The listing and quotation of the ICPS on the ACE Market of Bursa Securities is subject to a minimum of 100 holders of ICPS.
- Transferability : As the ICPS will be listed and quoted on the Main Market of Bursa Securities, they will be deposited with the CDS of Bursa Securities and will be subject to the Rules of Bursa Depository. The ICPS shall be transferable in the manner provided under the SICDA and the Rules of Bursa Depository.
- In the event the ICPS become unlisted, the ICPS shall be transferable by instrument in writing in the usual or common form or such other form as the Board or the relevant authorities may approve.
- Modification of rights : Any variation, modification or abrogation of the rights and privileges attached to the ICPS shall require the sanction of a special resolution of the ICPS holders holding or representing not less than 75% of the outstanding ICPS.
- Governing law : The laws of Malaysia.

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## 2.6 Salient terms of the Warrants

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

- Issuer : Permaju
- Issue size : Up to 93,630,985 Warrants to be issued pursuant to the Rights Issue of ICPS with Warrants.
- Form and detachability : The Warrants will be issued in registered form and constituted by the Deed Poll. The Warrants which are to be issued with the ICPS will immediately be detached from the ICPS upon allotment and issuance and will be traded separately on Bursa Securities.
- Board lot : For the purpose of trading on Bursa Securities, a board lot of Warrants shall be 100 units of Warrants, unless otherwise revised by the relevant authorities.
- Tenure : 5 years from the date of issuance of the Warrants.
- Exercise Period : The Warrants may be exercised at any time within a period of 5 years commencing from and including the date of issue of the Warrants to the close of business at 5.00 p.m. on the Market Day immediately preceding the date which is the 5th anniversary from the date of issue of the Warrants. Any Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.
- Exercise Price : RM0.25 per Warrant.
- The Exercise Price and/or the number of Warrants in issue during the Exercise Period shall however be subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll.
- Exercise rights : Each Warrant shall entitle its registered holder to subscribe for 1 new Share at any time during the Exercise Period at the Exercise Price, subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll.
- Mode of exercise : The holders of the Warrants are required to lodge a subscription form with the Company's registrar, duly completed, signed and stamped together with payment by way of banker's draft or cashier's order drawn on a bank operating in Malaysia or money order or postal order issued by a post office in Malaysia for the aggregate of the exercise price payable when exercising their Warrants to subscribe for new Shares. The payment of such fee must be made in Ringgit Malaysia.
- Adjustments to the Exercise Price and/or the number of the Warrants in the event of alteration to the share capital : Subject to the provisions of the Deed Poll, the Exercise Price and/or the number of unexercised Warrants in issue may be subject to adjustments by the Board in consultation with an approved adviser appointed by the Company or the auditors in the event of any alteration in the share capital of the Company at any time during the tenure of the Warrants, whether by way of, amongst others, consolidation of shares, subdivision of shares or reduction of capital, in accordance with the provisions of the Deed Poll.

- Rights of the Warrant Holders : The Warrants do not confer on their holders any voting rights or any right to participate in any form of distribution and/or offer of further securities in the Company until and unless such holder of Warrants exercise their Warrants and are allotted and issued new Shares arising from their exercise of Warrants.
- Ranking of the new Permaju Shares to be issued pursuant to the exercise of the Warrants : The new Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment, issuance and full payment of the Exercise Price, rank pari passu in all respects with the then existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment of such new Shares.
- Rights of the Warrants Holders in the event of winding up, liquidation, compromise and/or arrangement : Where a resolution has been passed by the Company for a members' voluntary winding-up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with 1 or more companies, then:-
- (i) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant Holders of the Warrants (or some other persons designated by them for such purpose by special resolution of the Warrant Holders) shall be a party, the terms of such winding-up, compromise and arrangement shall be binding on all the Warrant Holders; and
  - (ii) In any other cases, every Warrants Holder shall be entitled to exercise his/her Warrants at any time within 6 weeks after the passing of such resolution for a members' voluntary winding up of the Company or within 6 weeks after the granting of the court order approving the winding-up, compromise or arrangement, whereupon the Company shall allot the relevant new Shares to the Warrant Holder credited as fully paid subject to the prevailing laws, and such Warrant Holder shall be entitled to receive out of the assets of the Company which would be available in liquidation if he / she had on such date been the holder of the new Shares to which he / she would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly. Upon the expiry of the above 6 weeks, all subscription rights of the Warrants shall lapse and cease to be valid for any purpose.
- Modification of the Deed Poll : Any modification to the terms and conditions of the Deed Poll may be effected only by a further deed poll, executed by the Company and expressed to be supplemental to the Deed Poll. Any of such modification shall however be subject to the approval of Bursa Securities (if so required).

Modification of the Deed Poll (cont'd) : Save as otherwise provided in the Deed Poll, a special resolution of the Warrant Holders is required to sanction any modification, alteration or abrogation in respect of the rights of the Warrant Holders.

No amendment or addition may be made to the provisions of the Deed Poll without the sanction of a Special Resolution unless the amendments or additions are required to correct any typographical errors or relate purely to administrative matters or are required to comply with any provisions of the prevailing laws or regulations of Malaysia or in the opinion of the Company, will not be materially prejudicial to the interests of the Warrant Holders.

Listing status : Bursa Securities had on 15 May 2018 approved the admission of the Warrants to the Official List and the listing and quotation of the Warrants and new Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities.

The listing and quotation of the Warrants on the Main Market of Bursa Securities is subject to a minimum of 100 holders of Warrants.

Transferability : The Warrants shall be transferable in the manner provided under the SICDA and the Rules of Bursa Depository.

Deed poll : The Warrants shall be constituted by the Deed Poll to be executed by the Company.

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

## 2.7 Details of other corporate exercises

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

### 2.7.1 Settlement

The Company received advances amounting to RM28,081,258 from Tan Sri Datuk Chai and Dato' Chua Tiong Moon, being the Creditors, since 2014 and these advances were mainly utilised for the Group's working capital to support its property development division as well as for the business operations of the automotive division.

As at 16 April 2018, a portion of the advances received had been subsequently repaid and the outstanding advances from the Creditors amounted to RM22,248,918. The advances provided to the Company are fixed, unsecured, interest free and have no fixed term of repayment.

On 16 April 2018, Permaju entered into the Settlement Agreement with the Creditors and Chai Woon Yun for the Settlement. As set out in the Settlement Agreement, Tan Sri Datuk Chai shall deliver to Permaju an endorsed promissory note which is duly signed by Chai Woon Yun, effecting and recording the transfer, delivery and endorsement by Tan Sri Datuk Chai in favour of Chai Woon Yun of all his rights, title and interest to receive the amount of RM7,026,244, which is due and payable by Permaju to Tan Sri Datuk Chai ("**Relevant Debt**").

Accordingly, following the endorsement of such promissory note, Tan Sri Datuk Chai shall cease to be the recipient of the Relevant Debt and Chai Woon Yun shall be the sole recipient and beneficiary of the Relevant Debt in place of Tan Sri Datuk Chai. Chai Woon Yun is the daughter of Tan Sri Datuk Chai.

The Settlement entails the issuance of 444,978,360 Settlement ICPS at an issue price of RM0.05 each for the settlement of debt owing by Permaju to the Creditors in the aggregate sum of RM22,248,918 in the following manner:-

<b>Parties</b>	<b>Outstanding debt as at the date of the Settlement Agreement (RM)</b>	<b>Number of Settlement ICPS to be issued</b>
Chai Woon Yun <sup>(1)</sup>	7,026,244	140,524,880
Dato' Chua Tiong Moon	15,222,674	304,453,480
<b>Total</b>	<b>22,248,918</b>	<b>444,978,360</b>

Note:-

(1) Transfer via endorsement from Tan Sri Datuk Chai to Chai Woon Yun.

Please refer to Appendix IV of the Company's circular to its Shareholders dated 4 June 2018 for further details on the salient terms of the Settlement Agreement.

As at the LPD, the conditions precedent of the Settlement Agreement have been fulfilled and the Settlement Agreement shall be completed upon the issuance and allotment of the Settlement ICPS. In accordance with the Settlement Agreement, the Company shall issue and allot the Settlement ICPS to Dato' Chua Tiong Moon and Chai Woon Yun within 21 Market Days from the completion of the Rights Issue of ICPS with Warrants.

For avoidance of doubt, the Settlement ICPS have the same terms as the Rights ICPS, whose salient terms are set out in Section 2.5 of this Abridged Prospectus.

The issue price of RM0.05 for each Settlement ICPS was mutually agreed by the parties to the Settlement Agreement, after taking into consideration the following:-

- (i) Conversion Price of RM0.25 (based on the Conversion Ratio of 5 ICPS for every 1 new Share);
- (ii) Conversion Price of the Settlement ICPS is at a premium of approximately 0.12% to the TEAP of the Shares of RM0.2497 based on the 5-day VWAP of the Shares up to and including the LTD; and
- (iii) the rationale for the Settlement as set out in Section 7.2 of the Company's circular to its Shareholders dated 4 June 2018. Amongst others, the Settlement is intended to strengthen the financial and operational viability of the Group upon the settlement of the Group's debts owing to the Creditors as it would reduce the Group's liabilities.

### 3. MINIMUM SUBSCRIPTION LEVEL AND SHAREHOLDER'S UNDERTAKING

Permaju intends to raise a minimum of RM21.0 million from the Rights Issue of ICPS with Warrants to meet the funding requirements of the Group, which will be channelled towards the utilisation as set out in Section 5 of this Abridged Prospectus.

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

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

Undertaking Shareholder	Existing direct shareholding as at the LPD		Minimum Rights ICPS to be subscribed for pursuant to the Undertaking			Assuming none of the other Entitled Shareholders subscribe for their Rights ICPS	
	No. of Shares	(1)%	Subscription based on entitlement	Subscription based on excess application	Total <sup>(2)</sup>	No. of Shares held after full conversion of the Rights ICPS and Settlement ICPS	(3)%
Chai Woon Yun	3,800,000	2.03	19,000,000	401,000,000	<sup>(4)</sup> 420,000,000	<sup>(5)</sup> 115,904,976	32.17

**Notes:-**

- (1) Based on the issued share capital of 187,261,971 Shares (excluding treasury shares) as at the LPD.
- (2) Based on the issue price of RM0.05 per ICPS.
- (3) Based on the enlarged issued share capital of 360,257,643 Shares (excluding treasury shares) assuming full conversion of the 420,000,000 Rights ICPS by Chai Woon Yun (the Undertaking Shareholder) and 444,978,360 Settlement ICPS by Dato' Chua Tiong Moon and Chai Woon Yun into a total of 172,995,672 Shares based on the conversion mode of surrendering 5 Rights ICPS for 1 new Share without additional cash payment.
- (4) This represents 44.86% of the total number of 936,309,855 Rights ICPS available for subscription under the Maximum Scenario.
- (5) Includes the conversion of the 140,524,880 Settlement ICPS to be issued to Chai Woon Yun pursuant to the Settlement.

Pursuant to the Undertaking, the Undertaking Shareholder has:-

- (i) irrevocably and unconditionally warranted that she shall not sell or in any other way dispose of or transfer her existing interest in the Company or any part thereof during the period commencing from the date of the Undertaking up to the Entitlement Date; and
- (ii) confirmed that she has sufficient financial means and resources to fulfil her obligations under the Undertaking.

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

The Undertaking Shareholder has confirmed that her subscription for the Rights ICPS and excess Rights ICPS pursuant to the Undertaking will not give rise to any mandatory take-over offer obligation under the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions immediately after the completion of the Rights Issue of ICPS with Warrants.

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

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

The Undertaking is not expected to result in any breach in the public shareholding spread requirement by the Company under Paragraph 8.02(1) of the Listing Requirements, which stipulates that a listed corporation must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. As at the LPD, the Company holds 8,672,500 treasury shares.

