

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

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

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

This Abridged Prospectus, together with the NPA and RSF (collectively, the "Documents"), will be despatched only to our Entitled Shareholders whose names appear on our Record of Depositors as at 5.00 p.m. on 21 July 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 21 July 2021. The Documents are not intended to (and will not be made to) comply with the laws of any country or jurisdiction other than Malaysia and are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue with Warrants complies with the laws of any country or jurisdiction other than the laws of Malaysia. Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal adviser and other professional advisers as to whether the acceptance or renunciation (as the case may be) of their entitlements to the Rights Issue with Warrants, application for Excess Rights Shares with Warrants B, or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue with Warrants would result in the contravention of any law of such countries or jurisdictions. We, Mercury Securities and/or the advisers named herein shall not accept any responsibility or liability in the event that any acceptance and/or renunciation (as the case may be) of entitlements, application for Excess Rights Shares with Warrants B or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue with Warrants made by any Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) are residents.

This Abridged Prospectus has been registered by the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue with Warrants or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Abridged Prospectus. The SC has not, in any way, considered the merits of this Rights Issue with Warrants. A copy of this Abridged Prospectus, together with the NPA and RSF, will be lodged with the Registrar of Companies who takes no responsibility for its contents. In view of the closure of the Registrar of Companies operation counters as a result of the movement control order, the lodgement of the Documents will be made within 2 weeks after lodgement is able to be made with the Registrar of Companies.

Approval for the Rights Issue with Warrants has been obtained from our shareholders at our EGM convened on 15 April 2021. Approval has been obtained from Bursa Securities via its letter dated 18 March 2021 for the admission of the Warrants B to the Official List as well as the listing and quotation of the Rights Shares, Warrants B and the new Shares to be issued upon exercise of the Warrants B on the Main Market of Bursa Securities (subject to the conditions specified in the said letter), which will commence after, among others, receipt of confirmation from Bursa Depository that all the CDS Accounts of successful Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) have been duly credited with the Rights Shares and Warrants B allotted to them and notices of allotment have been despatched to them. However, such admission, listing and quotation are not an indication that Bursa Securities recommends the Rights Issue with Warrants and are not to be taken as an indication of the merits of the Rights Issue with Warrants.

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

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



AE MULTI HOLDINGS BERHAD

Registration No. 200101004021 (539777-D)

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

RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,442,419,508 NEW ORDINARY SHARES IN AE MULTI HOLDINGS BERHAD ("AEM" OR THE "COMPANY") ("AEM SHARES" OR "SHARES") ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM0.05 PER RIGHTS SHARE TOGETHER WITH UP TO 1,081,814,631 FREE DETACHABLE WARRANTS IN THE COMPANY ("WARRANTS B") ON THE BASIS OF 4 RIGHTS SHARES TOGETHER WITH 3 FREE WARRANTS B FOR EVERY 2 EXISTING SHARES HELD BY THE ENTITLED SHAREHOLDERS OF THE COMPANY AT 5.00 P.M. ON 21 JULY 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	: Wednesday, 21 July 2021 at 5.00 p.m.
Last date and time for:	
Sale of Provisional Allotments	: Wednesday, 28 July 2021 at 5.00 p.m.
Transfer of Provisional Allotments	: Friday, 30 July 2021 at 4.30 p.m.
Acceptance and payment	: Thursday, 5 August 2021 at 5.00 p.m.
Excess Rights Shares with Warrants B Application and payment	: Thursday, 5 August 2021 at 5.00 p.m.

This Abridged Prospectus is dated 21 July 2021

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

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

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

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

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

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

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

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

DEFINITIONS

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

Abridged Prospectus	- This abridged prospectus dated 21 July 2021 in relation to the Rights Issue with Warrants
Act	- Companies Act, 2016 of Malaysia, as amended from time to time and any re-enactment thereof
AEM or the Company	- AE Multi Holdings Berhad
AEM Group or the Group	- Collectively, the Company and its subsidiaries
AEM Shares or Shares	- Ordinary shares in the Company
AEMI	- AE Multi Industries Sdn Bhd, a wholly-owned subsidiary of the Company
Bloomberg	- Bloomberg Finance Singapore L.P. and its affiliates
BNM	- Bank Negara Malaysia
Board	- Board of Directors of the Company
Bursa Depository	- Bursa Malaysia Depository Sdn Bhd
Bursa Securities	- Bursa Malaysia Securities Berhad
CAGR	- Compound annual growth rate
CDS	- Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
CDS Account	- Securities account established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of deposits of securities and dealings in such securities by the depositor
Circular	- Circular to Shareholders in relation to the Corporate Exercises dated 30 March 2021
Closing Date	- 5 August 2021 at 5.00 p.m., being the last date and time for the acceptance of and payment for the Rights Shares with Warrants B
CMCO	- Conditional movement control order issued by the Government under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
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
Collaboration Agreement	- Collaboration agreement between AEMI and Ripcol dated 30 October 2020, as supplemented and varied by a supplemental agreement dated 9 February 2021

DEFINITIONS (CONT'D)

Construction Business	- Construction, project management and related activities
Corporate Exercises	- Collectively, the Diversification, the Private Placement 2021, the Rights Issue with Warrants and the ESOS
COVID-19	- Coronavirus disease 2019
Deed Poll B	- Deed poll constituting the Warrants B dated 1 July 2021
Directors	- Directors of the Company
Diversification	- Diversification of the existing business of the Group to include the Glove Manufacturing Solutions Business
e-RSF	- Electronic submission of RSF
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 with Warrants
Entitlement Date	- 21 July 2021, at 5.00 p.m., being the date and time on which the names of Shareholders must appear in the Record of Depositors of the Company in order to be entitled to participate in the Rights Issue with Warrants
EPCC	- Engineering, procurement, construction and commissioning
EPS	- Earnings per Share
ESOS or Scheme	- Employees' share option scheme for the granting of options to the eligible directors and eligible employees to subscribe for new Shares upon the terms as set out in the by-laws governing the ESOS, such Scheme to be known as the "AE Multi Holdings Berhad Employees' Share Option Scheme"
Excess Rights Shares with Warrants B	- Rights Shares with Warrants B which are not taken up or not validly taken up by Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) by the Closing Date
Excess Rights Shares with Warrants B Application	- Application for additional Rights Shares with Warrants B in excess of the Provisional Allotments by the Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable)
Exercise Period	- Any time within a period of 3 years commencing from and including the date of issue of the Warrants B to the close of business at 5.00 p.m. on the Market Day immediately preceding the date which is the 3rd anniversary from the date of issue of the Warrants B. Any Warrants B not exercised during the Exercise Period will thereafter lapse and cease to be valid
Exercise Price	- RM0.05, being the price at which 1 Warrant B is exercisable into 1 new Share, subject to adjustments in accordance with the provisions of the Deed Poll B

DEFINITIONS (CONT'D)

Foreign-Addressed Shareholders	- Shareholders who have not provided to the Company a registered address or an address in Malaysia for the service of documents which will be issued in connection with the Rights Issue with Warrants by the Entitlement Date
FPE	- Financial period ended
FYE	- Financial year ended / ending, as the case may be
Glove Manufacturing Solutions Business	- Collectively, the Glove Turnkey Solutions Business and Glove Supplementary Services Business
Glove Supplementary Services Business	- Business involving the provision of supplementary services other than the Glove Turnkey Solutions Business, further details of which are set out in Section 5.2.2 of this Abridged Prospectus
Glove Turnkey Solutions Business	- Business involving the design and EPCC of glove-dipping lines for glove manufacturers, further details of which are set out in Section 5.2.1 of this Abridged Prospectus
Government	- Government of Malaysia
GP	- Gross profit
IMR Report	- Independent market research report dated 28 June 2021 prepared by SMITH ZANDER
LAT	- Loss after taxation
Listing Requirements	- Main Market Listing Requirements of Bursa Securities, including any amendments made thereto from time to time
LPD	- 23 June 2021, being the latest practicable date prior to the printing of this Abridged Prospectus
LPS	- Loss per Share
LTD	- 30 June 2021, being the last trading day prior to the date of fixing the issue price of the Rights Shares and the Exercise Price
MARGMA	- Malaysian Rubber Glove Manufacturers Association
Market Day(s)	- Any day on which Bursa Securities is open for trading in securities
Maximum Scenario	- Assuming all the Entitled Shareholders and/or their renounees(s) fully subscribe for their respective entitlements of the Rights Shares with Warrants B
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
Minimum Scenario	- The Rights Issue with Warrants is undertaken on the Minimum Subscription Level

DEFINITIONS (CONT'D)

Minimum Subscription Level	- Minimum subscription level of 200,000,000 Rights Shares together with 150,000,000 Warrants B based on the issue price of RM0.05 per Rights Share to arrive at RM10.00 million
NA	- Net assets
NBR	- Nitrile butadiene rubber, a synthetic rubber that is a core raw material for making nitrile gloves
NPA	- Notice of provisional allotment in relation to the Rights Issue with Warrants
Official List	- Official list of the Main Market of Bursa Securities
Palm Oil Mill Project	- The Group's maiden project in the Construction Business, involving the design and construction of a palm oil mill with biogas plant system, polishing plant and composting plant in Sabah
PCB	- Printed circuit board
PCB Business	- The manufacturing and sale of PCB and provision of related services
Private Placement 2021	- Private placement exercise previously undertaken by the Company which involved the issuance of 166,433,000 new Shares (representing 30% of the then existing total number of issued Shares), raised a total of RM8.09 million and was completed on 23 June 2021
Private Placement August 2020	- Private placement exercise previously undertaken by the Company which involved the issuance of 98,803,200 new Shares (representing 30% of the then existing total number of issued Shares), raised a total of RM9.42 million and was completed on 5 August 2020
Private Placement December 2020	- Private placement exercise previously undertaken by the Company which involved the issuance of 85,629,000 new Shares (representing 20% of the then existing total number of issued Shares), raised a total of RM12.96 million and was completed on 2 December 2020
Provisional Allotments	- The Rights Shares with Warrants B provisionally allotted to Entitled Shareholders
Record of Depositors	- A record of securities holders provided by Bursa Depository under the Rules of Bursa Depository
Rights Issue with Warrants	- Renounceable rights issue of up to 1,442,419,508 Rights Shares together with up to 1,081,814,631 free detachable Warrants B on the basis of 4 Rights Shares together with 3 free Warrants B for every 2 existing Shares held by the Entitled Shareholders on the Entitlement Date
Rights Shares	- New Shares to be allotted and issued pursuant to the Rights Issue with Warrants
Ripcol	- Ripcol Engineering Sdn Bhd
RM and sen	- Ringgit Malaysia and sen respectively

DEFINITIONS (CONT'D)

RMCO	- Recovery movement control order issued by the Government under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
RSF	- Rights subscription form in relation to the Rights Issue with Warrants
Rules of Bursa Depository	- Rules of Bursa Depository as issued pursuant to the SICDA as amended from time to time
Rules on Take-Overs, Mergers and Compulsory Acquisitions	- Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the SC pursuant to Section 377 of the CMSA, as amended from time to time
SC	- Securities Commission Malaysia
Share Registrar	- ShareWorks Sdn Bhd
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, an independent market researcher
TEAP	- Theoretical ex-all price
THB	- Thai baht, the lawful currency of Thailand
Undertaking	- The written undertaking from the Undertaking Shareholder dated 4 February 2021, details of which are set out in Section 3 of this Abridged Prospectus
Undertaking Shareholder	- AT Precision Tooling Sdn Bhd (a major Shareholder of AEM)
US	- United States of America
USD	- United States Dollar, the lawful currency of the US
VWAP	- Volume-weighted average market price
Warrant Holders	- Holders of the Warrants B
Warrants B	- Up to 1,081,814,631 free detachable warrants in the Company to be allotted and issued pursuant to the Rights Issue with Warrants
WHO	- World Health Organisation

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DEFINITIONS (CONT'D)

In this Abridged Prospectus, all references to “the Company” are to AEM 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 reference to a time and date in this Abridged Prospectus shall be a reference to Malaysian time and date, unless stated otherwise.

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

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** : Tea Sor Hua (MACS 01324) (SSM PC No. 201908001272)
Third Floor, No. 77, 79 & 81
Jalan SS21/60, Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan
Tel : +603 - 7725 1777
Fax : +603 - 7722 3668
- PRINCIPAL ADVISER** : Mercury Securities Sdn Bhd
L-7-2, No 2, Jalan Solaris
Solaris Mont' Kiara
50480 Kuala Lumpur
Wilayah Persekutuan
Tel : +603 - 6203 7227
Fax : +603 - 6203 7117
- SOLICITORS FOR THE RIGHTS
ISSUE WITH WARRANTS** : Messrs Gary Teh & Ngiam
Advocates & Solicitors
Unit 1608, 16th Floor
Block A, Damansara Intan
No. 1, Jalan SS 20/27
47400 Petaling Jaya
Selangor Darul Ehsan
Tel : +603 - 7732 9323
Fax : +603 - 7733 5326
- 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** : Russell Bedford LC & Company (AF 1237)
Suite 37, Level 21, Mercu 3
No. 3, Jalan Bangsar
KL Eco City
59200 Kuala Lumpur
Wilayah Persekutuan
Tel : +603 - 2202 6666
Fax : +603 - 2202 6699
- INDEPENDENT MARKET
RESEARCHER** : Smith Zander International Sdn Bhd
15-01, Level 15, Menara MBMR
1, Jalan Syed Putra
58000 Kuala Lumpur
Wilayah Persekutuan
Tel : +603 - 2732 7537
- Managing Partner: Dennis Tan Tze Wen
(Bachelor of Science from the Memorial University of
Newfoundland, Canada)
- STOCK EXCHANGE LISTING** : Main Market of Bursa Securities

SUMMARY OF THE RIGHTS ISSUE WITH WARRANTS

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

Key information	Summary																	
(i) Number of Rights Shares to be issued and basis of allotment	Basis: 4 Rights Shares together with 3 free Warrants B for every 2 existing Shares held by the Entitled Shareholders. Please refer to Section 2.1 of this Abridged Prospectus for further information.																	
		Minimum Scenario	Maximum Scenario															
	Number of Rights Shares to be issued	200,000,000	1,442,419,508															
	Number of Warrants B attached	150,000,000	1,081,814,631															
	<p>The Rights Shares with Warrants B which are not taken up or not validly taken up by the Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) prior to the Closing Date shall be made available for Excess Rights Shares with Warrants B Applications. It is the intention of the Board to allot the Excess Rights Shares with Warrants B, if any, in a fair and equitable manner in the following priority:-</p> <p>(i) firstly, to minimise the incidence of odd lots;</p> <p>(ii) secondly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for Excess Rights Shares with Warrants B, taking into consideration their respective shareholdings in the Company as at the Entitlement Date;</p> <p>(iii) thirdly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for Excess Rights Shares with Warrants B, taking into consideration the quantum of their respective Excess Rights Shares with Warrants B Applications; and</p> <p>(iv) finally, on a pro-rata basis and in board lots, to the transferee(s) and/or renounee(s) who have applied for Excess Rights Shares with Warrants B, taking into consideration the quantum of their respective Excess Rights Shares with Warrants B Applications.</p> <p>The Excess Rights Shares with Warrants B will firstly be allocated to minimise the odd lots (if any) held by each applicant of Excess Rights Shares with Warrants B. Thereafter, the allocation process will perform items (ii), (iii) and (iv) in succession. Any remaining balance of Excess Rights Shares with Warrants B will be allocated by performing the same sequence of allocation i.e. items (ii), (iii) and (iv) again in succession until all Excess Rights Shares with Warrants B are allotted. Please refer to Section 11.8 of this Abridged Prospectus for further information.</p>																	
(ii) Pricing	<p>Issue price of the Rights Shares : RM0.05 per Rights Share Exercise Price for the Warrants B : RM0.05 per Warrant B (payable for every 1 new Share)</p> <p>Please refer to Section 2.2 of this Abridged Prospectus for further information.</p>																	
(iii) Undertaking	<p>Undertaking Shareholder and undertaking : AT Precision Tooling Sdn Bhd (a major Shareholder of AEM): RM10.00 million</p> <p>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 : 200,000,000 Rights Shares (representing 13.87% of the total number of 1,442,419,508 Rights Shares available for subscription under the Maximum Scenario)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2" style="text-align: left;">Undertaking Shareholder</th> <th colspan="2" style="text-align: center;">Existing direct shareholding as at the LPD</th> <th colspan="2" style="text-align: center;">Minimum Scenario</th> </tr> <tr> <th style="text-align: center;">No. of Shares</th> <th style="text-align: center;">%</th> <th style="text-align: center;">No. of Shares</th> <th style="text-align: center;">%</th> </tr> </thead> <tbody> <tr> <td>AT Precision Tooling Sdn Bhd</td> <td style="text-align: center;">77,856,200</td> <td style="text-align: center;">10.80</td> <td style="text-align: center;">277,856,200</td> <td style="text-align: center;">30.16</td> </tr> </tbody> </table> <p>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.</p> <p>Please refer to Section 3 of this Abridged Prospectus for further information.</p>				Undertaking Shareholder	Existing direct shareholding as at the LPD		Minimum Scenario		No. of Shares	%	No. of Shares	%	AT Precision Tooling Sdn Bhd	77,856,200	10.80	277,856,200	30.16
Undertaking Shareholder	Existing direct shareholding as at the LPD		Minimum Scenario															
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SUMMARY OF THE RIGHTS ISSUE WITH WARRANTS (CONT'D)

