

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

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

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS ABRIDGED PROSPECTUS. IF IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, PLEASE CONSULT A PROFESSIONAL ADVISER IMMEDIATELY. All enquiries concerning the Rights Issue, 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 (Tel: +603 - 6201 3121).

This Abridged Prospectus, together with the NPA and RSF (collectively, the "**Documents**"), will be despatched only to our Entitled Shareholders whose names appear on our Record of Depositors as at 5.00 p.m. on 5 November 2021 at their registered address in Malaysia or who have provided our Share Registrar with a registered address in Malaysia in writing by 5.00 p.m. on 5 November 2021. The Documents are not intended to (and will not be) made to comply with the laws of any country or jurisdiction other than Malaysia and are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue 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, application for Excess Rights Shares, or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue would result in the contravention of any law of such countries or jurisdictions. We, Mercury Securities and/or the advisers named herein shall not accept any responsibility or liability in the event that any acceptance and/or renunciation (as the case may be) of entitlements, application for Excess Rights Shares or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue 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 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. 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 has been obtained from our shareholders at our EGM convened on 21 October 2021. Approval has been obtained from Bursa Securities via its letter dated 29 September 2021 for the listing and quotation of the Rights Shares on the Main Market of Bursa Securities (subject to the conditions specified in the said letter), which will commence after, among others, receipt of confirmation from Bursa Depository that all the CDS Accounts of successful Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) have been duly credited with the Rights Shares allotted to them and notices of allotment have been despatched to them. However, such listing and quotation are not an indication that Bursa Securities recommends the Rights Issue and are not to be taken as an indication of the merits of the Rights Issue.

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

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



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 2,055,337,076 NEW ORDINARY SHARES IN PERMAJU INDUSTRIES BERHAD ("PERMAJU" OR THE "COMPANY") ("PERMAJU SHARES" OR "SHARES") ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM0.07 PER RIGHTS SHARE ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 1 EXISTING SHARE HELD BY THE ENTITLED SHAREHOLDERS OF THE COMPANY AT 5.00 P.M. ON 5 NOVEMBER 2021

Principal Adviser



MERCURY SECURITIES SDN BHD

Registration No. 198401000672 (113193-W)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIMES

| | |
|--|--|
| Entitlement Date | : Friday, 5 November 2021 at 5.00 p.m. |
| Last date and time for: | |
| Sale of Provisional Allotments | : Friday, 12 November 2021 at 5.00 p.m. |
| Transfer of Provisional Allotments | : Tuesday, 16 November 2021 at 4.30 p.m. |
| Acceptance and payment | : Monday, 22 November 2021 at 5.00 p.m. |
| Excess Rights Shares Application and payment | : Monday, 22 November 2021 at 5.00 p.m. |

This Abridged Prospectus is dated 5 November 2021

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

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

MERCURY SECURITIES, BEING THE PRINCIPAL ADVISER FOR THE RIGHTS ISSUE, 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.

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

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

SECURITIES 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, 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 UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

DEFINITIONS

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

| | | |
|----------------------------|---|--|
| Abridged Prospectus | : | This abridged prospectus dated 5 November 2021 in relation to the Rights Issue |
| Act | : | Companies Act, 2016 of Malaysia, as amended from time to time and any re-enactment thereof |
| Additional Warrants | : | Additional Warrants to be issued arising from the Adjustments |
| Adjustments | : | Adjustments to the:- (i) exercise price and/or number of outstanding Warrants; and (ii) conversion price of the outstanding ICPS, as a result of the Rights Issue in accordance with the provisions of the Deed Poll and Constitution of the Company respectively, as the case may be |
| Base Case Scenario | : | Assuming that none of the Convertible Securities as at the LPD are converted, granted and/or exercised into new Shares prior to the Entitlement Date and all the Entitled Shareholders and/or their renounee(s) fully subscribe for their respective entitlements of the Rights Shares |
| Bloomberg | : | Bloomberg Finance Singapore L.P. and its affiliates |
| Board | : | Board of Directors of the Company |
| Bursa Depository | : | Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W)) |
| Bursa Securities | : | Bursa Malaysia Securities Berhad (200301033577 (635998-W)) |
| By-Laws | : | The rules, terms and conditions governing the ESOS as may be modified, amended, varied or supplemented from time to time |
| CDS | : | Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository |
| CDS Account | : | Securities account established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of deposits of securities and dealings in such securities by the depositor |
| Circular | : | Circular to Shareholders in relation to the Rights Issue dated 6 October 2021 |
| Closing Date | : | 22 November 2021 at 5.00 p.m., being the last date and time for the acceptance of and payment for the Rights Shares |
| CMSA | : | Capital Markets and Services Act, 2007 of Malaysia as amended from time to time and any re-enactment thereof |
| Code | : | Malaysian Code on Take-overs and Mergers, 2016 as amended from time to time |

DEFINITIONS (CONT'D)

| | | |
|---|---|---|
| Conversion Price | : | RM0.25, being the amount to be satisfied in order for an ICPS holder to convert his/her/its ICPS into 1 new Share |
| Convertible Securities | : | Collectively, the ESOS Options, Warrants and ICPS |
| COVID-19 | : | Coronavirus disease 2019 |
| Deed Poll | : | Deed poll constituting the Warrants dated 18 June 2020 |
| Directors | : | Directors of the Company |
| e-RSF | : | Electronic RSF |
| e-Subscription | : | Electronic subscription |
| EGM | : | Extraordinary general meeting of the Company |
| Entitled Shareholders | : | Shareholders whose names appear in the Record of Depositors of the Company as at 5.00 p.m. on the Entitlement Date in order to be entitled to the Rights Issue |
| Entitlement Date | : | 5 November 2021, at 5.00 p.m., being the date and time on which the names of Shareholders must appear in the Record of Depositors of the Company in order to be entitled to participate in the Rights Issue |
| ESOS | : | Existing employees' share options scheme of the Company which was effective on 24 December 2020 for a period of 5 years |
| ESOS Options | : | Options which may be granted under the ESOS pursuant to the By-Laws, where each holder of the ESOS Options can subscribe for 1 new Share for every 1 ESOS Option held |
| Excess Rights Shares | : | Rights Shares 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 |
| Excess Rights Shares Application | : | Application for additional Rights Shares in excess of the Provisional Allotments |
| Exercise Period | : | Any time within a period of 5 years commencing from and including the date of issue of the Warrants to the close of business at 5.00 p.m. on the Market Day immediately preceding the date which is the 5th anniversary from the date of issue of the Warrants. Any Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid |
| Exercise Price | : | RM0.25, 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 |
| EV | : | Electric vehicle |
| Foreign-Addressed Shareholders | : | Shareholders who have not provided to the Company a registered address or an address in Malaysia for the service of documents which will be issued in connection with the Rights Issue |
| FPE | : | Financial period ended |

DEFINITIONS (CONT'D)

| | | |
|-----------------------------|---|---|
| FYE | : | Financial year ended / ending, as the case may be |
| GDP | : | Gross domestic product |
| Government | : | Government of Malaysia |
| GP | : | Gross profit |
| Hardie | : | Hardie Development Sdn Bhd, a wholly-owned subsidiary of Permaju |
| Hardie Acquisition | : | Acquisition of 600,000 Hardie Shares, representing 30% equity interest in Hardie, by Permaju from Chai Kim Chong for a total purchase consideration of RM21,797,000 which was completed on 2 July 2021 |
| Hardie Shares | : | Ordinary shares in Hardie |
| ICPS | : | Irredeemable convertible preference shares in Permaju which have a Conversion Price of RM0.25 each and are expiring on 13 August 2030. |
| | | <p>Holder of the ICPS are entitled to convert their ICPS into 1 new Share at the Conversion Price in the following manner:-</p> <p>(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; and</p> <p>(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.</p> |
| IMR Report | : | Independent market research report dated 1 November 2021 prepared by SMITH ZANDER |
| Land | : | A piece of land measuring approximately 44.28 hectares held under country lease no. 015494934 located in the District of Kota Kinabalu, Sabah |
| LAT | : | Loss after taxation |
| LBT | : | Loss before taxation |
| Listing Requirements | : | Main Market Listing Requirements of Bursa Securities, as amended from time to time |
| LPD | : | 7 October 2021, being the latest practicable date prior to the printing of this Abridged Prospectus |
| LPS | : | Loss per Share |
| LTD | : | 20 October 2021, being the last trading day prior to the date of fixing the issue price of the Rights Shares |
| Market Day | : | Any day on which Bursa Securities is open for trading in securities |

DEFINITIONS (CONT'D)

| | |
|--|---|
| Maximum Scenario | : Assuming that:- |
| | (i) all the ESOS Options which may be granted pursuant to the maximum allowable amount under the ESOS as at the LPD are granted and exercised into new Shares; |
| | (ii) all the outstanding Warrants as at the LPD are exercised into new Shares; and |
| | (iii) all the outstanding ICPS as at the LPD are converted into new Shares based on the conversion mode of surrendering 1 ICPS (which was issued at the 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, |
| | prior to the Entitlement Date and all the Entitled Shareholders and/or their renouncee(s) fully subscribe for their respective entitlements of the Rights Shares |
| MCO | : Movement control order issued by the Government under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 |
| Mercury Securities or the Principal Adviser | : Mercury Securities Sdn Bhd (198401000672 (113193-W)) |
| Minimum Scenario | : Assuming that none of the Convertible Securities as at the LPD are converted, granted and/or exercised into new Shares prior to the Entitlement Date and the Rights Issue is undertaken on the Minimum Subscription Level |
| Minimum Subscription Level | : Minimum subscription level of 142,857,144 Rights Shares based on an issue price of RM0.07 per Rights Share to arrive at RM10.00 million |
| Mydin | : Mydin Mohamed Holdings Bhd |
| Mydin Project | : The construction of a 4-storey Mydin-branded hypermarket within the Princess Heights Project on the Land |
| NA | : Net assets |
| NPA | : Notice of provisional allotment in relation to the Rights Issue |
| Official List | : Official list of the Main Market of Bursa Securities |
| Permaju or the Company | : Permaju Industries Berhad (199601006711 (379057-V)) |
| Permaju Group or the Group | : Collectively, the Company and its subsidiaries |
| Permaju Shares or Shares | : Ordinary shares in the Company |
| Princess Heights Project | : A mixed residential and commercial development project known as "Princess Heights" currently being developed on the Land |

DEFINITIONS (CONT'D)

| | | |
|---|---|---|
| Private Placement 2020 - 10% | : | Private placement exercise previously undertaken by the Company which involved the issuance of 49,331,502 new Shares (representing 10% of the then existing total number of issued Shares (excluding treasury shares) before the private placement), raised a total of RM7.95 million and was completed on 18 November 2020 |
| Private Placement 2021 - 10% | : | Private placement exercise previously undertaken by the Company which involved the issuance of 54,500,000 new Shares (representing 10% of the then existing total number of issued Shares (excluding treasury shares) before the private placement), raised a total of RM8.22 million and was completed on 21 January 2021 |
| Private Placement 2021 - 30% | : | Private placement exercise previously undertaken by the Company which involved the issuance of 182,410,000 new Shares (representing 30% of the then existing total number of issued Shares (excluding treasury shares) before the private placement), raised a total of RM21.62 million and was completed on 2 June 2021 |
| Provisional Allotments | : | The Rights Shares provisionally allotted to Entitled Shareholders |
| Purchase Consideration | : | The purchase consideration for the Hardie Acquisition of RM21,797,000 |
| Record of Depositors | : | A record of securities holders established by Bursa Depository under the Rules of Bursa Depository |
| Rights Issue | : | Renounceable rights issue of up to 2,055,337,076 Rights Shares on the basis of 1 Rights Share for every 1 existing Share held by the Entitled Shareholders on the Entitlement Date |
| Rights Issue of ICPS with Warrants | : | Rights issue exercise previously undertaken by the Company which involved the issuance of 936,309,855 ICPS and 93,630,984 Warrants, raised a total of RM46.82 million and was completed on 21 August 2020 |
| Rights Shares | : | Up to 2,055,337,076 new Shares to be allotted and issued pursuant to the Rights Issue |
| RM and sen | : | Ringgit Malaysia and sen respectively |
| RSF | : | Rights subscription form in relation to the Rights Issue |
| Rules | : | 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 |
| Rules of Bursa Depository | : | Rules of Bursa Depository as issued pursuant to the SICDA |
| SC | : | Securities Commission Malaysia |
| Shareholders | : | Registered holders of the Shares |
| SICDA | : | Securities Industry (Central Depositories) Act, 1991 of Malaysia, as amended from time to time and any re-enactment thereof |
| SMITH ZANDER | : | Smith Zander International Sdn Bhd (201301028298 (1058128-V)), an independent market researcher |
| TEAP | : | Theoretical ex-all price |

DEFINITIONS (CONT'D)

| | | |
|--------------------------------|---|---|
| Undertaking | : | The irrevocable and unconditional written undertaking from the Undertaking Shareholder dated 26 July 2021, details of which are set out in Section 3 of this Abridged Prospectus |
| Undertaking Shareholder | : | Tang Boon Koon (Executive Director of the Company) |
| WWAP | : | Volume-weighted average market price |
| Warrants | : | Outstanding Permaju warrants 2020/2025 issued by the Company pursuant to the Deed Poll and expiring on 13 August 2025. Each Warrant holder is entitled to subscribe for 1 new Share at the exercise price of RM0.25, subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll |

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

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

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

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

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

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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ADVISERS' DIRECTORY

COMPANY SECRETARY : Tan Tong Lang (MAICSA 7045482) (SSM PC NO.: 201908002253)
Level 5, Block B, Dataran PHB
Saujana Resort, Section U2
40150 Shah Alam
Selangor Darul Ehsan
Tel : +603 – 7890 0638
Fax : +603 – 7890 1032

PRINCIPAL ADVISER : Mercury Securities Sdn Bhd
L-7-2, No. 2, Jalan Solaris
Solaris Mont' Kiara
50480 Kuala Lumpur
Wilayah Persekutuan
Tel : +603 – 6203 7227
Fax : +603 – 6203 7117

SOLICITORS : Messrs. Chong + Kheng Hoe
Advocates & Solicitors
A3-3-6, Block A3
Solaris Dutamas
1 Jalan Dutamas 1
50480 Kuala Lumpur
Wilayah Persekutuan
Tel : +603 – 6205 3928

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

REPORTING ACCOUNTANTS : Al Jafree Salihin Kuzaimi PLT (201506002872)
(LLP0006652-LCA) & AF 1522
555, Jalan Samudra Utara 1
Taman Samudra
68100 Batu Caves
Selangor Darul Ehsan
Tel : +603 – 6185 9970
Fax : +603 – 6184 2524

INDEPENDENT MARKET RESEARCHER : Smith Zander International Sdn Bhd
15-01, Level 15, Menara MBMR
1, Jalan Syed Putra
58000 Kuala Lumpur
Wilayah Persekutuan
Tel : +603 – 2732 7537

Signing Partner: Stephanie Ng Ee Munn
(Bachelor of Science (Hons) (major in Chemistry) from Tunku Abdul
Rahman University, Malaysia.)