The pro forma public shareholding spread under the Minimum Scenario and assuming full conversion of the Rights ICPS and Settlement ICPS is illustrated as follows:-

Particulars	As at the LPD		(I) After the Corporate Exercises and assuming full conversion of the ICPS		(II) After (I) and assuming full exercise of the Warrants	
	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(3)%
Issued share capital	187,261,971	100.00	360,257,643	100.00	402,257,643	100.00
<b>Less:</b>						
Directors, substantial shareholders and their associates						
- Chai Woon Yun	3,800,000	2.03	115,904,976	32.17	157,904,976	39.25
- Dato' Chua Tiong Moon	(4)-	-	(4)60,891,696	16.90	60,891,696	15.14
<b>Public shareholding spread</b>	<b>183,461,971</b>	<b>97.97</b>	<b>183,460,971</b>	<b>50.92</b>	<b>183,460,971</b>	<b>45.61</b>

Notes:-

- (1) Based on the issued share capital of 187,261,971 Shares (excluding treasury shares) as at the LPD.
- (2) Based on the enlarged issued share capital of 360,257,643 Shares (excluding treasury shares) assuming full conversion of the 420,000,000 Rights ICPS by Chai Woon Yun (the Undertaking Shareholder) and 444,978,360 Settlement ICPS by Dato' Chua Tiong Moon and Chai Woon Yun into a total of 172,995,672 Shares based on the conversion mode of surrendering 5 Settlement ICPS without additional cash payment for every 1 new Share.
- (3) Based on the enlarged issued share capital of 402,257,643 Shares (excluding treasury shares) assuming full exercise of the 42,000,000 Warrants by Chai Woon Yun (the Undertaking Shareholder).
- (4) As at the LPD, Dato' Chua Tiong Moon is not a substantial Shareholder as he only holds 1,000 Shares. However, pursuant to the Settlement, he will be receiving 304,453,480 Settlement ICPS. Thereafter, he will become a substantial Shareholder assuming full conversion of the 304,453,480 Settlement ICPS to 60,890,696 Shares based on the conversion mode of surrendering 5 Settlement ICPS without additional cash payment for every 1 new Share.

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

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

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

- (i) it will not have an immediate dilution effect on the Group's EPS as the option of converting the Rights ICPS is at the discretion of the Rights ICPS holders and hence the Rights ICPS are expected to be converted over the Conversion Period as opposed to a fund raising exercise via rights issue of ordinary shares which will have an immediate upfront impact on the Group's EPS;
- (ii) it will not dilute the shareholdings of the Entitled Shareholders, assuming that all Entitled Shareholders subscribe to their entitlements and fully convert their Rights ICPS;
- (iii) it allows the Entitled Shareholders to increase their equity participation in the Company through the conversion of the Rights ICPS into new Shares during the Conversion Period; and
- (iv) it enables the Company to raise the requisite funds without incurring additional interest expense arising from additional borrowings, thereby minimising any potential cash outflow in respect of interest servicing costs.

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

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

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## 5. UTILISATION OF PROCEEDS

Based on the issue price of RM0.05 per Rights ICPS, the gross proceeds to be raised from the Rights Issue of ICPS with Warrants will be utilised in the following manner based on the scenarios described below:-

Proposed utilisation of proceeds	Expected timeframe for utilisation from completion of the Rights Issue of ICPS with Warrants	<sup>(1)</sup> Minimum Scenario RM'000	Maximum Scenario RM'000
(i) Development of the Mydin Project	Within 36 months	21,000	38,470
(ii) Funding for automotive division	Within 12 months	-	5,000
(iii) Repayment of bank borrowings	Within 3 months	-	1,995
(iv) Estimated expenses for the Corporate Exercises	Immediate	<sup>(2)</sup> -	<sup>(2)</sup> 1,350
<b>Total</b>		<b>21,000</b>	<b>46,815</b>

### Notes:-

(1) Any additional proceeds raised in excess of the RM21.0 million under the Minimum Scenario will be allocated up to its respective maximum allocation under the Maximum Scenario in the following order:-

- (i) estimated expenses for the Corporate Exercises;
- (ii) funding for automotive division;
- (iii) repayment of bank borrowings; and
- (iv) development of the Mydin Project

(2) Under the Minimum Scenario, the expenses for the Corporate Exercises shall be funded via internally generated funds.

Under the Maximum Scenario, if the actual expenses incurred are higher than the budgeted amount of RM1.35 million, the deficit will be funded from the portion allocated for the development of the Mydin Project. Conversely, any surplus of funds following payment of expenses will be utilised for the development of the Mydin Project.

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

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**(i) Development of the Mydin Project**

The Company has earmarked up to RM38.5 million of the proceeds to be raised from the Rights Issue of ICPS with Warrants to part-finance the development of the Mydin Project. Further details of the Mydin Project are set out in Section 6.2 of this Abridged Prospectus.

The total funding requirement for the Mydin Project is estimated to be RM233.6 million for the following purpose:-

<b>Description</b>	<b>Total funding requirement RM'000</b>
Piling works <sup>(1)</sup>	4,250
Building works <sup>(2)</sup>	191,586
Provisions <sup>(3)</sup>	14,750
Professional and project consultant fees <sup>(4)</sup>	23,011
<b>Total funding requirement</b>	<b>233,597</b>

**Notes:-**

- (1) This involves the construction of a foundation in the soil of the ground to form the base for the construction project.
- (2) The breakdown of the estimated costs for building works is illustrated below:-

<b>Building works</b>	<b>Amount RM'000</b>
Preliminaries <sup>(1)</sup>	12,790
Structural works <sup>(2)</sup>	70,194
External works <sup>(3)</sup>	9,280
Prime cost <sup>(4)</sup>	75,901
Provisional sums <sup>(5)</sup>	18,778
Hydraulics – Water supply and sanitary plumbing <sup>(6)</sup>	4,644
<b>Total estimated building works</b>	<b>191,586</b>

**Subnotes:-**

- (1) This includes, amongst others, site management costs, site setting-up costs and insurance costs.
- (2) This involves the construction of the main concrete structure of the building.
- (3) This involves the construction of external infrastructure such as roads, drainage and sewerage.
- (4) This involves, amongst others, mechanical and electrical (M&E) works (such as cabling), fittings (such as air-conditioning) and interior design.
- (5) This includes provisional costs for other fixtures and fittings (such as large fans as well as audio-visual projection system).
- (6) This involves the installation of plumbing system.
- (3) These include provision for fees to the relevant authorities such as the Kota Kinabalu city council and contingency sums set aside to cover unexpected or underestimation of costs.

- (4) These include professional fees payable to the architect, project managers, engineers and quantity surveyors.

In view that the Company owns 70% of Hardie, the proportionate contribution by the Company for the development of the Mydin Project amounts to RM163.5 million.

Any shortfall between the Company's funding requirement of RM163.5 million and the proceeds of up to RM38.5 million to be allocated from the Rights Issue of ICPS with Warrants will be financed via bank borrowings (in the form of bridging facility(ies) from financial institution(s), targeted to be obtained by the end of 2020) and/or internally generated funds (including proceeds from the sale of balance unsold completed units under Phase 1A comprising 14 units of 2-storey terraced houses worth approximately RM10.5 million).

However, the exact funding breakdown cannot be determined at this juncture as it will depend on, amongst others, the actual amount of proceeds raised from the Rights Issue of ICPS with Warrants, the proceeds to be generated from the sale of completed units under Phase 1A as well as the availability and suitability of other funding options at the relevant time.

While the Rights Issue of ICPS with Warrants is ongoing, the Group has been in talks with financial institutions on obtaining bridging facilities to finance the balance funding requirement. The final quantum of bridging facilities to be obtained will only be determined after completion of the Rights Issue of ICPS with Warrants depending on the eventual subscription level.

For information, the majority of the proceeds to be raised from the Rights Issue of ICPS with Warrants are being allocated towards the Group's property development division (via the development of the Mydin Project) as this is in line with the Group's ongoing business strategy to expand its property development division since the Group's diversification into the property development business pursuant to the acquisition of 70% equity interest in Hardie in 2010.

Further, notwithstanding the minor revenue contribution (i.e. 3.05%) by the Group's property development division towards the Group's total revenue in 18-month FPE 30 June 2019, the Group's property development division remains sizeable based on its segment assets of RM85.0 million, representing 40.7% of the Group's total assets of RM208.9 million (after adjustments and eliminations at the group level) as at 30 June 2019.

**(ii) Funding for automotive division**

Under the Maximum Scenario, the Company intends to allocate proceeds of up to RM5.0 million to fund the Group's automotive division through increasing its automobile and spare parts inventory level. This is expected to improve the automotive division's operational efficiency mainly through a reduction in the lead time for the delivery of automobiles and services. In the 18-month FPE 30 June 2019, the average lead time was approximately 2 weeks. The Group targets to decrease the average lead time to close to zero days.

Typically, long delivery lead times may adversely affect a customer's decision to place an order for the automobile through the Group's distribution centre. Hence, by being able to keep a higher level of automobile inventory, the Group is better able to meet the demand for customer's orders, and this in turn may increase customer satisfaction and sales of automobiles.

Similarly, an increase in spare parts inventories level will allow the Group to improve its efficiency levels through the reduction in lead time between the order of spare parts and the receipt of such parts. Thus, the Group is able to maintain and service its customer's automobiles faster. Not only does this increase customer satisfaction with its service, the Group is also able to accept more maintenance jobs as it is able to complete the maintenance and servicing of automobiles expeditiously.

**(iii) Repayment of bank borrowings**

As at the LPD, the total outstanding principal amount of the Group's bank borrowings stood at approximately RM2.00 million.

The Group intends to utilise proceeds of up to RM2.00 million towards the repayment of the following bank borrowings:-

Name of bank	Facility	Outstanding principal amount as at the LPD RM'000	Repayment amount RM'000	Estimated annual interest savings RM'000
United Overseas Bank (Malaysia) Bhd	Overdraft <sup>(1)</sup>	1,995	<sup>(3)</sup> 1,995	<sup>(2)</sup> 146

**Notes:-**

- (1) The overdraft was drawn down mainly to finance the Group's working capital and has no fixed tenure for repayment.
- (2) Based on an effective interest rate of 1.50% per annum over the bank's base lending rate of 5.82%.
- (3) While the Group intends to allocate proceeds of up to RM2.00 million to fully repay this overdraft facility, this overdraft facility is subject to prevailing interest rate, drawdown and repayment from time to time. As such, the outstanding principal amount of this overdraft facility at the point of repayment may differ from the current amount as at the LPD. In this event, any surplus or deficit following the repayment of bank borrowings shall be allocated to / from the proceeds earmarked for development of the Mydin Project.

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

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

Estimated expenses	Amount RM'000
Professional fees <sup>(1)</sup>	1,000
Fees to relevant authorities	290
Printing, dispatch and advertising expenses	50
Miscellaneous	10
<b>Total</b>	<b>1,350</b>

**Note:-**

- (1) These include fees payable to the Principal Adviser, Independent Adviser, Solicitors, Company Secretary, Share Registrar, Reporting Accountants and Independent Market Researcher in relation to the Corporate Exercises.

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

The exact quantum of proceeds that may be raised by the Company from the conversion of the Rights ICPS and/or exercise of the Warrants would depend on the actual number of Rights ICPS converted during the Conversion Period as well as its Conversion Mode and/or the actual number of Warrants exercised during the Exercise Period. The proceeds from the conversion of the Rights ICPS and/or exercise of the Warrants will be received on an “as and when basis” over the Conversion Period and/or the Exercise Period.

It is unlikely for the Company to receive significant additional proceeds from the conversion of the Rights ICPS as the Rights ICPS are expected to be converted mainly based on the conversion mode of surrendering 5 Rights ICPS without additional cash payment instead of the conversion mode of surrendering Rights ICPS with additional cash payment to arrive at the Conversion Price of RM0.25 for 1 new Share.

Nevertheless, any proceeds arising from the conversion of Rights ICPS with additional cash payment during the Conversion Period will be utilised towards the development of the Mydin Project as set out in Section 5(i) above and/or future working capital requirements of the Group. The working capital requirements includes the purchase of automobile inventories and automobile spare parts, development expenditures for the Group’s property development division and other miscellaneous items as well as payment of salaries. The exact breakdown and timeframe for full utilisation cannot be determined at this juncture and would be dependent on the actual requirements at the relevant time. Strictly for illustrative purposes, assuming all the Rights ICPS are converted based on the conversion mode of surrendering 1 Rights ICPS with additional cash payment of RM0.20, the Company will raise gross proceeds of RM187.3 million upon full conversion of the Rights ICPS under the Maximum Scenario.

Any proceeds arising from the exercise of Warrants during the Exercise Period will be utilised towards development of the Mydin Project as set out in Section 5(i) above and/or future working capital requirements of the Group including those set out above. The exact breakdown and timeframe for full utilisation cannot be determined at this juncture and would be dependent on the actual requirements at the relevant time. Strictly for illustrative purposes, based on the Exercise Price of RM0.25, the Company will raise gross proceeds of RM23.4 million upon full exercise of the Warrants under the Maximum Scenario.