Key information	Summary																																		
(iv) Rationale for the Rights Issue with Warrants	<p>(a) To raise funds mainly for the Group to invest in the Glove Manufacturing Solutions Business and repay borrowings.</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 with Warrants are intended to be utilised in the following manner:-</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2" style="text-align: left;">Utilisation of proceeds</th> <th rowspan="2" style="text-align: center;">Intended timeframe for utilisation</th> <th colspan="2" style="text-align: center;">Minimum Scenario</th> <th colspan="2" style="text-align: center;">Maximum Scenario</th> </tr> <tr> <th style="text-align: center;">RM'000</th> <th style="text-align: center;">%</th> <th style="text-align: center;">RM'000</th> <th style="text-align: center;">%</th> </tr> </thead> <tbody> <tr> <td>(i) Investment in the Glove Manufacturing Solutions Business</td> <td style="text-align: center;">Within 24 months</td> <td style="text-align: center;">8,810</td> <td style="text-align: center;">88.1</td> <td style="text-align: center;">48,280</td> <td style="text-align: center;">66.9</td> </tr> <tr> <td>(ii) Repayment of borrowings</td> <td style="text-align: center;">Within 6 months</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">22,651</td> <td style="text-align: center;">31.4</td> </tr> <tr> <td>(iii) Estimated expenses for the Corporate Exercises</td> <td style="text-align: center;">Immediate</td> <td style="text-align: center;">1,190</td> <td style="text-align: center;">11.9</td> <td style="text-align: center;">1,190</td> <td style="text-align: center;">1.7</td> </tr> <tr> <td>Total</td> <td></td> <td style="text-align: center;">10,000</td> <td style="text-align: center;">100.0</td> <td style="text-align: center;">72,121</td> <td style="text-align: center;">100.0</td> </tr> </tbody> </table> <p>Please refer to Section 6 of this Abridged Prospectus for further information.</p>	Utilisation of proceeds	Intended timeframe for utilisation	Minimum Scenario		Maximum Scenario		RM'000	%	RM'000	%	(i) Investment in the Glove Manufacturing Solutions Business	Within 24 months	8,810	88.1	48,280	66.9	(ii) Repayment of borrowings	Within 6 months	-	-	22,651	31.4	(iii) Estimated expenses for the Corporate Exercises	Immediate	1,190	11.9	1,190	1.7	Total		10,000	100.0	72,121	100.0
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Total		10,000	100.0	72,121	100.0																														
(vi) Risk factors	<p>You should consider the following risk factors before subscribing for or investing in the Rights Issue with Warrants:-</p> <p>(a) the Group's Glove Manufacturing Solutions Business is subject to risks inherent to the rubber gloves industry which includes reliance on sub-contractors to complete the projects, contracts are secured on project basis, dependency on key management personnel, delay / failure in obtaining the necessary regulatory approvals / licenses for the operations of the Glove Supplementary Services Business. The Group does not have prior experience in the Glove Manufacturing Solutions Business;</p> <p>(b) the Group's PCB business is exposed to fluctuation in raw materials' cost and shortage in raw materials risk whereby any of these occurrences may adversely affect the Group's profitability;</p> <p>(c) the Group's PCB business faces competition from current and potential new entrants to the PCB manufacturing industry which may leads to significant price reductions that could adversely affect its business condition;</p> <p>(d) the Group's PCB business is mainly operating in Thailand and hence it is exposed to any unfavourable changes in the economic, political, legal, administrative and social conditions of Thailand as well as fluctuations of the THB against RM risk;</p> <p>(e) the Group's Construction Business is subject to delays in the completion of the Groups' projects, dependence on third-party contractors / subcontractors to complete the projects as well as availability and fluctuations in prices of construction materials, all of which may expose the Group to cost overruns and/or potential claims. This in turn may adversely affect the Group's financial performance;</p> <p>(f) the Group's Construction Business has halted since March 2020 due to the lack of foreign labours to complete the construction project arising from the closure of the Malaysian borders to foreigners to curb the spread of COVID-19. If this continues, the project will continue to delay and will affect this segment's revenue contribution; and</p> <p>(g) risks relating to the Rights Issue with Warrants, including failure or delay in the completion of the Rights Issue with Warrants, capital market risk and forward-looking statements and other information contained in this Abridged Prospectus.</p> <p>Please refer to Section 7 of this Abridged Prospectus for further information.</p>																																		
(vii) Procedures for acceptance and payment	<p>Acceptance of and payment for the Provisional Allotments allotted to you and application for the Excess Rights Shares with Warrants B must be made on the RSF issued together with this Abridged Prospectus or on the e-RSF via our Share Registrar's Investor Portal at https://www.shareworks.com.my 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 with Warrants B is on Thursday, 5 August 2021 at 5.00 p.m.</p> <p>Please refer to Section 11 of this Abridged Prospectus for further information.</p>																																		



AE MULTI HOLDINGS BERHAD

Registration No. 200101004021 (539777-D)

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

Registered Office

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

21 July 2021

Board of Directors:-

Dato' Nik Ismail Bin Dato' Nik Yusoff (Independent Non-Executive Chairman)
Yang Chao-Tung (Managing Director)
Choong Lee Aun (Executive Director)
Saffie Bin Bakar (Independent Non-Executive Director)
Yee Yit Yang (Independent Non-Executive Director)

To: Entitled Shareholders

Dear Sir / Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,442,419,508 RIGHTS SHARES AT AN ISSUE PRICE OF RM0.05 PER RIGHTS SHARE TOGETHER WITH UP TO 1,081,814,631 FREE DETACHABLE WARRANTS B ON THE BASIS OF 4 RIGHTS SHARES TOGETHER WITH 3 FREE WARRANTS B FOR EVERY 2 EXISTING SHARES HELD BY THE ENTITLED SHAREHOLDERS AT 5.00 P.M. ON 21 JULY 2021

1. INTRODUCTION

On 9 February 2021, Mercury Securities had, on behalf of the Board, announced that the Company proposes to undertake the Corporate Exercises.

On 19 March 2021, Mercury Securities had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 18 March 2021 (which was received on 19 March 2021), granted its approval for the following:-

- (i) listing and quotation of the Placement Shares to be issued pursuant to the Private Placement 2021;
- (ii) admission of the Warrants B to the Official List;
- (iii) listing and quotation of the Rights Shares and Warrants B;
- (iv) listing and quotation of the new Shares to be issued arising from the exercise of the Warrants B; and
- (v) listing of such number of additional new Shares, representing up to 15% of the total number of issued Shares (excluding treasury shares, if any), to be issued pursuant to the ESOS.

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

Conditions imposed by Bursa Securities	Status of compliance
(i) AEM and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Corporate Exercises including compliance with Paragraph 6.50 of the Listing Requirements;	To be complied
(ii) AEM and Mercury Securities are required to inform Bursa Securities upon the completion of the Private Placement 2021 and Rights Issue with Warrants;	To be complied
(iii) AEM / Mercury Securities is required to furnish Bursa Securities with a certified true copy of the resolutions passed by the Shareholders approving the Private Placement and Rights Issue with Warrants prior to the listing and quotation of the Placement Shares, Rights Shares and Warrants B;	Complied
(iv) Mercury Securities is required to submit a confirmation to Bursa Securities of full compliance of the ESOS pursuant to Paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the Shareholders in general meeting approving the ESOS;	To be complied
(v) AEM is required to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the issuance of new Shares under the ESOS and exercise of Warrants B as at the end of each quarter together with a detailed computation of listing fees payable;	To be complied
(vi) AEM / Mercury Securities is required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Private Placement and Rights Issue with Warrants are completed; and	To be complied
(vii) Mercury Securities is required to furnish Bursa Securities with details of the placees in accordance with Paragraph 6.15 of the Listing Requirements for Bursa Securities' review, prior to the issuance / allotment of the Placement Shares.	Complied

On 15 April 2021, the Shareholders had approved the Corporate Exercises at the EGM of the Company.

On 23 June 2021, Mercury Securities had, on behalf of the Board, announced that the Private Placement 2021 has been completed.

On 1 July 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 RM0.05 per Rights Share and the Exercise Price at RM0.05 per Warrant B.

On 6 July 2021, Mercury Securities had, on behalf of the Board, announced that the Entitlement Date for the Rights Issue with Warrants has been fixed at 5.00 p.m. on 21 July 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 with Warrants.

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

2. PARTICULARS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Details of the Rights Issue with Warrants

The Rights Issue with Warrants entails a provisional allotment of up to 1,442,419,508 Rights Shares together with up to 1,081,814,631 free Warrants B on a renounceable basis of 4 Rights Shares together with 3 free Warrants B for every 2 existing Shares held by the Entitled Shareholders on the Entitlement Date, at the issue price of RM0.05 per Rights Share.

The actual number of Rights Shares and Warrants B to be issued will depend on the eventual subscription level for the Rights Issue with Warrants. Based on the total number of 721,209,754 issued Shares of the Company as at the LPD, the Rights Issue with Warrants would entail the issuance of up to 1,442,419,508 Rights Shares together with up to 1,081,814,631 Warrants B (assuming all Entitled Shareholders fully subscribe to their entitlements of the Rights Shares with Warrants B).

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

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

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

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

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

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

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

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

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

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

2.2.1 Issue price of the Rights Shares

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

- (i) historical market price of the Shares;
- (ii) the rationale for the Rights Issue with Warrants, as set out in Section 4 of this Abridged Prospectus;
- (iii) the funding requirements of the Group as set out in Section 6 of this Abridged Prospectus; and
- (iv) the future prospects of the Group, further details of which are set out in Section 8.6 of this Abridged Prospectus.

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The issue price of RM0.05 per Rights Share represents a premium of 2.25% to the TEAP of RM0.0489 per Share, calculated based on the 5-day VWAP of the Shares up to and including the LTD of RM0.0468 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-day VWAP of the Shares up to and including the LTD

and the ratio of A:B is 4:2, in accordance with the entitlement basis of 4 Rights Shares for every 2 existing Shares held. As the Exercise Price of RM0.05 is out-of-the-money compared to the TEAP, the Warrants B have been excluded from the TEAP computation.

2.2.2 Exercise Price

The Board had fixed the Exercise Price at RM0.05 per Warrant B after taking into consideration the following:-

- (i) the historical market prices of the Shares; and
- (ii) the future prospects of the Group, further details of which are set out in Section 8.6 of this Abridged Prospectus.

The Exercise Price of RM0.05 per Warrant B represents a premium of 2.25% to the TEAP of RM0.0489 per Share, calculated based on the 5-day VWAP of the Shares up to and including the LTD of RM0.0468 per Share.

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

(i) Rights Shares

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

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

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

2.4 Last date and time for acceptance and payment

The Closing Date is **5.00 p.m. on Thursday, 5 August 2021**.

2.5 Salient terms of the Warrants B

- Issuer : AEM
- Issue size : Up to 1,081,814,631 Warrants B
- Form and detachability : The Warrants B will be issued in registered form and constituted by the Deed Poll B. The Warrants B which are to be issued with the Rights Shares will immediately be detached from the Rights Shares upon allotment and issuance and will be traded separately on Bursa Securities.
- Board lot : For the purpose of trading on Bursa Securities, a board lot of Warrants B shall be 100 units of Warrants B, or such other number of units as may be prescribed by Bursa Securities.
- Tenure of the Warrants B : 3 years commencing from and including the date of issuance of the Warrants B.
- Exercise Period : The Warrants B may be exercised at any time within a period of 3 years commencing from and including the date of issuance of the Warrants B to the close of business at 5.00 p.m. (Malaysia time) on the Market Day immediately preceding the date which is the 3rd anniversary from the date of issuance of the Warrants B ("**Exercise Period**"). Any Warrants B not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.
- Exercise Price : RM0.05 per Warrant B.
- The Exercise Price and/or the number of Warrants B in issue during the Exercise Period shall however be subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll B.
- Subscription rights : Each Warrant B shall entitle its registered holder to subscribe for 1 new Share at any time during the Exercise Period at the Exercise Price, subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll B.
- Mode of exercise : The holders of the Warrants B are required to lodge a subscription form with the Company's registrar, duly completed, signed and stamped or via electronic submission of the subscription form by way of email at ir@shareworks.com.my, together with payment by way of banker's draft or cashier's order drawn on a bank operating in Malaysia or money order or postal order issued by a post office in Malaysia or by way of internet bank transfer to designated bank account for the aggregate of the Exercise Price payable when exercising their Warrants B to subscribe for new Shares. The payment of such fee must be made in Ringgit Malaysia.

- Adjustments to the Exercise Price and/or the number of Warrants B : Subject to the provisions of the Deed Poll B, the Exercise Price and/or the number of unexercised Warrants B in issue may be subject to adjustments by the Board in consultation with an approved adviser appointed by the Company or the auditors in the event of any alteration in the share capital of the Company at any time during the tenure of the Warrants B, whether by way of, amongst others, rights issue, bonus issue, consolidation of shares, subdivision of shares or capital distribution, in accordance with the provisions of the Deed Poll B. Any adjustment to the Exercise Price will be rounded up to the nearest 1 sen.
- Rights of the Warrant B holders : The Warrants B do not confer on their holders any voting rights or any right to participate in any form of distribution and/or offer of further securities in the Company until and unless such holders of Warrants B exercise their Warrants B for new Shares in accordance with the provisions of the Deed Poll B and such new Shares have been allotted and issued to such holders.
- Ranking of the new Shares to be issued pursuant to the exercise of the Warrants B : The new Shares to be issued arising from the exercise of the Warrants B in accordance with the provisions of the Deed Poll B shall, upon allotment, issuance and full payment of the Exercise Price of the Warrants B, rank equally in all respects with the then existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment and issuance of such new Shares arising from the exercise of the Warrants B.
- Rights of the Warrants B Holders in the event of winding up, liquidation, compromise and/or arrangement : Where a resolution has been passed for a members' voluntary winding-up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with 1 or more companies, then:-
- (i) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the holders of the Warrants B (or some other persons designated by them for such purpose by special resolution) shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the holders of the Warrants B; and

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- Rights of the Warrants B Holders in the event of winding up, liquidation, compromise and/or arrangement (cont'd) : (ii) in the event a notice is given by the Company to its Shareholders to convene a general meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind up the Company, and in any other case and subject always to the provisions in the Deed Poll B, every holder of the Warrants B shall be entitled to exercise his Warrants B at any time within 6 weeks after the passing of such resolution for a members' voluntary winding up of the Company or within 6 weeks after the granting of the court order approving the winding-up, compromise or arrangement, whereupon the Company shall allot the relevant new Shares to the holders of the Warrants B credited as fully paid subject to the prevailing laws, and such holder of Warrants B shall be entitled to receive out of the assets of the Company which would be available in liquidation if the holder of the Warrants B would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly. Upon the expiry of the aforesaid 6 weeks, all subscription rights shall lapse and cease to be valid for any purpose.
- Modification of rights of Warrants B holders : Save as otherwise provided in the Deed Poll B, a special resolution of the Warrant B holders is required to sanction any modification, alteration or abrogation in respect of the rights of the Warrants B holders.
- Modification of the Deed Poll B : Any modification to the terms and conditions of the Deed Poll B may be effected only by a further deed poll, executed by the Company and expressed to be supplemental to the Deed Poll B. Any of such modification shall however be subject to the approval of Bursa Securities (if so required).
- No amendment or addition may be made to the provisions of the Deed Poll B without the sanction of a special resolution unless the amendments or additions are required to correct any typographical errors or relate purely to administrative matters or are required to comply with any provisions of the prevailing laws or regulations of Malaysia or in the opinion of the Company, upon consultation with an approved adviser appointed by the Company, will not be materially prejudicial to the interests of the Warrant B Holders.
- Listing : The Warrants B will be listed and traded on the Main Market of Bursa Securities. The listing and quotation of the Warrants B on the Main Market of Bursa Securities is subject to a minimum of 100 holders of Warrants B.
- Transferability : The Warrants B shall be transferable in the manner provided under the SICDA and the Rules of Bursa Depository.
- Governing laws : The Warrants B and the Deed Poll B shall be governed by the laws and regulations of Malaysia.