STOCK EXCHANGE LISTING : Main Market of Bursa Securities

SUMMARY OF THE RIGHTS ISSUE

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

| Key information | Summary | | | | | | | | | | | | | | | | | | | | | |
|---|--|-------------------------|--|---|-------------|-------------------------|---|--|--|---|----------------|---------------|-------|-----------------------------------|---|-------|----------------|---------|------|---------|-------------|-------------|
| (i) Number of Rights Shares to be issued and basis of allotment | Basis: 1 Rights Share for every 1 existing Share held by the Entitled Shareholders. Please refer to Section 2.1 of this Abridged Prospectus for further information. | | | | | | | | | | | | | | | | | | | | | |
| | | Minimum Scenario | Base Case Scenario | Maximum Scenario | | | | | | | | | | | | | | | | | | |
| | Number of Rights Shares to be issued | 142,857,144 | 933,872,695 | 2,055,337,076 | | | | | | | | | | | | | | | | | | |
| | The Rights Shares which are not taken up or not validly taken up by the Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) prior to the Closing Date shall be made available for Excess Rights Shares Applications. It is the intention of the Board to allot the Excess Rights Shares, if any, in a fair and equitable manner in the priority as set out in Section 10.8 of this Abridged Prospectus for further information. | | | | | | | | | | | | | | | | | | | | | |
| (ii) Pricing | Issue price of the Rights Shares : RM0.07 per Rights Share | | | | | | | | | | | | | | | | | | | | | |
| | Please refer to Section 2.2 of this Abridged Prospectus for further information. | | | | | | | | | | | | | | | | | | | | | |
| (iii) Undertaking | Undertaking Shareholder and undertaking amount : Tang Boon Koon (Executive Director of the Company): RM10.00 million | | | | | | | | | | | | | | | | | | | | | |
| | Minimum Rights Shares to be subscribed for if none of the other Entitled Shareholders and/or their transferees and/or their renounees subscribe for the Rights Shares : 142,857,144 Rights Shares (representing 15.30% of the total number of 933,872,695 Rights Shares available for subscription under the Base Case Scenario) | | | | | | | | | | | | | | | | | | | | | |
| | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Undertaking Shareholder</th> <th colspan="2">Existing direct shareholding as at the LPD</th> <th colspan="3">Minimum Rights Shares to be subscribed pursuant to the Undertaking</th> </tr> <tr> <th>No. of Shares</th> <th>%</th> <th>Subscription based on entitlement</th> <th>Subscription based on excess shares application</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Tang Boon Koon</td> <td style="text-align: center;">100,000</td> <td style="text-align: center;">0.01</td> <td style="text-align: center;">100,000</td> <td style="text-align: center;">142,757,144</td> <td style="text-align: center;">142,857,144</td> </tr> </tbody> </table> | | | | | Undertaking Shareholder | Existing direct shareholding as at the LPD | | Minimum Rights Shares to be subscribed pursuant to the Undertaking | | | No. of Shares | % | Subscription based on entitlement | Subscription based on excess shares application | Total | Tang Boon Koon | 100,000 | 0.01 | 100,000 | 142,757,144 | 142,857,144 |
| Undertaking Shareholder | Existing direct shareholding as at the LPD | | Minimum Rights Shares to be subscribed pursuant to the Undertaking | | | | | | | | | | | | | | | | | | | |
| | No. of Shares | % | Subscription based on entitlement | Subscription based on excess shares application | Total | | | | | | | | | | | | | | | | | |
| Tang Boon Koon | 100,000 | 0.01 | 100,000 | 142,757,144 | 142,857,144 | | | | | | | | | | | | | | | | | |
| | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Undertaking Shareholder</th> <th colspan="2">No. of Shares held after the Rights Issue (assuming the Minimum Scenario)</th> </tr> <tr> <th>No. of Shares</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Tang Boon Koon</td> <td style="text-align: center;">142,957,144</td> <td style="text-align: center;">13.28</td> </tr> </tbody> </table> | | | | | Undertaking Shareholder | No. of Shares held after the Rights Issue (assuming the Minimum Scenario) | | No. of Shares | % | Tang Boon Koon | 142,957,144 | 13.28 | | | | | | | | | |
| Undertaking Shareholder | No. of Shares held after the Rights Issue (assuming the Minimum Scenario) | | | | | | | | | | | | | | | | | | | | | |
| | No. of Shares | % | | | | | | | | | | | | | | | | | | | | |
| Tang Boon Koon | 142,957,144 | 13.28 | | | | | | | | | | | | | | | | | | | | |
| | For avoidance of doubt, the Undertaking Shareholder is not obliged to subscribe for the Rights Shares pursuant to the Undertaking if the Minimum Subscription Level has been achieved via subscription by all other Entitled Shareholders and/or their renounees. | | | | | | | | | | | | | | | | | | | | | |
| | However, while the Undertaking Shareholder is not obliged to subscribe for the Rights Shares in such event, the Undertaking Shareholder may still choose to do so at his own discretion. At this juncture, the Undertaking Shareholder has not decided on whether he will subscribe for the Rights Shares in the event that the Minimum Subscription Level has been achieved. | | | | | | | | | | | | | | | | | | | | | |
| | Please refer to Section 3 of this Abridged Prospectus for further information. | | | | | | | | | | | | | | | | | | | | | |

SUMMARY OF THE RIGHTS ISSUE (CONT'D)

| Key information | Summary | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|------------------|--------------|--------------------|--------------|------------------|--------------|--|--|------------------------------------|------------------|--|--------------------|--|------------------|--|--------|---|--------|---|--------|---|---|------------------|-------|------|--------|------|--------|------|---|------------------|-------|------|--------|------|--------|------|---|------------------|---|---|-------|------|-------|-----|----------------------|------------------|---|---|-------|-----|--------|------|---|-----------|---|---|-----|-----|-----|-----|--------------|--|---------------|--------------|---------------|--------------|----------------|--------------|
| (iv) Rationale for the Rights Issue | <p>(a) To raise funds mainly for the Group to venture into the sale of luxury and premium EVs.</p> <p>(b) To raise funds without incurring additional interest expense from borrowings, thereby minimising any potential cash outflow in respect of interest servicing costs.</p> <p>Please refer to Section 4 of this Abridged Prospectus for further information.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (v) Utilisation of proceeds | <p>The gross proceeds to be raised from the Rights Issue are intended to be utilised in the following manner:-</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2"></th> <th rowspan="2">Intended timeframe for utilisation</th> <th colspan="2">Minimum Scenario</th> <th colspan="2">Base Case Scenario</th> <th colspan="2">Maximum Scenario</th> </tr> <tr> <th>RM'000</th> <th>%</th> <th>RM'000</th> <th>%</th> <th>RM'000</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>(i) Importation of luxury and premium EVs</td> <td>Within 24 months</td> <td>5,000</td> <td>50.0</td> <td>25,000</td> <td>38.3</td> <td>25,000</td> <td>17.4</td> </tr> <tr> <td>(ii) Establishment of an EV showroom and after-sales service centre</td> <td>Within 15 months</td> <td>5,000</td> <td>50.0</td> <td>29,000</td> <td>44.4</td> <td>29,000</td> <td>20.1</td> </tr> <tr> <td>(iii) Advertising and promotional activities to promote EVs</td> <td>Within 24 months</td> <td>-</td> <td>-</td> <td>8,000</td> <td>12.2</td> <td>8,000</td> <td>5.6</td> </tr> <tr> <td>(iv) Working capital</td> <td>Within 24 months</td> <td>-</td> <td>-</td> <td>2,621</td> <td>4.0</td> <td>81,124</td> <td>56.4</td> </tr> <tr> <td>(v) Estimated expenses for the Rights Issue</td> <td>Immediate</td> <td>-</td> <td>-</td> <td>750</td> <td>1.1</td> <td>750</td> <td>0.5</td> </tr> <tr> <td>Total</td> <td></td> <td>10,000</td> <td>100.0</td> <td>65,371</td> <td>100.0</td> <td>143,874</td> <td>100.0</td> </tr> </tbody> </table> <p>Please refer to Section 5 of this Abridged Prospectus for further information.</p> | | | | | | | | | Intended timeframe for utilisation | Minimum Scenario | | Base Case Scenario | | Maximum Scenario | | RM'000 | % | RM'000 | % | RM'000 | % | (i) Importation of luxury and premium EVs | Within 24 months | 5,000 | 50.0 | 25,000 | 38.3 | 25,000 | 17.4 | (ii) Establishment of an EV showroom and after-sales service centre | Within 15 months | 5,000 | 50.0 | 29,000 | 44.4 | 29,000 | 20.1 | (iii) Advertising and promotional activities to promote EVs | Within 24 months | - | - | 8,000 | 12.2 | 8,000 | 5.6 | (iv) Working capital | Within 24 months | - | - | 2,621 | 4.0 | 81,124 | 56.4 | (v) Estimated expenses for the Rights Issue | Immediate | - | - | 750 | 1.1 | 750 | 0.5 | Total | | 10,000 | 100.0 | 65,371 | 100.0 | 143,874 | 100.0 |
| | Intended timeframe for utilisation | Minimum Scenario | | Base Case Scenario | | Maximum Scenario | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | RM'000 | % | RM'000 | % | RM'000 | % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (i) Importation of luxury and premium EVs | Within 24 months | 5,000 | 50.0 | 25,000 | 38.3 | 25,000 | 17.4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (ii) Establishment of an EV showroom and after-sales service centre | Within 15 months | 5,000 | 50.0 | 29,000 | 44.4 | 29,000 | 20.1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (iii) Advertising and promotional activities to promote EVs | Within 24 months | - | - | 8,000 | 12.2 | 8,000 | 5.6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (iv) Working capital | Within 24 months | - | - | 2,621 | 4.0 | 81,124 | 56.4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (v) Estimated expenses for the Rights Issue | Immediate | - | - | 750 | 1.1 | 750 | 0.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | | 10,000 | 100.0 | 65,371 | 100.0 | 143,874 | 100.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (vi) Risk factors | <p>You should consider the following risk factors before subscribing for or investing in the Rights Issue:-</p> <p>(a) the Group's automotive business has recorded consecutive losses in the last few years and may not be able to turnaround its financial performance;</p> <p>(b) the Group's automotive business faces stiff competition from other automotive brands and distributors;</p> <p>(c) the success of the Group's venture into the sale of premium EVs is dependent on the demand for luxury and premium EVs which may be affected by the uncertainty over the timeframe for implementation of the new EV policy under the NAP 2020 as well as the limited availability of charging stations and specialised service centres in Malaysia; and</p> <p>(d) the Group's property development business is dependent on the progress of the Princess Heights Project, which is currently suspended due to the weaker consumer sentiment as a result of the COVID-19 pandemic.</p> <p>Please refer to Section 6 of this Abridged Prospectus for further information.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (vii) Procedures for acceptance and payment | <p>Acceptance of and payment for the Provisional Allotments allotted to you and application for the Excess Rights Shares must be made on the RSF issued together with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained therein.</p> <p>The last day, date and time for acceptance of and payment for the Provisional Allotments and the Excess Rights Shares is on Monday, 22 November 2021 at 5.00 p.m.</p> <p>Please refer to Section 10 of this Abridged Prospectus for further information.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |



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:

Level 5, Block B, Dataran PHB
Saujana Resort, Section U2
40150 Shah Alam
Selangor Darul Ehsan

5 November 2021

Board of Directors

Jean-Michel Fink (Independent Non-Executive Chairman)
Chai Woon Yun (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 2,055,337,076 RIGHTS SHARES AT AN ISSUE PRICE OF RM0.07 PER RIGHTS SHARE ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 1 EXISTING SHARE HELD BY THE ENTITLED SHAREHOLDERS AT 5.00 P.M. ON 5 NOVEMBER 2021

1. INTRODUCTION

On 2 September 2021, Mercury Securities had, on behalf of the Board, announced that the Company proposed to undertake the Rights Issue.

On 29 September 2021, Mercury Securities, on behalf of the Board, announced that Bursa Securities has, vide its letter dated 29 September 2021, resolved to approve, amongst others, the listing and quotation of the Rights Shares⁽¹⁾.

Note:-

(1) Bursa Securities had approved the issuance of up to 2,063,106,376 Rights Shares based on the Maximum Scenario, which includes the assumption that all the 1,037,044,366 outstanding ICPS as at the latest practicable date before the first announcement of the Rights Issue ("**First Announcement LPD**") are converted into new Shares based on the conversion mode of surrendering 1 ICPS with additional cash payment of RM0.20 to arrive at the conversion price of RM0.25 for every 1 new Share.

However, since the First Announcement LPD up to the LPD for this Abridged Prospectus, a total of 10,090,000 ICPS were converted into new Shares based on the conversion mode of surrendering 5 ICPS (which was issued at the issue price of RM0.05 each) without additional cash payment to arrive at the conversion price of RM0.25 for every 1 new Share.

As such, this has resulted in a reduction in the maximum number of Rights Shares that may be issued under the Maximum Scenario as further disclosed in Section 2.1 of this Abridged Prospectus.

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

| Conditions imposed by Bursa Securities | Status of compliance |
|---|----------------------|
| (a) Permaju and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue; | To be complied |
| (b) Permaju is required to furnish Bursa Securities with certified true copy of the resolution passed by the Shareholders at the EGM approving the Rights Issue; | To be complied |
| (c) Permaju and Mercury Securities are required to inform Bursa Securities upon completion of the Rights Issue; | To be complied |
| (d) Permaju is required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue is completed; and | To be complied |
| (e) Payment of additional listing fees pertaining to the exercise of Additional Warrants, if relevant. In this respect, Permaju is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Additional Warrants as at the end of each quarter together with a detailed computation of the listing fees payable. | To be complied |

On 21 October 2021, the Shareholders had approved the Rights Issue at the EGM of the Company.

On 21 October 2021, Mercury Securities had, on behalf of the Board, announced that the Board had on even date resolved to fix the issue price of the Rights Shares at RM0.07 per Rights Share.

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

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

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

2. PARTICULARS OF THE RIGHTS ISSUE

2.1 Details of the Rights Issue

The Rights Issue entails a provisional allotment of up to 2,055,337,076 Rights Shares on a renounceable basis of 1 Rights Share for every 1 existing Share held by the Entitled Shareholders on the Entitlement Date, at an issue price of RM0.07 per Rights Share.

The actual number of Rights Shares to be issued will depend on the total number of issued Shares held by the Entitled Shareholders on the Entitlement Date after taking into consideration any new Shares that may be issued arising from the conversion, granting and/or exercise of any Convertible Securities as well as the eventual subscription level for the Rights Issue.

As at the LPD, the Company has 933,872,695 Shares in issue as well as the following Convertible Securities:-

- (i) 93,535,984 Warrants, which have an exercise price of RM0.25 each and are expiring on 13 August 2025 (for information, the Warrants are currently out-of-the-money based on the 5-day VWAP of the Shares up to and including the LPD of RM0.0636);
- (ii) 1,026,954,366 ICPS, which have a conversion price of RM0.25 each and are expiring on 13 August 2030 (for information, the ICPS are currently out-of-the-money based on the 5-day VWAP of the Shares up to and including the LPD of RM0.0636); and
- (iii) up to 974,031 ESOS Options which may be granted pursuant to the maximum allowable amount under the ESOS.

Assuming that:-

- (i) all the 974,031 ESOS Options which may be granted pursuant to the maximum allowable amount under the ESOS as at the LPD are granted and exercised into new Shares;
- (ii) all the 93,535,984 outstanding Warrants as at the LPD are exercised into new Shares; and
- (iii) all the 1,026,954,366 outstanding ICPS as at the LPD are converted into new Shares based on the conversion mode of surrendering 1 ICPS (which was issued at the 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,

prior to the Entitlement Date, the Company would have an enlarged total number of 2,055,337,076 Shares. Hence, assuming all the Entitled Shareholders and/or their renounee(s) fully subscribe for their respective entitlements of the Rights Shares, the Rights Issue would entail the issuance of up to 2,055,337,076 Rights Shares.

As the Rights Shares 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. Entitled Shareholders will find the NPA as enclosed in this Abridged Prospectus, notifying Entitled Shareholders of the crediting of such securities into their respective CDS Accounts, and the RSF as enclosed in this Abridged Prospectus, enabling Entitled Shareholders to subscribe for the Provisional Allotments as well as to apply for Excess Rights Shares if Entitled Shareholders so choose to.

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

Any dealings in the Company's securities will be subject to, amongst others, the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, the Rights Shares will be credited directly into the respective CDS Accounts of successful applicants. No physical certificates will be issued to the successful applicants of the Rights Shares.

The Rights Issue is renounceable in full or in part. Accordingly, the Entitled Shareholders may fully or partially renounce their entitlements under the Rights Issue.

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

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

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

The listing and quotation of the Rights Shares will commence on the next Market Day upon the receipt by Bursa Securities of a written confirmation letter that all conditions imposed by Bursa Securities which are required to be met before listing and quotation of the securities have been fully complied with, which will include amongst others, confirmation that all notices of allotment have been despatched to the successful applicants, and after receipt of confirmation from Bursa Depository that all CDS Accounts of successful applicants have been duly credited with the Rights Shares.

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2.2 Basis of determining the issue price of the Rights Shares

The Board had fixed the issue price of the Rights Shares at RM0.07 per Rights Share after taking into consideration, amongst others, the following:-

- (i) the funding requirements of the Group as set out in Section 5 of this Abridged Prospectus;
- (ii) the TEAP⁽¹⁾ of RM0.0691 per Share, calculated based on the 5-day VWAP of the Shares up to and including the LTD of RM0.0681 per Share; and
- (iii) the rationale for the Rights Issue, as set out in Section 4 of this Abridged Prospectus.

The issue price of RM0.07 per Rights Share represents a premium of 1.30% to the TEAP of RM0.0691 per Share, calculated based on the 5-day VWAP of the Shares up to and including the LTD of RM0.0681 per Share.

Note:-

- (1) TEAP is computed as follows:-

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

where:-

- A = Number of Rights Shares
- B = Number of existing Shares
- X = Issue price of the Rights Shares
- Y = 5-Market Day VWAP of Permaju Shares up to and including the LTD

and the ratio of A:B is 1:1, in accordance with the entitlement basis of 1 Rights Share for every 1 existing Share held.

2.3 Ranking of the Rights Shares

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

2.4 Last date and time for acceptance and payment

The Closing Date is **5.00 p.m. on Monday, 22 November 2021**.

2.5 Details of other corporate exercises

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

3. MINIMUM SUBSCRIPTION LEVEL AND THE UNDERTAKING

The Company intends to raise a minimum of RM10.00 million from the Rights Issue 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 based on the Minimum Subscription Level. To meet the Minimum Subscription Level, the Company has procured the Undertaking from the Undertaking Shareholder, namely Tang Boon Koon (Executive Director of the Company), to apply and subscribe in full for his entitlement of Rights Shares and additional Rights Shares not taken up by other Entitled Shareholders by way of Excess Rights Shares Application, to the extent such that the aggregate subscription proceeds of the Rights Shares received by the Company arising from the subscription by all Entitled Shareholders and/or their renouncee(s) (including the Undertaking Shareholder, if necessary) amounts to RM10.00 million.