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## 6. DETAILS OF THE GROUP'S PROPERTY DEVELOPMENT

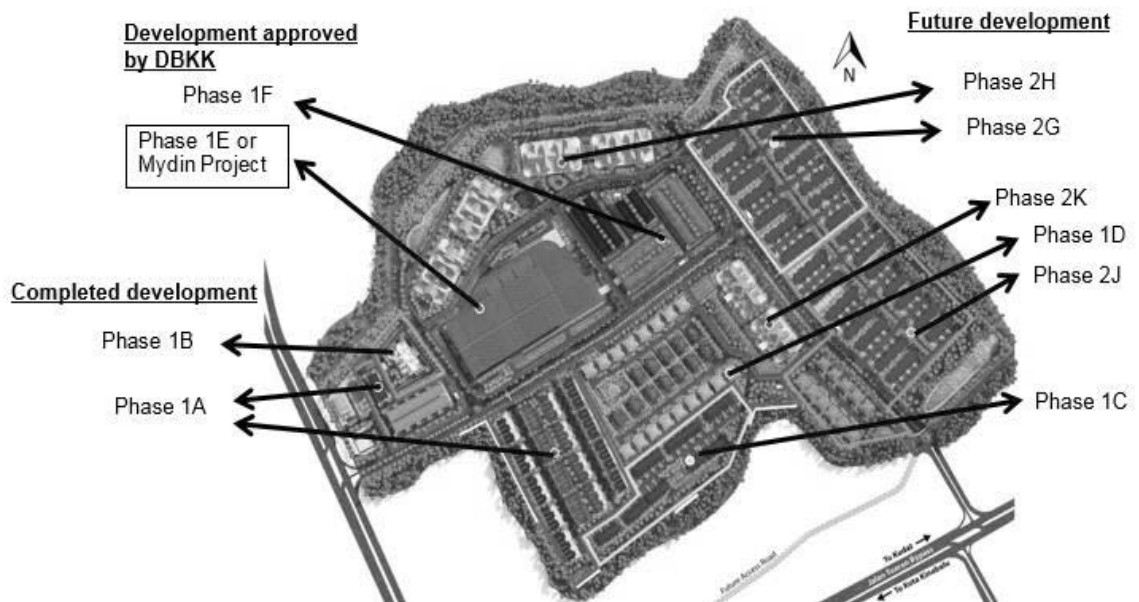
The Group diversified into the property development business pursuant to the acquisition of 70% equity interest in Hardie in 2010. Hardie is principally involved in property development and is the beneficial owner of the Land, measuring approximately 44.28 hectares and is situated in the district of Kota Kinabalu within the locality of Kampong Dambai, Menggatal. The Land has been approved for a mixed development project comprising various phases of developments known as Princess Heights Project.

As part of the Princess Heights Project, Hardie will be undertaking the development of the Mydin Project which is under Phase 1E of the Princess Heights Project.

Further details on the Princess Heights Project and the Mydin Project are set out below:-

### 6.1 The Princess Heights Project

The Princess Heights Project consists of Phases 1A, 1B, 1C, 1D, 1E, 1F, 2G, 2H, 2J and 2K. Refer below for the details and an illustration of the development phases of the Princess Heights Project:-



The development of Phases 1A and 1B has been completed while Phases 1C, 1D, 2G, 2H, 2J and 2K are earmarked for future development. The development of Phases 1E and 1F are approved by DBKK, details as follows:-

#### Development approved by DBKK

Phase	Description	Zoning	Land size (sq m)
Phase 1E or the Mydin Project	Land approved for 4-storey hypermarket	Commercial	44,177
Phase 1F	Land approved for 80 units of 3-storey terraced shop/offices	Commercial	63,881
<b>Total land size</b>			<b>108,059</b>

**Future development**

<b>Phase</b>	<b>Description</b>	<b>Land size (sq m)</b>
Phase 1C Phase 1D Phase 2G Phase 2H Phase 2J Phase 2K	Undeveloped residential land for future development	236,316
<b>Total land size</b>		<b>236,316</b>

**6.2 The Mydin Project**

The Mydin Project will be constructed on Phase 1E located in the central portion of the Land, covering a total land area of 44,177 sq m. Having been approved for a 4-storey hypermarket, Phase 1E will consist of a mall, food court, offices, other supporting facilities, 858 car parking bays, 10 loading and unloading bays and 114 motorcycle parking bays. The construction works for the Mydin Project is expected to commence in the first quarter of 2021 over a development period of approximately 2.5 years.

The total built-up area of the Mydin Project is 69,069 sq m (including 15,579 sq m of covered car park). The details are as follows:-

<b>Level</b>	<b>Details</b>
Sub-basement	Car parking bays, services and utilities rooms, stair wells, lift lobbies and retail lots
Ground floor	Car parking bays, services and utilities rooms, stair wells, lift lobbies, mall, stage and food court
First floor	Loading and unloading bays, services and utilities rooms, store, stair wells, lift lobbies, retail lots, office, mall, fresh food preparation area, hypermarket and dormitory
First mezzanine floor	Services and utilities rooms
Roof plan	Services and utilities rooms

Hardie had on 31 July 2013 entered into a lease agreement with Mydin and the terms of this agreement was subsequently varied via 2 supplemental agreements dated 28 March 2016 and 9 June 2017 respectively.

Salient terms in the Agreement to Lease are as stated below:-

- (i) Hardie shall at its own cost and expense, construct and complete the Mydin Project in accordance with the layout and construction drawings and specifications;
- (ii) Subject to completion of the Mydin Project, Hardie shall grant to Mydin a sub-lease<sup>(1)</sup> of the Mydin Project upon and subject to the provisions, terms and conditions contained in the Agreement to Lease;

Note:-

- (1) This is termed as a sub-lease as the Land is not directly owned by Hardie.

Supernesa Sdn Bhd ("**Supernesa**") was appointed by Lembaga Pembangunan Perumahan dan Bandar, who is the trustee for the State Government of Sabah, to develop the Land.

Hardie had entered into a joint venture agreement entered with Supernesa on 11 April 2003 ("**JV Agreement**") and pursuant to which a power of attorney was granted by Supernesa in favour of Hardie, whereby Hardie was appointed as the true and lawful party for the development of the Land comprising residential and commercial development complete with necessary infrastructures and facilities at its own cost and expense.

- (iii) Mydin shall provide a performance guarantee with a local bank of financial institution in favour of Hardie in the amount of RM7,507,812.50 to secure Mydin's obligation to take a lease of the Mydin Project ("**Security Deposit**");
- (iv) The lease shall be for a period of 20 years ("**Lease Term**") commencing on the lease commencement date and Mydin shall not terminate or be entitled to terminate the lease prior to the expiry of the Lease Term without the consent of Hardie;
- (v) The lease commencement date ("**Lease Commencement Date**") means the date on which the conditions stated in the Agreement to Lease are fulfilled;
- (vi) Subject to the payment of the first instalment of the rent and the security deposit, Mydin shall be entitled to enter upon and occupy the Mydin Project for the purpose of undertaking, carrying out and executing the fit-out and stocking-up works during the fit-out and stocking-up period;
- (vii) The fit-out and stocking up period means the period of 3 months commencing from the Lease Commencement Date and shall be rent free ("**Fit-Out and Stocking-Up Period**");
- (viii) The monthly rent payable by Mydin to Hardie during the Lease Term of the Mydin Project ("**Rent**") is as follows:-
- (a) The monthly rent payable for and during the first year of the Lease Term commencing from the day immediately after the expiry of the Fit-Out and Stocking-Up Period or the date on which Mydin commences business of the Mydin Project, whichever shall be the earlier, shall be a proportionate amount based on and giving an annual yield equivalent of 7.5% on the aggregate amount of:-
- (i) Land cost of RM23,870,900;
- (ii) The estimated final development costs of RM192,337,200 ("**Final Development Costs**"); and
- (iii) The development margin amounting to the equivalent of 12.5% of the Final Development Costs.
- (b) The monthly Rent payable for and during each subsequent year of the Lease Term shall be increased by 2% of the monthly Rent payable for and during the preceding year.

For illustration purposes, a summary of the estimated rental per annum to be received by Hardie in relation to the Agreement to Lease are as follows:-

Year	Amount (RM)	Year	Amount (RM)
Year 1	13,514,063 <sup>(1)</sup>	Year 11	21,964,756
Year 2	18,379,125	Year 12	22,404,051
Year 3	18,746,708	Year 13	22,852,132
Year 4	19,121,642	Year 14	23,309,174
Year 5	19,504,074	Year 15	23,775,358
Year 6	19,894,156	Year 16	24,250,865
Year 7	20,292,039	Year 17	24,735,882
Year 8	20,697,880	Year 18	25,230,600
Year 9	21,111,837	Year 19	25,735,212
Year 10	21,534,074	Year 20	26,249,916

Note:-

- (1) Based on the effective annual rental after taking into consideration the 3 months rent free for the Fit-Out and Stocking-Up Period as per the Agreement to Lease.
- (ix) Hardie and Mydin have yet to agree upon the appointment of the architect or quantity surveyor who shall determine and certify the Final Development Costs. Pending the appointment of the architect or quantity surveyor, the Rent and Security Deposit shall respectively be based on the estimated development costs with the intent that when the parties reaches an agreement on the Final Development Costs, the Rent and Security Deposit shall be adjusted accordingly and any shortfall shall then be paid by Mydin to Hardie and any over payment shall be set-off against future instalments of the Rent.

Following the Agreement to Lease, Hardie had since revised the gross development cost of the Mydin Project from RM216.2 million (comprising land cost of RM23.9 million and Final Development Costs of RM192.3 million as stated in the Agreement to Lease) to RM257.5 million to better reflect the current economic conditions and based on the tenders received from contractors to develop the Mydin Project. Further, based on Hardie's assessment as at the LPD, the revised gross development cost of RM257.5 million continues to be reflective of the current economic conditions and therefore no revision is expected to be made prior to the commencement of construction works.

Accordingly, as Hardie had obtained beneficial ownership of the Land (as explained in Note (1) of Section 6.2(ii) above, the balance funding requirement for the Mydin Project is estimated to be RM233.6 million (i.e. the revised gross development cost of RM257.5 million less land cost of RM23.9 million).

The Company intends to fund part of the Mydin Project via the proceeds from the Rights Issue of ICPS with Warrants, bank borrowings and/or internal generated funds. Further details on the utilisation of the rights issue proceeds are set out in Section 5 of this Abridged Prospectus.

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## 7. RISK FACTORS

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

### 7.1 Risks relating to the Group

#### 7.1.1 Risks relating to the Group's automotive division

The risk factors relating to the Group's automotive division, which contributed 96.95% of the Group's total revenue in 18-month FPE 30 June 2019, are set out below:-

##### (i) Non-renewal of the dealer agreements

Dealer agreements are usually for a short-term duration and subject to renewal from time to time upon mutual agreement by both parties. Two of our wholly-owned subsidiaries, namely Cergaz Autohaus Sdn Bhd and Capital Intertrade Sdn Bhd, have dealer agreements with Volkswagen Passenger Cars Malaysia Sdn Bhd ("**Volkswagen**") and Sime Darby Auto Connexion Sdn Bhd ("**Sime Darby**") respectively.

There is no assurance that the Group will be able to renew the current dealer agreements with Volkswagen and/or Sime Darby. In the event that the dealer agreements are not renewed or renewed on less favourable terms, it may have an adverse effect on the Group's financial performance.

Furthermore, many important business and operation aspects are subject to the restrictions imposed by its dealers, including the number of dealership locations and geographical limitations on where we can conduct sales for their products. There is no assurance that any changes in the dealer's business strategies, such as the cessation of the dealer's operations in Malaysia, in the future for any reasons which could affect the Group's expansion plans and future performance, will not arise.

##### (ii) Competition risk

The automotive industry is a competitive industry comprising a diversified group of industry players ranging from large multinational companies to small and medium-sized enterprises. The future success will depend upon the ability to increase market share, to maintain or increase revenues from sales to existing customers as well as to sell additional products to existing and new customers.

Furthermore, the Group expects competition to intensify in the near future due to new and more competitive automotive products being introduced by market players on top of their existing products, for example electric vehicles. The rise of application-based ride hailing services such as Grab also reduces the necessity of car ownership. Increased competition may result in pricing pressures and reduced profit margins, which may impede the ability of the Group to increase revenue from the existing range of products.