2.6 Details of other corporate exercises

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

2.7 Details of past fund-raising exercises undertaken by the Company**(i) Private Placement 2021**

On 23 June 2021, the Company completed a private placement exercise which involved the issuance of 166,433,000 new Shares (representing 30% of the then existing total number of issued Shares prior to the Private Placement 2021), raising a total of RM8.09 million.

The said proceeds have been utilised as follows:-

Utilisation of proceeds	Timeframe for utilisation from completion of the Private Placement 2021	Actual proceeds raised		Actual utilisation up to the LPD		Balance available for utilisation	
		RM'000	%	RM'000	%	RM'000	%
(i) Mobilisation costs for the Glove Turnkey Solutions Business ⁽¹⁾	Within 12 months	8,045	99.4	-	-	8,045	100.0
(ii) Expenses for the Private Placement 2021	Immediate	46	0.6	46	100.0	-	-
Total		8,091	100.0	46	100.0	8,045	100.0

Note:-

(1) The proceeds from the Private Placement 2021 were mainly earmarked to fund the mobilisation costs required for the awards of contracts received from its customers as set out in Section 5.2.1 of this Abridged Prospectus to kickstart its Gloves Turnkey Solutions Business. Please refer to Section 6(i) of this Abridged Prospectus for further details on the mobilisation cost.

(ii) Private Placement December 2020

On 2 December 2020, the Company completed a private placement exercise which involved the issuance of 85,629,000 new Shares (representing 20% of the then existing total number of issued Shares prior to the Private Placement December 2020), raising a total of RM12.96 million.

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The said proceeds have been utilised as follows:-

Utilisation of proceeds	Timeframe for utilisation from completion of the Private Placement December 2020	Actual proceeds raised		Actual utilisation up to the LPD		Balance available for utilisation	
		RM'000	%	RM'000	%	RM'000	%
(i) Upgrading existing factory and machineries ⁽¹⁾	Within 24 months	8,000	61.7	8,000	66.6	-	-
(ii) Establishing a new marketing office ⁽²⁾	Within 24 months	3,000	23.1	2,166	18.0	834	88.2
(iii) Working capital ⁽³⁾	Within 12 months	1,424	11.0	1,312	10.9	112	11.8
(iv) Expenses for the Private Placement December 2020	Immediate	540	4.2	540	4.5	-	-
Total		12,964	100.0	12,018	100.0	946	100.0

Notes:-

(1) The proceeds were earmarked mainly for the following:-

- (i) building renovation and refurbishment of the Group's factory in Thailand to improve its operating conditions. The renovation and refurbishment of the factory has been completed in March 2021; and
- (ii) purchase and replacement of 8 units of new automated printing machines at the Group's factory in Thailand to improve operating efficiency. The Group has purchased 8 units of new automated printing machines and the replacement of the machines has been completed in March 2021.

(2) In March 2021, the Group has established a new marketing office in Penang, Malaysia and is in the midst of hiring up to 30 marketing and sales personnel. As at the LPD, the Group has hired 7 marketing and sales personnel.

(3) The proceeds earmarked for working capital were intended to be utilised to finance the day-to-day operations of the Group, including amongst others, construction costs and payment to contractors relating to the Group's Construction Business, marketing costs as well as purchase of raw materials for the Construction Business.

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(iii) Private Placement August 2020

On 5 August 2020, the Company completed a private placement exercise which involved the issuance of 98,803,200 new Shares (representing 30% of the then existing total number of issued Shares prior to the Private Placement August 2020), raising a total of RM9.42 million.

The said proceeds have been utilised as follows:-

Utilisation of proceeds	Timeframe for utilisation from completion of the Private Placement August 2020	Actual proceeds raised		Actual utilisation up to the LPD		Balance available for utilisation	
		RM'000	%	RM'000	%	RM'000	%
(i) Construction Business ⁽¹⁾	Within 12 months	9,239	98.1	9,121	98.1	118	100.0
(ii) Expenses for the Private Placement August 2020	Within 1 month	177	1.9	177	1.9	-	-
Total		9,416	100.0	9,298	100.0	118	100.0

Note:-

- (1) As stated in Section 5.1 of this Abridged Prospectus, the Group had secured its maiden project (i.e. the Palm Oil Mill Project) for the Construction Business. The proceeds from the Private Placement August 2020 were earmarked to facilitate the delivery of the Palm Oil Mill Project. The construction project has commenced since January 2020 and it is at 30% completion as at the LPD. Since March 2020, the construction project has been temporarily halted due to the lack of foreign labours to complete the construction project arising from the closure of the Malaysian borders to foreigners to curb the spread of COVID-19. The Group expects to resume the construction project once border restrictions have been lifted in Malaysia.

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3. MINIMUM SUBSCRIPTION LEVEL AND THE UNDERTAKING

The Company intends to raise a minimum of RM10.0 million from the Rights Issue with Warrants to meet the funding requirements of the Group, which will be channelled towards the utilisation as set out in Section 6 of this Abridged Prospectus.

In view of the above, the Board has resolved to undertake the Rights Issue with Warrants based on the Minimum Subscription Level. To meet the Minimum Subscription Level, the Company has procured the Undertaking Shareholder, namely AT Precision Tooling Sdn Bhd (a major Shareholder), to apply and subscribe for its entitlement of Rights Shares and, if required, 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) amount to not less than RM10.0 million.

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 with Warrants B to be subscribed pursuant to the Undertaking			Subscription based on excess application			
	No. of Shares	% ⁽¹⁾	No. of Rights Shares	% ⁽²⁾	No. of Warrants B	No. of Rights Shares	% ⁽²⁾	No. of Warrants B	% ⁽³⁾
AT Precision Tooling Sdn Bhd	77,856,200	10.8	155,712,400	77.9	116,784,300	44,287,600	22.1	33,215,700	22.1

Undertaking Shareholder	Total Rights Shares with Warrants B to be subscribed pursuant to the Undertaking			Assuming none of the other Entitled Shareholders subscribe for their Rights Shares			
	No. of Rights Shares	% ⁽²⁾	No. of Warrants B	No. of Shares held after the Rights Issue with Warrants	% ⁽⁴⁾	No. of Shares held after the Rights Issue with Warrants and assuming full exercise of the Warrants B	% ⁽⁵⁾
AT Precision Tooling Sdn Bhd	200,000,000	100.0	150,000,000	277,856,200	30.2	427,856,200	39.9

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Notes:-

- (1) Based on the issued share capital of 721,209,754 Shares as at the LPD.
- (2) Based on the total number of 200,000,000 Rights Shares to be subscribed by the Undertaking Shareholder pursuant to its Undertaking.
- (3) Based on the total number of 150,000,000 free Warrants B attached to the Rights Shares to be subscribed by the Undertaking Shareholder.
- (4) Based on the enlarged issued share capital of 921,209,754 Shares under the Minimum Scenario.
- (5) Based on the enlarged issued share capital of 1,071,209,754 Shares under the Minimum Scenario and assuming full exercise of the Warrants.

Pursuant to the Undertaking, the Undertaking Shareholder has:-

- (i) irrevocably warranted that it shall not sell or in any other way dispose of or transfer its existing interest in the Company or any part thereof during the period commencing from the date of the Undertaking up to the Entitlement Date; and
- (ii) confirmed that it has sufficient financial means and resources to fulfil its 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 has confirmed that it will observe and comply at all times with the provision of the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions and will seek from the SC the necessary exemptions from undertaking such mandatory take-over offer, if required.

As the Minimum Subscription Level will be fully satisfied via the Undertaking, the Company will not procure any underwriting arrangement for the remaining Rights 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 its own discretion.

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

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

Particulars	Beneficial shareholding as at the LPD		(I) After the Rights Issue with Warrants		(II) After (I) and assuming full exercise of the Warrants B	
	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(3)%
Issued share capital	721,209,754	100.00	921,209,754	100.00	1,071,209,754	100.00
<u>Less:</u>						
Directors, substantial shareholders and their associates	189,419,156	26.26	389,419,156	42.27	539,419,156	50.36
Shareholders holding less than 100 Shares	1,480	(4)-	1,480	(4)-	1,480	(4)-
Public shareholding spread	531,789,118	73.74	531,789,118	57.73	531,789,118	49.64

Notes:-

- (1) Based on the issued share capital of 721,209,754 Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 921,209,754 Shares under the Minimum Scenario.
- (3) Based on the enlarged issued share capital of 1,071,209,754 Shares under the Minimum Scenario and assuming full exercise of the Warrants B.
- (4) Less than 0.01%.

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4. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS

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

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

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

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

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

5. DETAILS OF THE GLOVE MANUFACTURING SOLUTIONS BUSINESS

5.1 Existing business of the Group

- (i) PCB Business : The manufacturing and sales of PCB and provision of related services such as the sourcing and reselling of PCB and related products as well as electronics and telecommunication components and related products
- (ii) Construction Business : Construction, project management and related activities such as supplying resources, advising, supervising, coordinating, managing and administering construction projects

Historically, the Group has primarily been engaged in the PCB Business, whereby the Group's principal market is in Thailand. The Group manufactures and supplies PCBs (which are mainly used in home appliances) to electrical and electronic companies from its 2 manufacturing factories located in Thailand. However, the Group has been facing challenges in the PCB Business mainly due to the increase in labour costs, higher raw material costs as well as adoption of a competitive pricing strategy in order to increase the Group's market share in Thailand. Consequently, the Group's profitability was adversely affected as the Group was unable to fully pass on the higher cost to customers in order to stay competitive.

On 15 October 2019, the Group secured its maiden project (i.e. the Palm Oil Mill Project) for its Construction Business. The Palm Oil Mill Project is expected to be completed by the first quarter of 2023. The Group was also in discussions with other parties to tender for additional contracts for the Construction Business in 2019. The Board envisaged that the Construction Business would generate net profits which may contribute more than 25% of the Group's net profit, after taking into consideration the completion of the Palm Oil Mill Project and other construction projects that the Group may secure, as detailed in the Company's circular to the Shareholders dated 26 December 2019.

However, despite the Group's efforts, the Group has only managed to secure one project since venturing into the Construction Business (i.e. the Palm Oil Mill Project) due to the sluggish economy arising from the impact of the COVID-19 pandemic. Please refer to Section 2.7(iii) of this Abridged Prospectus for further details on the status of the Palm Oil Mill Project.

Due to the challenges faced by the Group as well as the uncertainties arising from the COVID-19 pandemic in the global economy, the Group has experienced fluctuations in its revenue and consecutive LATs since FYE 31 December 2017 as shown below:-

	Audited		
	FYE 31 December 2017	FYE 31 December 2018	FYE 31 December 2019
	RM'000	RM'000	RM'000
Revenue			
- PCB Business	62,103	61,193	63,130
- Construction Business	-	-	-
Total revenue	62,103	61,193	63,130
LAT			
- PCB Business	(1,287)	(1,961)	(871)
- Construction Business	-	-	-
Total LAT	(1,287)	(1,961)	(871)

Given the above and after taking into consideration the current market demand for rubber gloves following the COVID-19 pandemic, the Company had on 15 April 2021 obtained its Shareholders' approval for the diversification into the Glove Manufacturing Solutions Business. The Diversification allows the Group to venture into the Glove Manufacturing Solutions Business and to capitalise on the burgeoning demand from both existing and aspiring glove manufacturers, which will provide an alternative source of income to the Group's current core business.

5.2 Details of the Glove Manufacturing Solutions Business

Since the outbreak of the COVID-19 pandemic, the demand for personal protective equipment (e.g. medical gloves) to curb the pandemic has rapidly boosted the demand for gloves. Medical gloves, which is a form of rubber gloves, are typically worn by healthcare professionals and workers in the medical industry as a safety measure to safeguard against infection and exposure to potential viruses, bacteria and contaminants. Medical gloves are also widely used in laboratory works to protect against contaminants and harmful chemicals.

This has resulted in extraordinary profits for glove manufacturers, which has driven not only the existing glove manufacturers to aggressively expand their manufacturing capacity, but has also attracted new entrants into the lucrative glove manufacturing business. As a result, the demand for glove-dipping lines has risen substantially. Please refer to Sections 8.2, 8.3, 8.4 and 8.5 of this Abridged Prospectus on the prospects for the rubber gloves industry.

5.2.1 Glove Turnkey Solutions Business

The Company will act as the main contractor to undertake the EPCC works in relation to the Glove Turnkey Solutions Business. As the main contractor, AEM shall be involved in the implementation of the EPCC projects, which includes daily management of all the works required for timely completion of the projects. AEM shall also engage subcontractors for the implementation of the EPCC projects to harness the expertise of partners with relevant experience in the Glove Turnkey Solutions Business.

The turnkey solutions to be offered shall include the following services:-

- (i) on-site visits and feasibility assessments;
- (ii) technical design and planning;
- (iii) sourcing of materials, related parts and components of glove-dipping lines;
- (iv) fabrication works;
- (v) installation;
- (vi) testing and commissioning; and
- (vii) post-installation services and maintenance.

The Group had, via its wholly-owned subsidiary, AEMI entered into the Collaboration Agreement with Ripcol for the Glove Turnkey Solutions Business.

Through the Collaboration Agreement, AEMI shall whenever possible, engage Ripcol as its sub-contractor through a separate sub-contract to be entered between the parties for each project secured by AEMI, whereby Ripcol will be responsible to undertake the on-site visits and feasibility assessments, technical design and planning, fabrication works, installation, testing and commissioning as well as post-installation services and maintenance of the glove-dipping lines. Ripcol shall also provide the necessary technical support and required resources to AEMI.

AEMI shall be responsible for sourcing of materials, related parts and components of glove-dipping lines necessary for the delivery of the EPCC projects secured. The collaboration with Ripcol is not exclusive whereby the Group is able to engage other third-party sub-contractors in the event Ripcol is unable to undertake the works or the terms of the sub-contracts cannot be agreed upon by both parties.

Incorporated in Malaysia and based in Chemor, Perak, Ripcol is an engineering services company providing engineering design, fabrication, installation and related engineering services for industrial and glove machineries. Ripcol has extensive experience in glove-related process and manufacturing of machineries and has serviced customers both locally and internationally such as customers from Indonesia, Vietnam, Thailand, Sri Lanka, India and others.

The Collaboration Agreement is expected to mutually benefit both the Group and Ripcol. The Group intends to leverage on its business connections in Malaysia and Thailand which is built from its existing PCB Business to secure EPCC projects. Through the Collaboration Agreement, both AEMI and Ripcol shall also leverage on the respective skills and experience of both parties to jointly enhance the efficiency of the glove-dipping lines via research and development. The enhanced glove-dipping lines are expected lower the costs of manufacturing of gloves and improve the efficiency and output of gloves production. In turn, the Group expects to be able to attract more potential customers.

At this juncture, the Group intends to offer its turnkey manufacturing solutions to both existing and aspiring glove manufacturers in Malaysia and Thailand. Both Malaysia and Thailand are key markets for gloves production, being the world's first and second largest exporter of rubber gloves in 2019 in terms of number of pieces of rubber gloves exported respectively and thus have a high concentration of glove manufacturers.