The details of the Undertaking under the Minimum Scenario as at the LPD are as follows:-

| Undertaking Shareholder | Existing direct shareholding as at the LPD | | Minimum Rights Shares to be subscribed for pursuant to the Undertaking | | Assuming the Minimum Scenario | |
|-------------------------|--|------------------|--|---|-------------------------------|---|
| | No. of Shares | % ⁽¹⁾ | Subscription based on entitlement | Subscription based on excess shares application | Total ⁽²⁾ | No. of Shares held after the Rights Issue |
| Tang Boon Koon | 100,000 | 0.01 | 100,000 | 142,757,144 | 142,857,144 | 142,957,144 |
| | | | | | | 13.28 |

Notes:-

(1) Based on the issued share capital of 933,872,695 Shares as at the LPD.

(2) Based on an issue price of RM0.07 per Rights Share.

(3) Based on the enlarged issued share capital of 1,076,729,839 Shares under the Minimum Scenario.

Pursuant to the Undertaking, the Undertaking Shareholder has confirmed that he has sufficient financial means and resources to fulfil his obligations under the Undertaking.

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

The Undertaking Shareholder's subscription for Rights Shares pursuant to the Undertaking will not give rise to any consequence of mandatory take-over offer obligation under the Code and the Rules immediately after completion of the Rights Issue.

The Undertaking Shareholder has also confirmed that he will observe and comply at all times with the provisions of the Code and the Rules and will seek from the SC the necessary exemptions from undertaking such mandatory take-over offer, if required.

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

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

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

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

| Particulars | Beneficial shareholding as at the LPD | | (I) After the Rights Issue | |
|--|---------------------------------------|------------------|-------------------------------|------------------|
| | No. of Shares | % ⁽¹⁾ | No. of Shares | % ⁽²⁾ |
| Issued share capital | 933,872,695 | 100.00 | 1,076,729,839 | 100.00 |
| Less: | | | | |
| Directors ⁽³⁾ , substantial shareholders and their associates | | | | |
| - Tang Boon Koon | 100,000 | 0.01 | 142,957,144 | 13.28 |
| - Chai Woon Yun | 500,000 | 0.05 | 500,000 | 0.05 |
| Public shareholding spread | 933,272,695 | 99.94 | 933,272,695 | 86.67 |

Notes:-

- (1) Based on the issued share capital of 933,872,695 Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 1,076,729,839 Shares under the Minimum Scenario.
- (3) Includes directors of subsidiaries of the Company. For information, save for Tang Boon Koon and Chai Woon Yun, none of the directors of subsidiaries of the Company hold any Shares as at the LPD.

4. RATIONALE FOR THE RIGHTS ISSUE

The Rights Issue 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 is the most suitable means of fund-raising for the Company for the following reasons:-

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

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5. UTILISATION OF PROCEEDS

Based on the issue price of RM0.07 per Rights Share, the gross proceeds to be raised from the Rights Issue are intended to be utilised in the following manner:-

| Utilisation of proceeds | | Intended timeframe for utilisation from completion of the Rights Issue ⁽⁵⁾ | Minimum Scenario | | Base Case Scenario | | Maximum Scenario | |
|-------------------------|--|---|-----------------------------|--------------|--------------------|--------------|------------------------------|--------------|
| | | | RM'000 | % | RM'000 | % | RM'000 | % |
| (i) | Importation of luxury and premium EVs | Within 24 months | 5,000 | 50.0 | 25,000 | 38.3 | 25,000 | 17.4 |
| (ii) | Establishment of an EV showroom and after-sales service centre | Within 15 months | 5,000 | 50.0 | 29,000 | 44.4 | 29,000 | 20.1 |
| (iii) | Advertising and promotional activities to promote EVs | Within 24 months | - | - | 8,000 | 12.2 | 8,000 | 5.6 |
| (iv) | Working capital | Within 24 months | - | - | 2,621 | 4.0 | 81,124 | 56.4 |
| (v) | Estimated expenses for the Rights Issue | Immediate | ⁽²⁾ - | - | ⁽³⁾ 750 | 1.1 | ⁽³⁾ 750 | 0.5 |
| Total | | | ⁽¹⁾10,000 | 100.0 | 65,371 | 100.0 | ⁽⁴⁾143,874 | 100.0 |

Notes:-

- (1) Any additional proceeds raised in excess of this amount beyond the Minimum Scenario will be allocated up to its respective maximum allocation in the following order:-
- (i) estimated expenses for the Rights Issue;
 - (ii) importation of luxury and premium EVs;
 - (iii) establishment of an EV showroom and after-sales service centre;
 - (iv) advertising and promotional activities to promote EVs; and
 - (v) working capital (e.g. operating and administrative expenses as well as staff salaries, the indicative breakdown of which is set out in Section 5(iv) of this Abridged Prospectus).
- (2) Under the Minimum Scenario, the expenses for the Rights Issue shall be funded via internally generated funds.
- (3) If the actual expenses incurred are higher than this budgeted amount, the deficit will be funded via the amount earmarked for working capital. Conversely, any surplus of funds following payment of expenses will be utilised in the order set out in Note (1) above.
- (4) The Board wishes to highlight that this illustrative amount that would be raised under the Maximum Scenario is based on the assumption that, prior to the Entitlement Date:-
- (i) all the ESOS Options which may be granted pursuant to the maximum allowable amount under the ESOS as at the LPD are granted and exercised into new Shares;
 - (ii) all the outstanding Warrants as at the LPD are exercised into new Shares; and
 - (iii) all the outstanding ICPS as at the LPD are converted into new Shares based on the conversion mode of surrendering 1 ICPS (which was issued at the 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.

The Board is of the view that based on the timeline for implementation of the Rights Issue, it is unlikely for all the Convertible Securities as at the LPD to be converted, granted and/or exercised into new Shares prior to the Entitlement Date in view of the following:-

- (i) the Warrants are currently out-of-the-money based on the 5-day VWAP of the Shares up to and including the LPD of RM0.0636 and the exercise price of the Warrants of RM0.25;
 - (ii) the ICPS are currently out-of-the-money based on the 5-day VWAP of the Shares up to and including the LPD of RM0.0636 and the conversion price of the ICPS of RM0.25;
 - (iii) it is unlikely for all the ICPS to be converted at the conversion mode of surrendering 1 ICPS (which was issued at the 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 prior to the Entitlement Date; and
 - (iv) it is unlikely for all the ESOS Options to be granted and exercised into new Shares prior to the Entitlement Date in view that the ESOS was only implemented on 24 December 2020 and is effective for a period of 5 years.
- (5) If the Company is unable to fully utilise the proceeds raised from the Rights Issue in accordance with the intended timeframes set out herein, the timeframe for utilisation of proceeds that has been allocated for the respective purposes will be extended and announced as well as disclosed in the Company's quarterly financial results announcements as well as annual reports until the Company has fully utilised the proceeds.

Alternatively, the Company may also consider to revise the utilisation of proceeds, whether partly or wholly, to another purpose depending on the Group's requirements at that point in time. In such event, details of the proposed revision shall be announced and, if required under the Listing Requirements, Shareholders' approval will be obtained accordingly.

Pending the utilisation of proceeds for the earmarked purposes, the unutilised proceeds shall be placed in interest-bearing deposits and/or money market financial instruments.

(i) Importation of luxury and premium EVs

The Group is currently involved in the following business segments:-

- (a) automotive business via the sale and distribution of motor vehicles and provision of related services; and
- (b) property development and construction.

Historically, the Group's automotive business was principally involved in the sale and distribution of motor vehicles via dealerships of the Volkswagen⁽¹⁾ and Ford franchises. However, this automotive segment of the Group has been incurring consecutive losses since 2007 due to the highly competitive environment in the automotive division.

Note:-

- (1) On 13 November 2020, the Group announced that it has terminated its dealership agreement with Volkswagen. The termination was undertaken upon deliberating and analyzing the past performance as well as considering the current and future sustainability and growth potential of the dealership. Pursuant thereto, the Group is now focusing on its dealership with the Ford franchise.

Further to the above, the Group had on 18 November 2020 completed the Private Placement 2020 – 10% which raised a total of RM7.95 million. The proceeds raised from the Private Placement 2020 – 10% are intended to be utilised mainly for the Group's venture into the luxury car rental business as a potential new source of revenue.

As at the LPD, the Group has utilised part of the proceeds from the Private Placement 2020 – 10% to acquire new cars for the Group's luxury car rental business. The balance proceeds are intended to be utilised for the development of an online platform to allow customers to book the rental of luxury vehicles offered by the Group's luxury car rental business. As at the LPD, the Group is in the midst of finalising the features of the online platform to be developed as well as back-end system requirement for, amongst others, subscribers management, fleet management, tracking management, online payment gateway and database analytic system. The development of the online platform is expected to commence in the fourth quarter of 2021.

While the Group's existing automotive business mainly targets the mass market, the luxury car rental business will enable the Group to tap on a new market segment comprising corporate users, high net worth individuals as well as those conducting corporate events and special events such as weddings. In turn, this may help the Group's automotive business to reduce its reliance on the highly competitive market for low to mid-range automotives into more exclusive and upmarket consumer segments.

As a further development of this strategy, the Group now intends to expand its automotive business by venturing into the sale of luxury and premium EVs. This is aimed at tapping into a new market segment comprising mainly high-income or high-net worth consumers and capitalise on the rise in environmental awareness among consumers. EVs are an attractive alternative mode of transportation for environmentally conscious consumers as it has lower carbon dioxide emissions and carbon footprint, and is thus considered a more environmentally friendly option as compared to a traditional combustion engine vehicle that uses fossil fuel to power its engine.

Further, the demand for EVs is expected to rise with the upcoming new EV policy under the National Automotive Policy ("**NAP**") 2020, which is currently pending approval from the Government. However, the finalisation of the new EV policy under the NAP 2020 is expected to be delayed. According to the Malaysia Automotive, Robotics and IoT Institute CEO Datuk Madani Sahari, the new EV policy is expected to contain incentives such as the elimination of import and excise duties on EVs in order to make EVs more affordable and to boost adoption of EVs among the public.

As at 1 November 2021, the new EV policy under NAP 2020 has not been finalised and the indicative timeframe for implementation of the new EV policy cannot be determined at this juncture. However, notwithstanding the delay in the implementation of the new EV policy, the Government had on 29 October 2021 announced, under the Budget 2022, a full exemption of import and excise duties as well as sales tax and road tax for EVs. There will also be individual income tax relief of up to RM2,500 given for the purchase and installation, rental and hire-purchase of EV as well as payment of EV charging facility subscription fees (Source: IMR Report). As such, the Group intends to venture into the luxury and premium EV business to capitalise on this potential opportunity and enjoy first mover advantage when the new EV policy is implemented.

Further to the above, the Group intends to allocate proceeds of up to RM25.00 million from the Rights Issue to fund the purchase of luxury and premium EVs to be sold in Malaysia. The Group has identified and earmarked several brands of EVs such as Tesla, Porsche, Lotus, Polestar, Rivian, Mercedes-Benz, BMW, Jaguar, Ford Mustang and Audi to be included in its luxury and premium EV offerings. These brands were selected after taking into consideration the expected market demand for such brands which are known to be reputable and famous in the automotive market.

At this juncture, the Group will focus on direct purchase⁽¹⁾ through importation of luxury and premium EVs for sales and distribution in Malaysia market rather than setting up local dealerships on EVs which requires higher upfront capital investment and commitment on high EV stockholding, spare parts and services. Therefore, the allocated proceeds are expected to cover the price of the direct purchase of EVs, import duties and excise duties (if these have yet to be eliminated i.e. the NAP 2020 has yet to be implemented), logistics arrangements and related administrative costs.

Note:-

(1) "Direct purchase" refers to the business model of purchasing EVs as and when orders are placed by the customers. This differs from the dealership business model whereby dealers are required to purchase a minimum level of inventory from the supplier before selling to clients.

However, given that the timing for implementation of the NAP 2020 is still uncertain at this juncture, the Group will still proceed to commence the direct purchase of luxury and premium EVs regardless of whether the NAP 2020 has been implemented or not. Even if prices of EVs drop by at least 50.0% upon implementation of the NAP 2020 later on, the Group does not foresee any immediate impact to its EV business given its direct purchase business model which does not entail the holding of any inventory as compared to a dealership business model.

An approved permit ("**AP**") from the Ministry of International Trade and Industry (MITI) is required for the importation of luxury and premium EVs into Malaysia. In this regard, the Group intends to partner with third parties who have the necessary APs to import luxury and premium EVs into Malaysia on behalf of the Group. Apart from the APs, no other licenses or approvals from relevant authorities are required to import and sell luxury and premium EVs in Malaysia. As at the LPD, the Group has identified and engaged a third party for the purchase of the necessary APs to import luxury and premium EVs into Malaysia.

For a start, the Group is tentatively looking to purchase up to 15 units of luxury and premium EVs within 3 to 6 months from completion of the Rights Issue depending on the prevailing market demand. Subsequently, the Group targets to purchase up to a further 30 units of luxury and premium EVs per month subject to market demand. The allocated proceeds are intended to be used as rolling capital to support the import, sales and distribution and vehicle inventory holding activities.

The indicative number and price of luxury and premium EVs are listed below:-

| Brand and model | Quantity⁽¹⁾ | Indicative unit price⁽²⁾ RM'000 | Total amount RM'000 |
|--------------------------|-------------------------------|---|--------------------------------|
| Porsche Taycan | 7 | 600 | 4,200 |
| Tesla Roadster | 7 | 800 | 5,600 |
| Tesla Model S Plaid | 7 | 560 | 3,920 |
| Tesla Model X | 2 | 320 | 640 |
| Rivian R1S | 2 | 290 | 580 |
| Mercedes-Benz EQS | 7 | 540 | 3,780 |
| Mercedes-Benz EQC | 2 | 270 | 540 |
| BMW Electric i8 Roadster | 7 | 660 | 4,620 |
| Jaguar I-Pace | 2 | 275 | 550 |

| Brand and model | Quantity ⁽¹⁾ | Indicative unit price ⁽²⁾ RM'000 | Total amount RM'000 |
|-----------------|-------------------------|--|------------------------|
| Audi Q4 e-tron | 2 | 285 | 570 |
| Total | 45 | | 25,000 |

Notes:-

- (1) These quantities were arrived at based on the Group's estimation of the expected market demand for each brand and model, taking into consideration their respective popularity in the market.
- (2) Excluding import duties and excise duties.

The final cost for the importation of EVs will be subject to quotations and discounts from suppliers at the relevant time. The exact models, brands and number of EVs to be imported are expected to differ depending on the actual requirements of the Group and market demand at the relevant time.

In this regard, the Group's actual funding requirement for the importation of luxury and premium EVs may differ from the above. Any shortfall shall be funded via internally generated funds, bank borrowings and/or future fund raising exercises to be undertaken (if required). The breakdown of such funding cannot be determined at this juncture as it will depend on, amongst others, the actual shortfall amount as well as the availability and suitability of other funding alternatives at the relevant time. Conversely, any surplus shall be reallocated for the acquisition of additional luxury and premium EVs in the future in tandem with the growth of the business and/or working capital.

For avoidance of doubt, the Group did not conduct a feasibility study to venture into the sale of luxury and premium EVs as the Group already has the experience in its existing automotive business which can be leveraged upon to ensure the smooth and successful venture into the EV segment. Further, the Group is optimistic on its venture into the sale of luxury and premium EVs premised on the overview and prospects of the EV industry in Malaysia as set out in Section 7.2 of this Abridged Prospectus.

The Group's venture into the sale of luxury and premium EVs is intended to provide the Group with an alternative source of income after taking into consideration that the Group's existing automotive business has been incurring consecutive losses for the last few financial years as set out in Section 6.1.1(i) of this Abridged Prospectus. The Group's existing automotive business is mainly reliant on its current dealership with Sime Darby Auto Connexion Sdn Bhd ("**Sime Darby**") for the distribution of motor vehicles under the Ford franchise.

The losses incurred by the Group's automotive business were mainly contributed by stiff competition with other automotive brands resulting in low sales volume and thin profit margin. Apart from that, the COVID-19 pandemic has negatively affected sales volume as a result of lower demand for automobiles due to economic uncertainty.

On the other hand, the sale of luxury and premium EVs targets a more upmarket consumer segment which are generally less affected by the COVID-19 pandemic. Moreover, the luxury and premium EVs segment may be less competitive as compared to the sale of vehicles under the Ford franchise which targets mainly the mid-market consumer segment.

(ii) Establishment of an EV showroom and after-sales service centre

To support the Group's venture into the luxury and premium EV business, the Group plans to establish an EV showroom and after-sales service centre. This is envisaged to be a one stop centre that provides dedicated sales, service, spare parts as well as body and paint services for EVs.

The Group plans to set up its first EV showroom and service centre by renovating its existing showroom and service centre at Wisma Cergaz, Lot 45182, Sungai Penchala, Off Jalan Damansara, 60000 Kuala Lumpur, which is currently used as a showroom and service centre for Ford vehicles as well as administrative office for the Group's automotive segment. The EV showroom is envisaged to have a luxurious design and equipped with a premium customer waiting lounge, customer service booths and high-speed internet WiFi as well as ceiling height glass panels, large screens and state-of-the-art lightings to showcase the EVs.