### **7.1.2 Risks relating to the Group's property development business**

The risk factors relating to the Group's property development division, which contributed 3.05% of the Group's total revenue in 18-month FPE 30 June 2019, are set out below:-

#### **(i) Delay or non-completion of property development projects**

The performance of the Group's property development business is dependent on the timely completion of its property development projects. In turn, this is dependent on many external factors, some of which may be beyond the control of the Group such as obtaining various regulatory approvals as scheduled. Other factors that may cause delays include site accidents, shortage or late arrival of raw materials as well as change in regulatory environment and framework.

Any delay in completing the property development projects within the timeframe agreed with customers may expose the Group to additional cost and potential claims which may impact the Group's financial performance. Such delays may also affect the Group's reputation and its ability to attract buyers in the future.

#### **(ii) Cost overruns**

The Group carries out internal cost and budgeting estimates of building materials, subcontracting costs and overheads based on the indicative pricings given by the Group's suppliers and subcontractors, as well as the Group's own estimates of costs for our development projects.

However, in the event of incorrect estimations of costs during the budgeting or costing stage, unforeseen circumstances such as adverse soil conditions, unfavourable weather conditions or unanticipated construction constraints at the worksite or fluctuations in raw material prices and subcontractors' services, additional costs which are not previously factored into the costing may arise. In such instances, our financial performance may be adversely affected.

#### **(iii) Performance of the property market**

The performance of the Group's property development business will be dependent on the performance of the property market. In turn, this is affected by, amongst others, population growth, economic growth, government policies and regulations as well as demographic trends.

Any adverse developments affecting the property market may result in adverse impact on the performance of the construction, property development and property investment sectors, which in turn may adversely affect the performance and growth of the Group's property development business.

Any future regulatory changes such as, amongst others, an increase in the rate of real property gains tax on profits for disposal of real estate (which would dampen investors' appetite in buying properties for investment) or increase in stamp duty by the government as well as the tightening of lending criteria by banks may lead to a softer property market, which in turn may adversely affect the take-up rate of the properties developed by the Group as well as the performance and growth of the Group's property development business moving forward.

**(iv) Property overhang and/or unsold properties**

Property overhang is commonly caused by oversupply of properties leading to low take-up rate of newly launched properties. Other factors contributing to property overhang may include economic downturn, tightening of credit and unfavourable market conditions.

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

In this regard, the Group's properties are susceptible to the risk of not achieving full take-up rate or that it may take a longer time to achieve full take-up rate leading to a longer payback period. There can be no assurance that the Group's projects will be able to achieve a favourable take-up rate or that the Group's property launches will not be affected by property overhang.

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

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

Following the implementation of the MCO by the Government on 18 March 2020:-

- (i) the Group's automotive division was affected in terms of sales as showrooms were closed during the MCO period; and
- (ii) the Group's property development division was affected in terms of the suspension of the progress of its projects in hand.

However, following the implementation of the conditional MCO by the Government since 4 May 2020:-

- (i) the Group's automotive division has resumed operations with health and safety precautionary measures implemented at its showrooms and offices in accordance with guidelines by the relevant authorities; and
- (ii) the Group's property development division has resumed operations with health and safety precautionary measures implemented at our construction sites and offices in accordance with guidelines by the relevant authorities

Although business has been as usual for the automotive division since reopening and notwithstanding the resumption of the property development division's operations, the Group expects the dampened consumer sentiment due to the COVID-19 pandemic to affect the sales performance of both divisions moving forward (including for the Princess Heights Project as set out in Section 6.1 of this Abridged Prospectus).

For information:-

- (i) the Group's automotive division recorded a reduction in sales by 53.3% in the latest financial quarter ended 31 March 2020 (RM8.67 million) as compared to the previous financial quarter ended 31 December 2019 (RM18.55 million). In turn, this may be attributable to the dampened consumer sentiment since the COVID-19 outbreak began in January 2020 coupled with closure of showrooms since the MCO was implemented on 18 March 2020. For the latest financial quarter ended 30 June 2020, the Group estimates that the sales figure would be lower by approximately 40% to 60% as compared to the previous financial quarter ended 31 March 2020; and
- (ii) the Group's property development division recorded sales of RM5.66 million in the latest financial quarter ended 31 March 2020 as compared to the previous financial quarter ended 31 December 2019 in which no sales were recorded. The lack of sales in the financial quarter ended 31 December 2019 was due to a subdued property market at that time. For the latest financial quarter ended 30 June 2020, the Group estimates that the sales figure would be lower by approximately 60% to 80% as compared to the previous financial quarter ended 31 March 2020.

While the COVID-19 pandemic appears to be under control in the country for now with the progressive relaxation of lockdown measures by the Government since May 2020, there can be no assurance that our country will not suffer another wave of COVID-19 infection in the future. If this were to materialise and lockdown measures were to be reintroduced:-

- (i) the Group's showrooms may be forced to close once again leading to loss opportunity for automobile sales; and
- (ii) the Group's property projects may be forced to be suspended once again leading to prolonged delay in completion and exposing the Group to additional cost and potential claims.

In turn, these may have a material adverse impact on the financial performance of the Group.

As the COVID-19 pandemic has yet to be contained worldwide with a vaccine and/or cure yet to be developed and mass-distributed, the estimated full impact of the pandemic on the business and financial performance of the Group's automotive and property development divisions remains uncertain and cannot be determined nor quantified at this juncture.

### **7.3 Risks relating to the Rights Issue of ICPS with Warrants**

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

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

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

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

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

**(ii) Capital market risk**

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

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

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

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

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

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

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

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

## **8. INDUSTRY OVERVIEW AND PROSPECTS**

### **8.1 Malaysian economy**

The Malaysia economy moderated sharply to 0.7% in the first quarter of 2020 (4Q 2019: 3.6%). On the supply side, the services and manufacturing sectors moderated while the other sectors contracted. In terms of expenditure, external demand and investments declined, while private consumption growth moderated. On a quarter-on-quarter seasonally-adjusted basis, the economy contracted by 2.0%.

The moderation reflected the impact of measures taken both globally and domestically to contain the spread of the COVID-19 pandemic. Domestically, it mainly reflected the implementation of the MCO. After a steady expansion in the first two months of the quarter, economic activity came to a sharp downshift with the implementation of the MCO on 18 March 2020. Movement restrictions including international and domestic travel restrictions, limited work and operating hours and mandatory social distancing significantly curtailed economic activity. Production was only permitted for essential goods and services and the industries integral to their supply chains. Labour-intensive and consumer-oriented sectors were also impacted.

The Malaysian economy is expected to contract in the second quarter. This reflects the longer duration of containment measures both globally and domestically. As these containment measures are eased and the domestic MCO is lifted, economic activity is expected to gradually improve in 2H 2020. The sizable fiscal, monetary and financial measures and progress in transport-related public infrastructure projects will provide further support to growth in 2H 2020. In line with the projected improvement in global growth, the Malaysian economy is expected to register a positive recovery in 2021.

(Source: Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2020, BNM)

In 2019, the Malaysian economy expanded by 4.3%. 2020 is an exceptionally challenging year for the global economy. Confronted with an unprecedented health crisis, global growth is expected to contract. As an open economy, Malaysia will not be spared. Malaysia's GDP growth is projected to be between -2.0% and +0.5% in 2020, affected by weak global demand, supply chain disruptions and COVID-19 containment measures both abroad and domestic.

While the MCO and measures to promote social distancing will dampen economic activity temporarily, they are necessary to contain the spread of the virus. The Government's stimulus package will help to cushion the economic fallout. Both Pakej Rangsangan Ekonomi 2020 and Pakej Rangsangan Ekonomi Prihatin Rakyat as well as Bank Negara Malaysia's financial measures will provide sizable support to households and businesses.

These measures are expected to add 2.8 percentage points to 2020 GDP growth. Also supporting growth is the ongoing large-scale infrastructure projects, which are expected to provide an additional 1 percentage point lift to growth in 2020.

There remains significant uncertainties surrounding the growth outlook, with both upside and downside risks to the outlook. Downside risks stems from more prolonged and wider spread of COVID-19 globally and domestically, recurring commodities supply disruptions and tighter financial conditions following heightened volatility in financial markets. However, there are also upside risks, emanating from potentially larger-than-expected impact from the pro-growth measures, faster normalisation in activity amid pent-up demand and better-than expected global economy, arising from the various stimulus measures. Bank Negara Malaysia expects the Malaysian economy to rebound in 2021, in line with the projected global recovery.

(Source: BNM's Press Statement dated 3 April 2020: "Bank Negara Malaysia Publishes Annual Report 2019, Economic and Monetary Review 2019 and Financial Stability Review for Second Half 2019")

## 8.2 Automotive industry in Malaysia

In 2019, Malaysia's overall automotive industry and its related sectors contributed 3.58% or RM50.88 billion to national GDP, employing 65,388 people in 2019, with a total workforce of over 700,000 people.

The automotive industry in Malaysia is dominated by the passenger vehicles segment, which makes up 91.05% of total industry volume ("**TIV**") in 2019. TIV comprises the number of registered passenger and commercial vehicles, effectively measuring the number of vehicles sold in the country.

The TIV declined at a CAGR of -0.54% between 2012 and 2019. The number of registered vehicles had been increasing during the period of 2012 to 2015, but experienced a drop in 2016. This is attributed to several factors such as the depreciation of the ringgit and poor consumer sentiment. The rush to buy vehicles before the implementation of good and services tax ("**GST**") in April 2015 also contributed to higher sales in 2014 and 2015. After the TIV dipped in 2016 and 2017, TIV improved by 3.81% in 2018 from 2017 and by 0.95% in 2019 from 2018.

### TIV (Malaysia), 2012-2020(f)

Year	Passenger vehicles	Commercial vehicles	TIV
2012	552,189	75,564	627,753
2013	576,657	79,136	655,793
2014	588,348	78,139	666,487
2015	591,275	75,402	666,677
2016	514,594	65,491	580,085
2017	514,675	61,950	576,625
2018	533,099	65,499	598,598
2019	550,179	54,108	604,287
CAGR (2012-2019)	-0.05%	-4.66%	-0.54%
2020(f)	Not available	Not available	400,000

Within the commercial vehicles segment, the number of registrations of pick-ups declined at a CAGR of -5.27% from 51,320 vehicles in 2012 to 35,121 vehicles in 2019. However, pick-ups still form the largest share of the commercial vehicles segment, at 64.91%.

Initially, TIV was forecast at 607,000 vehicles in 2020 in the Market Review 2019 by Malaysian Automotive Association. However, this forecast figure by Malaysian Automotive Association was later revised to contract by 33.81% from 604,287 in 2019 to 400,000 in 2020 due to the outbreak of COVID-19 virus in Malaysia since early 2020. Based on the latest available information, the sales of automotive reduced by 27.10% from RM44.06 billion between January 2019 and April 2019 to RM32.12 billion between January 2020 and April 2020. The imposition of the MCO by the Government had resulted in closure of all government and private premises except those involved in essential services, unless written permission is obtained from Ministry of International Trade and Industry; while the conditional MCO allows more organisations to operate but they must adhere to a strict set of standard operating procedures. This is expected to adversely impact businesses, employment and consumer purchasing power. With lower purchasing power, consumers become more cautious in their spending and this may affect the demand for non-essential items such as automotive. Further, the imposition of the MCO and conditional MCO also caused automotive sales galleries to close, as well as restricted sales and marketing activities during this period which had adversely affected the sales of automotive.

On 5 June 2020, the Government launched the Pelan Jana Semula Ekonomi Negara (PENJANA) Short-Term Economic Recovery Plan (June – December 2020) (“PENJANA Short-Term Economic Recovery Plan”) to empower people, propel businesses and stimulate the economy from the impact of COVID-19 virus. Under this initiative, tax incentives on car purchases are introduced to boost purchase of passenger cars through tax exemptions on locally assembled cars and 50% sales tax exemption on imported cars. This will reduce the price of automotive and encourage automotive purchases to reduce the negative impact of COVID-19 virus on the automotive industry.

As of 2019, the market share of national brands stood at 56.35% of total TIV. Perodua dominated the market with 39.77% of the total market share, which is significantly higher than Proton in second place with 16.58%. This was followed by Honda (14.14%) and Toyota (11.43%). In 2018, the market share of national brands decreased to 48.78% from 52.61% in 2012, with the drop in demand due to aggressive marketing from non-national brands and stringent lending guidelines. Nevertheless, the market share of national brands surpassed non-national brands at 56.35% in 2019.