As at 30 June 2021, the Group has received the following letters of award in relation to the Glove Turnkey Solutions Business:-

Date of letter of award	Customers	Project details
(i) 2 December 2020	Fintec Glove Sdn Bhd, a wholly-owned subsidiary of Fintec Global Berhad	<p>EPCC on a turnkey basis of a manufacturing factory to design, fabricate, install, test and commission 14 glove-dipping lines.</p> <p>Based on the letter of award, the parties are required to enter into a definitive agreement within 1 month from the date of the letter of award, i.e. by 1 January 2021. The parties have mutually agreed to extend the contract negotiation period up till 31 August 2021.</p>
(ii) 13 January 2021	PNE Glove Sdn Bhd (formerly known as Jaringan Menang Sdn Bhd), a wholly-owned subsidiary of PNE PCB Berhad	<p>Fintec Glove Sdn Bhd's glove factory building construction is pending completion and is expected to complete by the fourth quarter of 2021.</p> <p>EPCC on a turnkey basis of a manufacturing factory to design, fabricate, install, test and commission 10 glove-dipping lines.</p> <p>Based on the letter of award, the parties are required to enter into a definitive agreement within 1 month from the date of the letter of award, i.e. by 12 February 2021. The parties have mutually agreed to extend the contract negotiation period up till 12 November 2021.</p> <p>PNE Glove Sdn Bhd's glove factory building construction is expected to complete by the second half of 2022.</p>

Date of letter of award	Customers	Project details
(iii) 20 April 2021	GP Autobat Sdn Bhd, a wholly-owned subsidiary of JOE Holding Berhad (formerly known as GPA Holdings Berhad)	<p>EPCC on a turnkey basis of a manufacturing factory to design, fabricate, install, test and commission 12 glove-dipping lines.</p> <p>Based on the letter of award, the parties are required to enter into a definitive agreement within 6 months from the date of the letter of award, i.e. by 19 October 2021.</p> <p>For avoidance of doubt, an announcement on this letter of award was not made as the contract sum and other salient terms were still in the midst of being negotiated between the parties and as such it would have been too preliminary to make an announcement at that juncture.</p>
(iv) 30 June 2021	G Rubber Sdn Bhd, a wholly-owned subsidiary of Green Ocean Corporation Berhad	<p>GP Autobat Sdn Bhd's glove factory building construction is expected to complete by the first half of 2022.</p> <p>EPCC on a turnkey basis of a manufacturing factory to design, fabricate, install, test and commission 8 glove-dipping lines.</p> <p>Based on the letter of award, the parties are required to enter into a definitive agreement within 120 days from the date of the letter of award, i.e. by 28 October 2021.</p> <p>G Rubber Sdn Bhd's glove factory building is undergoing refurbishment and is expected to complete by the fourth quarter of 2021.</p>

Notwithstanding the timelines for parties to enter into the definitive agreements as set out in the respective LOAs, as at 30 June 2021, the parties have yet to enter into the definitive agreements due to delays in the construction and/or refurbishment of the respective customers' glove factory building as a result of the ongoing MCO restrictions. As such, the expected timeframe cannot be determined at this juncture as it would depend on the status of the current MCO restrictions including the timeframe for relaxation of lockdown measures, which remain uncertain at this juncture.

As at 30 June 2021, the Group is also in the midst of discussions with a few other prospective customers, which includes both existing and aspiring glove manufacturers, for the provision of EPCC on a turnkey basis of glove manufacturing factories.

Depending on the final specifications of the respective glove-dipping lines (e.g. the length of the glove-dipping line and whether it is a single-former or double-former glove-dipping line), the layout of the respective project site, and the costs of the raw materials at the relevant time, the Group estimates that the costs to undertake the EPCC works for 1 glove-dipping line to range from approximately RM8.0 million to RM12.0 million. As such, to carry out the EPCC works for 44 glove-dipping lines as well as ancillary facilities, the Group expects to require funds of approximately RM360.0 million to RM530.0 million.

The projects secured by the Group shall be carried out based on the milestones and delivery schedules of the respective contracts. Upon delivery and acceptance of the respective milestones, the Group shall be able to record such revenue as per the milestones. Further details of the utilisation of proceeds from the Rights Issue with Warrants are set out in Sections 6 of this Abridged Prospectus.

Currently, the Group is in the midst of identifying suppliers / distributors for the supply of materials and parts required for the fabrication of the glove-dipping line. These are expected to be sourced both locally and overseas.

AEMI is currently registered with Construction Industry Development Board to act as the main contractor to undertake the EPCC works in relation to the Glove Turnkey Solutions Business.

5.2.2 Glove Supplementary Services Business

To further enhance its product offerings as a one-stop solution provider for glove manufacturers, the Group also plans to purchase raw materials for gloves production in bulk for sale to its customers, i.e. glove manufacturers. This is in view that the Group expects to be in a better position to negotiate the pricing with raw material suppliers as the Group expects to be able to aggregate the raw material demand across the Group's customers.

Due to the heightened global demand for gloves resulting from the COVID-19 pandemic, many glove manufacturers currently have order books stretching much longer than usual. This in turn has created a constant demand for raw materials required for the manufacturing of gloves, making it difficult and pricier for smaller and newer glove manufacturers to secure raw materials such as, amongst others, NBR, a synthetic rubber that is a core raw material for making nitrile gloves, as well as other chemicals required for gloves production such as latex, calcium nitrate and chlorine.

As such, the Group plans to offer supplementary services to its customers by consolidating the demand from its customers to purchase raw materials in bulk. The increased bargaining power from bulk purchasing will help the Group secure purchase orders as well as negotiate for bulk discounts, thereby achieving cost reduction for its customers. As at the LPD, the Group has yet to enter into any agreement with the Group's customers for the supplementary bulk purchasing service.

As at the LPD, Group has already identified suppliers for the supply of NBR, chemicals and other raw materials, which will be sourced locally and overseas (e.g. the People's Republic of China). The Group has obtained the necessary license / permit from the Malaysian Rubber Board for the Glove Supplementary Services Business.

To facilitate the Glove Supplementary Services Business such as the storage of raw materials purchased, the Group also intends to set up a wholesale distribution centre. As at the LPD, the Group is in the midst of evaluating a potential warehouse in Penang to be used as the wholesale distribution centre.

The Glove Supplementary Services Business is expected to commence operations in the fourth quarter of 2021, after the setting up of the wholesale distribution centre.

6. UTILISATION OF PROCEEDS

Based on the issue price of RM0.05 per Rights Share, the gross proceeds to be raised from the Rights Issue with Warrants are intended to be utilised in the following manner:-

Utilisation of proceeds	Expected timeframe for utilisation from completion of the Rights Issue with Warrants	⁽¹⁾ Minimum Scenario		⁽¹⁾ Maximum Scenario	
		RM'000	%	RM'000	%
(i) Investment in the Glove Manufacturing Solutions Business	Within 24 months	8,810	88.1	48,280	66.9
(ii) Repayment of borrowings	Within 6 months	-	-	22,651	31.4
(iii) Estimated expenses for the Corporate Exercises	Immediate	⁽²⁾ 1,190	11.9	⁽²⁾ 1,190	1.7
Total		10,000	100.0	⁽³⁾72,121	100.0

Notes:-

(1) The proceeds raised are expected to be utilised up to its respective maximum allocation in the following order:-

- (i) estimated expenses for the Corporate Exercises;
- (ii) investment in the Glove Manufacturing Solutions Business; and
- (iii) repayment of borrowings.

The actual utilisation of such proceeds is subject to the operational needs at the relevant time and the quantum of proceeds that the Company is able to raise. Any shortfall between the Group's funding requirements for (i) to (iii) above and the actual amount of proceeds raised are expected to be funded via internally generated funds, bank borrowings and/or future fund-raising exercises to be undertaken (if required). Pending the utilisation of proceeds for its earmarked purposes, the unutilised proceeds shall be placed in interest-bearing deposits.

(2) If the actual expenses incurred for the Corporate Exercises are higher than the budgeted amount of RM1.2 million, the deficit will be funded via internally generated funds. Conversely, any surplus of funds following payment of expenses will be utilised in the order set out in Note (1) above.

(3) As set out in the Circular, based on an illustrative issue price of RM0.06 per Rights Share, the Rights Issue with Warrants was estimated to raise up to RM86.5 million under the Maximum Scenario.

However, due to the movement in the market price of the Shares since then, the Board has now resolved to fix the issue price of the Rights Shares at RM0.05 per Rights Share, details of which are set out in Section 2.2.1 of this Abridged Prospectus.

In view thereof, the Group is now only able to raise up to RM72.1 million from the Rights Issue with Warrants under the Maximum Scenario, giving rise to a shortfall of RM14.4 million.

Due to the above, the allocation of proceeds for the repayment of borrowings has been reduced from up to RM30.0 million (as disclosed in the Circular previously) to up to RM22.7 million. Any shortfall is intended to be funded via internally generated funds and/or future fund-raising exercises to be undertaken (if required).

Further, there will no longer be balance proceeds to be allocated for working capital (as compared to up to RM7.1 million as disclosed in the Circular previously). To this end, the working capital requirements of the Group are intended to be met via other sources of funds including, amongst others, internally generated funds, bank borrowings and/or future fund-raising exercises to be undertaken (if required).

(i) Investment in the Glove Manufacturing Solutions Business

As detailed in Section 5.2 of the Abridged Prospectus, the COVID-19 pandemic has led to increased market demand for rubber gloves as well as the increase in number of glove manufacturers following the COVID-19 pandemic, leading to the Group's plan to undertake the Diversification to venture into the Glove Manufacturing Solutions Business (comprising the Glove Turnkey Solutions Business and the Glove Supplementary Services Business).

In order to undertake the EPCC projects awarded to the Group's Glove Turnkey Solutions Business, the Group requires funding to cover its mobilisation costs which include, amongst others, performance bonds, payments to sub-contractors and purchase of machineries. The mobilisation costs are estimated to be approximately 30% of the total costs for the EPCC projects.

Based on the current specifications of the respective glove-dipping lines (e.g. the length of the glove-dipping line and whether it is a single-former or double-former glove-dipping line), the current layout of the respective project sites and the current cost of the raw materials, the cost to undertake the EPCC works for 1 glove-dipping line is estimated to range from approximately RM8.0 million to RM12.0 million. As such, the estimated cost to carry out the EPCC works for 44 glove-dipping lines is approximately RM360.0 million to RM530.0 million.

Based on the above, the Group's funding requirement for the mobilisation costs is estimated to be approximately RM108.0 million to RM159.0 million. This is intended to be met via the following:-

Source of funding	Minimum (RM'000)	Maximum (RM'000)
Proceeds from the Private Placement 2021 ⁽¹⁾	8,045	8,045
Proceeds from the Rights Issue with Warrants	8,810	34,500
Others ⁽²⁾	91,145	116,455
Total	108,000	159,000

Notes:-

- (1) The Group has allocated proceeds of RM8.0 million from the Private Placement 2021 to part-finance the Group's funding requirement for the mobilisation costs. Further details of the Private Placement 2021 are set out in Section 2.7(i) of this Abridged Prospectus.

- (2) This is intended to be in the form of internally generated funds including those to be generated from the EPCC projects itself from time to time (as at the LPD, the Group's cash and bank balances stood at RM23.6 million, please refer to Section 10.1 of this Abridged Prospectus for further details), bank borrowings (if additional facilities can be obtained) and/or future fund-raising exercises to be undertaken (if required, which may entail issuance of new securities such as private placements). However, the breakdown of the source of funding has yet to be determined at this juncture as it will depend on, amongst others, the actual amount of shortfall as well as the availability and suitability of other funding alternatives at the relevant time.

Further to the above, the Group's Glove Supplementary Services Business requires funding of RM13.8 million for the bulk purchase of raw materials as well as to establish a wholesale distribution centre in the following manner:-

Funding requirement	(RM'000)
Bulk purchase of raw materials ⁽¹⁾	12,880
Establishment of a wholesale distribution centre ⁽²⁾	900
Total	13,780

Notes:-

- (1) Apart from the Glove Turnkey Solutions Business, the Group plans to provide supplementary services to its customers by bulk purchasing raw materials for gloves production such as NBR to be sold to its customers.

As at the LPD, Group has already identified suppliers for the supply of NBR, which will be sourced locally and overseas (e.g. from the People's Republic of China). The proceeds of up to RM12.9 million is expected to be able to fund the purchase of 1,000 tonnes of NBR. However, the actual cost will be subject to the market price of NBR at the relevant point of time.

- (2) The Group intends to utilise proceeds of up to RM0.9 million to rent and set up a wholesale distribution centre. As at the LPD, the Group is in the midst of evaluating a potential warehouse in Penang to be used as the wholesale distribution centre.

Based on the above, the Group has earmarked proceeds of up to RM48.3 million from the Rights Issue with Warrants to be utilised in the following manner:-

Utilisation of proceeds	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
Funding for the Glove Turnkey Solution Business ⁽¹⁾	8,810	34,500
Funding for the Glove Supplementary Services Business	-	13,780
Total	8,810	48,280

Note:-

- (1) The Group intends to allocate up to RM34.5 million from the Rights Issue with Warrants to finance part of the required mobilisation costs in the following manner:-

Breakdown of the mobilisation costs	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
Performance bonds (usually in the form of bank guarantees representing a certain percentage of the contract sum)	3,000	11,500
Payments to sub-contractors	3,000	11,500
Purchase of machineries as well as materials and components required for the EPCC of glove-dipping lines such as steel, former, former holders and chain	2,810	11,500
Total	8,810	34,500

For avoidance of doubt, the proceeds allocated for mobilisation costs are intended to be allocated for the Glove Manufacturing Solutions Business' current EPCC projects as set out in Section 5.2.1 of this Abridged Prospectus as well as any other EPCC projects to be undertaken in the future. Hence, if any of the current EPCC projects do not materialise for whatever reason, the proceeds will be utilised for other EPCC projects to be undertaken by the Glove Manufacturing Solutions Business in the future.

(ii) Repayment of borrowings

As at the LPD, the total outstanding amount of the Group's borrowings (including lease liabilities) stood at RM53.5 million including domestic borrowings of approximately RM2.0 million and foreign borrowings of approximately THB394.0 million (equivalent to approximately RM51.5 million⁽¹⁾).

Under the Maximum Scenario, the Group plans to utilise up to RM22.7 million of proceeds to fully repay the domestic borrowings and partially repay the foreign borrowings in the following order:-

Type of facility	Outstanding amount as at the LPD		Proposed repayment amount (RM'000)	Estimated annual interest savings from the repayment (RM'000)
	THB'000	RM'000		
(a) <u>Domestic borrowings</u> - Convertible loan ⁽²⁾	-	2,000	2,000	255
(b) <u>Foreign borrowings</u> - Trade finances ⁽³⁾	271,400	⁽¹⁾ 35,489	20,651	1,295
Total	271,400	35,489	22,651	1,550

Notes:-

- (1) Translated based on the exchange rate of THB1:RM0.1308, as extracted from BNM's website as at the LPD.

- (2) These were drawn down to finance the Group's working capital for its Construction Business and will expire in October 2021. The effective interest rate per annum of the facility is 12.75%.
- (3) These were drawn down to finance the Group's working capital for its PCB Business. The tenure of the trade finance facilities ranges from 150 days to 180 days from the date of drawdown. The effective interest rates per annum of the trade finance facilities are 5.60% - 5.90%.

While the Group intends to allocate proceeds of up to RM22.7 million to repay the borrowings, the borrowings are subject to the prevailing interest rates and foreign exchange rates as well as drawdown and repayment from time to time. As such, the outstanding amount of these borrowings at the point of repayment may differ from the current amount as at the LPD.

In this event, any surplus shall be reallocated in the order of utilisation set out in Note (1) of this Section 6 above. Any shortfall shall be funded via internally generated funds, bank borrowings and/or future fund-raising exercises to be undertaken (if required).

(iii) Estimated expenses for the Corporate Exercises

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

Estimated expenses	RM'000
Professional fees ⁽¹⁾	870
Fees to relevant authorities ⁽²⁾	140
Printing, despatch and advertising expenses	150
Miscellaneous charges	30
Total	1,190

Notes:-

- (1) These include advisory fees payable to the Principal Adviser and other professional fees payable to the company secretary, share registrar, solicitors, reporting accountants and Independent Market Researcher in relation to the Corporate Exercises. The professional fees excluded management fees payable to the placement agent for the management of the placement process, which have been paid using the proceeds from the Private Placement 2021 as detailed in Section 2.7(i) of this Abridged Prospectus.
- (2) These include fees payable to Bursa Securities, the SC and the Registrar of Companies.