In this new EV showroom and service centre, the Group plans to offer EV-specific service offerings and maintenance plans. A strong after-sales support is expected to increase the attractiveness of the Group's EV offerings and drive more sales as it gives customers the confidence that there is a reliable service centre to upkeep the condition and performance of the EV purchased. Thus, in addition to setting up the EV showroom and service centre, the Group intends to undertake the following:-

- (a) acquisition of EV spare parts; and
- (b) acquisition of software for the maintenance and repair of EVs.

The total cost of establishing the showroom and service centre and the acquisition of EV spare parts and software is estimated to be RM29.00 million as shown below:-

| Estimated breakdown of utilisation | | Amount RM'000 |
|---|---|--------------------------|
| (a) | Renovations, interior design, fixtures, fittings and other miscellaneous items ⁽¹⁾ | 20,000 |
| (b) | Acquisition of EV spare parts ⁽²⁾ | 5,000 |
| (c) | Acquisition of software for the maintenance and repair of EVs ⁽³⁾ | 2,000 |
| (d) | Installation of EV battery charging ports and station ⁽⁴⁾ | 2,000 |
| Total | | 29,000 |

Notes:-

- (1) This comprises installation of customer service counters, premium customer waiting lounge, pantry, security systems, ceiling-height glass panels, lightings, high-speed internet WiFi, fire-fighting systems as well as other miscellaneous items such as TV screens, office furniture and equipment as well as air-conditioning.

The Group will engage an interior designer to develop the layout design, plan and drawings for the showroom and service centre. The Group plans to commence renovation within 3 months from completion of the Rights Issue and the same is estimated to be completed together with commencement of operations within 12 months.

The renovation costs are estimated by an interior designer engaged by the Group. The indicative cost breakdown is listed down below:-

| | | Amount RM'000 |
|--------------|---|--------------------------|
| (i) | Interior design fee and project management fees | 2,000 |
| (ii) | Renovation costs for:- | |
| | - Showrooms, sales office and customer service area | 12,000 |
| | - Service bay and service centre office | 3,000 |
| | - Body work, painting and detailing service bay | 2,000 |
| | - Spare parts and warranty claim warehouse | 1,000 |
| Total | | 20,000 |

- (2) This comprises batteries and battery related parts such as control boards and cables which must be imported from overseas as they are difficult to source locally. Maintaining a sufficient inventory of critical spare parts will allow the Group to provide timely repair services to its customers when these critical parts are required.

For information, a typical EV battery is expected to cost around RM200,000 to RM500,000 depending on the model and brand of the EV. At this juncture, the Group plans to allocate RM5.00 million towards the initial purchase of batteries and battery related parts for the provision of after-sales service. The actual funding requirement cannot be determined at this juncture as it will be subject to the actual requirements of the Group (i.e. the models and brands of EVs purchased by its customers) and final quotations from suppliers at the relevant time.

- (3) This comprises software for online customer service management, software for repair services such as battery diagnosis and repairs as well as remote EV software updates. As EVs have complex proprietary software which is unique for each brand of EV, the Group's service centre must be equipped with the necessary up-to-date software to provide the relevant after-sales services to its EV customers.

Online customer service management enables the Group's EV customers to conveniently access information pertaining to their EV through the Group's digital platforms (e.g. website and/or mobile application). Examples of such information are service schedules, usage statistics and warranty information. With these, the Group may offer services such as on-the-road provision of battery charging services during low-battery emergency as triggered by the online customer service management.

Software for battery diagnosis is critical to carry out the service and maintenance of EVs. With proper diagnosis of the battery performance and condition, the Group will be able to identify any potential battery leaks or other issues that affect the performance and shelf life of the battery. The Group's ability to provide accurate diagnosis and repair services will enable their EV customers to avoid spending on battery replacements prematurely and allow them to enjoy using the vehicle without having to send in for repairs frequently which translate to good ownership experience. This is expected to increase the attractiveness of owning an EV and draw more potential EV customers to purchase EVs from the Group.

At this juncture, the Group has budgeted a sum of RM2.00 million for EV software for the initial stage of its new EV business. The actual cost to be incurred will be subject to the actual software required and final quotations from suppliers at the relevant time. The actual type, brands and amount of software licenses to be acquired will depend on the actual requirements of the Group and its customers at the relevant time, including the actual models and brands of EVs to be sold by the Group.

- (4) This comprises installation of fast EV battery charging ports in the new EV showroom and service centre. The Group plans to install up to 5 charging ports at an estimated cost of RM200,000 per port. In addition, the Group will need to incur costs for electrical system and construction which are estimated to be RM1.00 million.

The availability of EV battery charging ports and station at the Group's EV service centre is part of the Group's after-sales service to provide convenience to their EV customers. In return, this will increase the coverage of its after-sales service thus potentially attracting more customers to purchase EVs from the Group. Customers will be charged a minimal fee to cover the cost for the electricity consumed during the charging of the EV.

While the Group has set out the above tentative timeline for the establishment of an EV showroom and service centre, this will be subject to external factors which may be beyond the Group's control such as any further extension of the MCO imposed by the Government which may cause potential delays to the Group's renovation plans.

Assuming the Rights Issue is completed in the fourth quarter of 2021, the tentative timeline of events leading to the establishment of the EV showroom and service centre is as follows:-

| Timeframe | Events |
|---------------------------------|---|
| 4 th quarter of 2021 | <ul style="list-style-type: none"> Completion of the Rights Issue |
| 1 st quarter of 2022 | <ul style="list-style-type: none"> Finalisation of the interior design |
| 2 nd quarter of 2022 | <ul style="list-style-type: none"> Submission of applications to the relevant authorities / regulatory bodies for commencement of construction and renovation works |
| 3 rd quarter of 2022 | <ul style="list-style-type: none"> Approvals obtained from the relevant authorities / regulatory bodies Commencement of construction and renovation of the EV showroom and service centre |
| 1 st quarter of 2023 | <ul style="list-style-type: none"> Completion of construction and renovation works of the EV showroom and service centre Commencement of operations of the EV showroom and service centre |

Any shortfall between the actual funding requirements for the establishment of an EV showroom and service centre and the actual proceeds raised is intended to be met via internally generated funds, bank borrowings and/or future fund raising exercises to be undertaken by the Group (if required). The breakdown of such funding cannot be determined at this juncture as it will depend on, amongst others, the actual shortfall amount as well as the availability and suitability of other funding alternatives at the relevant time. Conversely, any surplus shall be reallocated for the acquisition of additional luxury and premium EVs in the future in tandem with the growth of the business and/or working capital.

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(iii) Advertising and promotional activities to promote EVs

The Group plans to implement various advertising and promotional activities to promote its EV offerings.

In this regard, the Group intends to allocate proceeds of RM8.00 million from the Rights Issue towards marketing and promotional activities as shown below:-

| Estimated breakdown of utilisation | | Amount RM'000 |
|------------------------------------|--|------------------|
| (a) | Roadshows and marketing campaigns ⁽¹⁾ | 5,000 |
| (b) | Digital advertising ⁽²⁾ | 3,000 |
| Total | | 8,000 |

Notes:-

- (1) The Group intends to engage in marketing efforts to increase awareness on the availability, functions, features and benefits of EVs and attract consumers through roadshows and marketing campaigns. To this end, the Group plans to engage third-party advertising agencies or event organisers to execute the Group's roadshows and marketing campaigns for its EV business.

Roadshows are aimed at reaching out and engaging potential consumers directly. During roadshows, the functions and features of the EVs can be demonstrated to potential customers. The potential customers can also test drive the EVs during the roadshows.

Apart from roadshows, the Group also intends to organise marketing campaigns such as providing free portable charging stations to customers upon purchase to boost the attractiveness of the Group's EV offerings.

- (2) The Group also intends to advertise on various digital platforms such as websites and social media platforms (e.g. Facebook, YouTube, Instagram and Twitter) through Google Ads or other digital advertising platforms. Digital advertising allows the Group to reach out to a wide group of audience online at anywhere and anytime. Consumers are able to access to the Group's information at their fingertips through their mobile phones at their convenience without having to travel physically to be exposed to information on the Group's premium and luxury EVs.

Digital advertising allows the Group to reach out to their target customers based on their consumer values, personalities, lifestyles and interests through targeted advertisement. For example, with Facebook and Instagram, the Group plans to utilise boosted posts, where they are able to display specific product advertisements and promotions which are targeted to specific Facebook and Instagram users.

To increase the Group's brand awareness and drive traffic to their websites, the Group plans to utilise pay per impression or pay per click advertising across search engine and social media platforms such as Google, Facebook and Instagram.

At this juncture, the allocated sum is a budgeted amount and will be subject to, amongst others, the final advertising and promotional plans as well as quotation from service providers at the relevant time. Any shortfall between the actual funding requirements and the actual proceeds raised is intended to be met via internally generated funds, bank borrowings and/or future fund raising exercises to be undertaken by the Group (if required). The breakdown of such funding cannot be determined at this juncture as it will depend on, amongst others, the actual shortfall amount as well as the availability and suitability of other funding alternatives at the relevant time. Conversely, any surplus shall be reallocated for the acquisition of additional luxury and premium EVs in the future in tandem with the growth of the business and/or working capital.

(iv) Working capital

The Group intends to utilise the balance proceeds from the Rights Issue for working capital in the following manner:-

| Working capital | Percentage allocation (%) | Base Case Scenario⁽³⁾ RM'000 | Maximum Scenario⁽³⁾ RM'000 |
|--|----------------------------------|--|--|
| Staff salaries ⁽¹⁾ | 60 | 1,573 | 48,674 |
| Operating and administrative expenses ⁽²⁾ | 40 | 1,048 | 32,450 |
| Total | 100 | 2,621 | 81,124 |

Notes:-

(1) As at the LPD, the Group's staff headcount stood at 46.

To support the Group's venture into the luxury and premium EV business, the Group intends to recruit 2 specialist EV sales personnel and 3 EV technicians. However, this personnel composition is an indication only at this juncture and the actual composition of the personnel to be hired may differ depending on the progress and needs of the luxury and premium EV business moving forward.

Depending on whether there will be any delays in the establishment of the EV showroom and after-sales service centre (due to the ongoing MCO restrictions), the hiring process is expected to commence within 6 months from completion of the Rights Issue. Thereafter, the personnel will be recruited in stages over the next 18 months in tandem with the progress of the Group's luxury and premium EV business.

- (2) These may include, amongst others, utilities, rental costs, transportation costs, marketing costs and other miscellaneous items. The actual breakdown of these expenses cannot be determined at this juncture as it will depend on the actual operating and administrative requirements of the Group at the relevant time.
- (3) The allocated amounts stated herein are for illustration only. At this juncture, the Group intends to allocate the proceeds earmarked for working capital in the same percentage allocation regardless of the total amount of proceeds raised. However, in the unlikely event that the Maximum Scenario is achieved or the proceeds raised for working capital exceeds the Group's working capital requirements at that point in time, the Group will retain such surplus proceeds to fund its future working capital requirements as and when necessary.

Alternatively, the Company may also consider to revise the utilisation of such surplus proceeds, whether partly or wholly, to another purpose depending on the Group's requirements at that point in time. In such event, details of the proposed revision shall be announced and, if the proposed revision tantamounts to a material variation under Paragraph 8.22 of the Listing Requirements, the Company will comply with Paragraph 8.22 of the Listing Requirements including issuing a circular to its Shareholders and seek its Shareholders' approval for the proposed revision accordingly.

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(v) Estimated expenses for the Rights Issue

The breakdown of the estimated expenses for the Rights Issue is illustrated below:-

| Estimated expenses | RM'000 |
|--|---------------|
| Professional fees ⁽¹⁾ | 583 |
| Fees to relevant authorities | 62 |
| Printing, despatch, advertising and meeting expenses | 85 |
| Miscellaneous charges | 20 |
| Total | 750 |

Note:-

- (1) These include advisory fees payable to the Principal Adviser and other professional fees payable to the company secretary, share registrar, solicitors, independent market researcher and reporting accountants.

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

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6. RISK FACTORS

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

6.1 Risks relating to the Group

6.1.1 Risks relating to the Group's automotive division

The risk factors relating to the Group's automotive division, which contributed 82.08% of the Group's audited total revenue in FYE 30 June 2021, are set out below:-

(i) Consecutive losses

The Group's automotive division recorded consecutive LAT of RM2.71 million, RM3.10 million, RM2.60 million and RM2.94 million in the latest audited FYE 30 June 2021, audited FYE 30 June 2020, audited 18-month FPE 30 June 2019 and audited FYE 31 December 2017 respectively.

These losses were mainly contributed by stiff competition with other automotive brands resulting in low sales volume and thin profit margin. In this regard, the revenue generated was not sufficient to cover the fixed costs such as rental costs, staff costs and administrative costs.

Apart from the above, the COVID-19 pandemic has negatively affected sales volume as a result of lower demand for automobiles due to economic uncertainty. In addition, the Group had in November 2020 terminated its dealership agreement with Volkswagen to focus on its dealership with the Ford franchise. As at the LPD, apart from Ford-branded automobiles, the Group does not sell automobiles from any other brands.

Moving forward, notwithstanding the gradual containment of the COVID-19 pandemic via the national vaccination programme, there is no assurance that consumer demand for automobiles will recover in view that the dampening effects of the COVID-19 pandemic on consumer sentiment may be long lasting.

Given the above, there is no assurance that the Group's automotive business would be able turnaround its business and financial performance in the near term.

(ii) Competition risk

The performance of the Group's automotive business is dependent on its ability to promote and sell its automobiles to existing and new customers while competing with other automotive brands as well as distributors.

Moving forward, the Group expects competition to intensify due to more competitive automotive products (including EVs) being introduced by market players on top of their existing products. Increased competition may result in pricing pressures and reduced profit margins, which in turn may lead to reduced profitability.

There is no assurance that the Group can remain competitive against its competitors. The emergence of new competitors who offer a product range which targets the same consumer segment that the Group markets its products to may also adversely affect the performance of the Group's automotive business.

(iii) Non-renewal of dealer agreement

One of our wholly-owned subsidiaries, namely Capital Intertrade Sdn Bhd, has an existing dealer agreement with Sime Darby for the distribution of motor vehicles under the Ford franchise.

There is no assurance that the Group will be able to continuously renew its dealer agreement with Sime Darby moving forward. In the event that the dealer agreement is not renewed or renewed on less favourable terms, it may have a material adverse effect on the performance of the Group's automotive business.

Furthermore, there is no assurance that there will not be 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 whatsoever.

(iv) Dependency on the demand for luxury and premium EVs

The success of the Group's venture into the sale of premium EVs as set out in Section 5(i) of this Abridged Prospectus is dependent on the demand for luxury and premium EVs.

In turn, such demand may be affected by the uncertainty over the timeframe for implementation of the new EV policy under the NAP 2020. As set out in Section 5(i) of this Abridged Prospectus, the demand for EVs is expected to rise with the upcoming new EV policy under the NAP 2020, which are expected to contain incentives such as the elimination of import and excise duties on EVs in order to make EVs more affordable and to boost adoption of EVs among the public. However, the new EV policy under the NAP 2020 has not been approved by the Malaysian Cabinet and its implementation is expected to be delayed.

Further to the above, the current limited availability of charging stations and specialised service centres in Malaysia may make EVs less attractive to consumers from a practical perspective. The EV industry in Malaysia is still at a nascent stage and it may take considerable time for the necessary EV infrastructure to be put in place before EVs are more widely accepted by consumers. In the meantime, slow EV adoption due to lack of necessary infrastructure may hinder the growth of the Group's luxury and premium EV business.

(v) Dependency on existing supply chain

The Group's automotive business is reliant on the supply of vehicles which are all imported from overseas, whether it is for the Group's existing dealership with Sime Darby for Ford branded automobiles or the Group's new venture into the sale of luxury and premium EVs.

In the event of an unexpected disruption to the supply chain resulting in the Group's inability to import cars and spare parts from overseas, the Group's automotive business will be adversely affected.

Such unexpected disruption may be in the form of, amongst others, escalation of COVID-19 cases leading to reimposition of strict lockdowns at the relevant countries or any other unexpected major events such as natural disasters or changes in government policies, which are beyond the Group's control.

There is no assurance that the Group will be able to continuously secure its supply of vehicles from overseas.

6.1.2 Risks relating to the Group's property development business

The risk factors relating to the Group's property development division, which contributed 17.92% of the Group's audited total revenue in FYE 30 June 2021, are set out below:-

(i) Dependency on the progress of the Princess Heights Project

At this juncture, the Group's property development business is only involved in the Princess Heights Project. As such, the performance of the Group's property development business is dependent on the progress of the Princess Heights Project.