#### TIV breakdown by national and non-national brands (Malaysia), 2012-2019

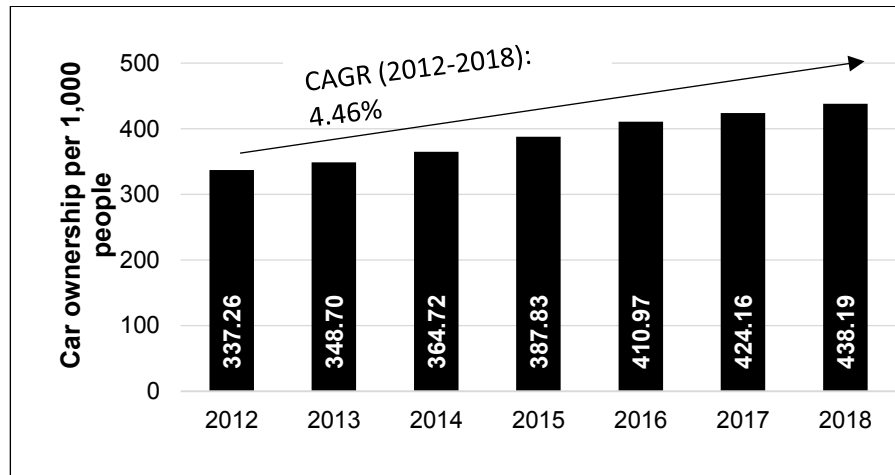
Year	National brands		Non-national brands		Total
	Units	Market share	Units	Market share	
2012	330,258	52.61%	297,495	47.39%	627,753
2013	334,824	51.06%	320,969	48.94%	655,793
2014	311,362	46.72%	355,125	53.28%	666,487
2015	315,481	47.32%	351,196	52.68%	666,677
2016	279,400	48.17%	300,685	51.83%	580,085
2017	275,879	47.84%	300,746	52.16%	576,625
2018	291,987	48.78%	306,611	51.22%	598,598
2019	340,524	56.35%	263,763	43.65%	604,287

On the other hand, the most popular brands in the luxury segment, Mercedes-Benz and BMW, experienced decrease in sales which led to the shrinking of their year-on-year 2019 market share from 2.25% to 1.74% and 2.01% to 1.54% respectively. This suggests that individuals are gravitating to more affordable cars bolstered by Government incentives such as tax exemptions whilst high income earners are scaling back on luxury car expenditure.



Car ownership has been increasing steadily each year during the period of 2012 to 2018, at a CAGR of 4.46%. As of 2018, the number of cars stood at 438.19 cars per 1,000 people.

**Car ownership per 1,000 people (Malaysia), 2012-2018**



While the automotive industry is expected to experience a slowdown in 2020 mainly due to dampened economic outlook from the impact of COVID-19 virus, automotive will remain a major mode of transportation used in Malaysia. Smith Zander anticipates that the growth of Permalu over a longer term, after the COVID-19 virus crisis ends and after the recovery of the economic conditions, will be supported by the growing demand for motor vehicles, improved disposable income, intensified marketing and promotional activities as well as demand from the logistics industry.

(Source: Independent Market Research Report dated 15 June 2020 by Smith Zander)

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### 8.3 Property market in Malaysia

The Malaysian economy expanded by 4.3% in 2019. Bank Negara Malaysia's report forecast that economic growth would gradually improve in 2020, with continued support from household spending and better export performance. However, there may be high near-term downside risks resulting from the unforeseeable outbreak of coronavirus (COVID-19) worldwide. This may dampen the anticipated economic growth, particularly for the first half year of 2020.

The COVID-19 outbreak is expected to take its toll on the world economies and the Malaysian economy, in particular tourism-related sectors such as airlines, retail, food and beverage and hospitality; as well as the manufacturing and selected services sector. The magnitude of the impact on the Malaysian economy would depend on the duration and spread of the outbreak not only in Malaysia but also in other countries, especially those that are Malaysia's major trading partners.

Nevertheless, government have introduced several incentives which to help cushion-off the impact on the property market namely:

1. The revision of the base year for real property gains tax ("RPGT") to 1 January 2013 (initially 1 January 2000) for property purchased before the date.
2. The reduction of price threshold for foreign purchasers from RM1 million to RM600,000 for unsold completed high-rise properties in urban areas. Consequently, several states have revised the minimum price for foreign purchasers as stated below:

State	Price Threshold		Type of property	Remarks
	Year 2019	Year 2020		
Wilayah Persekutuan Kuala Lumpur	RM1,000,000	RM600,000	High-rise properties	Overhang units (unsold completed unit)
Selangor	RM2,000,000	RM1,500,000	High-rise / stratified properties	Overhang units (located in Zones 1 & 2: Petaling, Gombak, Hulu Langat, Sepang, Klang & Kuala Selangor, Kuala Langat)
Johor	RM1,000,000	RM600,000	High-rise properties: apartments / condominium, serviced apartments and SOHO	1. Overhang units (unsold for more than 9 months.) 2. Only for the first nine months of 2020
Pulau Pinang	RM1,000,000	RM800,000	High rise properties	Overhang units located on the island
Sabah	RM1,000,000	RM750,000	Residential properties	Completed units and unsold for more than 9 months (overhang units)

3. The reduction of overnight policy rate (“**OPR**”) by 25 basis points to 2.75%<sup>(i)</sup> on 22 January 2020, will lead to lower borrowing cost for home loans, to remain accommodative and supportive of property market.

Note:-

- (i) On 3 March 2020, BNM has reduced the OPR by 25 basis points to 2.50%. Subsequently, the OPR was further reduced by 50 basis points to 2.00% on 5 May 2020.

Despite the economic headwinds, Malaysian property market is expected to remain resilient in the coming year. Affordable housing and finding the right solutions to the property overhang will continue to be the main agenda of the government. The close monitoring on the implementation of programmes under the National Housing Policy 2.0 (2018 – 2025) and various incentives introduced to promote home ownership among Malaysians, are expected to contain the overhang situation in the coming year.

(Source: Property Market Report 2019, Valuation and Property Services Department, Ministry of Finance)

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## 8.4 Property market in Sabah

The state's property market showed a rebound in 2019, indicated by higher volume of transactions as compared to last year. The review period registered 8,481 transactions with a total value of RM4.73 billion, increased by 2.5% in volume while decreased by 5.1% in value (2018: 8,271 transactions worth RM4.98 billion). Residential sub-sector continued to propel the overall market, accounting for 63.3% of the state's volume transactions, followed by agriculture (16.8%), commercial (12.6%), development land (4.5%) and industrial (2.9%) sub-sectors.

Market activity showed better performance across the board. Residential and commercial sub-sectors increased by 7.6% and 3.8% respectively. On the contrary, marginal declines were recorded for agriculture (-11.1%), development land (-5.9%) and industrial (-2.4%) subsectors. In terms of value, all sub-sectors recorded upward trend except for the agriculture sub-sector, which showed a downward trend.

### **Residential property**

Residential sub-sector was on uptrend in 2019. There were 5,368 transactions worth RM1.91 billion recorded in the review period, increased by 7.6% in volume and 5.0% in value as compared to 2018 (4,991 transactions worth RM1.82 billion). Terraced houses remain the leading property type, accounting for 34.0% of the total residential transactions.

The primary market in 2019 declined by 61.3% as compared to 2018. However, the overall sales performance was better in 2019 as compared to 2018. Two to three storey terraces formed the bulk of the new launches, accounting for 70.0% (671 units) of the total.

The residential overhang units and unsold under construction witnessed increasing numbers while the unsold not constructed reduced in the review period.

Construction activities witnessed slower trend in 2019. As at end-2019, there were 219,266 existing residential units with another 26,400 units in the incoming supply and 24,639 units in the planned supply.

Despite of moderation in market activities, the residential property prices in 2019 showed a mix movement across the state. By type, double storey terraced houses located in several schemes at Kota Kinabalu and Sandakan increased by more than 9.0%. In the stratified segment, apartment and condominium units also recorded moderate capital gains across the board. As at 2019, the All House Price Index for the state stood at 180.7 points, up by 2.2% from 176.9 points in 2018. The average All House Price for the state as at 2019 stood at RM463,483 increased from RM453,685 in 2018.

The residential rental market was generally stable with average gross rental yield between 1.3% and 8.4%.

### **Commercial property**

The performance of commercial sub-sector strengthened in 2019. There were 1,067 transactions recorded with a total value of RM834.59 million (2018: 1,028 transactions worth RM653.43 million). This market activity indicated an increase of 3.8% and 27.7% in volume and value respectively as compared to 2018.

Shop sub-sector continued to record higher market activity with 642 transactions worth RM448.93 million (2018: 555 transactions worth RM355.08 million). In comparison to 2018, volume and value of transactions increased by 15.7% and 26.4% respectively. Two to two and a-half story shop dominated 54.2% of the total shop transactions.

The shop overhang and unsold under construction unit grew in the review period. The state was unencumbered with any unsold not constructed shop units in 2019.

The sub-sector saw mixed movements in construction activity. As at end-2019, there were 31,570 units existing shop with another 1,965 units in the incoming supply and 2,354 units in the planned supply.

The state's property market is expected to be positive, supported by various on-going and proposed development projects. Pan Borneo Highway Project is the biggest infrastructure development project undertaken by Federal Government in Sabah.

(Source: Property Market Report 2019, Valuation and Property Services Department, Ministry of Finance)

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## 8.5 Prospects and future plans of the Group

In order to improve the financial performance, the Group has undertaken various efforts in the past few years including, amongst others, diversifying into property development in 2010. This diversification involves Hardie capitalising on the opportunities and benefits arising from the growth potential of Sabah's property market.

The Group intends to develop the Land including the Mydin Project referred to in Section 6.2 of this Abridged Prospectus. This serves as a unique opportunity for the Group's property development division to further contribute to the Group's future earnings and improve its financial performance. Moving forward, the Group expects improvement in its financial performance to stem from the following:-

- (i) The Mydin Project which consists of a 4-storey hypermarket that has been contracted to be leased out to Mydin upon completion for a period of 20 years. The rental income from Mydin represents another source of recurring income for the Group.

Further, the Group is of the view that the completed Mydin Hypermarket offers convenience to the residents within its vicinity and is able to create value and demand for Hardie's other upcoming developments on the Land.

- (ii) The Group intends to utilise part of the proceeds from the Rights Issue of ICPS with Warrants towards the automotive division for the purposes of increasing automobile and spare parts inventories level. This will in turn improve the operational efficiency of the Group's sales and automobile services provided by the Group as set out in Section 5 of this Abridged Prospectus.
- (iii) The Group have been implementing cost-cutting measures such as monitoring office expenditure and staff expenses closely for the automotive division. In addition, Permaju is also working towards identifying marketing programs to boost the sale of automobiles and after-sales services.
- (iv) The successful implementation of the Settlement is expected to improve the Group's financial standing by reducing its debts. The reduction of liabilities is envisaged to allow the Group to obtain more favourable financing terms in the future to cater for any future expansion plans.

In addition, the Group is of the view that the prospects of the Malaysian economy, the automotive industry in Malaysia, the property market in Malaysia and the property market in Sabah as set out in Sections 8.1, 8.2, 8.3 and 8.4 of this Abridged Prospectus should augur well for the commercial success of the property development projects undertaken by Hardie and the Group's automotive division.

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## 9. EFFECTS OF THE CORPORATE EXERCISES

### 9.1 Share capital

The pro forma effects of the Corporate Exercises on the issued share capital of the Company are as follows:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	Share capital RM	No. of Shares	Share capital RM
Issued share capital as at the LPD	195,934,471	228,310,253	195,934,471	228,310,253
Less: Treasury shares held by the Company as at the LPD	(8,672,500)	(3,279,648)	(8,672,500)	(3,279,648)
<b>Issued share capital as at the LPD excluding treasury shares</b>	<b>187,261,971</b>	<b>225,030,605</b>	<b>187,261,971</b>	<b>225,030,605</b>
New Shares to be issued assuming full conversion of the Rights ICPS	84,000,000	<sup>(1)</sup> 21,000,000	936,309,855	<sup>(2)</sup> 234,077,464
New Shares to be issued assuming full conversion of the Settlement ICPS arising from the Settlement	88,995,672	<sup>(1)</sup> 22,248,918	444,978,360	<sup>(2)</sup> 111,244,590
New Shares to be issued assuming full exercise of the Warrants	42,000,000	<sup>(3)</sup> 10,500,000	93,630,985	<sup>(3)</sup> 23,407,746
<b>Enlarged issued share capital</b>	<b>402,257,643</b>	<b>278,779,523</b>	<b>1,662,181,171</b>	<b>593,760,405</b>

**Notes:-**

- (1) Assuming all the 420,000,000 Rights ICPS and 444,978,360 Settlement ICPS issued under the Minimum Scenario are fully converted into 84,000,000 and 88,995,672 new Shares respectively based on the conversion mode of surrendering 5 ICPS (which are issued at an issue price of RM0.05 each) without additional cash payment to arrive at the Conversion Price of RM0.25 for every 1 new Share.
- (2) Assuming all the 936,309,855 Rights ICPS and 444,978,360 Settlement ICPS issued under Maximum Scenario are fully converted into 936,309,855 and 444,978,360 new Shares respectively based on the conversion mode of surrendering 1 ICPS (which are issued at an issue price of RM0.05 each) with additional cash payment of RM0.20 to arrive at the Conversion Price of RM0.25 for every 1 new Share.
- (3) Based on the assumed fair value of RM0.5724 per Warrant and the Exercise Price of RM0.25 per Warrant.