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

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

Strictly for illustrative purposes, based on the Exercise Price of RM0.05 per Warrant B, the Company will raise gross proceeds of up to approximately RM54.1 million upon full exercise of the Warrants B under the Maximum Scenario. Any proceeds arising from the exercise of the Warrants B in the future will be used to finance the Group's general working capital requirements which shall include administrative expenses such as staff salaries, group overhead expenses (e.g. utilities, upkeep of office premise and others), Directors' remuneration, employer's statutory contribution, working capital for the Glove Manufacturing Solutions Business and other miscellaneous operating expenses. The exact utilisation breakdown cannot be determined at this juncture as it would depend on the actual requirements of the Group at the relevant time.

7. RISK FACTORS

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

7.1 Risks relating to the Group

7.1.1 Risks relating to the new Glove Manufacturing Solutions Business

(i) Business diversification risks

The diversification of the Group into the Glove Manufacturing Solutions Business may expose the Group to risks inherent to the gloves industry as the glove-dipping line industry that the Group is venturing into is dependent on the gloves industry. Such risks may include, amongst others, general economic downturn in the global and regional economies, competition from existing players, socio-political instability, changes in the legal and environmental framework within which this industry operates and changes in demand of gloves.

With the ongoing COVID-19 pandemic, the demand for gloves is expected to increase depending on the severity of the COVID-19 pandemic. However, any availability of a vaccine and the commercial viability to make available such a vaccine to the masses may cause a decrease in the expected demand for the medical gloves among healthcare professionals. If such event occurs, there is no assurance that the demand for gloves will continue to sustain.

Additionally, the Group intends to fund the Glove Manufacturing Solutions Business through a combination of proceeds raised from the Rights Issue with Warrants, internally generated funds, bank borrowings and/or future fund-raising exercises to be undertaken (if required). There is no assurance that the Group is able to raise sufficient funds through the Rights Issue with Warrants, generate enough funds from its existing operations and/or obtain funding from financial institutions or alternative means to carry out the Group's diversification plans.

A lack of funding may lead to, amongst others, a reduction in the number of EPCC projects that the Group is able to undertake, inability to procure raw materials and/or inability to make payment of staff salaries. This may ultimately lead to a halt to the Group's diversification plans.

Although the Group will seek to limit these risks through, amongst others, recruiting personnel with relevant experience and technical knowledge, explore all fund-raising avenues available as well as continuously monitoring the latest developments in the rubber gloves industry, no assurance can be given that any occurrence of the aforementioned events will not have a material adverse effect on the Group's business and earnings in the future.

(ii) No prior experience in the Glove Manufacturing Solutions Business

The Group is principally involved in the PCB Business and Construction Business. As such, the Group does not have any prior experience in the Glove Manufacturing Solutions Business. In particular, the marketing strategies that may be required for the success of the Glove Manufacturing Solutions Business may be relatively unique and distinct from the Group's existing businesses.

Even though the Group is of the view that there is a sufficient pool of talent with suitable technical expertise that can be recruited from the labour market in Malaysia, there can be no assurance that the Group will be able to recruit, assemble and retain a team with the relevant expertise. In such an event, this may affect the smooth running of the Glove Manufacturing Solutions Business.

(iii) Reliance on sub-contractors

The Group currently does not have in-house capabilities to undertake the EPCC projects in relation to the Glove Turnkey Solutions Business. As such, the Group has collaborated with Ripcol through the Collaboration Agreement. At this juncture, the Group relies on Ripcol as the sub-contractor to be appointed for each project to perform specialised works that are not part of its core competencies. Further, there is a risk that the Group's projects may be delayed, experience cost overruns or poor quality of work attributed to the sub-contractors. Some of the negative factors attributable to the sub-contractors may include amongst others, insufficient availability of resources to complete its project on time, poor skills level and unanticipated cost escalation.

The Group will use sub-contractors that have a track record of quality timely and reliable service working with the Group to avoid adverse impact from the use of subcontractors. In addition, the Group will adopt a selection process which includes checks on financial strengths, appropriate skills base, availability of human resources, track record, market reputation and work reference before its engagement with the subcontractors.

Even though the Group may source for other sub-contractors to mitigate overreliance on one subcontractor, there can be no assurance that the Group will be able to identify other sub-contractors which are able to provide the specialised works required in a timely, reliable and satisfactory manner. Although the Group may claim compensation from its appointed contractors for any non-performance or unsatisfactory performance, the Group may be required to compensate its customers in advance prior to the receipt of the compensation from the sub-contractors. The Group may also suffer losses which may adversely affect its financial performance in the event that it is unable to recover the compensation amount from its appointed sub-contractors, whether in full or in part.

(iv) Project risks

The Groups' EPCC contracts are generally secured on project basis. The availability of new EPCC contracts would depend on the setting up or expansion of the Group customers' rubber glove manufacturing plant, which is in turn largely dependent upon sustained increase in demand for gloves worldwide.

Furthermore, the EPCC contracts are subject to amongst others, delay, cancellation of projects or revocation of the EPCC contracts by the customers due to unforeseen circumstances, variation of projects and cost overruns, which may affect the Group financial performance.

Notwithstanding that the Group would not be able to intervene in the customers' projects, the Group will undertake measures to minimise any negative financial impact on the Group's operations arising from such potential project risks, particularly by carrying out assessment on each project to avoid cost overrun and to check the credibility of the potential customers.

Despite the measures above, there can be no assurance that the Group's financial performance will not be adversely affected in the event of any change to or delay in the projects of the Groups' customers in the future.

(v) Dependency on key management personnel

In diversifying the Group's business into the Glove Manufacturing Solutions Business, the Group currently relies on the experience of its key management personnel, namely Mr Tan Thean Jin. As such, the loss of any key personnel, without a suitable and timely replacement, may adversely affect the Group's Glove Manufacturing Solutions Business.

The Group recognises the importance of attracting and retaining key management personnel and will develop human resource initiatives that include, amongst others, competitive compensation packages as well as training and development programmes to ensure that the Group has the ability to retain key personnel. Furthermore, the Group intends to reduce dependency on individual key personnel by putting in place a succession plan and provide training and career development opportunities to groom junior employees.

Additionally, the Group is of the view that there is a sufficient pool of talent with suitable technical expertise. As such, the Group is confident that it will be able to recruit suitable candidates to replace the key management personnel.

Even though the Group is of the view that there is a sufficient pool of talent with suitable technical expertise that can be recruited from the labour market in Malaysia, there can be no assurance that the Group will be able to recruit suitable candidates to replace the key management personnel. In such an event, this may affect the smooth running of the Glove Manufacturing Solutions Business.

(vi) Risk of delay / failure in obtaining the necessary regulatory approvals / licenses for the operations of the Glove Supplementary Services Business

The Group has limited experience in the application for regulatory approvals / licenses required for the operations of the Glove Supplementary Services Business. The Group intends to apply for the necessary approvals / licenses from the relevant authorities such as the Malaysian Rubber Board, the Ministry of International Trade and Industry and Malaysia Investment Development Authority, as and when required.

Any delay in the obtainment of the regulatory certifications and licenses beyond the Group's expected timeframe set out in Section 5.2.2 of this Abridged Prospectus will cause a corresponding delay to the Group's expected timeline to commence the Glove Supplementary Services Business (i.e. by fourth quarter of 2021).

Notwithstanding the above, the management will liaise closely with the relevant authorities to ensure the smooth process of obtaining the necessary regulatory approvals / licenses.

There is no assurance that the raw materials to be imported by the Group for the Glove Supplementary Services Business can comply with all of the said certifications or that the said certifications and/or approvals from relevant authorities can be obtained in a timely manner. In the event of any adverse development or delay in the application of the relevant certifications, the import of such raw materials may be delayed. This may limit the Group's ability to smoothly run its Glove Supplementary Services Business, thus limiting the Group's revenue potential.

7.1.2 Risks relating to the Group's existing PCB Business

(i) Raw materials' cost and supply risk

The cost of raw materials constitutes the majority of the Group's cost of goods sold. The Group must obtain sufficient quantities of raw materials at acceptable prices and in a timely manner in order to manufacture its PCB products. The main raw materials used in the manufacture of the Group's PCB products include copper-clad laminates, industrial chemicals and printing ink. The pricing of the raw materials can be volatile and difficult to predict. The volatility in pricing is often attributable to factors beyond the Group's control, including changes in general economic conditions, currency exchange rates, industry cycles and production levels. There can be no assurance that the price of raw materials will not significantly increase or fluctuate in the future. If the price of raw materials increases and the Group is not able to compensate for or pass on such increased costs to customers, the Group's profitability and financial results may be adversely affected.

In line with industry practice, the Group generally does not enter into long-term supply contracts with their suppliers. A shortage of any key raw materials could limit the number of units the Group is able to produce and increase the production costs of its products, thereby depressing the margins for its products to the extent that the Group may not be able to pass on the increased costs to their customers, for example, as a result of fixed pricing mechanisms in the Group's supply contracts with its customers.

Although there are many suppliers of such raw materials available and the Group is always on the look out for alternative suppliers to broaden its suppliers base, no assurance can be given that there will be no shortage in the supply of those mentioned raw materials or that any shortage in supply of these raw materials would not have a material adverse effect on the profitability of the Group.

(ii) Competition risks

The Group faces competition from various aspects, including sourcing of its raw materials, new technologies and marketing of its products. During a downturn in the electronics industry, original equipment manufacturers may become more price sensitive. The introduction of lower priced competition or significant price reductions by the Group's competitors could result in price reductions that would adversely affect the Group's business condition and financial results. The Group would also face competition from potential new entrants to the PCB manufacturing industry. As such, there is no assurance that the Group will be able to compete successfully against either current or potential competitors in the future.

Besides that, the introduction of new technologies would render the Group's manufacturing process technology less competitive or obsolete. As such, the Group would need to constantly upgrade its machineries in order to remain competitive in the market. However, there can be no assurance that the Group will be able to maintain its competitiveness and provide the products necessary to retain business or attract new customers.

(iii) Foreign operation risks

At present, AEM has a subsidiary which is operating outside the country, namely Amallion Enterprise (Thailand) Corp., Ltd. By operating in Thailand, AEM's future growth and level of profitability will be subjected to risks arising from the economic, political, legal, administrative and social conditions of Thailand. Any unfavourable changes in the abovementioned foreign operation risk and any fluctuations of the THB against the RM or other major currencies could, potentially, have an adverse effect on the Group's operations and financial performance.

Further, certain transactions of the Group such as purchases of raw materials are sourced overseas from countries such as the People's Republic of China and Japan and are transacted in foreign currencies such as USD and Japanese Yen. Accordingly, any unfavourable fluctuations in the foreign exchange rates might have a material and adverse effect on the Group's financial results.

7.1.3 Risks relating to the Group's existing Construction Business

(i) Delays in the completion of the Groups' projects

The timeframe to complete the Groups' projects is in accordance with the terms of its contracts. However, the completion of the Groups' projects may be affected by various external factors, some of which may be beyond the Group's control. The external factors include the timely receipt and renewal of requisite licenses, permits and approvals (where necessary) as well as availability of construction materials and labour.

Any prolonged delay due to the above factors may subsequently lead to project cost overrun, premature termination of the Group's contract or the postponement of the Groups' projects by the Groups' customers. Material project delays will also affect the Group's profitability, delay the recognition of revenue, incur additional costs and/or result in the Group's customers imposing liquidated and ascertained damages on us, all of which may adversely affect the Group's financial performance.

(ii) Dependence on third-party contractors / subcontractors

The Group's Construction Business is highly dependent on the support of third-party contractors/subcontractors. As such, the performance and profitability of the Group's projects are dependent on the quality, pricing, performance and reliability of the appointed contractors to carry out the projects within the prescribed timeframe.

The Groups' contractors and subcontractors may also experience financial and/or other difficulties which in turn may affect their ability to perform the contracted work. This may eventually lead to possible delays in the completion of the projects as well as resulting in cost overruns. Any non-performance or unsatisfactory performance of the appointed contractors and their inability to supply sufficient labour will inevitably disrupt the progress of the Groups' projects and/or the quality of the Groups' operations.

Hence, there is no assurance that the Group's financial performance will not be adversely affected if its appointed contractors fail to provide the agreed contracted services in a timely, reliable and satisfactory manner. Although the Group may claim compensation from its appointed contractors for any non-performance or unsatisfactory performance, the Group may be required to compensate its customers in advance prior to the receipt of the compensation from the contractors. The Group may also suffer losses which may adversely affect its financial performance in the event that the Group is unable to recover the compensation amount from its appointed contractors, whether in full or in part.

(iii) Availability and fluctuations in prices of construction materials

For its Construction Business, the Group is required to source and purchase a wide range of construction materials, which includes steel bars, roof panels, electrical cables and fittings.

The unavailability of certain construction materials may require the Group to source for suitable replacements in a timely manner. Failure to obtain the replacements in a timely manner may lead to delays in the Group's construction works and as a result thereof, the Group's business operations may be adversely affected. Hence, under such circumstances, there is no assurance that the Group will be able to obtain sufficient quantities of construction materials for its projects at competitive prices at all times without any adverse impact to the Group's financial performance.

Further, construction raw materials are subject to price fluctuations which are beyond the Group's control and may result in increased costs that have a material adverse effect on its financial performance.

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

In the past year, 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. The imposition of lockdown or similar measures has had an adverse impact to the performance of the world's economies including Malaysia. Even if such lockdown measures are gradually relaxed over time, consumer sentiment is expected to remain dampened in the near future as consumers stay cautious in their spending. Until vaccines are able to be dispensed to the majority of the general population thus allowing herd immunity to be achieved and social distancing measures to be lifted, the dampening effects of the COVID-19 pandemic on consumer spending and the economy as a whole is expected to remain in the foreseeable future.

Since the implementation of the MCO began on 18 March 2020 to curb the spread of the COVID-19, the Group's Construction Business was impacted and had been temporarily halted since March 2020 even though its construction project in Sabah is allowed to operate during some MCO. This is in view that cost of operations during this period will be higher as well as due to lack of foreign labours to complete the construction project arising from the closure of the Malaysian borders to foreigners. The subsequent implementation of varying degrees of movement control orders like MCO, CMCO and RMCO as well as the recent implementation of the full MCO will continue to impact the Group's Construction Business as its construction project had to be temporarily halted. This may lead to delay of the construction project and may affect the revenue contribution from this business segment.

Meanwhile, for its PCB Business which is based in Thailand, the Group had suffered minimal impact to its operations pursuant to the COVID-19 pandemic as its factories were able to operate throughout the pandemic. As at the LPD, the Group did not receive any fines / penalties in relation to the violation of any rules and regulation set by the Thailand government pursuant to the COVID-19 pandemic. Despite uncertainties during the initial stages of the pandemic which led to a temporary reduction in customer orders, the Group had since been able to secure more customer orders by deploying competitive pricing strategy to reduce prices on several products. As a result, the PCB segment recorded a revenue of RM91.0 million for the 15-month FPE 31 March 2021 as compared to a revenue of RM68.0 million for the FYE 31 December 2019 (the annualised revenue for the 15-month FPE 31 March 2021 was RM72.8 million).

With the current daily global COVID-19 cases still remaining high, countries around the globe are facing the risk of a prolonged third wave or fourth wave of COVID-19 infection in the future. Should the respective government around the globe reintroduce and/or reinforce movement restrictions / lockdown, this will potentially reduce economic activities leading to a reduction in demand for the Group's products, i.e. PCB products. As a result, the Group may not be able to generate sufficient revenues which might have a material adverse impact on the financial performance of the Group. Further, the Group's venture into the Glove Manufacturing Solutions Business may also be impacted by the COVID-19 pandemic such as delays in obtaining necessary regulatory certifications, potential supply chain disruption as well as delays in the implementation of the EPCC projects.

On the other hand, while the Group has taken opportunities created by the COVID-19 pandemic to venture into the Glove Manufacturing Solutions Business, there is no assurance that the Group may be successful in this new business venture, due to potential risks highlighted in Section 7.1.1 of this Abridged Prospectus.