The Princess Heights Project is a mixed development of residential and commercial units to be developed in stages on the Land. The Princess Heights Project consists of the following phases:-

| Phase | Description | Status as at the LPD |
|-------|---|---|
| 1A | <ul style="list-style-type: none"> ▪ 24 units of 3-storey shop/offices ▪ 46 units of 2-storey terraced houses; and ▪ 50 units of 2.5-storey townhouses/terraced houses | Completed with 3 unsold units remaining |
| 1B | <ul style="list-style-type: none"> ▪ 104 units of 9/10-storey apartments | Completed and handed over to Supermesa as part of the Sabah State Government's and Kowangan's entitlements under the JV Agreement |
| 1C | <ul style="list-style-type: none"> ▪ Land approved for 54 units of 2.5-storey townhouses | Yet to commence development |
| 1D | Land approved for 12 units of 2-storey detached houses and 34 units of 2.5-storey semi-detached houses | Yet to commence development |
| 1E | Land approved for 4-storey hypermarket (Mydin Project) | Yet to commence development |
| 1F | Land approved for 80 units of 3-storey terraced shop/offices | Yet to commence development |
| 2G | Land approved for 86 units of 2-storey terraced houses and 20 units of 2-storey detached houses | Yet to commence development |

| Phase | Description | Status as at the LPD |
|-------|---|-----------------------------|
| 2H | Land approved for 464 units of 7/8-storey apartments (4 blocks) and 2.5-storey clubhouse | Yet to commence development |
| 2J | Land approved for 100 units of 2-storey terraced houses and 22 units of 2.5-storey semi-detached houses | Yet to commence development |
| 2K | Land approved for 128 units of 5/7-storey apartments (2 blocks) | Yet to commence development |

As shown above, apart from Phase 1A and Phase 1B, the other phases of the Princess Heights Project have yet to be developed. In this respect, the Group is currently withholding any further launching and development of the remaining phases of the Princess Heights Project for the time being due to the weaker consumer sentiment as a result of the COVID-19 pandemic.

As for the Mydin Project under Phase 1E, Mydin and the Company have mutually agreed to defer the commencement of the Mydin Project pending the containment of the COVID-19 pandemic and improvement in consumer sentiment.

Given the above, the indicative timeline for completion of the Princess Heights Project cannot be determined at this juncture. Even if the Group decides to proceed with the development of the remaining phases of the Princess Heights Project now, there is no assurance that the Group will be able to complete the project in a timely manner as there is still the possibility of lockdown measures being reintroduced if there is another wave of COVID-19 cases.

Moreover, under the current economic environment, the Group may not be able to achieve a high take-up rate for the project if it were to launch the remaining phases now. The Group may also have to incur higher spending on advertising and promotional activities to spur demand for the remaining phases of the project. In turn, this may lead to lower profit margins.

In view of the above, as long as the development of the Princess Heights Project remain suspended, the Group will not be able to generate returns on the property development costs that it has incurred to date in respect of the Princess Heights Project.

(ii) Dependency on the performance of the property market

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

The dampening effects of the COVID-19 pandemic on consumer sentiment is currently weakening the demand for properties. In turn, this is exacerbating the property overhang situation in relation to unsold units of residential and commercial properties which persisted even before the COVID-19 pandemic.

In view of the above, there is no assurance that the performance of the property market will improve moving forward. If the Group were to launch any new property development projects in the future, there is no assurance that the Group will be able to achieve a high take-up rate for such projects. The Group may also have to incur higher spending on advertising and promotional activities to spur demand for its projects. In turn, this may lead to lower profit margins.

Apart from the above, there is no assurance that there will not be any future changes in government policies and regulations such as an increase in the rate of real property gains tax or stamp duty by the government as well as the tightening of lending criteria by banks. If implemented, these policies and regulations may lead to a softer property market. In turn, there is no assurance that any such changes in government policies and regulations would not lead to material adverse impact on the performance of the Group's property development business.

6.1.3 Other risks relating to the Group

(i) Fluctuation in the market value of quoted securities held by the Group

As at the LPD, the Group holds investments in quoted securities of several companies listed on Bursa Securities.

Quoted securities may constantly be exposed to fluctuations in their market prices due to a multitude of unpredictable factors and unforeseen circumstances. These may include, amongst others, internal factors such as the business and financial performance of the underlying company as well as the competitive environment and prospects of the industry in which the underlying company is involved in. In addition, external factors such as changes in the overall economic conditions locally and globally, fluctuations in foreign exchange rates, changes in the local political landscape, major geopolitical events and natural disasters may also contribute to fluctuations in market prices. Price fluctuations may be for a temporary or extended period of time and are generally unpredictable.

In view thereof, the market price of a quoted security may not always reflect its fair value or book value as external factors may outweigh internal factors. This may result in a quoted security constantly trading below the fair value or book value of the underlying company, regardless of its business performance, financial condition and future prospects.

In the previous FYE 30 June 2021, the Group recorded an unrealised loss in quoted investments of RM31.71 million. Moving forward, due to the unpredictability in the market price of the quoted securities held by the Group, the market value of the quoted securities held by the Group may increase or decrease substantially from time to time. In the event of a substantial decrease in the market value of the quoted securities held by the Group, there is no assurance that this will not lead to material adverse effect on the financial performance of the Group.

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

Since 2020, the COVID-19 pandemic has spread across the world resulting in lockdown or similar measures imposed by governments worldwide to curb the spread of the virus. These have resulted in adverse impact to the performance of the world's economies including Malaysia. Even as lockdown measures are gradually relaxed over time, consumer sentiment may continue to remain dampened in the short term as consumers stay cautious in their spending. Although the majority of the adult population in Malaysia has completed their vaccination, there is no assurance that consumer sentiment and economic growth as a whole can recover to pre-pandemic levels in the near future.

Due to the COVID-19 pandemic, the Group's automotive division recorded lower sales volume as a result cautious consumer spending coupled with the temporary closure of its showroom during certain stages of the MCO. In line with the above, the Group's automotive division recorded a decrease in revenue by RM24.49 million or 49.02% in FYE 30 June 2021 as compared to previous FYE 30 June 2020. The Group's automotive division also recorded a higher LAT of RM2.71 million in FYE 30 June 2021 (audited) as compared to a LAT of RM3.10 million in the previous FYE 30 June 2020 (audited).

As for the Group's property development division, the Group has decided to withhold any further launching and development of the remaining phases of the Princess Heights Project due to the weaker property market as a result of the COVID-19 pandemic. In addition, the Group did not want to commit resources to proceed with development of the project given that the relevant authorities had previously imposed temporary suspension of construction activities during certain stages of the MCO. In FYE 30 June 2021 (audited), the Group's property development division recorded a decrease in revenue by RM2.22 million or 29.16% as compared to previous FYE 30 June 2020 (audited). The Group's property development division also recorded a higher LAT of RM5.15 million in FYE 30 June 2021 (audited) as compared to a LAT of RM1.91 million in the previous FYE 30 June 2020 (audited).

Moving forward, while COVID-19 cases are on a downward trend and lockdown measures are being progressively relaxed, there is no certainty that consumer sentiment and economic growth as a whole can recover from the dampening effects of the COVID-19 pandemic in a timely manner. Further, there is no assurance that there will not be another wave of COVID-19 cases in the future, which may then result in the reintroduction of strict lockdown measures by the relevant authorities. In turn, this may affect the business and financial performance of the Group's automotive and property development divisions.

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6.3 Risks relating to the Rights Issue

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

The Rights Issue 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.

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. In the event the Rights Shares 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 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 cannot be implemented or completed for any reason, the Company will undertake the necessary procedures to ensure the refund of monies is made in full without interest in respect of any application for the subscription of the Rights Shares including the Excess Rights Shares 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, 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 will trade at or above the TEAP disclosed in Section 2.2 of this Abridged Prospectus after the completion of the Rights Issue.

(iii) Potential dilution of existing shareholders' shareholding

Those Entitled Shareholders who do not subscribe for their entitlement of Rights Shares under the Rights Issue will experience dilution in their existing shareholding in the Company as a result of the issuance of the Rights Shares arising from the subscription by other Entitled Shareholders and/or their renouncees.

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

(iv) Forward-looking statements and other information

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

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

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

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7. INDUSTRY OVERVIEW AND PROSPECTS

7.1 Malaysian economy

The Malaysian economy expanded by 16.1% in the second quarter of 2021 (first quarter of 2021: -0.5%). Growth was supported mainly by the improvement in domestic demand and continued robust exports performance. The strong growth also reflected continued policy support and the low base from the significant decline in activity during the second quarter of 2020. Economic activity picked up at the start of the second quarter but slowed following the re-imposition of stricter nationwide containment measures, particularly under Phase 1 of the Full Movement Control Order (FMCO). For the second quarter as a whole, all economic sectors registered an improvement, particularly the manufacturing sector. On the expenditure side, growth was driven by higher private sector spending and strong trade activity. On a quarter-on-quarter seasonally adjusted basis, the economy registered a decline of 2.0% (1Q 2021: 2.7%), due to the containment measures.

The Malaysian economy was on track for a broad recovery in 2021 as compared to last year. However, the resurgence of COVID-19 cases has necessitated the re-imposition of nationwide containment measures, which would weigh on growth. Nevertheless, the impact will be partially mitigated by continued allowances for essential economic sectors to operate, higher adaptability to remote work, as well as increased automation and digitalisation. Growth will continue to be supported by policy measures, which will provide cash flow support, particularly for affected households and businesses. Going forward, the economic recovery will be underpinned by higher external demand and gradual improvement in domestic demand. The rapid progress of the nationwide vaccination programme will allow economic sectors to be gradually reopened and provide some lift to household and business sentiments.

Against this backdrop, for 2021, the Malaysian economy is projected to expand within the range of 3.0 – 4.0%, although the pace of recovery will be uneven across sectors.

The baseline projection has been revised from 6.0 – 7.5% previously to 3.0 – 4.0% in 2021 due mainly to the impact of the containment measures. However, Malaysia's growth is expected to remain on a recovery path, supported by stronger external demand, faster progress in vaccination rate and the continued targeted policy support for households and businesses. The outlook also assumes a reopening of all economic sectors nationwide, in which all states will transition into Phase 4 of the National Recovery Plan (“**NRP**”) by November 2021. This is premised on the vaccination rate threshold under the NRP, with existing vaccines being effective against the prevailing variants, resulting in lower intensive care unit (ICU) utilisation.

(Source: Quarterly Bulletin 2Q 2021, Bank Negara Malaysia, 13 August 2021)

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7.2 EV industry in Malaysia

EV is a type of vehicle where battery is the vehicle's main or secondary power source. EVs are fully or partially powered by electricity and require minimal or no fuel combustion, making the vehicle alternative to the conventional internal combustion engine vehicle.

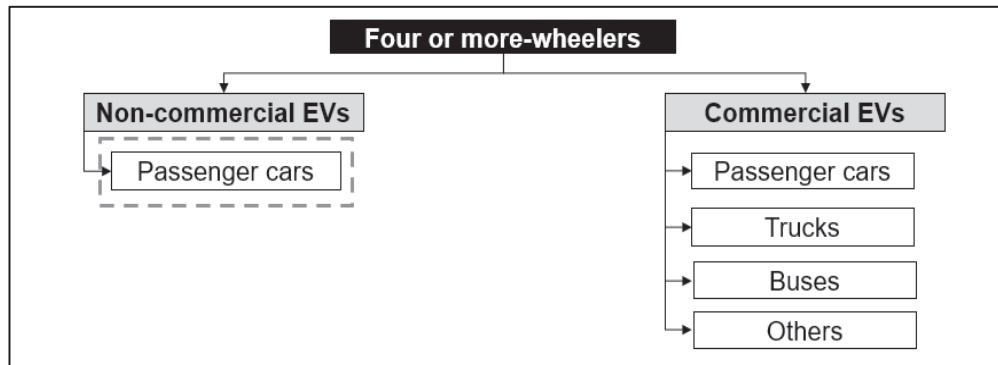
The development of EVs is crucial in the automobile industry. EVs gradually substitute internal combustion engine vehicles as a result of environmental goals and transport policy goals introduced by the Government.

Vehicles are the major sources of pollutants (i.e. carbon dioxide, carbon monoxide, hydrocarbons, oxides of nitrogen and particulate matter). These pollutants pose risks and effects to the environment besides the health of living things where they cause acid rain, eutrophication, haze, ozone depletion, and global climate change, amongst others, and lead to adverse effect towards the environment and the ecosystem. With these effects becoming more visible, there is growing awareness for a greener environment.

EVs will ultimately reduce air and noise pollution, promote low-carbon power generation, enhance energy security, boost energy efficiency, and eventually reduce greenhouse gas emissions.

The substitution involves all types of vehicles, from two to three-wheelers (including bikes) to four or more-wheelers (including vehicles listed in the diagram below).

Types of four or more wheeler EVs



Notes:-

- (1) [-----] denotes the segment in which Permaisuri Industries Berhad will be venturing into.
- (2) Other commercial EVs comprise customised vehicles manufactured for specific purposes such as military and healthcare vehicles.
- (3) The list is not exhaustive.

(Source: IMR Report)

There are two (2) common types of EVs, namely, battery electric vehicle ("**battery EV**") and hybrid electric vehicle ("**hybrid EV**").

- (a) Battery EV, also known as full EV, is wholly powered by the electric motor. They consume no petroleum-based fuel and produce no carbon emissions. In addition to charging from the electricity grid, battery EVs are charged in part by regenerative braking, which generates electricity from some of the energy normally lost when braking.

- (b) Hybrid EV is powered by the electric motor at low speed and combustion engine during acceleration and high speed. At low speed, the battery supplies the electric motor with electrical energy for propulsion. The control unit activates the combustion engine during acceleration, to take over the electric motor at high speed. The battery is simultaneously recharged during braking by regenerative braking to ensure zero wastage of kinetic energy.

Industry performance, size, growth and outlook in Malaysia

Based on limited available information, the sale of hybrid EVs in Malaysia in 2019 declined from 20,744 units sold in 2018 to 13,049 units, according to data from the Malaysian Automotive Association. Meanwhile, the sale of full EV vehicles was 32 units in 2019, a spike from 2 units in 2018. The total sales for hybrid and full EV vehicles in Malaysia only accounted for 2.2% of 604,287 units sold in 2019. The sales of hybrid EVs and full EVs for 2020 and beyond is not publicly available.

The EV market in Malaysia is at nascent stage as the attractiveness of EV is limited by the relatively high price, low resale value and limited supporting infrastructure such as EV charging stations and specialised service centre for EVs. Charging infrastructure and specialised service centres for EV are major concerns for EV owners. Without standard adoption of charging technologies, there is uncertainty on wide scale development of charging infrastructure. Nevertheless, even if certain standards are established, there remains the question of who pays, or invests, in charging infrastructure. This problem is prevalent in many countries, including Malaysia where limited charging infrastructure is a contributing factor for slow EV adoption.

Further, there is also limited variety of full EV models in the market. Examples of full EV distributed by local dealers in Malaysia includes the BMW i3s, Nissan Leaf, MINI Cooper SE and Porsche Taycan. Other brands of full EVs seen on Malaysian roads are mostly directly imported from overseas. Compared to internal combustion engine vehicles where there are numerous vehicle brands and models with different specifications, EVs are limited to a handful of brands often with no choice of models within the brand. This limited availability of choices is a deterrent to potential buyers.

Nevertheless, the introduction of environmental goals and implementation of transport policies by the Government are expected to boost the growth of the EV market in Malaysia. The Government's initiatives to boost the nation EV industry begun back in 2009 with the announcement of National Green Technology Policy where Greentech Malaysia, a subsidiary organisation under the Ministry of Energy, Green Technology and Water, was established to promote the national policy. In 2015, National Electric Mobility Blueprint was introduced with the aim of positioning Malaysia as the Electric Mobility Marketplace. One of the goals in this national policy is to increase the number of passenger EVs to 100,000 and to install 125,000 charging stations by 2030. GreenTech Malaysia partners with Petronas Dagangan Bhd and TNB Energy Services Sdn Bhd, a wholly-owned subsidiary of Tenaga Nasional Bhd (TNB), to install ChargeEV charging stations. According to Malaysian Green Technology And Climate Change Centre, there are a total of 326 chargeEV charging stations in Malaysia as of March 2021, and a total of 132,307 charging hours and 47,502 charging sessions were recorded as of 2018, a 51.0% growth from 2017.

In 2020, EV was included in the latest and fourth version of the NAP 2020 which aims to enhance Malaysia's automotive industry in the era of digital industrial transformation from 2020 to 2030. As described in NAP 2020, the plans for energy efficient vehicles which includes EVs, includes:

- Establishing regulatory framework for energy efficient vehicles,
- Promoting manufacturing and application of local battery and battery pack together with development of Battery Management System (BMS) and Thermal Management System (TMS),
- Developing standards to encourage battery swapping and wireless charging,
- Developing standards for recycling and disposal of battery,

- Conducting feasibility study on Hydrogen Fuel Cell technology, and
- Establishing EV Smart Grid Interoperability Centre.

NAP 2020 offers customised incentives for investments in the development of technology related to energy efficient vehicles which includes EVs, subject to a list of criteria including value of investment, production volume, research and development activities, critical component manufacturing, fuel consumption, vehicle carbon emissions, value-added activities, employment opportunities, engineering index, exports volume, supply chain development and technology transfer. As compared to the EV technology development related incentives offered by neighbouring countries such as Thailand and Indonesia, Malaysia's approach to offer customised incentives is viewed as a barrier to entry to investors and car makers to venture into the EV business due to lack of clarity and certainty.