## 9.2 NA and gearing

As at the LPD, there are no material transactions which may have a material effect on the operations, financial position and results of the Group since the Group's latest unaudited 9-month FPE 31 March 2020.

The pro forma effects of the Corporate Exercises on the NA and gearing of the Group are as follows:-

### Minimum Scenario

	Unaudited As at 31 March 2020 RM'000	(I) After the Corporate Exercises <sup>(1)</sup> RM'000	(II) After (I) and assuming full conversion of the ICPS <sup>(3)</sup> RM'000	(III) After (II) and assuming full exercise of the Warrants <sup>(4)</sup> RM'000
<b>Group level</b>				
Share capital	228,310	228,310	271,559	282,059
Treasury shares	(3,280)	(3,280)	(3,280)	(3,280)
<b>ICPS – Equity</b>	-	<b>43,249</b>	-	-
Other reserves	-	(24,041)	(24,041)	-
<b>Sub-total</b>	<b>225,030</b>	<b>244,238</b>	<b>244,238</b>	<b>278,779</b>
Warrants reserve	-	24,041	24,041	-
Merger reserve	4,594	4,594	4,594	4,594
Revaluation reserve	21,552	21,552	21,552	21,552
Accumulated losses	(136,354)	(137,704) <sup>(2)</sup>	(137,704)	(137,704)
<b>Shareholders' equity / NA</b>	<b>114,822</b>	<b>156,721</b>	<b>156,721</b>	<b>167,221</b>
Non-controlling interest	12,602	12,602	12,602	12,602
<b>Total equity</b>	<b>127,424</b>	<b>169,323</b>	<b>169,323</b>	<b>179,823</b>
No. of Shares in issue ('000) <sup>(5)</sup>	187,262	187,262	360,258	402,258
NA per Share (RM)	0.61	0.84	0.44	0.42
Total borrowings (RM'000)	1,875	1,875	1,875	1,875
Gearing ratio (times) <sup>(6)</sup>	0.01	0.01	0.01	0.01



Notes:-

(1) Based on the following:-

- (i) Minimum Subscription Level of 420,000,000 Rights ICPS together with 42,000,000 free Warrants (at the assumed fair value of RM0.5724 per Warrant) pursuant to the Rights Issue of ICPS with Warrants; and
  - (ii) issuance of 444,978,360 Settlement ICPS pursuant to the Settlement.
- (2) After deducting estimated expenses incidental to the Corporate Exercises of RM1.35 million.
- (3) Assuming all the 420,000,000 Rights ICPS and 444,978,360 Settlement ICPS issued are fully converted into 84,000,000 and 88,995,672 new Shares respectively based on the conversion mode of surrendering 5 ICPS (which are issued at an issue price of RM0.05 each) without additional cash payment to arrive at the Conversion Price of RM0.25 for every 1 new Share.
- (4) Based on the Exercise Price of RM0.25 per Warrant.
- (5) Excluding treasury shares.
- (6) Computed based on total borrowings divided by total equity.

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**Maximum Scenario**

	Unaudited As at 31 March 2020 RM'000	(I) After the Corporate Exercises <sup>(1)(2)</sup> RM'000	(II) After (I) and assuming full conversion of the ICPS <sup>(3)</sup> RM'000	(III) After (II) and assuming full exercise of the Warrants <sup>(4)</sup> RM'000
<b>Group level</b>				
Share capital	228,310	228,310	573,632	597,040
Treasury shares	(3,280)	(3,280)	(3,280)	(3,280)
ICPS – Equity	-	69,064	-	-
Other reserves	-	(53,594)	(53,594)	-
<b>Sub-total</b>	<b>225,030</b>	<b>240,500</b>	<b>516,758</b>	<b>593,760</b>
Warrants reserve	-	53,594	53,594	-
Merger reserve	4,594	4,594	4,594	4,594
Revaluation reserve	21,552	21,552	21,552	21,552
Accumulated losses	(136,354)	<sup>(2)</sup> (137,704)	(137,704)	(137,704)
<b>Shareholders' equity / NA</b>	<b>114,822</b>	<b>182,536</b>	<b>458,794</b>	<b>482,202</b>
Non-controlling interest	12,602	12,602	12,602	12,602
<b>Total equity</b>	<b>127,424</b>	<b>195,138</b>	<b>471,396</b>	<b>494,804</b>
No. of Shares in issue ('000) <sup>(5)</sup>	187,262	187,262	1,568,550	1,662,181
NA per Share (RM)	0.61	0.97	0.29	0.29
Total borrowings (RM'000)	1,875	<sup>(7)</sup> -	<sup>(7)</sup> -	<sup>(7)</sup> -
Gearing ratio (times) <sup>(6)</sup>	0.01	-	-	-

**Notes:-**

(1) Based on the following:-

- (i) assuming all the Entitled Shareholders and/or their renouncee(s) fully subscribe for their respective entitlements of 936,309,855 together with 93,630,985 free Warrants (at the assumed fair value of RM0.5724 per Warrant) pursuant to the Rights Issue of ICPS with Warrants; and
  - (ii) issuance of 444,978,360 Settlement ICPS pursuant to the Settlement.
- (2) After deducting estimated expenses incidental to the Corporate Exercises of RM1.35 million.

- (3) Assuming all the 936,309,855 Rights ICPS and 444,978,360 Settlement ICPS issued are fully converted into 936,309,855 and 444,978,360 new Shares respectively based on the conversion mode of surrendering 1 ICPS (which are issued at an issue price of RM0.05 each) with additional cash payment of RM0.20 to arrive at the Conversion Price of RM0.25 for every 1 new Share.
- (4) Based on the Exercise Price of RM0.25 per Warrant.
- (5) Excluding treasury shares.
- (6) Computed based on total borrowings divided by total equity.
- (7) As at the LPD, the outstanding principal amount of the Group's bank borrowings, which comprises an overdraft facility, stood at RM2.00 million. Under the Maximum Scenario, proceeds of up to RM2.00 million from the Rights Issue of ICPS with Warrants will be utilised for full repayment of this overdraft facility as set out in Section 5(iii) of this Abridged Prospectus. However, the actual repayment amount may differ as the overdraft facility is subject to prevailing interest rate, drawdown and repayment from time to time.

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### 9.3 Substantial Shareholders' shareholdings

The substantial Shareholders of the Company based on the Register of Substantial Shareholders as at the LPD and the pro forma effects of the Corporate Exercises on their shareholdings are as follows:-

#### Minimum Scenario

Substantial Shareholders	As at the LPD				(I) After the Corporate Exercises and assuming full conversion of the ICPS				(II) After (I) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%	No. of Shares	(3)%	No. of Shares	(3)%
Chai Woon Yun	3,800,000	2.03	-	-	115,904,976	32.17	-	-	157,904,976	39.25	-	-
Dato' Chua Tiong Moon	1,000	(4)-	-	-	60,891,696	16.90	-	-	60,891,696	15.14	-	-

#### Notes:-

- (1) Based on the issued share capital of 187,261,971 Shares as at the LPD (excluding treasury shares).
- (2) Based on the issued share capital of 360,257,643 Shares (excluding treasury shares).
- (3) Based on the issued share capital of 402,257,643 Shares (excluding treasury shares).
- (4) Less than 0.01%.

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**Maximum Scenario**

Substantial Shareholders	As at the LPD				(i) After the Corporate Exercises and assuming full conversion of the ICPS				(ii) After (i) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%	No. of Shares	(3)%	No. of Shares	(3)%
Chai Woon Yun	3,800,000	2.03	-	-	163,324,880	10.41	-	-	165,224,880	9.94	-	-
Dato' Chua Tiong Moon	1,000	(4)-	-	-	304,459,480	19.41	-	-	304,459,980	18.32	-	-

**Notes:-**

- (1) Based on the issued share capital of 187,261,971 Shares as at the LPD (excluding treasury shares).
- (2) Based on the issued share capital of 1,568,550,186 Shares (excluding treasury shares).
- (3) Based on the issued share capital of 1,662,181,171 Shares (excluding treasury shares).
- (4) Less than 0.01%.

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#### 9.4 Losses and LPS

The Board expects the Corporate Exercises to contribute positively to the future financial performance of the Group via the utilisation of proceeds as set out in Section 5 of this Abridged Prospectus.

Subsequent to the completion of the Corporate Exercises, the LPS of the Group shall be correspondingly diluted as a result of the increase in the number of Shares arising from the conversion of the ICPS during the Conversion Period and the exercise of the Warrants during the Exercise Period.

The potential effects of the conversion of the ICPS and the exercise of the Warrants on the future consolidated earnings and LPS of the Company will depend on, amongst others, the Conversion Mode of the ICPS to be chosen by the holders of the ICPS during the Conversion Period and any additional contributions to earnings that may be derived from the utilisation of proceeds received from the conversion of the ICPS with cash option and exercise of the Warrants as well as the number of Warrants exercised at any point in time.

For illustration, assuming the Corporate Exercises had been completed on 1 July 2019 (being the beginning of the latest audited FYE 30 June 2020), the pro forma effects of the Corporate Exercises on the consolidated losses and LPS of the Company would be as follows:-

	Unaudited 9-month FPE 31 March 2020	Pro forma I After the Corporate Exercises and assuming full conversion of the ICPS		Pro forma II After Pro forma I and assuming full exercise of the Warrants	
		Minimum Scenario	Maximum Scenario	Minimum Scenario	Maximum Scenario
(LAT) attributable to owners of the Company (RM'000)	(3,582)	(3,582)	(3,582)	(3,582)	(3,582)
Weighted average no. of Shares ('000)	187,262	360,258	1,568,550	402,258	1,662,181
(LPS) (sen)	(1.91)	(0.99)	(0.23)	(0.89)	(0.22)

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

### 10.1 Working capital and sources of liquidity

The Group's working capital is funded through cash generated from operating activities, credit extended by suppliers, credit facilities from financial institutions as well as the Group's existing cash and bank balances.

As at the LPD, the Group's cash and bank balances stood at RM0.85 million. The Group has fully utilised its credit limit for bank overdraft facilities of RM2.00 million.

The Board confirmed that, after taking into consideration the funds generated from the Group's operations, the banking facilities available to the Group as well as the proceeds to be raised from the Rights Issue of ICPS with Warrants, the Group will have sufficient working capital available for a period of 12 months from the date of this Abridged Prospectus.

### 10.2 Borrowings

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

Borrowings	Total RM'000
Short-term borrowings (secured)	
- Bank overdrafts	1,995
<b>Total</b>	<b>1,995</b>

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

### 10.3 Contingent liabilities

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

### 10.4 Material commitments

As at the LPD, there are no material commitments for capital expenditure.

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## 11. INSTRUCTIONS FOR ACCEPTANCE AND PAYMENT

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

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

### 11.1 General

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

### 11.2 NPA

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

### 11.3 Procedures for acceptance and payment

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

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

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



ShareWorks Sdn Bhd  
No. 2-1, Jalan Sri Hartamas 8  
Sri Hartamas  
50480 Kuala Lumpur  
Wilayah Persekutuan Kuala Lumpur  
Malaysia  
Tel : +603 - 6201 1120  
Fax : +603 - 6201 3121

so as to arrive not later than 5.00 p.m. on **Monday, 10 August 2020**, being the last date and time for the acceptance and payment for the Rights ICPS with Warrants.

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

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

Successful applicants to the Rights ICPS with Warrants will be given the Warrants on the basis of 1 Warrant for every 10 Rights ICPS successfully subscribed for. The minimum number of Rights ICPS that can be subscribed or accepted is 1 Rights ICPS. However, you should take note that a trading board lot comprises 100 ICPS and 100 Warrants respectively. Fractions of a Rights ICPS and/or Warrant arising from the Rights Issue of ICPS with Warrants will be disregarded and the aggregate of such fractions shall be dealt with as the Board may at its absolute discretion deem fit and expedient and in the best interest of the Company.