7.2 Risks relating to the Rights Issue with Warrants

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

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

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

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

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

(ii) Capital market risk

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

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

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

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

(iii) Potential dilution of existing shareholders' shareholding

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

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

(iv) Forward-looking statements and other information

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

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

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

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8. INDUSTRY OVERVIEW AND PROSPECTS

8.1 Malaysian economy

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

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

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

(Source: Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2021, BNM)

Reinforced by the reopening of the economy in phases, growth is expected to improve gradually during the second half of the year, cushioning the significant contraction in the first half. Thus, Malaysia’s gross domestic product is expected to contract by 4.5% in 2020, before rebounding between 6.5% and 7.5% in 2021. After a dismal economic performance in 2020 due to the COVID-19 pandemic, the Malaysian economy is expected to rebound firmly in 2021, in line with the expectation of a more synchronised global recovery. At the same time, domestic demand is projected to record a steady growth, supported by improvements in labour market conditions, low inflation and favourable financing conditions as well as the revival of major infrastructure projects. All sectors in the economy are expected to turnaround, with services and manufacturing sectors continuing to spearhead growth.

Nevertheless, downside risks to the growth outlook remain, arising from the resurgence of COVID-19 cases and the duration of containment measures domestically and globally. Geopolitical tensions, volatility in financial and commodity markets as well as prolonged trade and tech war may dampen the recovery pace. Against this background, the Government will continue to promote resilient and sustainable economic growth, while safeguarding the welfare of the people. Efforts will be enhanced to accelerate the shift to digitalisation, skilled workforce, quality foreign direct investments and strengthening environmental, social and governance principles to ensure sustainable and inclusive growth.

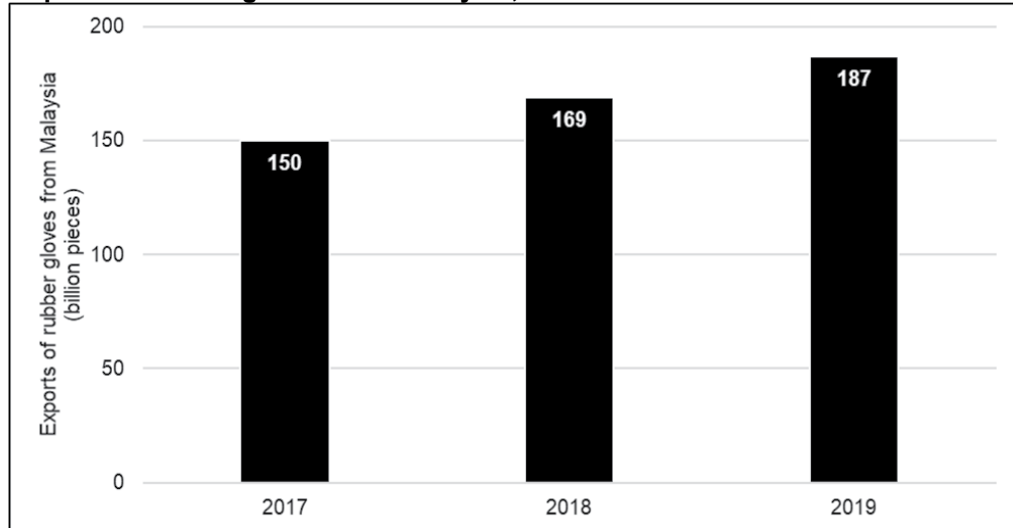
(Source: Economic Outlook 2021, Ministry of Finance Malaysia)

8.2 Outlook and prospects of the rubber glove exports in Malaysia

In 2019, Malaysia is the world's largest exporter of rubber gloves, where exports of rubber gloves from Malaysia contributed to 63.18% of total global demand for rubber gloves.

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

Exports of rubber gloves from Malaysia, 2017 – 2019

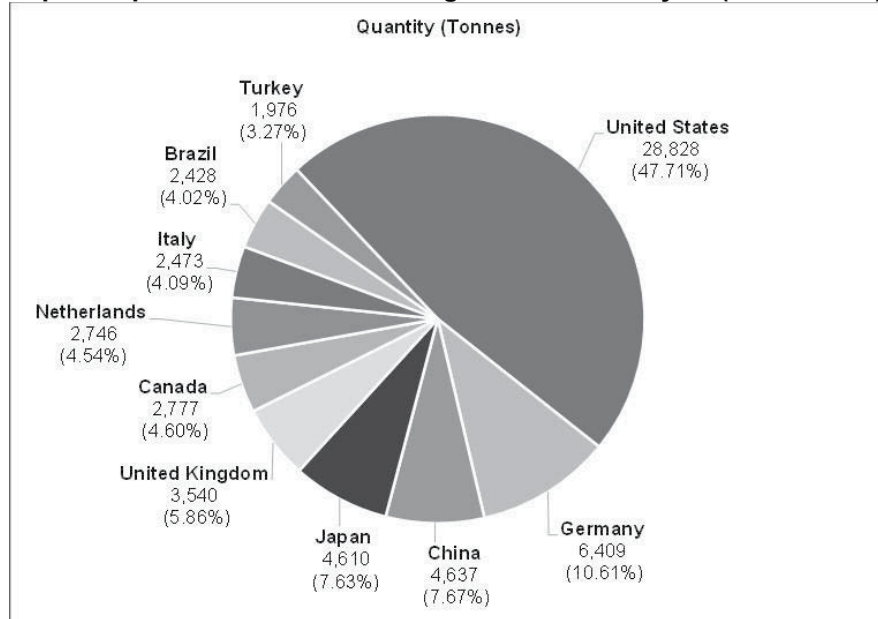


MARGMA expects exports of rubber gloves from Malaysia to have reached between 250 billion and 270 billion pieces in 2020, an increase of between 33.69% and 44.39% from 2019 to support the surge in demand for medical gloves globally due to the on-going COVID-19 pandemic. Despite the availability of vaccines for COVID-19 with many countries already commencing mass vaccinations, exports of rubber gloves from Malaysia are expected to remain high, especially in the near term, as medical gloves will continue to be used by healthcare professionals globally for mass vaccination. Further, the demand for rubber gloves will be continuously driven by heightened awareness of the usage of rubber gloves as general protection against viruses and other diseases. These are expected to offset the gradual decrease in the usage of medical gloves used for the COVID-19 response when the pandemic subsides following the availability of vaccines. As such, MARGMA expects exports of rubber gloves from Malaysia to reach 280 billion pieces in 2021, an increase of between 3.70% and 12.00% from 2020.

Based on latest available data, in March 2021, the top export countries of rubber gloves from Malaysia in terms of tonnage was the United States (47.71%) followed by Germany (10.61%).

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Top 10 export countries of rubber gloves from Malaysia (March 2021)⁽¹⁾



Note:-

(1) The percentages are calculated based on the total rubber gloves exported to the top 10 export countries from Malaysia, measured in tonnes, as shown above.

Malaysia is a major producer of rubber gloves. As at the LPD, there are approximately 70 rubber glove manufacturing companies and at least 25 public listed companies in Malaysia which have recently ventured, or announced their plans to venture, into rubber glove manufacturing. The manufacturing activities of rubber gloves have been increasing to support the increasing exports of rubber gloves from Malaysia to cater for the increasing global demand for rubber gloves.

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

To meet the demand for rubber gloves, rubber glove manufacturers seek expansion of rubber glove production capacity through the installation of additional glove-dipping lines in their glove production plants. Further, new entrants in the rubber glove manufacturing industry are required to establish glove production plant(s) which include the installation of glove-dipping lines. As such, the increasing demand for rubber gloves will continue to drive the increase in production capacity, thereby creating demand for glove-dipping lines. This thus presents growing business opportunities for glove-dipping line manufacturers and/or solution providers which may conduct in-house manufacturing works or outsource such works to sub-contractors.

In addition, rubber glove manufacturers require continuous technological upgrades of rubber glove manufacturing processes and glove-dipping lines to meet rising demand through improved efficiencies such as time, speed, quality, energy usage and cost of glove manufacturing. One of the aspects of technological upgrades in rubber glove manufacturing activities is the increase in automation of glove-dipping lines. Increased automation during the manufacturing of rubber gloves will speed up production, thus increasing the production volume of rubber gloves manufactured in a given time. In line with the increase in automation to replace manual labour, rubber glove manufacturers will be able to reduce reliance on manual labour required to transfer semi-finished rubber gloves from one machine to another.

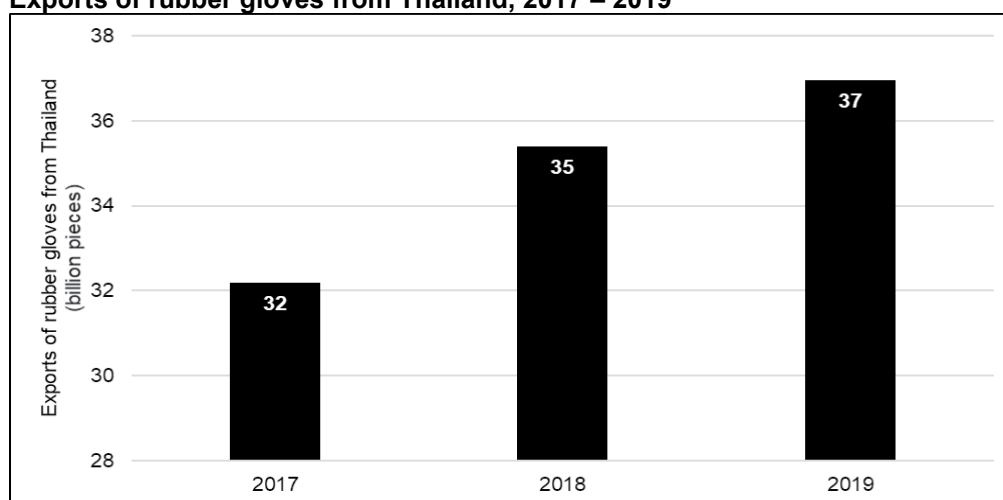
According to MARGMA, the rubber glove manufacturers have already taken an oversold position prior to the widespread outbreak of the COVID-19 pandemic, thus resulting in a lead time of more than 6 months for rubber glove manufacturers to meet orders. In addition, as a result of the oversold position and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

(Source: IMR Report)

8.3 Outlook and prospects of the rubber glove exports in Thailand

In 2019, Thailand was the world's second largest exporter of rubber gloves, where exports of rubber gloves from Thailand contributed to 12.50% of total global demand for rubber gloves. Exports of rubber gloves from Thailand increased from 32 billion pieces in 2017 to 37 billion pieces in 2019 at a CAGR of 7.53%.

Exports of rubber gloves from Thailand, 2017 – 2019



Smith Zander estimates exports of rubber gloves from Thailand to have reached 50 billion pieces in 2020, an increase of 35.14% from 2019 to support the surge in demand for medical gloves globally due to the on-going COVID-19 pandemic. Similar to Malaysia, the exports of rubber gloves from Thailand beyond 2020 is expected to remain high to cater to increasing global demand for rubber gloves. Smith Zander forecasts exports of rubber gloves from Thailand to reach 58 billion pieces in 2021.

Thailand is the world's largest producer of natural rubber. From 2017 to 2019, Thailand has consistently emerged as the country with the highest production of natural rubber, which increased from 4.50 million tonnes to 4.84 million tonnes, at a CAGR of 3.71%. The abundance of raw materials in Thailand coupled with the surge in demand for medical gloves have encouraged local and foreign glove manufacturers to increase production capacity and set up new rubber glove production facilities in Thailand. Further, the Ministry of Agriculture and Cooperatives Thailand aims to promote Thailand as a global hub for rubber glove manufacturing. The increasing rubber glove manufacturing activities in Thailand thus creates increasing demand for glove-dipping lines and continuous technological upgrades of glove-dipping lines.

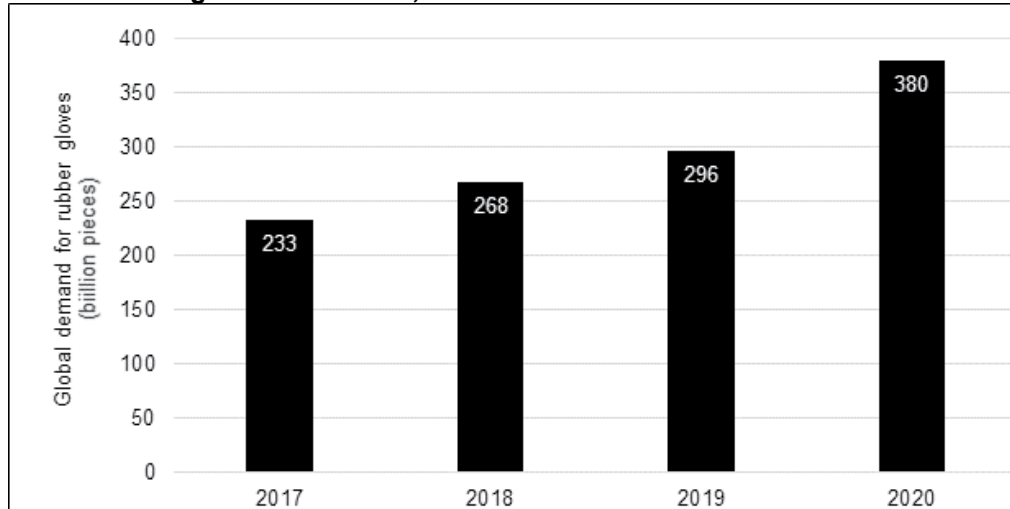
(Source: IMR Report)

8.4 Outlook and prospects of the global rubber glove market

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

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

Global rubber glove market size, 2017 – 2020



While many countries globally have rolled out vaccines to control the COVID-19 pandemic, the global demand for rubber gloves is expected to remain high. This is premised on the continuous usage of medical gloves among healthcare professionals worldwide during mass vaccination; and in the longer term, supported by heightened awareness of the usage of rubber gloves as general protection against viruses and other diseases.

MARGMA forecasts the global demand for rubber gloves to reach 420 billion pieces in 2021, an increase of 10.53% from 2020.

(Source: IMR Report)

8.5 Demand for rubber gloves

Moving forward, the outlook of the global rubber glove market is positive, premised on the following:-

(i) The demand for personal protective equipment to curb the spread of COVID-19 pandemic boosts the demand for medical gloves

As at the LPD, COVID-19 has affected approximately 223 countries, areas or territories, infecting 178.84 million persons and causing more than 3.88 million deaths.

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

Further, as many countries globally have rolled out vaccines to control the COVID-19 pandemic, there will be continuous usage of medical gloves among healthcare professionals worldwide during mass vaccination. Moreover, in the longer term, the demand for rubber gloves will continue to be supported by heightened awareness of the usage of rubber gloves as general protection against viruses and other diseases. These are also expected to offset the gradual decrease in the usage of medical gloves used for the COVID-19 response when the pandemic subsides following the availability of vaccines.

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

(ii) The growth in healthcare services drives the demand for medical gloves

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

Based on latest available information, the global healthcare services industry grew in terms of global healthcare expenditure, which increased from USD7.58 trillion (RM31.42 trillion) in 2016 to USD8.43 trillion (RM34.02 trillion) in 2018, at a CAGR of 5.46%.

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

Smith Zander forecasts global healthcare expenditure to increase from USD8.43 trillion (RM34.02 trillion) in 2018 to USD9.66 trillion (RM39.56 trillion) in 2021, at a CAGR of 4.64%.

(iii) The growth in the global industrial production activities in the manufacturing sector drives the demand for industrial gloves

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

According to United Nations Industrial Development Organization, the global manufacturing sector, as measured by manufacturing value added declined by 6.75% from USD13.93 trillion (RM57.71 trillion) in 2019 to USD12.99 trillion (RM54.58 trillion) in 2020. The decline in the global manufacturing sector in 2020 was due to the imposition of lockdowns, temporary closures or disruptions in manufacturing operations in the respective countries to curb the spread of COVID-19. However, moving forward, the global manufacturing sector is expected to continue to grow once the outbreak of the COVID-19 subsides. As such, Smith Zander forecasts the global manufacturing sector, as measured by manufacturing value added to recover by 1.92% from USD12.99 trillion (RM54.58 trillion) in 2020 to USD13.24 trillion (RM54.23 trillion) in 2021.