In April 2021, Malaysian Climate Change Action Council (MyCAC) announced that Low Carbon Mobility Blueprint 2021-2030 would be implemented. The draft blueprint is subject to Cabinet's approval and it outlines Malaysia's electrification agenda through the introduction of environmental goals through four focus areas, namely improving vehicle fuel economy and emission, adoption of EVs and low emission vehicle, alternative fuel adoption and greenhouse gas emission and energy reduction. The blueprint entailed several proposals for tax incentives, for example, 100.0% import and excise duty exemption for complete built units ("CBUs") of battery EVs up till 2022 (for a maximum of 10,000 total volume), followed by a 50.0% exemption between 2023 and 2025; and 100.0% import and excise duty exemption for CBUs of plug-in hybrid vehicles proposed from 2020 to 2022, 75.0% exemption for period between 2023 and 2025 and 50.0% exemption between 2026 and 2030. A national target of 7,000 alternating current (AC) public charging points and 500 direct current (DC) charging points is also proposed in the blueprint. The goal the blueprint is to reduce Malaysia's greenhouse gas emission by 165 million tonnes of carbon dioxide, save fuel expenditure of RM150 billion over 10 years, and increase the use of EVs and low-carbon transportation.

Further, on May 2021, the Chief Executive Officer of Malaysia Automotive, Robotics and IoT Institute (MARII), Datuk Madani Sahari, announced that the NAP 2020 is currently under reviewed by the Government and the new policies are expected to offer tax incentives that benefits both users and the industry to accelerate EVs development in the country. The new EV policy under NAP 2020, which was expected to be ready by July 2021, will contain incentives such as the elimination of import duties on EVs in order to make EVs more affordable and to boost adoption of EVs among the public.

As at 1 November 2021, the new EV policy under NAP 2020 has not been finalised and the indicative timeframe for implementation of the new EV policy cannot be determined at this juncture. However, notwithstanding the delay in the implementation of the new EV policy, the Government had on 29 October 2021 announced, under the Budget 2022, a full exemption of import and excise duties as well as sales tax and road tax for EVs. There will also be individual income tax relief of up to RM2,500 given for the purchase and installation, rental and hire-purchase of EV as well as payment of EV charging facility subscription fees.

These initiatives, when implemented, are expected to increase the demand for EVs in Malaysia as EV becomes more affordable and the EV supporting infrastructure (i.e. EV charging stations and specialised service centre for EVs) becomes more accessible in Malaysia.

(Source: IMR Report)

7.3 Property market in Malaysia

Malaysian's GDP growth improved by 16.1% in Q2 2021 (Q1 2021: -0.5%) after four consecutive quarters of contraction. However, the strong growth for this quarter was also attributed to the low base recorded from the significant decline in Q2 2020 (-17.2%). The economic performance was supported mainly by the improvement in domestic demand and continued robust exports performance.

On a similar track to the country's economic growth, the property market performance recorded a significant increase in the first half of 2021 (H1 2021) as compared to the same period last year (H1 2020).

To stimulate Malaysia's economy and mitigate the impact of COVID-19 and the MCO, the Government has reintroduced the Home Ownership Campaign from 1 June 2020 to 31 December 2021. The Overnight Policy Rate ("OPR") was reduced to 1.75% since July 2020 remained unchanged at 1.75% until July 2021. Low OPR means low costs for borrowing or refinancing an existing home loan that could help to stimulate the property market.

On the demand-side, the amount of loan application and total loan approval for the purchase of residential property in H1 2021 increased 86.0% and 92.6% respectively but the percentage of approval against application was moderate at 35.3%. For the non-residential property, the amount of loan application and total loan approval saw similar pattern, increased by 52.6% and 58.9% respectively with an approval against application percentage of 34.4%.

The property market performance recorded a significant increase in H1 2021 with 139,754 transactions worth RM62.01 billion being recorded, showing an increase of 21.0% in volume and 32.1% in value as compared to the same period last year (H1 2020).

The acceleration of the National COVID-19 Immunisation Programme and the ability to achieve National Recovery Plan threshold across the states will see the reopening of more economic and social sectors in the fourth quarter of 2021. Supported by the implementation of various government initiatives and assistance, the property market is expected to be on the recovery path in line with the gradual economic recovery.

(Source: Property Market Report First Half 2021, Valuation and Property Services Department, Ministry of Finance)

7.4 Prospects and future plans of the Group

Historically, the Group was principally involved in the sale and distribution of motor vehicles, specifically the operations of dealerships of the Volkswagen⁽¹⁾ and Ford franchises. This automotive segment of the Group has been incurring consecutive losses since 2007 due to the highly competitive environment in the automotive division. In view of this, in 2010, the Group diversified into property development via its 70% subsidiary, Hardie Development Sdn Bhd.

Note:-

- (1) On 13 November 2020, the Group announced that it has terminated its dealership agreement with Volkswagen. The termination was undertaken upon deliberating and analyzing the past performance as well as considering the current and future sustainability and growth potential of the dealership. Pursuant thereto, the Group is now focusing on its dealership with the Ford franchise.

On 16 April 2018, Mercury Securities had, on behalf of the Board, announced that the Company proposes to undertake, amongst others, the Rights Issue of ICPS with Warrants. The Rights Issue of ICPS with Warrants was completed on 21 August 2020, raising a total of RM46.82 million. The proceeds from the Rights Issue of ICPS with Warrants were intended to be utilised mainly for the following:-

- (i) to fund the development of the Land including the Mydin Project, which will be leased out to Mydin upon completion for a period of 20 years. The Group expects the rental income to be earned upon the completion of the Mydin Project, as well as the development of the surrounding plots to contribute to the Group's future earnings and improve its financial performance; and
- (ii) to increase its inventory levels of automobiles and spare parts. This increase in inventories is expected to enable the Group to better meet demand for customers' orders by reducing the average lead time for delivery of automobiles and services. A reduction in average lead time for both delivery of new vehicles as well as spare parts and services is expected to increase customer satisfaction, which may in turn lead to an increase in sales in the future.

Concurrently with the Rights Issue of ICPS with Warrants, the Company had also undertaken the settlement of an amount of RM22,248,918 owing by the Company to certain creditors via the issuance of ICPS ("**Debt Settlement**"). The Debt Settlement, which was completed on 21 August 2020, has improved the Group's financial standing and ability to obtain more favourable financing terms by converting its existing debts into ICPS which are not redeemable for cash and are not entitled to any dividends.

In addition to the above, the Group has been implementing cost-cutting measures such as monitoring office expenditure and staff expenses closely for the automotive division. In addition, the Company is also working towards identifying marketing programs to boost the sale of automobiles and after-sales services.

On 18 November 2020, the Company completed the Private Placement 2020 – 10% which raised a total of RM7.95 million. The proceeds raised from the Private Placement 2020 – 10% are intended to be utilised mainly for the Group's venture into the luxury car rental business as a potential new source of revenue. The target markets for the luxury car rental business are expected to be corporate users, high net worth individuals as well as those conducting corporate and special events such as weddings. The venture into the luxury car rental business represents an expansion from the Group's existing automotive business and the Group intends to leverage on its existing resources and expertise in the automotive business to ensure the success of the new luxury car rental business.

On 21 January 2021, the Company completed the Private Placement 2021 – 10% which raised a total of RM8.22 million. The proceeds raised from the Private Placement 2021 – 10% are intended to be utilised mainly to further increase its inventory levels of automobiles and spare parts. This is aimed at reducing lead times for the delivery of automobiles and services, thus enhancing the automobile division's competitiveness in the market.

Notwithstanding the above, the Group anticipates its automotive business to be affected by softer demand as a result of the COVID-19 pandemic as well as stiff competition from other automotive brands. As such, moving forward, the Group will also focus on the development of the Land as well as delivery of the Mydin Project to generate revenues and profits for the Group moving forward. Upon completion of the Mydin Project, the Group will earn rental income via the lease of the hypermarket to Mydin. In addition, the operation of a hypermarket on the Land is also expected to improve the demand for the Group's other property development projects in the vicinity.

On 2 June 2021, the Company completed the Private Placement 2021 – 30% which raised a total of RM21.62 million. The proceeds raised from the Private Placement 2021 – 30% are intended to be utilised mainly to settle the Purchase Consideration for the Acquisition which will allow the Group to own Hardie wholly and fully recognise the future earnings and cash flow from the ongoing development of the Princess Heights Project which is expected to enhance the future profitability and cash flow of the Group.

Further to the above and after taking into consideration the challenging economic landscape due to the COVID-19 pandemic, the Group now intends to venture into the sale of luxury and premium EVs as set out in Section 5 of this Abridged Prospectus. This is aimed at tapping into a new market segment comprising mainly high-income or high-net worth consumers, which are generally less affected by the economic downturn due to the COVID-19 pandemic. In addition, this venture allows the Group to also capitalise on the rise in environmental awareness among consumers. Based on the current high demand for electric vehicles as set out in Section 5 of this Abridged Prospectus, the Group will focus on introducing more product ranges of the luxury and premium EVs to capture this market demand.

As at the LPD, the Group has not conducted a feasibility study to venture into the sale of luxury and premium EVs. Notwithstanding that, the Group will leverage on its experience in its automotive business (the Group currently sells Ford-branded vehicles and had previously sold Volkswagen-branded vehicles) to venture into the sale of luxury and premium EVs. In addition, the Group is optimistic on its venture premised on the overview and prospects of the EV industry in Malaysia as set out in Section 7.2 of this Abridged Prospectus. The introduction of luxury and premium EVs by the Company is to expand the product segments to the Group's potential customers.

For avoidance of doubt, notwithstanding the uncertainty in the implementation of the NAP 2020 or the readiness of the regulation and infrastructure for EVs, the Group will adopt a strategy of marketing the luxury and premium EVs to high income and/or high net-worth customers as well as to work closely with the relevant authorities and strategic partners to establish and expand the relevant infrastructures for EVs (e.g. EV battery charging ports and station). The collaboration with the relevant authorities and strategic partners may include, amongst others, discussions on policy-making and establishment of the standards and specifications for EV charging infrastructure.

Premised on the above, the Group is cautiously optimistic of its future prospects moving forward despite a challenging economic outlook ahead as the full impact of the COVID-19 pandemic gradually becomes observable.

8. EFFECTS OF THE RIGHTS ISSUE

8.1 Share capital

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

| | Minimum Scenario | | Base Case Scenario | | Maximum Scenario | |
|--|----------------------|----------------------------|----------------------|----------------------------|----------------------|-----------------------------|
| | No. of Shares | Share capital RM | No. of Shares | Share capital RM | No. of Shares | Share capital RM |
| Issued share capital as at the LPD | 933,872,695 | 364,945,093 | 933,872,695 | 364,945,093 | 933,872,695 | 364,945,093 |
| New Shares to be issued assuming full granting and exercise of the ESOS Options | - | - | - | - | 974,031 | (¹)99,936 |
| New Shares to be issued assuming full exercise of the Warrants | - | - | - | - | 93,535,984 | (²)23,383,996 |
| New Shares to be issued assuming full conversion of the ICPS | - | - | - | - | 1,026,954,366 | (³)256,738,592 |
| Enlarged issued share capital after full conversion, granting and/or exercise of the Convertible Securities | 933,872,695 | 364,945,093 | 933,872,695 | 364,945,093 | 2,055,337,076 | 645,167,617 |
| Rights Shares to be issued | 142,857,144 | (⁴)10,000,000 | 933,872,695 | (⁴)65,371,088 | 2,055,337,076 | (⁴)143,873,595 |
| Enlarged issued share capital | 1,076,729,839 | 374,945,093 | 1,867,745,390 | 430,316,181 | 4,110,674,152 | 789,041,212 |

Notes:-

- (1) Assuming all the 974,031 ESOS Options which may be granted pursuant to the maximum allowable amount under the ESOS are fully granted and exercised into 974,031 new Shares at an illustrative exercise price of RM0.06 each (based on 10% discount to the 5-day VWAP of the Shares up to and including the LPD of RM0.0636 and rounded up to the nearest Sen).
- (2) Based on exercise price of RM0.25 per Warrant.
- (3) Based on exercise price of RM0.25 per ICPS.
- (4) Based on an issue price of RM0.07 per Rights Share.

8.2 NA and gearing

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

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

Minimum Scenario

| Group level | Audited as at 30 June 2021 RM'000 | (I) After subsequent events ⁽¹⁾ RM'000 | (II) After (I) and the Rights Issue ⁽²⁾ RM'000 |
|----------------------------------|---|---|--|
| Share capital | 363,926 | 364,945 | 374,945 |
| ICPS | 51,852 | 51,348 | 51,348 |
| Warrant reserve | 53,540 | 53,540 | 53,540 |
| Other reserve | (53,540) | (53,540) | (53,540) |
| Merger deficit | (629) | (629) | (629) |
| Revaluation reserve | 21,552 | 21,552 | 21,552 |
| Accumulated losses | (176,905) | (187,666) | (188,416) |
| Shareholders' equity / NA | 259,796 | 249,550 | 258,800 |
| Non-controlling interests | 11,036 | - | - |
| Total equity | 270,832 | 249,550 | 258,800 |
| No. of Shares in issue ('000) | 927,379 | 933,873 | 1,076,730 |
| NA per Share (RM) | 0.28 | 0.27 | 0.24 |
| Total borrowings (RM'000) | - | - | - |
| Gearing (times) | - | - | - |

Notes:-

(1) After accounting for the following:-

- (i) issuance of 4,475,547 new Shares arising from the exercise of ESOS Options at the exercise price of RM0.1150 on 21 July 2021;
- (ii) issuance of 2,018,000 new Shares arising from the conversion of ICPS from 1 July 2021 up to the LPD; and
- (iii) the Hardie Acquisition, which was completed on 2 July 2021.

(2) Based on the issuance of 142,857,144 Rights Shares at an issue price of RM0.07 each.

Base Case Scenario

| Group level | Audited as at 30 June 2021 RM'000 | (I) After subsequent events ⁽¹⁾ RM'000 | (II) After (I) and the Rights Issue ⁽²⁾ RM'000 |
|----------------------------------|---|---|--|
| Share capital | 363,926 | 364,945 | 430,316 |
| ICPS | 51,852 | 51,348 | 51,348 |
| Warrant reserve | 53,540 | 53,540 | 53,540 |
| Other reserve | (53,540) | (53,540) | (53,540) |
| Merger deficit | (629) | (629) | (629) |
| Revaluation reserve | 21,552 | 21,552 | 21,552 |
| Accumulated losses | (176,905) | (187,666) | (188,416) |
| Shareholders' equity / NA | 259,796 | 249,550 | 314,171 |
| Non-controlling interests | 11,036 | - | - |
| Total equity | 270,832 | 249,550 | 314,171 |
| No. of Shares in issue ('000) | 927,379 | 933,873 | 1,867,745 |
| NA per Share (RM) | 0.28 | 0.27 | 0.17 |
| Total borrowings (RM'000) | - | - | - |
| Gearing ratio (times) | - | - | - |

Notes:-

- (1) After accounting for the following:-
 (i) issuance of 4,475,547 new Shares arising from the exercise of ESOS Options at the exercise price of RM0.1150 on 21 July 2021;
 (ii) issuance of 2,018,000 new Shares arising from the conversion of ICPS from 1 July 2021 up to the LPD; and
 (iii) the Hardie Acquisition, which was completed on 2 July 2021.
- (2) Based on the issuance of 933,872,695 Rights Shares at an issue price of RM0.07 each.

Maximum Scenario

| Group level | Audited as at 30 June 2021 RM'000 | (I) After subsequent events ⁽¹⁾ RM'000 | (II) After (I) and assuming full conversion, granting and/or exercise of the Convertible Securities ⁽²⁾ RM'000 | (III) After (II) and the Rights Issue ⁽³⁾ RM'000 |
|----------------------------------|---|--|--|--|
| Share capital | 363,926 | 364,945 | 645,168 | 789,041 |
| ICPS | 51,852 | 51,348 | - | - |
| Warrant reserve | 53,540 | 53,540 | - | - |
| Other reserve | (53,540) | (53,540) | - | - |
| Merger deficit | (629) | (629) | (629) | (629) |
| Revaluation reserve | 21,552 | 21,552 | 21,552 | 21,552 |
| Accumulated losses | (176,905) | (187,666) | (187,707) | (188,457) |
| Shareholders' equity / NA | 259,796 | 249,550 | 478,384 | 621,507 |
| Non-controlling interests | 11,036 | - | - | - |
| Total equity | 270,832 | 249,550 | 478,384 | 621,507 |
| No. of Shares in issue ('000) | 927,379 | 933,873 | 2,055,337 | 4,110,674 |
| NA per Share (RM) | 0.28 | 0.27 | 0.23 | 0.15 |
| Total borrowings (RM'000) | - | - | - | - |
| Gearing ratio (times) | - | - | - | - |

Notes:-

- (1) After accounting for the following:-
 - (i) issuance of 4,475,547 new Shares arising from the exercise of ESOS Options at the exercise price of RM0.1150 on 21 July 2021;
 - (ii) issuance of 2,018,000 new Shares arising from the conversion of ICPS from 1 July 2021 up to the LPD; and
 - (iii) the Hardie Acquisition, which was completed on 2 July 2021.
- (2) After assuming the following:-
 - (i) all the 974,031 ESOS Options which may be granted pursuant to the maximum allowable amount under the ESOS as at the LPD are granted and exercised into new Shares at an illustrative exercise price of RM0.06 each (based on 10% discount to the 5-day VWAP of the Shares up to and including the LPD of RM0.0636 and rounded up to the nearest Sen);
 - (ii) all the 93,535,984 outstanding Warrants as at the LPD are exercised into new Shares at the exercise price of RM0.25 each; and
 - (iii) all the 1,026,954,366 outstanding ICPS as at the LPD are converted into new Shares based on the conversion mode of surrendering 1 ICPS (which was issued at the 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 issuance of 2,055,337,076 Rights Shares at an issue price of RM0.07 each.