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

Each completed RSF must be accompanied by the appropriate remittance in RM for the full amount payable for the Rights ICPS accepted in the form of a banker's draft or cashier's order or money order or postal order drawn on a bank or post office in Malaysia and which must be made payable to "**PERMAJU RIGHTS ISSUE ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name in block letters, your contact number, your address and your CDS Account number, and must be received by the Share Registrar by 5.00 p.m. on **Monday, 10 August 2020**. The payment must be made for the exact amount payable for the Rights ICPS accepted. Any excess or insufficient payment may be rejected at the absolute discretion of the Board. Cheques or other mode(s) of payment not prescribed herein are not acceptable.

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

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

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

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

**IN RESPECT OF UNSUCCESSFUL OR PARTIALLY ACCEPTED APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.**

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

If acceptance of and payment for the Provisional Allotments allotted to you (whether in full or in part, as the case may be) are not received by the Share Registrar by 5.00 p.m. on **Monday, 10 August 2020**, the provisional entitlement to you or remainder thereof (as the case may be) will be deemed to have been declined and will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar.

The Board will then have the right to allot any Rights ICPS with Warrants not taken up or not validly taken up to applicants applying for the Excess Rights ICPS with Warrants in the manner as set out in Section 11.6 of this Abridged Prospectus. The Board reserves the right not to accept any application or to accept any application in part only without assigning any reason thereof.

#### **11.4 Procedures for part acceptance**

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

You must complete both Part I(A) of the RSF by specifying the number of Rights 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 the Share Registrar in the same manner as set out in Section 11.3 of this Abridged Prospectus.

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

### 11.5 Procedures for sale or transfer of Provisional Allotments

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

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

If you have sold or transferred only part of the Provisional Allotments, you may still accept the balance of the Provisional Allotments by completing Parts I(A) and II of the RSF and delivering the RSF together with the full amount payable on the balance of the Rights ICPS with Warrants applied for to the Share Registrar. Please refer to Section 11.3 of this Abridged Prospectus for the procedures for acceptance and payment.

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

### 11.6 Procedures for the Excess Rights ICPS with Warrants Application

If you wish to apply for additional Rights ICPS with Warrants in excess of your entitlement, you may do so by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forwarding it with a separate remittance made in RM for the full amount payable for the Excess Rights ICPS with Warrants applied for, to our Share Registrar so as to arrive not later than 5.00 p.m. on **Monday, 10 August 2020**, being the last time and date for Excess Rights ICPS with Warrants Applications and payment.

Payment for the Excess Rights ICPS with Warrants Application(s) be made in the same manner as set out in Section 11.3 of this Abridged Prospectus except that the banker's draft or cashier's order or money order or postal order drawn on a bank or post office in Malaysia must be made payable to "**PERMAJU EXCESS RIGHTS ISSUE ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name in block letters and your CDS Account number, and must be received by our Share Registrar by 5.00 p.m. on **Monday, 10 August 2020**. The payment must be made for the exact amount payable for the Excess Rights ICPS with Warrants Application(s). Any excess or insufficient payment may be rejected at the absolute discretion of the Board. Cheques or other mode(s) of payment not prescribed herein are not acceptable.

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

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

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

Notwithstanding the foregoing, the Board reserves the right to allot any Excess Rights ICPS with Warrants applied for under Part I(B) of the RSF in such manner as it deems fit and expedient and in the best interests of the Company subject always to such allocation being made on a fair and equitable basis, and that the intention of the Board as set out in Section 11.6 (i), (ii), (iii) and (iv) above is achieved. The Board also reserves the right at its absolute discretion not to accept any application for Excess Rights ICPS with Warrants, in full or in part, without assigning any reason thereof.

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

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

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

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

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

As a transferee and/or renounee, the procedures for acceptance, selling or transferring of Provisional Allotments, applying for the Excess Rights ICPS with Warrants and/or payment is the same as that which is applicable to the Entitled Shareholders as described in Sections 11.3 to 11.6 of this Abridged Prospectus. Please refer to the relevant sections for the procedures to be followed.

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

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

#### **11.8 CDS Account**

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

Your subscription for the Rights ICPS with Warrants shall signify your consent to receiving such Rights ICPS with Warrants as deposited securities that will be credited directly into your CDS Account. No physical certificates will be issued.

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

#### **11.9 Notice of allotment**

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

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

Where any application for the Rights ICPS 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. The refund will be by issuance of cheque and will be despatched to you within 15 Market Days from the Closing Date by ordinary post to the address last shown on our 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 ICPS, cannot be withdrawn subsequently.

#### **11.10 Foreign-Addressed Shareholders**

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

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

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

As a result, this Abridged Prospectus, the NPA and the RSF have not been (and will not be) sent to our Foreign-Addressed Shareholders. However, Foreign-Addressed Shareholders may collect this Abridged Prospectus, the NPA and the RSF from the Share Registrar, ShareWorks Sdn Bhd at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, who will be entitled to request such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting this Abridged Prospectus, the NPA and the RSF.

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

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

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

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

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

- (i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue of ICPS with Warrants, be in breach of the laws of any jurisdiction to which the Entitled Shareholder and/or his transferee(s) and/or his renouncee(s) is or might be subject to;
- (ii) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) has complied with the laws to which the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) is or might be subject to in connection with the acceptance or renunciation;
- (iii) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) is not a nominee or agent of a person in respect of whom the Parties would, by acting on the acceptance or renunciation of the Provisional Allotments, be in breach of the laws of any jurisdiction to which that person is or might be subject to;
- (iv) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) is/are aware that the Rights ICPS with Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged or dealt with in any other way in accordance with all applicable laws in Malaysia;

- (v) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) has/have obtained a copy of this Abridged Prospectus and has/have read and understood the contents of this Abridged Prospectus, has/have had access to such financial and other information and has/have been provided the opportunity to ask such questions to the representatives of the Parties and receive answers thereto as the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) deem(s) necessary in connection with the Foreign-Addressed Shareholder and/or his transferee and/or his renouncee's decision to subscribe for or purchase the Rights ICPS and Warrants; and
- (vi) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) has/have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the ICPS and Warrants, and is/are and will be able, and is/are prepared to bear the economic and financial risks of investing in and holding the Rights ICPS and Warrants.

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

## **12. TERMS AND CONDITIONS**

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

## **13. FURTHER INFORMATION**

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

Yours faithfully,  
For and on behalf of the Board of  
**PERMAJU INDUSTRIES BERHAD**

  
**TEH FOO HOCK**  
Executive Director



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

As at the LPD, the issued share capital of the Company is RM228,310,253 comprising 195,934,471 Shares (out of which 8,672,500 shares with a value of RM3,279,648 are held as treasury shares).

**2. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS**

Please refer to Section 9.3 of this Abridged Prospectus for information on the substantial Shareholders' shareholdings before and after the Corporate Exercises.

**3. DIRECTORS**

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

<b>Name (Designation)</b>	<b>Age</b>	<b>Address</b>	<b>Nationality</b>
Jean-Michel Fink <i>(Independent Non-Executive Chairman)</i>	36	Heiermauer 71 33098 Paderborn Germany	German
Chai Woon Yun <i>(Executive Director)</i>	39	26, Jalan 13U/26X Setia Eco Park 43300 Shah Alam Selangor Darul Ehsan	Malaysian
Teh Foo Hock <i>(Executive Director)</i>	55	A13A-11 Pangsapuri Bukit Bayu Jalan Bukit Pandan Bistari 5 Taman Bukit Pandan 56100 Cheras Selangor Darul Ehsan	Malaysian
Tang Boon Koon <i>(Executive Director)</i>	50	2A, Jalan Bendahara 4/7 Seksyen 7, Bandar Mahkota Cheras 43200 Kajang Selangor Darul Ehsan	Malaysian
Mark Chew Shin Yong <i>(Independent Non-Executive Director)</i>	52	Suite 12-J 1 Robinson Road Mid-Levels Hong Kong	Singaporean
Ho Pui Hold <i>(Independent Non-Executive Director)</i>	38	Lot 558, Lorong Talang 3 Taman Perai 13600 Perai Pulau Pinang	Malaysian

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

Save as disclosed below, none of the Directors have any direct and/or indirect shareholding in the Company as at the LPD. The pro forma effects of the Corporate Exercises on the shareholding of the Directors are as follows:-

**Minimum Scenario**

Director	As at the LPD				(I) After the Corporate Exercises and assuming full conversion of the ICPS				(II) After (I) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%	No. of Shares	(3)%	No. of Shares	(3)%
Chai Woon Yun	3,800,000	2.03	-	-	115,904,976	32.17	-	-	157,904,976	39.25	-	-

**Notes:-**

- (1) Based on the issued share capital of 187,261,971 Shares as at the LPD (excluding treasury shares).
- (2) Based on the issued share capital of 360,257,643 Shares (excluding treasury shares).
- (3) Based on the issued share capital of 402,257,643 Shares (excluding treasury shares).

**Maximum Scenario**

Director	As at the LPD				(I) After the Corporate Exercises and assuming full conversion of the ICPS				(II) After (I) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%	No. of Shares	(3)%	No. of Shares	(3)%
Chai Woon Yun	3,800,000	2.03	-	-	163,324,880	10.41	-	-	165,224,880	9.94	-	-

**Notes:-**

- (1) Based on the issued share capital of 187,261,971 Shares as at the LPD (excluding treasury shares).
- (2) Based on the issued share capital of 1,568,550,186 Shares (excluding treasury shares).
- (3) Based on the issued share capital of 1,662,181,171 Shares (excluding treasury shares).

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

The following table sets out a summary of the financial information of the Group for the FYE 31 December 2016, FYE 31 December 2017, 18-month FPE 30 June 2019 and 9-month FPE 31 March 2020:-

**Historical financial performance**

	<b>Audited</b>			<b>Unaudited</b>
	<b>FYE 31 December 2016</b>	<b>FYE 31 December 2017</b>	<b>18-month FPE 30 June 2019</b>	<b>9-month FPE 31 March 2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	74,689	69,702	114,381	51,692
Cost of sales	(63,938)	(62,970)	(103,379)	(49,739)
<b>GP / GL</b>	<b>10,751</b>	<b>6,732</b>	<b>11,003</b>	<b>1,953</b>
Interest income	272	231	27	-
Other income	1,665	2,315	1,527	1,221
Selling and marketing expenses	(4,836)	(4,154)	(6,373)	(2,797)
Administrative expenses	(10,956)	(9,476)	(14,184)	(4,833)
Other expenses	(6,326)	(1,052)	(572)	-
Finance costs	(2,391)	(1,722)	(995)	(162)
<b>(LBT)</b>	<b>(11,820)</b>	<b>(7,126)</b>	<b>(9,567)</b>	<b>(4,618)</b>
Tax credit / (expense)	848	326	626	60
<b>(LAT)</b>	<b>(10,972)</b>	<b>(6,800)</b>	<b>(8,941)</b>	<b>(4,558)</b>
<b>Profit / (Loss) attributable to:-</b>				
- owners of the parent	(10,245)	(6,007)	(8,057)	(3,582)
- non-controlling interests	(727)	(793)	(884)	(976)
<b>PAT / (LAT)</b>	<b>(10,972)</b>	<b>(6,800)</b>	<b>(8,941)</b>	<b>(4,558)</b>
GP / (GL) margin (%)	14.39	9.66	9.62	3.78
PAT / (LAT) margin (%)	(14.69)	(9.76)	(7.82)	(8.82)

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

	Audited			Unaudited
	As at 31 December 2016	As at 31 December 2017	As at 30 June 2019	As at 31 March 2020
	RM'000	RM'000	RM'000	RM'000
Non-current assets	134,988	132,751	130,644	126,316
Current assets	91,952	79,553	78,250	63,778
<b>Total assets</b>	<b>226,940</b>	<b>212,304</b>	<b>208,894</b>	<b>190,094</b>
Share capital	195,934	228,310	228,310	228,310
Share premium	3,806	-	-	-
Treasury shares	(3,280)	(3,280)	(3,280)	(3,280)
Capital redemption reserve	20,494	-	-	-
Merger reserve / (deficit)	(8,141)	(16,217)	(16,217)	4,594
Revaluation reserve	21,277	21,552	21,552	21,552
Accumulated losses	(98,179)	(103,903)	(111,961)	(136,354)
<b>Shareholders' equity / NA</b>	<b>131,911</b>	<b>126,462</b>	<b>118,405</b>	<b>114,822</b>
Non-controlling interests	15,254	14,461	13,578	12,602
<b>Total equity</b>	<b>147,165</b>	<b>140,923</b>	<b>131,983</b>	<b>127,424</b>
Non-current liabilities	32,766	7,769	7,442	7,382
Current liabilities	47,009	63,612	69,469	55,288
<b>Total liabilities</b>	<b>79,775</b>	<b>71,381</b>	<b>76,911</b>	<b>62,670</b>
<b>Total equity and liabilities</b>	<b>226,940</b>	<b>212,304</b>	<b>208,894</b>	<b>190,094</b>