(Source: IMR Report)

8.6 Prospects and future plans of the Group

As at the LPD, the Group is principally involved in the PCB Business and the Construction Business. The diversification into the Glove Manufacturing Solutions Business is aimed at providing additional streams of income to the Group while capitalising on the burgeoning demand from both existing and aspiring glove manufacturers due to the acute surge in global demand of gloves and its related products and services resulting from the COVID-19 pandemic. To further enhance its offerings to glove manufacturers, the Group shall also enhance the glove-dipping lines through improving the technology used via research and development. Further details are set out in Section 5.2.1 of this Abridged Prospectus.

The Group is also hopeful that the diversification into the Glove Manufacturing Solutions Business can help to mitigate potential downside risk of the Group arising from the wide-ranging effects of the COVID-19 pandemic to the local and global economy.

Meanwhile, the Rights Issue with Warrants is undertaken mainly to fund the Glove Manufacturing Solutions Business and for the repayment of borrowings. The Rights Issue with Warrants is expected to improve the Group's financial performance and reduce the overall gearing and results in interest saving for the Group.

In light of the unprecedented COVID-19 pandemic globally, the Malaysian government effected containment measures since mid-March 2020 through the implementation of the MCO (including subsequent phases of MCO) including, amongst others, travel bans and measures to promote social distancing. The Group's Construction Business was impacted as its construction project in Sabah has been temporarily halted since March 2020 due to the lack of foreign labours to complete the construction project arising from the closure of the Malaysian borders to foreigners.

Moving forward, the Construction Business's performance is highly dependent on the Group's ability to secure and undertake new construction contracts. The Group expects that the construction industry in Malaysia will continue to face various challenges in the short-term owing to the impact of the COVID-19 pandemic.

Meanwhile, for its PCB Business which is based in Thailand, the Group had suffered minimal impact to its operations pursuant to the COVID-19 pandemic as its factories were able to operate throughout the pandemic. Further details on the impact of the COVID-19 on the Group's PCB Business are set out in Section 7.1.4 of this Abridged Prospectus.

For its PCB Business, the Group is continuously reviewing its product mix, pricing strategy, and marketing strategy to secure more customer orders for its PCB manufacturing business. As the Group derives most of its PCB segment revenue from the Thailand market, the Group is optimistic that the Group will be able to take advantage of the relocation of PCB orders to Southeast Asia as a result of the US-China trade war. Furthermore, Group has recently embarked on initiative to upgrade its equipment and machineries for its PCB Business using proceeds from the Private Placement December 2020. Such upgrade of equipment and machineries is expected to benefit the Group through reduced costs and increased efficiency levels, as well as improving the Group's products' quality thereby leading to reduced rejection, which is expected to bring in more orders for the Group.

Since the outbreak of the COVID-19 pandemic, the demand for personal protective equipment (e.g. medical gloves) to curb the pandemic has rapidly boosted the demand for gloves. This has resulted in extraordinary profits for glove manufacturers, which has driven not only the existing glove manufacturers to aggressively expand their manufacturing capacity, but has also attracted new entrants into the lucrative glove manufacturing business. As a result, the demand for glove-dipping lines has risen substantially. The diversification into the Glove Manufacturing Solutions Business allows the Group to venture into the Glove Manufacturing Solutions Business and to capitalise on the burgeoning demand from both existing and aspiring glove manufacturers, which will provide an alternative source of income to the Group's current core business.

At this juncture, the Group intends to offer its turnkey manufacturing solutions to both existing and aspiring glove manufacturers in Malaysia and Thailand. The Group intends to leverage on its business connections in Malaysia and Thailand which is built from its existing PCB Business as well as tap on the technical expertise and experience of Ripcol in the Glove Turnkey Solutions Business through the Collaboration Agreement. Both Malaysia and Thailand are key markets for gloves production, being the world's first and second largest exporter of rubber gloves in 2019 in terms of number of pieces of rubber gloves exported respectively and thus have a high concentration of glove manufacturers.

Moving forward, the Group will continue to tender for new EPCC projects while focusing on the execution and timely completion of its existing letter of awards once a definitive agreement has been signed. To that end, the Group is committed to its recruitment strategy to hire the full team of 30 staff by end 2021. The Group also plans to put in place a human resource programme which offers competitive remuneration packages, learning and career advancement opportunities as well as succession plans in setting up the management team for the Glove Manufacturing Solutions Business to retain and attract key management personnel in order to ensure long term sustainability of the Glove Manufacturing Solutions Business.

Premised on the above as well as the positive outlook and prospects of the rubber glove industry in Malaysia and globally, the management is optimistic about the Group's future prospects.

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9. EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

9.1 Share capital

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

	Minimum Scenario		Maximum Scenario	
	No. of Shares	Share capital RM	No. of Shares	Share capital RM
Issued share capital as at the LPD	721,209,754	95,982,622	721,209,754	95,982,622
New Shares to be issued pursuant to the Rights Issue with Warrants	200,000,000	⁽¹⁾ 3,485,000	1,442,419,508	⁽¹⁾ 32,526,556
Enlarged issued share capital after the Rights Issue with Warrants	921,209,754	99,467,622	2,163,629,262	128,509,178
New Shares to be issued assuming full exercise of the Warrants B	150,000,000	⁽²⁾ 12,825,000	1,081,814,631	⁽²⁾ 92,495,151
Enlarged issued share capital	1,071,209,754	112,292,622	3,245,443,893	221,004,329

Notes:-

- (1) Based on the issue price of RM0.05 per Rights Share and after adjusting for the creation of warrant reserve based on an allocated fair value of RM0.0355 per Warrant B (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and estimated expenses incidental to the Corporate Exercises of RM1.19 million.
- (2) Based on the exercise price of RM0.05 per Warrant B and after accounting for the reversal of warrant reserve.

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9.2 NA and gearing

As at the LPD, there are no material transactions which may have a material effect on the operations, financial position and results of the Group since the Group's latest unaudited 15-month FPE 31 March 2021.

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

Minimum Scenario

Group level	Unaudited as at 31 March 2021 RM'000	(I) After the Private Placement 2021 ⁽¹⁾ RM'000	(II) After (I) and the Rights Issue with Warrants ⁽²⁾⁽³⁾ RM'000	(III) After (II) and assuming full exercise of the Warrants B ⁽⁴⁾ RM'000
Share capital	87,938	95,983	99,468	112,293
Asset revaluation reserve	1,541	1,541	1,541	1,541
Foreign currency translation reserve	7,770	7,770	7,770	7,770
Warrant reserve	-	-	5,325	-
Accumulated losses	(20,627)	(20,627)	(20,627)	(20,627)
Total equity / NA	76,622	84,667	93,477	100,977
No. of Shares in issue ('000)	554,777	721,210	921,210	1,071,210
NA per Share (RM)	0.14	0.12	0.10	0.09
Total borrowings (RM'000)	45,638	45,638	45,638	45,638
Gearing ratio (times)	0.60	0.54	0.49	0.45

Notes:-

- (1) After accounting for the issuance of 60,000,000 new Shares at an issue price of RM0.0557 per Share, 40,000,000 new Shares at an issue price of RM0.0440 per Share and 66,433,000 new Shares at an issue price of RM 0.0450 per Share pursuant to the Private Placement 2021 and after deducting expenses of RM0.05 million incurred in relation to the Private Placement 2021.
- (2) Based on the issuance of 200,000,000 Rights Shares at the issue price of RM0.05 each together with 150,000,000 Warrants B.
- (3) After accounting for the creation of warrant reserve based on the issuance of the Warrants B at an allocated fair value of RM0.0355 per Warrant B (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and estimated expenses incidental to the Corporate Exercises of RM1.19 million.
- (4) Based on exercise price of RM0.05 per Warrant B and after accounting for the reversal of warrant reserve.

Maximum Scenario

Group level	Unaudited as at 31 March 2021 RM'000	(I) After the Private Placement 2021 ⁽¹⁾ RM'000	(II) After (I) and the Rights Issue with Warrants ⁽²⁾⁽³⁾ RM'000	(III) After (II) and assuming full exercise of the Warrants B ⁽⁴⁾ RM'000
Share capital	87,938	95,983	128,509	221,004
Asset revaluation reserve	1,541	1,541	1,541	1,541
Foreign currency translation reserve	7,770	7,770	7,770	7,770
Warrant reserve	-	-	38,404	-
Accumulated losses	(20,627)	(20,627)	(20,627)	(20,627)
Total equity / NA	76,622	84,667	155,597	209,688
No. of Shares in issue ('000)	554,777	721,210	2,163,629	3,245,444
NA per Share (RM)	0.14	0.12	0.07	0.06
Total borrowings (RM'000)	45,638	45,638	(5)22,987	22,987
Gearing ratio (times)	0.60	0.54	0.15	0.11

Notes:-

- (1) After accounting for the issuance of 60,000,000 new Shares at an issue price of RM0.0557 per Share, 40,000,000 new Shares at an issue price of RM0.0440 per Share and 66,433,000 new Shares at an issue price of RM 0.0450 per Share pursuant to the Private Placement 2021 and after deducting expenses of RM0.05 million incurred in relation to the Private Placement 2021.
- (2) Based on the issuance of 1,442,419,508 Rights Shares at the issue price of RM0.05 each together with 1,081,814,631 Warrants B.
- (3) After accounting for the creation of warrant reserve based on the issuance of the Warrants B at an allocated fair value of RM0.0355 per Warrant B (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and estimated expenses incidental to the Corporate Exercises of RM1.19 million.
- (4) Based on exercise price of RM0.05 per Warrant B and after accounting for the reversal of warrant reserve.
- (5) As set out in Section 6 of this Abridged Prospectus, proceeds of RM22.65 million from the Rights Issue with Warrants will be utilised for partial repayment of borrowings.

9.3 Substantial Shareholders' shareholdings

The substantial Shareholders of the Company based on the Register of Substantial Shareholders as at the LPD and the pro forma effects of the Rights Issue with Warrants on their shareholdings are as follows:-

Minimum Scenario

Substantial Shareholders	As at the LPD			(I) After the Rights Issue with Warrants		
	Direct		Indirect	Direct		Indirect
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%
AT Precision Tooling Sdn Bhd	77,856,200	10.80	-	-	244,522,867	27.54
AT Systematization Berhad	-	-	(4)77,856,200	10.80	-	(4)244,522,867
Seah Yee Teng	52,433,000	7.27	-	-	52,433,000	5.69

Substantial Shareholders	(II) After (I) and assuming full exercise of the Warrants B		
	Direct		Indirect
	No. of Shares	(3)%	No. of Shares
AT Precision Tooling Sdn Bhd	369,522,867	36.48	-
AT Systematization Berhad	-	-	(4)369,522,867
Seah Yee Teng	52,433,000	4.89	-

Notes:-

- (1) Based on the issued share capital of 721,209,754 Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 921,209,754 Shares.
- (3) Based on the enlarged issued share capital of 1,071,209,754 Shares.
- (4) Deemed interest by virtue of its shareholding in AT Precision Tooling Sdn Bhd.

Maximum Scenario

Substantial Shareholders	As at the LPD				(I) After the Rights Issue with Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
AT Precision Tooling Sdn Bhd	77,856,200	10.80	-	-	233,568,800	10.80	-	-
AT Systematization Berhad	-	-	(4)77,856,200	10.80	-	-	(4)233,568,600	10.80
Seah Yee Teng	52,433,000	7.27	-	-	157,299,000	7.27	-	-

Substantial Shareholders	(II) After (I) and assuming full exercise of the Warrants B			
	Direct		Indirect	
	No. of Shares	(3)%	No. of Shares	(3)%
AT Precision Tooling Sdn Bhd	350,352,900	10.80	-	-
AT Systematization Berhad	-	-	(4)350,352,900	10.80
Seah Yee Teng	235,948,500	7.27	-	-

Notes:-

- (1) Based on the issued share capital of 721,209,754 Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 2,163,629,262 Shares.
- (3) Based on the enlarged issued share capital of 3,245,443,893 Shares.
- (4) Deemed interest by virtue of its shareholding in AT Precision Tooling Sdn Bhd.

9.4 Earnings and EPS

The Board expects the Rights Issue with Warrants to contribute positively to the future earnings of the Group via the utilisation of proceeds as set out in Section 6 of this Abridged Prospectus.

Subsequent to the completion of the Rights Issue with Warrants, assuming that the consolidated losses of the Company remain unchanged, the LPS of the Company shall be correspondingly diluted as a result of the increase in the number of Shares arising from the Rights Issue with Warrants.

The potential effects of the Rights Issue with Warrants on the consolidated losses of the Company moving forward will depend on, amongst others, the number of Right Shares to be issued and the benefits to be derived from the utilisation of the proceeds to be raised from the Rights Issue with Warrants. In turn, this would depend on the performance of the Glove Manufacturing Solutions Business, which is expected to contribute positively to the future earnings of the Group in view of the prospects for the gloves industry as set out in Sections 8.2, 8.3, 8.4 and 8.5 of this Abridged Prospectus.

For illustration, the pro forma effects of the Corporate Exercises on the consolidated losses and LPS of the Company are as follows:-

	Unaudited 15-month FPE 31 March 2021	(I) After the Private Placement 2021 ⁽¹⁾	(II) After (I) and the Rights Issue with Warrants		(III) After (II) and assuming full exercise of the Warrants B	
			Minimum Scenario	Maximum Scenario	Minimum Scenario	Maximum Scenario
LAT attributable to owners of the Company (RM'000)	(9,941)	(9,941)	(9,941)	(9,941)	(9,941)	(9,941)
Weighted average number of Shares ('000)	417,932	584,365	784,365	2,026,785	934,365	3,108,599
LPS (sen)	(2.38)	(1.70)	(1.27)	(0.49)	(1.06)	(0.32)

Note:-

(1) After accounting for the issuance of 60,000,000 new Shares at an issue price of RM0.0557 per Share, 40,000,000 new Shares at an issue price of RM0.0440 per Share and 66,433,000 new Shares at an issue price of RM 0.0450 per Share pursuant to the Private Placement 2021.

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

10.1 Working capital and sources of liquidity

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

As at the LPD, the Group's cash and bank balances stood at RM23.6 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 funds generated from the Group's operations, the banking facilities available to the Group, the proceeds to be raised from the Rights Issue with Warrants and the impact of the COVID-19 pandemic on the businesses of the Group, the Group will have sufficient working capital for a period of 12 months from the date of this Abridged Prospectus.

10.2 Borrowings

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

Borrowings	THB'000	RM'000
(a) Domestic borrowings		
<u>Short term borrowings (unsecured)</u>		
- Convertible loan	-	2,000
(b) Foreign borrowings		
<u>Long term borrowings (secured)</u>		
- Lease liabilities	21,288	(1)2,784
- Hire purchase	1,163	(1)67
<u>Short term borrowings (secured)</u>		
- Trade finance	271,400	(1)35,489
- Promissory notes	25,000	(1)3,269
- Factoring	57,206	(1)7,481
- Overdraft	4,060	(1)531
- Lease liabilities	13,320	(1)1,742
- Hire purchase	513	(1)152
Total	393,950	53,515

Note:-

(1) Translated based on the exchange rate of THB1:RM0.1308, as extracted from BNM's website as at the LPD.

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

10.3 Contingent liabilities

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

10.4 Material commitments

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

11. INSTRUCTIONS FOR ACCEPTANCE AND PAYMENT

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

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

11.1 General

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

11.2 NPA

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

11.3 Last date and time for acceptance and payment

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

11.4 Methods of acceptance and application

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

<u>Method</u>	<u>Category of Entitled Shareholders</u>
RSF	All Entitled Shareholders
Electronic submission of RSF	All Entitled Shareholders

11.5 Procedures for full acceptance and payment

11.5.1 By way of RSF

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

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

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

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

so as to arrive not later than **5.00 p.m. on Thursday, 5 August 2021**, being the last date and time for the acceptance and payment for the Rights Shares with Warrants B.

If you lose, misplace or for any other reason require another copy of the RSF, you may obtain additional copies from the registered office of the Company, the Share Registrar's office or on its website at <https://www.shareworks.com.my> or Bursa Securities' website at <https://www.bursamalaysia.com>.

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

Successful applicants to the Rights Shares with Warrants B will be given the Warrants B on the basis of 3 Warrants B for every 4 Rights Shares successfully subscribed for. The minimum number of Rights Shares that can be subscribed or accepted is 1 Rights Share. However, you should take note that a trading board lot comprises 100 Rights Shares and 100 Warrants B respectively. Fractions of a Rights Share and Warrant arising from the Rights Issue with Warrants will be disregarded and the aggregate of such fractions shall be dealt with as the Board may at its absolute discretion deem fit and expedient and in the best interest of the Company. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar.