8.3 Substantial Shareholder's shareholdings

The pro forma effects of the Rights Issue on the substantial Shareholder's shareholdings in the Company as at the LPD are as follows:-

Minimum Scenario

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

Under the Base Case Scenario and Maximum Scenario, none of the Shareholders is expected to emerge as a substantial Shareholder. However, under the Minimum Scenario, the Undertaking Shareholder will emerge as a substantial Shareholder.

| | As at the LPD | | | | (1) After the Rights Issue | | | |
|--------------------------------|---------------|------|---------------|------|-------------------------------|-------|---------------|------|
| | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Shares | (1)% | No. of Shares | (1)% | No. of Shares | (2)% | No. of Shares | (2)% |
| Substantial Shareholder | | | | | | | | |
| Tang Boon Koon | 100,000 | 0.01 | - | - | 142,957,144 | 13.28 | - | - |

Notes:-

(1) Based on the issued share capital of 933,872,695 Shares.

(2) Based on the enlarged issued share capital of 1,076,729,839 Shares.

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8.4 Losses and LPS

The potential effects of the Rights Issue on the future consolidated earnings / losses of the Company will depend on, amongst others, the number of Rights Shares to be issued and the level of returns generated from the utilisation of the proceeds to be raised from the Rights Issue as set out in Section 5 of this Abridged Prospectus.

Assuming that the consolidated losses of the Company remain unchanged, the LPS of the Company will be diluted as a result of the increase in the number of Shares in issue following the issuance of the Rights Shares.

For illustration, assuming the Rights Issue had been completed at the beginning of the FYE 30 June 2021, the pro forma effects of the Rights Issue on the consolidated losses and LPS of the Company would be as follows:-

| | Audited FYE 30 June 2021 | (I) | | |
|--|--------------------------------|-------------------------|------------------------|------------------------|
| | | After subsequent events | | |
| | | Minimum Scenario | Base Case Scenario | Maximum Scenario |
| LAT attributable to owners of the Company (RM'000) | (41,099) | (41,099) | (41,099) | (41,099) |
| Weighted average number of Shares ('000) | 927,379 | ⁽¹⁾ 933,873 | ⁽¹⁾ 933,873 | ⁽¹⁾ 933,873 |
| LPS (sen) | (4.43) | (4.40) | (4.40) | (4.40) |

| | (II) | | |
|--|--------------------------------|-------------------------|--------------------------|
| | After (I) and the Rights Issue | | |
| | Minimum Scenario | Base Case Scenario | Maximum Scenario |
| LAT attributable to owners of the Company (RM'000) | ⁽²⁾ (41,849) | ⁽²⁾ (41,849) | ⁽²⁾ (41,849) |
| Weighted average number of Shares ('000) | 1,076,730 | 1,867,745 | ⁽³⁾ 4,110,674 |
| LPS (sen) | (3.89) | (2.24) | (1.02) |

Notes:-

- (1) After accounting for the following:-
- (i) issuance of 4,475,547 new Shares arising from the exercise of ESOS Options at the exercise price of RM0.1150 on 21 July 2021; and
 - (ii) issuance of 2,018,000 new Shares arising from the conversion of ICPS from 1 July 2021 up to the LPD.
- (2) After accounting for estimated expenses incidental to the Rights Issue of RM0.75 million.
- (3) After assuming the following:-
- (i) all the 974,031 ESOS Options which may be granted pursuant to the maximum allowable amount under the ESOS as at the LPD are granted and exercised into new Shares;
 - (ii) all the 93,535,984 outstanding Warrants as at the LPD are exercised into new Shares; and
 - (iii) all the 1,026,954,366 outstanding ICPS as at the LPD are converted into new Shares based on the conversion mode of surrendering 1 ICPS (which was issued at the 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, prior to the Entitlement Date.

The pro forma effects above have not taken into consideration any returns which may be generated from the utilisation of the proceeds to be raised from the Rights Issue.

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

9.1 Working capital and sources of liquidity

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

As at the LPD, the Group's cash and bank balances stood at RM40.29 million.

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

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

9.2 Borrowings

As at the LPD, the Board confirmed that there are no borrowings incurred by the Group. There has not been any default on payments of either interest and/or principal sums on any borrowings throughout the past 1 financial year and subsequent financial period up to the LPD.

9.3 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.

9.4 Material commitments

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

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10. INSTRUCTIONS FOR ACCEPTANCE AND PAYMENT

Full instructions for the acceptance of and payment for the Provisional Allotments as well as Excess Rights Shares Applications and the procedures to be followed should you and/or your transferees and/or your renounees (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 renounees (if applicable) are advised to read this Abridged Prospectus, the RSF and the notes and instructions printed therein carefully. In accordance with Section 232(2) of the CMSA, the RSF must not be circulated unless accompanied by this Abridged Prospectus.

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

10.1 General

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

10.2 NPA

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

10.3 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the Provisional Rights Shares and the Excess Application is **5.00 p.m. on Monday, 22 November 2021**. An announcement shall be made on the outcome of the Rights Issue after the Closing Date.

10.4 Methods of acceptance and application

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

| <u>Method</u> | <u>Category of Entitled Shareholders</u> |
|----------------|--|
| RSF | All Entitled Shareholders |
| e-Subscription | All Entitled Shareholders |

10.5 Procedures for full acceptance and payment

10.5.1 By way of RSF

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

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/OR YOUR RENOUNCEES AND/OR YOUR TRANSFEREES (IF APPLICABLE) WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS PRINTED THEREIN. IN ACCORDANCE WITH SECTION 232(2) OF THE CMSA, THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THIS ABRIDGED PROSPECTUS.

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

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

ShareWorks Sdn Bhd

No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Telephone number: 03-6201 1120
Email : ir@shareworks.com.my

so as to arrive not later than **5.00 p.m. on Monday, 22 November 2021**, being the last time and date for acceptance and payment, or such extended time and date as may be determined and announced by the Board.

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

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

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

If acceptance and payment for the Rights Shares provisionally allotted to you and/or your renounees and/or your transferees (if applicable) is not received by the Share Registrar by **5.00 p.m. on Monday, 22 November 2021**, being the last date and time for acceptance and payment, or such extended date and time as may be determined and announced by the Board at their discretion, you and/or your renounees and/or your transferees (if applicable) will be deemed to have declined the Provisional Allotments made to you and/or your renounees and/or your transferees (if applicable) and it will be cancelled. Such Rights Shares not taken up will be allotted to the applicants applying for Excess Rights Shares.

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

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

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF THE BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

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

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

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

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

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

10.5.2 By way of electronic submission of the e-RSF

The electronic submission of the e-RSF is available to you upon your login to the Share Registrar's Investor Portal at <https://www.shareworks.com.my>. You are advised to read the instructions as well as the terms and conditions of the electronic submission of the e-RSF.

The electronic submission of the e-RSF is available to all Entitled Shareholders.

Entitled Shareholders who wish to subscribe for the Rights Shares and apply for the Excess Rights Shares by way of electronic submission of the e-RSF, shall take note of the following:-

- (a) the electronic submission of the e-RSF will be closed at **5.00 p.m on Monday, 22 November 2021**. All valid electronic submission of the e-RSF received by the Share Registrar is irrevocable and cannot be subsequently withdrawn;
- (b) the electronic submission of the e-RSF must be made in accordance with the procedures and terms and conditions of the electronic submission of the e-RSF, this Abridged Prospectus and the notes and conditions contained in the RSF. Any incomplete or incorrectly completed e-RSF submitted via the Share Registrar's Investor Portal may or may not be accepted at the absolute discretion of the Board.
- (c) your application for the Rights Shares and Excess Rights Shares must be accompanied by the remittance in RM via internet bank transfer, the bank account details as follows:-

| | |
|-------------------|------------------------------|
| Name of Bank: | PUBLIC BANK BERHAD |
| Name of Account: | PERMAJU RIGHTS ISSUE ACCOUNT |
| Bank Account No.: | 3218257207 |

You are required to pay an additional fee of RM15.00 being the stamp duty and handling fee for each electronic submission of the e-RSF.

(d) All Entitled Shareholders who wish to submit by way of electronic submission of the e-RSF are required to follow the procedures and read the terms and conditions as stated below:-

(i) Procedures

| | Procedures | Action |
|---------------------------------------|---|---|
| User registration | | |
| 1. | Register as a user with the Investor Portal | <ul style="list-style-type: none"> • Access the website at https://www.shareworks.com.my. Click Investor Portal. Refer to the online help tutorial for assistance. • Read and agree to the terms and conditions and confirm the declaration. • Upon submission of your registration, your account will be activated within one working day. • If you have already registered an account with Investor Portal, you are not required to register again. |
| Electronic submission of e-RSF | | |
| 2. | Sign in to Investor Portal | <ul style="list-style-type: none"> • Login with your user ID and password for electronic submission of the e-RSF before the Closing Date. |
| 3. | Complete the submission of e-RSF | <ul style="list-style-type: none"> • Open the corporate exercise "RIGHTS ISSUE FOR PERMAJU INDUSTRIES BERHAD". • Key in your full name, CDS account number, contact number, the number of units for acceptance of your Rights Shares and Excess Rights Shares (if you choose to apply for additional Rights Shares). • Upload the proof of payment(s) and print your e-RSF for your reference and record. • Ensure all information in the form is accurate and then submit the form. |

If you encounter any problems during the registration or submission, please email the Share Registrar at support@shareworks.com.my for assistance.

- (ii) Terms and conditions of the electronic submission of the e-RSF

By submitting your acceptance of the Rights Shares and application of the Excess Rights Shares (if applicable) by way of electronic submission of the e-RSF:-

(A) You acknowledge that your submission by way of electronic submission of the e-RSF is subject to the risks of electrical, electronic, technical, transmission, communication and computer related faults and breakdowns, fires and other events beyond the control of the Company or the Share Registrar and irrevocably agree that if:-

(i) the Company or the Share Registrar does not receive your submission of the e-RSF; or

(ii) data on the e-RSF is wholly or partially lost, corrupted or inaccessible, or not transmitted,

your submission of the e-RSF will be deemed as failed and not to have been made. The Company and the Share Registrar will not be held liable for any delays, failures or inaccuracies in the processing of your electronic submission of the e-RSF due to the above reasons and you further agree that you may not make any claims whatsoever against the Company or the Share Registrar for any loss, compensation or damage in relation to the unsuccessful or failure of your electronic submission of the e-RSF.

(B) You will ensure that all information provided by you in the e-RSF is identical with the information in the records of Bursa Depository and further agree and confirm that in the event the said information differs from the records of Bursa Depository, your application by way of electronic submission of the e-RSF may be rejected at the absolute discretion of the Board without assigning any reason.

(C) You agree that your application shall not be deemed to have been accepted by reason of the remittance have been made.

(D) You agree that all the Rights Shares to be issued pursuant to the Rights Issue will be allotted by way of crediting the Rights Shares into your CDS account. No physical share certificate will be issued.

(E) You agree that the Company and the Share Registrar reserve the right to reject your application which does not conform to these terms and conditions.

- (F) If your application is successful, a notice of allotment will be issued and despatched by ordinary post to the address as shown in the Record of Depositors provided by Bursa Depository at your own risk within 8 Market Days from the Closing Date.
- (G) Where your application is not accepted or accepted only in part, the full amount or the balance of the application monies, as the case may be, shall be refunded without interest by banker's cheque within 15 Market Days from the Closing Date and will be despatched by ordinary post to the address as shown in the Record of Depositors provided by Bursa Depository at your own risk.

10.6 Procedures for part acceptance

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

You must complete both Part I(A) of the RSF by specifying the number of Rights Shares which you are accepting and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to the Share Registrar in the same manner as set out in Section 10.5 of this Abridged Prospectus.

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

10.7 Procedures for sale or transfer of Provisional Allotments

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

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

If you have sold or transferred only part of the Provisional Allotments, you may still accept the balance of the Provisional Allotments by completing Parts I(A) and II of the RSF and delivering the RSF together with the full amount payable on the balance of the Rights Shares applied for to the Share Registrar. Please refer to Section 10.5 of this Abridged Prospectus for the procedures for acceptance and payment.

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

10.8 Procedures for the Excess Rights Shares Application

10.8.1 By way of RSF

If you wish to apply for additional Rights Shares 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). A combined remittance for the Excess Rights Shares can be made together with your entitlements as mentioned in Section 10.5.1 of this Abridged Prospectus. The completed RSF together with the payment must be received by the Share Registrar no later than **5.00 p.m. on Monday, 22 November 2021**, being the last time and date for Excess Rights Shares Applications and payment.

The payment must be made for the exact amount payable for the Excess Rights Shares Applications. Any excess or insufficient payment may be rejected at the absolute discretion of the Board. Cheques or other mode(s) of payment not prescribed in Section 10.5.1 of this Abridged Prospectus are not acceptable.

10.8.2 By way of e-Subscription

You may apply for the Excess Rights Shares via e-Subscription in addition to your Provisional Allotments. If you wish to do so, you may apply for the Excess Rights Shares by following the steps as set out in Section 10.5.2 of this Abridged Prospectus. The e-Subscription for Excess Rights Shares will be made on, and subject to, the same terms and conditions appearing in Section 10.5.2 of this Abridged Prospectus.

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

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

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

Notwithstanding the foregoing, the Board reserves the right to allot any Excess Rights Shares applied for under Part I(B) of the RSF in such manner as it deems fit and expedient and in the best interests of the Company subject always to such allocation being made on a fair and equitable basis, and that the intention of the Board as set out in Section 10.8 (i), (ii), (iii) and (iv) above is achieved. The Board also reserves the right at its absolute discretion not to accept any application for Excess Rights Shares, in full or in part, without assigning any reason thereto.

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

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

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

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

10.9 Procedures to be followed by transferees and/or renounees

As a transferee and/or renounee, the procedures for acceptance, selling or transferring of Provisional Allotments, applying for the Excess Rights Shares and/or payment is the same as that which is applicable to the Entitled Shareholders as described in Sections 10.3 to 10.8 of this Abridged Prospectus. Please refer to the relevant sections for the procedures to be followed.

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

TRANSFEREES AND/OR RENOUNCEES ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

10.10 CDS Account

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

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

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

10.11 Notice of allotment

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

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

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

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

10.12 Foreign-Addressed Shareholders

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

The distribution of this Abridged Prospectus, the NPA and the RSF, as well as the acceptance of the Provisional Allotments and the subscription for or the acquisition of the Rights Shares 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 will not be made or offered or deemed made or offered for acquisition or subscription of any Rights Shares, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue to which this Abridged Prospectus relates is only available to Entitled Shareholders receiving this Abridged Prospectus, the NPA and the RSF electronically or otherwise within Malaysia.

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

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

A Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) may only accept or renounce all or any part of his/their entitlements and exercise any other rights in respect of the Rights Issue 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, be in breach of the laws of any country or jurisdiction to which the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) is or might be subject to.

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

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

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

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

11. TERMS AND CONDITIONS

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

12. FURTHER INFORMATION

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

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


CHAI WOON YUN
Executive Director

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

As at the LPD, the issued share capital of the Company is RM364,945,093 comprising 933,872,695 Shares.

2. SUBSTANTIAL SHAREHOLDER'S SHAREHOLDINGS

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

3. DIRECTORS

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

| Name (Designation) | Age | Address | Nationality |
|---|------------|--|--------------------|
| Jean-Michel Fink (Independent Non-Executive Chairman) | 37 | Heiermauer 71 33098 Paderborn Germany | German |
| Chai Woon Yun (Executive Director) | 40 | 26, Jalan 13U/26X Setia Eco Park 43300 Shah Alam Selangor Darul Ehsan | Malaysian |
| Tang Boon Koon (Executive Director) | 51 | 2A, Jalan Bendahara 4/7 Seksyen 7, Bandar Mahkota Cheras 43200 Kajang Selangor Darul Ehsan | Malaysian |
| Mark Chew Shin Yong (Independent Non-Executive Director) | 53 | Suite 12-J 1 Robinson Road Mid-Levels Hong Kong | Singaporean |
| Ho Pui Hold (Independent Non-Executive Director) | 39 | 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 for Chai Woon Yun and Tang Boon Koon, none of the Directors have any direct and/or indirect shareholding in the Company as at the LPD.

The pro forma effects of the Rights Issue on the Directors' shareholdings are as follows:-

Minimum Scenario

| | As at the LPD | | | (1) | | | After the Rights Issue | | |
|----------------|---------------|------|---------------|--------|---------------|----------|------------------------|------|----------|
| | Direct | | Indirect | Direct | | Indirect | Direct | | Indirect |
| | No. of Shares | (1)% | No. of Shares | (1)% | No. of Shares | (2)% | No. of Shares | (2)% | |
| Tang Boon Koon | 100,000 | 0.01 | - | - | 142,957,144 | 13.28 | - | - | |
| Chai Woon Yun | 500,000 | 0.05 | - | - | 500,000 | 0.05 | - | - | |

Notes:-

- (1) Based on the issued share capital of 933,872,695 Shares as at the LPD.
 (2) Based on the enlarged issued share capital of 1,076,729,839 Shares.