**Historical cash flow**

	Audited			Unaudited
	FYE 31 December 2016	FYE 31 December 2017	18-month FPE 30 June 2019	9-month FPE 31 March 2020
	RM'000	RM'000	RM'000	RM'000
<b><u>Net cash from / (used in)</u></b>				
Operating activities	3,774	(1,903)	9,987	1,276
Investing activities	(804)	3,314	1,442	253
Financing activities	(2,693)	9,151	(11,146)	(1,389)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>277</b>	<b>10,562</b>	<b>283</b>	<b>140</b>
Cash and cash equivalents at beginning of year / period	(12,863)	(12,586)	(2,024)	(1,741)
<b>Cash and cash equivalents at the end of the year / period</b>	<b>(12,586)</b>	<b>(2,024)</b>	<b>(1,741)</b>	<b>(1,601)</b>

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

**(i) 9-month FPE 31 March 2020 vs. 18-month FPE 30 June 2019**

The Group recorded a 9.61% decrease in revenue based on the annualised revenue for 18-month FPE 30 June 2019 and 9-month FPE 31 March 2020 of RM76.25 million and RM68.92 million respectively. The lower revenue was mainly due to lower contribution from the automotive division as a result of the following:-

- (a) in the previous 18-month FPE 30 June 2019, the Group recorded higher sales of automobiles during the 'tax holiday' period (i.e. between the abolishment of the goods and services tax (GST) in June 2018 and the reintroduction of the sales and services tax (SST) in September 2018) and this one-off impact was not repeated in 9-month FPE 31 March 2020; and
- (b) cautious consumer spending as a result of the COVID-19 outbreak since January 2020.

The Group recorded a 64.58% decrease in GP based on the annualised GP for 18-month FPE 30 June 2019 and 9-month FPE 31 March 2020 of 7.34 million and RM2.60 million respectively. Apart from lower revenue, the lower GP was mainly due to lower GP margin of 3.78% (18-month FPE 30 June 2019: 9.62%) as a result of certain bulk sales of houses with special rebates during the 9-month FPE 31 March 2020.

The Group recorded a 2.01% increase in LAT based on the annualised LAT for 18-month FPE 30 June 2019 and 9-month FPE 31 March 2020 of RM5.96 million and RM6.08 million respectively. The higher LAT was mainly due to lower GP as set out above but partly offset by lower administrative expenses of RM6.44 million based on the annualised administrative expenses for 9-month FPE 31 March 2020 (annualised 18-month FPE 30 June 2019: RM9.46 million).

For 9-month FPE 31 March 2020, the Group recorded an increase in cash and cash equivalents of RM0.14 million (18-month FPE 30 June 2019: net increase of RM0.28 million) mainly due to the following:-

- (a) net cash generated from operating activities of RM1.28 million;
- (b) proceeds from disposal of motor vehicles amounting to RM0.28 million; and
- (c) repayment of fixed loan amounting to RM1.39 million.

**(ii) 18-month FPE 30 June 2019 vs. FYE 31 December 2017**

The Group recorded a 9.40% increase in revenue based on the annualised revenue for 18-month FPE 30 June 2019 of RM76.25 million as compared to revenue of RM69.70 million for FYE 31 December 2017. The higher revenue was mainly due to higher contribution from the automotive division following higher sales of automobiles during the 'tax holiday' period i.e. between the abolishment of the goods and services tax (GST) in June 2018 and the reintroduction of the sales and services tax (SST) in September 2018.

The Group recorded a 8.96% increase in GP based on the annualised GP for 18-month FPE 30 June 2019 of RM7.34 million as compared to GP of RM6.73 million for FYE 31 December 2017. As GP margin remained relatively unchanged at 9.62% (FYE 31 December 2017: 9.66%), the higher GP was mainly due to higher sales of automobiles during the 'tax holiday' period as set out above.

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

The Group recorded a 12.35% decrease in LAT based on the annualised LAT for 18-month FPE 30 June 2019 of RM5.96 million as compared to LAT of RM6.80 million in FYE 31 December 2017. The lower LAT was mainly due to the higher GP as set out above and lower finance cost of RM0.66 million based on the annualised finance cost for 18-month FPE 30 June 2019 (FYE 31 December 2017: RM1.72 million).

The Group recorded an increase in cash and cash equivalents of RM0.28 million over the 18-month FPE 30 June 2019 (FYE 31 December 2017: increase of RM10.56 million) mainly due to the following:-

- (a) net cash generated from operating activities of RM9.99 million;
- (b) proceeds from disposal of motor vehicles amounting to RM1.53 million; and
- (c) repayment of bridging loan, fixed loan and hire purchase facilities amounting to RM10.81 million.

**(iii) FYE 31 December 2017 vs. FYE 31 December 2016**

The Group recorded a 7.16% decrease in revenue for FYE 31 December 2017 as compared to FYE 31 December 2016. The lower revenue was mainly due to lower contribution from the automotive division as the Group performed aftersales services for its customers under warranty but some of these warranty claims were rejected by the automobile principal due to incomplete documentation. The Group has since taken remedial actions by training its staff to reduce the recurrence of such incidences in the future.

The Group recorded a 37.40% decrease in GP for FYE 31 December 2017 as compared to FYE 31 December 2016. Apart from lower revenue, the lower GP was mainly due to lower GP margin of 9.66% (FYE 31 December 2016: 14.36%) as a result of reduction in selling prices of properties developed by the property division. Selling prices were reduced to attract buyers under a subdued property market.

The Group recorded a 38.01% decrease in LAT for FYE 31 December 2017 as compared to FYE 31 December 2016. Despite lower GP, the lower LAT was mainly due to:-

- (a) lower depreciation of property, plant and equipment of RM1.29 million (FYE 31 December 2016: RM5.61 million); and
- (b) lower impairment loss on trade and other receivables of RM0.19 million (FYE 31 December 2016: RM1.87 million).

The Group recorded an increase in cash and cash equivalents of RM10.56 million over the FYE 31 December 2017 (FYE 31 December 2016: increase of RM0.28 million) mainly due to the following:-

- (a) proceeds from disposal of motor vehicles amounting to RM1.74 million;
- (b) proceeds from disposal of a vacant land in Tawau, Sabah held as investment property amounting to RM2.19 million;
- (c) net advances from a director and other related parties, namely Tan Sri Datuk Chai and Dato' Chua Tiong Moon, amounting to RM7.84 million; and
- (d) net cash used in operating activities of RM1.90 million.

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

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

	<b>High RM</b>	<b>Low RM</b>
<b><u>2019</u></b>		
July	0.685	0.550
August	0.680	0.600
September	0.665	0.635
October	0.725	0.650
November	0.705	0.665
December	0.815	0.690
<b><u>2020</u></b>		
January	0.860	0.790
February	0.875	0.795
March	1.070	0.805
April	1.000	0.645
May	0.725	0.595
June	0.850	0.240

Last transacted market price on 13 April 2018, being the last Market Day immediately prior to the first announcement of the Rights Issue of ICPS with Warrants (RM) 0.245

Last transacted market price on 10 July 2020, being the Market Day immediately prior to the ex-date for the Rights Issue of ICPS with Warrants (RM) 0.305

Last transacted market price as at the LPD (RM) 0.620

(Source: Bloomberg)

**6. OPTION TO SUBSCRIBE FOR SHARES**

As at the LPD, save for the Provisional Allotments and Excess Rights ICPS with Warrants, no option to subscribe for the Shares has been granted or is entitled to be granted to any person.

**7. MATERIAL CONTRACTS**

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

- (i) The Settlement Agreement.
- (ii) Sale of shares agreement dated 20 December 2019 entered into between Permaju (as vendor) and Glenmaple Gateway Sdn Bhd (as purchaser) wherein Permaju agreed to sell and Glenmaple Gateway Sdn Bhd agreed to purchase 28,000,000 ordinary shares in Fook Ngiap Sawmill Sdn Bhd for a consideration of RM3,200,000.00. The transaction was completed on 15 June 2020.

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

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### 8. MATERIAL LITIGATION

As at the LPD, save as disclosed below, the Board confirmed that the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or business of the Group and the Board confirmed that there are no proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group:-

David Shen I-Tan, practicing under Arkitek Konsult Sabah ("**Claimant**"), had on 22 November 2013 initiated an arbitration proceeding against Hardie, for wrongful termination of its services as an architect. The Claimant is claiming for fees with interest as well as loss of income, amounting to RM11,400,000.00 ("**Breach of Contract Arbitration**").

The Claimant had also on 17 November 2014 initiated an arbitration proceeding against Permaju for tortious conduct by Permaju in inducing Hardie to breach a contract of services against the Claimant. The Claimant is claiming against Permaju for damages comprising of (a) RM2,590,724.04, being the outstanding professional fees allegedly due to the Claimant and (b) RM9,841,702.83 together with interest and cost for loss of income for balance of work prematurely terminated ("**Permaju Arbitration**").

In respect of both the above-mentioned arbitration proceedings, the parties have agreed that the issue of liability for the Breach of Contract Arbitration will be determined first before the Permaju Arbitration. In this respect, no award will be made in relation to the Breach of Contract Arbitration on the quantum payable to either the Claimant or the Respondent at this stage. In the event that Hardie is successful in respect of the Breach of Contract Arbitration, then the Permaju Arbitration will come to an end.

On 21 May 2018, Hardie's solicitors have informed Hardie that the arbitrator has given a partial award on the Breach of Contract Arbitration ("**Partial Award**") and held that Hardie had wrongfully terminated the Claimant's for its services and has awarded costs in the cause in the final award to the Claimant. Hardie's solicitors have confirmed that there has been no award made by the arbitrator in respect of the quantum of damages payable to the Claimant in relation to the Breach of Contract Arbitration.

Hardie's solicitors are of the view that there are reasonable chances of the Partial Award being set aside since there are errors of law in issues of jurisdiction. Hardie's solicitors have filed an application to set aside the Partial Award but the application was dismissed by the Kota Kinabalu High Court. An appeal was subsequently filed in the Court of Appeal and it is fixed for hearing on 28 August 2020.

Pursuant to the directions given at the case management on 28 June 2019, the arbitrator had directed the parties to submit submissions incorporating the issue of illegality and to clarify the questions posed by the arbitrator in the previous submissions. On 1 August 2019, Hardie's solicitors have complied with the directions.

On 7 October 2019, the arbitrator issued a partial award on the Breach of Contract Arbitration ("**Partial Award No. 2**") by finding that the Claimant's services were not void by illegality and the Claimant was wrongfully terminated.

Hardie's solicitors filed an application to set aside the Partial Award No. 2 at the Kota Kinabalu High Court ("**Application to Set Aside**"). On 21 May 2020, the Kota Kinabalu High Court dismissed the Application to Set Aside with costs. On 17 June 2020, Hardie's solicitors filed an appeal in the Court of Appeal against the decision of the Kota Kinabalu High Court in respect of Partial Award No. 2 ("**Hardie's Appeal**"). Hardie's solicitors are of the view that there are merits to Hardie's Appeal.



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

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In respect of the Permaju Arbitration, hearing is fixed from 13 July 2020 to 16 July 2020. The Company's solicitors are of the view that there are merits to Permaju's defence in respect of the Permaju Arbitration.

### **9. CONSENTS**

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

### **10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of Permaju at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra 59200 Kuala Lumpur, Wilayah Persekutuan during normal business hours from Monday to Friday (except public holidays) for a period of 6 months from the date of this Abridged Prospectus:-

- (i) Constitution of Permaju;
- (ii) the Undertaking referred to in Section 3 of this Abridged Prospectus;
- (iii) the material contract referred to in Section 7 above;
- (iv) the relevant cause papers in respect of the material litigation referred to in Section 8 above;
- (v) the letters of consent referred to in Section 9 above;
- (vi) the Deed Poll; and
- (vii) the IMR Report referred to in Section 8 of this Abridged Prospectus.

### **11. RESPONSIBILITY STATEMENT**

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