Base Case Scenario

| | As at the LPD | | | (1) | | | After the Rights Issue | | |
|----------------|---------------|------|---------------|--------|---------------|----------|------------------------|------|----------|
| | Direct | | Indirect | Direct | | Indirect | Direct | | Indirect |
| | No. of Shares | (1)% | No. of Shares | (1)% | No. of Shares | (2)% | No. of Shares | (2)% | |
| Tang Boon Koon | 100,000 | 0.01 | - | - | 200,000 | 0.01 | - | - | |
| Chai Woon Yun | 500,000 | 0.05 | - | - | 1,000,000 | 0.05 | - | - | |

Notes:-

- (1) Based on the issued share capital of 933,872,695 Shares as at the LPD.
 (2) Based on the enlarged issued share capital of 1,867,745,390 Shares.

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

Maximum Scenario

| | As at the LPD | | | | (I) After assuming full granting and/or exercise and/or conversion of the Convertible Securities | | | | (II) After (I) and the Rights Issue | | | |
|----------------|---------------|------|---------------|------|--|------|---------------|------|--|------|---------------|------|
| | 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)% |
| Tang Boon Koon | 100,000 | 0.01 | - | - | 100,000 | (4)- | - | - | 200,000 | (4)- | - | - |
| Chai Woon Yun | 500,000 | 0.05 | - | - | 500,000 | 0.02 | - | - | 1,000,000 | 0.02 | - | - |

Notes:-

- (1) Based on the issued share capital of 933,872,695 Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 2,055,337,076 Shares.
- (3) Based on the enlarged issued share capital of 4,110,674,152 Shares.
- (4) Less than 0.01%.

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

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

Historical financial performance

| | Audited | | | |
|--|--|---|--|--|
| | FYE 31 December 2017 RM'000 | 18-month FPE 30 June 2019⁽¹⁾ RM'000 | FYE 30 June 2020 RM'000 | FYE 30 June 2021 RM'000 |
| Revenue | 69,702 | 114,382 | 57,582 | 30,132 |
| Cost of sales | (62,970) | (103,379) | (54,511) | (28,022) |
| GP | 6,732 | 11,003 | 3,071 | 2,110 |
| Interest income | 231 | 27 | 18 | 318 |
| Other income | 2,315 | 1,527 | 3,204 | 3,825 |
| Selling and marketing expenses | (4,154) | (6,373) | (3,325) | (2,203) |
| Administrative expenses | (9,476) | (14,184) | (6,867) | (13,479) |
| Other expenses | (1,052) | (572) | (3,733) | (33,674) |
| Finance costs | (1,722) | (995) | (370) | (416) |
| LBT | (7,126) | (9,567) | (8,002) | (43,519) |
| Tax credit | 326 | 626 | 569 | 723 |
| LAT | (6,800) | (8,941) | (7,431) | (42,796) |
| LAT attributable to:- | | | | |
| - owners of the Company | (6,007) | (8,057) | (6,586) | (41,099) |
| - non-controlling interests | (793) | (884) | (845) | (1,697) |
| GP margin (%) | 9.66 | 9.62 | 5.33 | 7.00 |
| LAT margin (%) | (9.76) | (7.82) | (12.91) | (142.03) |
| Weighted average no. of Shares in issue ('000) | 187,262 | 187,262 | 187,262 | 927,379 |
| LPS (sen) | | | | |
| - Basic | (3.21) | (4.30) | (3.50) | (4.43) |
| - Diluted | - | - | - | - |

Note:-

- (1) On 21 December 2018, the Company announced that the Board had approved the change in the financial year end of the Company from 31 December to 30 June to provide adequate time for the newly appointed auditors (i.e. Messrs. Afrizan Tarmili Khairul Azhar who was appointed on 25 February 2019) to perform and complete the audit. Thus, the next audited financial statements of the Company were for a period of 18 months from 1 January 2018 to 30 June 2019.

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

Historical financial position

| | Audited | | | |
|--|------------------------------|-----------------------|-----------------------|-----------------------|
| | As at 31 December 2017 | As at 30 June 2019 | As at 30 June 2020 | As at 30 June 2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Non-current assets | 132,751 | 130,644 | 129,212 | 196,175 |
| Current assets | 79,553 | 78,250 | 60,953 | 110,353 |
| Total assets | 212,304 | 208,894 | 190,165 | 306,528 |
| Share capital | 228,310 | 228,310 | 228,310 | 363,926 |
| Treasury shares | (3,280) | (3,280) | (3,280) | - |
| Merger deficit | (16,217) | (16,217) | (629) | (629) |
| Revaluation reserve | 21,552 | 21,552 | 21,552 | 21,552 |
| Irredeemable Convertible Preference Shares (ICPS) | - | - | - | 51,852 |
| Other reserves | - | - | - | (53,540) |
| Warrants reserves | - | - | - | 53,540 |
| Accumulated losses | (103,903) | (111,960) | (134,134) | (176,905) |
| Shareholders' equity / NA | 126,462 | 118,405 | 111,819 | 259,796 |
| Non-controlling interests | 14,461 | 13,578 | 12,732 | 11,036 |
| Total equity | 140,923 | 131,983 | 124,551 | 270,832 |
| Non-current liabilities | 7,769 | 7,442 | 10,451 | 14,103 |
| Current liabilities | 63,612 | 69,469 | 55,163 | 21,593 |
| Total liabilities | 71,381 | 76,911 | 65,614 | 35,696 |
| Total equity and liabilities | 212,304 | 208,894 | 190,165 | 306,528 |

Historical cash flow

| | Audited | | | |
|---|----------------------------|---------------------------------|---------------------|---------------------|
| | FYE 31 December 2017 | 18-month FPE 30 June 2019 | FYE 30 June 2020 | FYE 30 June 2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Net cash from / (used in) | | | | |
| Operating activities | (1,902) | 15,390 | 3,794 | (56,221) |
| Investing activities | 3,313 | 1,442 | 3,695 | (95,819) |
| Financing activities | 9,151 | (16,549) | (6,626) | 186,292 |
| Net increase / (decrease) in cash and cash equivalents | 10,562 | 283 | 863 | 34,252 |
| Cash and cash equivalents at beginning of the year / period | (12,586) | (2,024) | (1,741) | (878) |
| Cash and cash equivalents at end of the year / period | (2,024) | (1,741) | (878) | 33,374 |

APPENDIX I – INFORMATION ON THE COMPANY (CONT'D)**(i) FYE 30 June 2021 vs. FYE 30 June 2020**

The Group's revenue for FYE 30 June 2021 decreased by RM27.45 million or 47.67% as compared to FYE 30 June 2020. The lower revenue was mainly due to lower contribution from the automotive segment due to the cessation of business of the Volkswagen Taman Tun Dr Ismail outlet on 30 November 2020 pursuant to the termination of dealership agreement with Volkswagen.

In line with the lower revenue, the Group recorded a lower GP of RM2.11 million (GP margin of 7.00%) as compared to a GP of RM3.07 million (GP margin 5.33%) in FYE 30 June 2020, representing a decrease of RM0.96 million or 31.29%. The lower revenue was partly offset by higher GP margin which in turn was mainly attributable to higher bulk discounts given to the property agents in FYE 30 June 2020 for the sale of properties under the property development segment.

In line with the lower GP, the Group recorded higher LAT of RM42.80 million as compared to RM7.43 million in FYE 30 June 2020, representing an increase of RM35.36 million or 475.91%. Apart from the lower GP, the higher LAT was contributed by unrealised losses in quoted investments of RM31.71 million in relation to investment in ordinary shares of Meridian Berhad and PNE PCB Berhad as a result of the reduction in market value of the shares (FYE 30 June 2020: nil).

The Group recorded a net increase in cash and cash equivalents of RM34.25 million for the FYE 30 June 2021 (FYE 30 June 2020: net increase of RM0.86 million) mainly due to the proceeds raised from fund raising exercises amounting to RM84.61 million as well as the proceeds raised from the conversion of ICPS amounting to RM60.41 million. In addition, proceeds were raised from the exercise of ESOS amounting to RM20.18 million.

However, the net increase in cash and cash equivalents was partly offset by investment in quoted securities and asset management funds amounting to RM71.57 million and RM20.14 million respectively as well as net cash used in operating activities amounting to RM56.22 million. The net cash used in operating activities arose mainly due to the payment of the balance Purchase Consideration for the Hardie Acquisition of RM19.62 million and payment for the consulting fees, bank guarantee for housing developer license, legal fees as well as the operational and maintenance expenses incurred in relation to the Mydin Project of RM9.98 million.

(ii) FYE 30 June 2020 vs. 18-month FPE 30 June 2019

The Group recorded a 24.49% decrease in revenue based on the annualised revenue for 18-month FPE 30 June 2019 of RM76.25 million as compared to revenue of RM57.58 million for FYE 30 June 2020. The lower revenue was mainly due to lower contribution from the automotive division as a result of the following:-

- (a) during 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 FYE 30 June 2020; and
- (b) cautious consumer spending as a result of the COVID-19 outbreak since January 2020.

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

The Group recorded a 58.17% decrease in GP based on the annualised GP for 18-month FPE 30 June 2019 of 7.34 million as compared to GP of RM3.07 million for FYE 30 June 2020. Apart from lower revenue, the lower GP was mainly due to lower GP margin of 5.33% (18-month FPE 30 June 2019: 9.62%) as a result of certain bulk sales of houses with special rebates during the FYE 30 June 2020.

The Group recorded a 24.68% increase in LAT based on the annualised LAT for 18-month FPE 30 June 2019 of RM5.96 million as compared to LAT of RM7.43 million in FYE 30 June 2020. The higher LAT was mainly due to lower GP as set out above but partly offset by lower administrative expenses of RM6.87 million (annualised 18-month FPE 30 June 2019: RM9.46 million).

The Group recorded a net increase in cash and cash equivalents of RM0.86 million in FYE 30 June 2020 (18-month FPE 30 June 2019: net increase of RM0.28 million) mainly due to the net cash generated from operating activities amounting to RM3.79 million as well as the proceeds from disposal of investment properties amounting to RM3.42 million. However, this was partly offset by the repayment on amount due to directors of RM5.30 million and repayment of fixed loans amounting to RM1.39 million.

(iii) 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 an 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.

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 the net cash generated from operating activities of RM15.39 million and proceeds from disposal of motor vehicles amounting to RM1.53 million. However, this was offset by the repayment of bridging loan, fixed loan and hire purchase facilities amounting to RM10.81 million as well as the repayment of amount due to directors amounting to RM6.38 million.

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

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

| | High | Low |
|---|-------------|------------|
| | RM | RM |
| <u>2020</u> | | |
| November | 0.205 | 0.160 |
| December | 0.195 | 0.165 |
| <u>2021</u> | | |
| January | 0.180 | 0.140 |
| February | 0.215 | 0.130 |
| March | 0.205 | 0.150 |
| April | 0.230 | 0.165 |
| May | 0.175 | 0.110 |
| June | 0.135 | 0.105 |
| July | 0.125 | 0.085 |
| August | 0.110 | 0.085 |
| September | 0.090 | 0.060 |
| October | 0.075 | 0.060 |
| Last transacted market price of the Shares on 1 September 2021, being the last Market Day immediately prior to the announcement of the Rights Issue | 0.085 | |
| Last transacted market price on 2 November 2021, being the Market Day immediately prior to the ex-date for the Rights Issue | 0.070 | |
| Last transacted market price of the Shares on the LPD | 0.070 | |

(Source: Bloomberg)

6. OPTION TO SUBSCRIBE FOR SHARES

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

6.1 ESOS Options

Under the ESOS, the Company may grant ESOS Options to subscribe for new Shares up to 15% of the total number of issued Shares (excluding treasury shares, if any) at any point of time during the duration of 5 years from the effective date of the ESOS i.e. 24 December 2020. The exercise price for such ESOS Options shall be determined by the Board at its discretion upon recommendation of the ESOS committee based on the 5-day VWAP of the Shares immediately prior to the date of offer with a discount of not more than 10%.

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

As at the LPD, there are no ESOS Options which have been granted but not exercised. However, the Company has up to 974,031 ESOS Options (equivalent to 0.10% of the total number of issued Shares as at the LPD) which may be granted pursuant to the maximum allowable amount under the ESOS.

6.2 Warrants

As at the LPD, there are 93,535,984 outstanding Warrants, which entitle the Warrant holders to subscribe for 1 new Share at the exercise price of RM0.25 each at any time until the maturity of the Warrants on 13 August 2025, subject to the provisions of the Deed Poll.

6.3 ICPS

As at the LPD, there are 1,026,954,366 outstanding ICPS, which entitle the ICPS holders to convert their ICPS into new Shares at the Conversion Price of RM0.25 each at any time until the maturity of the ICPS on 13 August 2030, subject to the terms of the ICPS as set out in the Constitution of the Company.

Holders of the ICPS are entitled to convert their ICPS into 1 new Share 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; 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.

Any remaining ICPS that are not converted by the Maturity Date shall be automatically converted into new Shares at the conversion ratio of 5 ICPS for every 1 new Share.

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) Sale of shares agreement dated 20 December 2019 entered into between Permaju (as the vendor) and Glenmaple Gateway Sdn Bhd (as the 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 to be satisfied in cash. The transaction was completed on 15 June 2020.
- (ii) Share sale agreement dated 10 February 2021 entered into between Chai Kim Chong (as the vendor) and Permaju (as the purchaser) in respect of the Hardie Acquisition for a consideration of RM21,797,000.00 to be satisfied in cash. The transaction was completed on 2 July 2021.

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

8. MATERIAL LITIGATION

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

David Shen I-Tan, practicing under Arkitek Konsult Sabah (“**Claimant**”), had on 22 November 2013 initiated an arbitration proceeding against Hardie, a 70%-owned subsidiary of the Company, 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 10 April 2018, the arbitrator gave a partial award on the Breach of Contract Arbitration (“**Partial Award 1**”) and held that Hardie had wrongfully terminated the Claimant for its services and 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 Partial Award 1.

Hardie’s solicitors then filed an application to set aside Partial Award 1 but the application was dismissed by the Kota Kinabalu High Court. An appeal was subsequently filed in the Court of Appeal (“**Appeal Against Dismissal No.1**”) which had been fixed for a Hearing on 1 September 2021.

On 7 October 2019, the arbitrator issued a partial award on the Breach of Contract Arbitration (“**Partial Award No. 2**”) on the grounds that the Claimant’s services had not been voided 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 (“**Appeal Against Dismissal No.2**”). This matter had been fixed for a Hearing on 1 September 2021.

On 1 September 2021, after hearing arguments from both parties, the Court of Appeal had reserved Judgment to 16 November 2021.

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

The arbitrator published Partial Award No. 3 on 17 March 2021 ("**Partial Award No. 3**") as follows:-

- (a) Hardie to pay the Claimant the net principal sum of RM2,600,724.04 as amount of outstanding professional fees;
- (b) Hardie to pay to the Claimant a Pre-Award interest of RM1,943,374.40;
- (c) Hardie to bear full cost of award for Partial Award, Partial Award No. 2 and Partial Award No. 3 at RM132,000.00;
- (d) Cost in the reference for Hardie and Permaju Arbitration shall be reserved until the final award; and
- (e) Any sum awarded by Tribunal shall be payable within 4 weeks from date of award, failing which an interest of 5% per annum may be imposed by the Claimant.

Claimant's solicitors filed an application for enforcement of Partial Award No. 3 at Kota Kinabalu High Court. Hardie's solicitors then filed an application to set aside Partial Award No. 3 ("**Application to Set Aside**"). On 26 July 2021, the judge directed that the Application to Set Aside will be heard first and if the application is allowed, then the Claimant's application would fall.

However, in view of the pending decision from the Court of Appeal, both parties by mutual agreement had agreed to defer the hearing until the outcome of the Court of Appeal's decision in respect of Partial Award and Partial Award No. 2 which is fixed for decision on 16 November 2021. Meanwhile, the Court fixed the Application to Set Aside Partial Award No. 3 and the application for enforcement of Partial Award No. 3 for hearing on 23 November 2021.

Hardie's solicitors are of the view that there are merits in respect of the Appeal Against Dismissal No. 1, Appeal Against Dismissal No. 2 and Application to Set Aside.

Notwithstanding the foregoing, the parties are still in negotiation to settle. No provision has been made for the damages for loss of income together with interest and cost as the Directors are of the view that the chance of success of a successful defence by the Group is strong.

9. CONSENTS

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

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

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam Selangor Darul Ehsan during normal business hours from Monday to Friday (except public holidays) for a period of 6 months from the date of this Abridged Prospectus:-

- (i) the Constitution of the Company;
- (ii) the material contracts referred to in Section 7 above;
- (iii) the Undertaking referred to in Section 3 of this Abridged Prospectus;
- (iv) the letters of consent and conflict of interest referred to in Section 9 of this Appendix I;
- (v) the relevant cause papers in respect of the material litigation referred to in Section 8 of this Appendix I; and
- (vi) the IMR Report referred to in Section 7.2 of this Abridged Prospectus.

11. RESPONSIBILITY STATEMENT

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