In the event that the Rights Shares with Warrants B are not fully taken up by such applicants, the Board will then have the right to allot such Rights Shares with Warrants B to the applicants who have applied for the Excess Rights Shares with Warrants B in the manner as set out in Section 11.8 of this Abridged Prospectus. The Board reserves the right to accept any applicant in full or in part only without assigning any reasons.

An Abridged Prospectus together with the NPA and RSF will be sent to all Entitled Shareholders on the date of the issuance of the Abridged Prospectus. 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 at <https://www.shareworks.com.my> or Bursa Securities' website at <https://www.bursamalaysia.com>. You may also request for a copy of the printed Abridged Prospectus from the Share Registrar at the following address:-

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

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.

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

Each completed RSF must be accompanied by the appropriate remittance in RM for the full amount payable for the Rights Shares accepted in the form of a banker's draft or cashier's order or money order or postal order drawn on a bank or post office in Malaysia and which must be made payable to "**AEM RIGHTS SHARES ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name in block letters, your contact number, your address and your CDS Account number, and must be received by the Share Registrar by **5.00 p.m. on Thursday, 5 August 2021**. The payment must be made for the exact amount payable for the Rights Shares accepted. Any excess or insufficient payment may be rejected at the absolute discretion of the Board. Cheques or other mode(s) of payment not prescribed herein are not acceptable.

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

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

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

ACCEPTANCE AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES MUST BE MADE IN ACCORDANCE WITH THE RSF ENCLOSED WITH THIS ABRIDGED PROSPECTUS AND MUST BE COMPLETED STRICTLY IN ACCORDANCE WITH THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. ACCEPTANCES AND/ OR PAYMENTS WHICH DO NOT CONFORM WITH THE TERMS AND CONDITIONS OF THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF OR WHICH ARE ILLEGIBLE MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF THE BOARD.

WHERE AN APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, 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 TO THE APPLICANT BY ORDINARY POST TO THE ADDRESS AS SHOWN ON THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT THE APPLICANT'S OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.

11.5.2 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.

Entitled Shareholders who wish to subscribe for the Rights Shares with Warrants B and apply for the Excess Rights Shares with Warrants B 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 Thursday, 5 August 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 our Share Registrar's Investor Portal may or may not be accepted at the absolute discretion of our Board.
- (c) your application for the Rights Shares with Warrants B and Excess Rights Shares with Warrants B must be accompanied by the remittance in RM via internet bank transfer, the bank account details as follows:-

Name of bank: Malayan Banking Berhad
 Name of account: AEM RIGHTS SHARES ACCOUNT
 Bank account No.: 552059821563

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"> • If you have already registered an account in the Investor Portal, you are not required to register again. • 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.
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 AE MULTI HOLDINGS BERHAD". • Key in your full name, CDS account number, contact number, the number of units for acceptance of your Rights Shares with Warrants B and Excess Rights Shares with Warrants B (if you choose to apply for additional Rights Shares with Warrants B).

Procedures	Action
	<ul style="list-style-type: none"> • 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 with Warrants B and application of the Excess Rights Shares with Warrants B (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 and Warrants B to be issued pursuant to the Rights Issue with Warrants will be allotted by way of crediting the Rights Shares and Warrants B into your CDS account. No physical share or warrant certificates 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 last date of acceptance and payment for the Rights Issue with Warrants.
- (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 last date of acceptance and payment for the Rights Issue with Warrants 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.

11.6 Procedures for part acceptance

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

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

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

11.7 Procedures for sale or transfer of Provisional Allotments

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

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

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

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

11.8 Procedures for the Excess Rights Shares with Warrants B Application

If you wish to apply for additional Rights Shares with Warrants B 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). The remittance for the Excess Rights Shares with Warrants B can be made together with the remittance for your entitlements as mentioned in Section 11.5.1 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 Thursday, 5 August 2021**, being the last time and date for Excess Rights Shares with Warrants B Applications and payment.

The payment must be made for the exact amount payable for the Excess Rights Shares with Warrants B 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 herein are not acceptable.

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

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

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

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

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

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

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

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

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

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

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

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

11.10 CDS Account

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

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

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

11.11 Notice of allotment

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

Upon allotment of the Rights Shares in respect of your acceptance and/or your renounee / transferee acceptance (if applicable) and Excess Rights Shares with Warrants B Application (if any), the Rights Shares and Warrants B 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 with Warrants B. However, a notice of allotment will be despatched to you and/or your renounee / transferee (if applicable) by ordinary post within 8 Market Days from the Closing Date or such other period as may be prescribed or allowed by Bursa Securities, to the address last shown on the Record of Depositors at your own risk.

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

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

11.12 Foreign-Addressed Shareholders

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

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

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

As a result, this Abridged Prospectus, the NPA and the RSF have not been (and will not be) sent to the 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, 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 with Warrants and the acceptance thereof by you would be in compliance with the terms and conditions of the Rights Issue with Warrants and would not be in breach of the laws of any jurisdiction. The Company will further assume that you had accepted the Rights Issue with Warrants in Malaysia and will at all applicable times be subject to the laws of Malaysia.

A Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) may only accept or renounce all or any part of his/their entitlements and exercise any other rights in respect of the Rights Issue with Warrants only to the extent that it would be lawful to do so, and the Company, the Board and officers, Mercury Securities and/or the advisers named herein ("**Parties**") would not, in connection with the Rights Issue with Warrants, be in breach of the laws of any country or jurisdiction to which the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) is or might be subject to. The Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) shall be solely responsible to seek advice from his/their legal and/or professional advisers as to whether the acceptance or renunciation in any manner whatsoever of his entitlement under the Rights Issue with Warrants would result in the contravention of the laws of the countries or jurisdictions to which he/they is/are or might be subject to. The Parties shall not accept any responsibility or liability in the event any acceptance or renunciation made by any Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction. The Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) will also have no claims whatsoever against the Parties in respect of his/their entitlements or to any net proceeds thereof.

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

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

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

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

12. TERMS AND CONDITIONS

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

13. FURTHER INFORMATION

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

Yours faithfully
For and on behalf of the Board of
AE MULTI HOLDINGS BERHAD



CHOONG LEE AUN
Executive Director

APPENDIX I - INFORMATION ON THE COMPANY

1. SHARE CAPITAL

As at the LPD, the issued share capital of the Company is RM95,982,622 comprising 721,209,754 Shares.

2. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

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

3. DIRECTORS

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

Name (<i>Designation</i>)	Age	Address	Nationality
Dato' Nik Ismail Bin Dato' Nik Yusoff <i>(Independent Non-Executive Chairman)</i>	75	No. 3, Jalan Oniks Dua 7/11B, Seksyen 7 40000 Shah Alam Selangor	Malaysian
Yang Chao-Tung <i>(Managing Director)</i>	56	No. 3, Lorong 28 Taman Patani Jaya 08000 Sungai Petani Kedah	Republic of China (Taiwan)
Choong Lee Aun <i>(Executive Director)</i>	55	22, Lintang Delima 13 Island Glades 11700 Gelugor Pulau Pinang	Malaysian
Saffie Bin Bakar <i>(Independent Non-Executive Director)</i>	68	No. 14, Jalan Permai 2 Taman Sena Indah 01000 Kangar Perlis	Malaysian
Yee Yit Yang <i>(Independent Non-Executive Director)</i>	54	162D, Jalan Lau Pak Khuan 31400 Ipoh Perak	Malaysian

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

Save as disclosed below, none of the Directors have any direct and/or indirect shareholding in the Company as at the LPD. The pro forma effects of the Rights Issue with Warrants on the Directors' shareholdings are as follows:-

Minimum Scenario

	As at the LPD				(I) After the Rights Issue with Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Yee Yit Yang	14,506,000	2.01	-	-	14,506,000	1.57	-	-
Yang Chao-Tung	10,122,564	1.40	-	-	10,122,564	1.10	-	-
Saffie Bin Bakar	1,300,000	0.18	-	-	1,300,000	0.14	-	-
Choong Lee Aun	100,000	0.01	-	-	100,000	0.01	-	-

Directors	(II) After (I) and assuming full exercise of the Warrants B			
	Direct		Indirect	
	No. of Shares	(3)%	No. of Shares	(3)%
Yee Yit Yang	14,506,000	1.35	-	-
Yang Chao-Tung	10,122,564	0.94	-	-
Saffie Bin Bakar	1,300,000	0.12	-	-
Choong Lee Aun	100,000	0.01	-	-

Notes:-

- (1) Based on the issued share capital of 721,209,754 Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 921,209,754 Shares.
- (3) Based on the enlarged issued share capital of 1,071,209,754 Shares.

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

Maximum Scenario

	As at the LPD				(I) After the Rights Issue with Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Yee Yit Yang	14,506,000	2.01	-	-	14,506,000	0.67	-	-
Yang Chao-Tung	10,122,564	1.40	-	-	10,122,564	0.47	-	-
Saffie Bin Bakar	1,300,000	0.18	-	-	1,300,000	0.06	-	-
Choong Lee Aun	100,000	0.01	-	-	100,000	(4)-	-	-

Directors	(II) After (I) and assuming full exercise of the Warrants B			
	Direct		Indirect	
	No. of Shares	(3)%	No. of Shares	(3)%
Yee Yit Yang	14,506,000	0.45	-	-
Yang Chao-Tung	10,122,564	0.31	-	-
Saffie Bin Bakar	1,300,000	0.04	-	-
Choong Lee Aun	100,000	(4)-	-	-

Notes:-

- (1) Based on the issued share capital of 721,209,754 Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 2,163,629,262 Shares.
- (3) Based on the enlarged issued share capital of 3,245,443,893 Shares.
- (4) Less than 0.01%.

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

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

Historical financial performance

	Audited			Unaudited
	FYE 31 December 2017	FYE 31 December 2018	FYE 31 December 2019	15-month FPE 31 March 2021
	RM'000	RM'000	RM'000	RM'000
Revenue	62,103	61,193	63,130	86,035
Cost of sales	(52,636)	(51,849)	(55,230)	(82,866)
GP	9,467	9,344	7,900	3,169
Other operating income	3,152	1,711	3,182	5,913
Administrative expenses	(9,705)	(8,976)	(6,582)	(13,974)
Selling and distribution cost	(1,508)	(1,383)	(1,521)	(1,471)
Finance costs	(2,436)	(2,623)	(3,587)	(3,555)
Loss before taxation	(1,030)	(1,927)	(608)	(9,918)
Taxation	(257)	(34)	(263)	(23)
LAT	(1,287)	(1,961)	(871)	(9,941)
GP margin (%)	15.2	15.3	12.5	3.7
LAT margin (%)	(2.1)	(3.2)	(1.4)	(11.6)
Weighted average no. of Shares in issue ('000)	276,752	299,404	314,333	417,932
LPS				
- basic (sen)	(0.46)	(0.65)	(0.28)	(2.38)
- diluted (sen)	(0.46)	(0.65)	(0.28)	(2.38)

Historical financial position

	Audited			Unaudited
	As at 31 December 2017	As at 31 December 2018	As at 31 December 2019	As at 31 March 2021
	RM'000	RM'000	RM'000	RM'000
Non-current assets	44,333	36,585	50,201	58,606
Current assets	54,916	61,335	61,049	129,719
Total assets	99,249	97,920	111,250	188,325
Share capital	40,289	40,289	59,726	87,938
Reserves	22,917	23,501	10,716	9,311
Accumulated losses	(6,497)	(8,457)	(10,686)	(20,627)
Total equity	56,709	55,333	59,756	76,622
Non-current liabilities	116	176	893	3,279
Current liabilities	42,424	42,411	50,601	108,424
Total liabilities	42,540	42,587	51,494	111,703
Total equity and liabilities	99,249	97,920	111,250	188,325

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

	Audited			Unaudited
	FYE 31 December 2017	FYE 31 December 2018	FYE 31 December 2019	15-month FPE 31 March 2021
	RM'000	RM'000	RM'000	RM'000
<u>Net cash from / (used in)</u>				
Operating activities	14,218	2,054	15,915	10,551
Investing activities	(15,341)	5,487	(10,814)	(14,210)
Financing activities	3,758	(4,688)	(2,590)	28,163
Net increase in cash and cash equivalents	2,635	2,853	2,511	24,504
Effect of foreign exchange rates on changes on cash and cash equivalents	(961)	49	102	628
Cash and cash equivalents at beginning of the year / period	860	2,534	5,436	8,048
Cash and cash equivalents at end of the year / period	2,534	5,436	8,049	33,180

(i) 15-month FPE 31 March 2021 ("FPE 2021") versus ("vs") FYE 31 December 2019 ("FYE 2019")

The Group's revenue for FPE 2021 of RM86.0 million increased by approximately RM22.9 million or 36.3% from RM63.1 million in FYE 2019 (the annualised revenue for FPE 2021 was RM68.8 million, representing an increase of RM5.7 million or 9.0% on an annualised basis). The increase in revenue on an annualised basis was mainly due to higher sales from the PCB Business due to the Group's competitive pricing strategy to reduce prices on several products in order to increase sales and gain new customers.

The Group recorded a lower GP of RM3.2 million in FPE 2021 compared to RM7.9 million in FYE 2019, representing a decrease of RM4.7 million or approximately 59.9% (the annualised GP for FPE 2021 was RM2.5 million, representing a decrease of RM5.4 million or 68.3% on an annualised basis). Despite the higher revenue, the lower GP on an annualised basis was mainly due to higher cost of raw material of the PCB Business as a result of increase in copper prices since early January 2020 as well as lower contribution from the Construction Business which typically record higher profit margins as compared to the PCB Business.

The Group's LAT for the FPE 2021 of RM9.9 million was RM9.1 million or 1,041.3% higher than the LAT for the FYE 2019 of RM0.9 million (the annualised LAT for FPE 2021 was RM8.0 million, representing an increase of RM7.1 million or 813.1% on an annualised basis). Apart from the lower GP, the higher LAT was mainly due to higher inventories written down of RM2.4 million (FYE 2019: RM0.05 million) due to slow movement of inventories as well as higher unrealised loss on foreign exchange of RM2.0 million (FYE 2019: RM0.9 million).

For FPE 2021, the Group recorded an increase in cash and cash equivalents of RM24.5 million (FYE 31 December 2019: increase of RM2.5 million) mainly due to the following:-

- (a) proceeds amounting to RM28.2 million raised from the Private Placement August 2020 and Private Placement December 2020 as well as the exercise of options under the previous employees' share option scheme of the Company;

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

- (b) proceeds from disposal of property, plant and equipment such as machineries and equipment for the Group's PCB Business amounting to RM6.2 million; and
- (c) net cash generated from operating activities of RM10.6 million.

The above was partly offset by the purchase of property, plant and equipment amounting to RM19.2 million mainly to upgrade machineries and to set up a new marketing office in Penang.

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

The Group's revenue for FYE 31 December 2019 of RM63.1 million increased by approximately RM1.9 million or 3.2% from RM61.2 million in FYE 31 December 2018, mainly due to the higher sales of lower priced products from the Group's manufacturing segment.

The Group recorded a lower GP of RM7.9 million in the FYE 31 December 2019 compared to RM9.3 million in the FYE 31 December 2018, representing a decrease of RM1.4 million or approximately 15%. This is due to the Group strategy of offering more competitive pricing in order to gain more market share.

Nevertheless, the Group's LAT for the FYE 31 December 2019 of RM0.9 million was RM1.1 million or 55% lower than the LAT for the FYE 31 December 2018 of RM2.0 million, mainly due to:-

- (a) higher other income of RM0.3 million in FYE 31 December 2019 (FYE 31 December 2018: RM1.7 million) mainly due to higher realised gains on foreign exchange by RM0.5 million as well as higher gains on disposal of property, plant and equipment by RM0.4 million in FYE 31 December 2019; and
- (b) lower retrenchment cost of RM37,500 in FYE 31 December 2019 compared to RM1.0 million in the preceding year.

For FYE 31 December 2019, the Group recorded an increase in cash and cash equivalents of RM2.5 million (FYE 31 December 2018: increase of RM2.9 million) mainly due to the following:-

- (a) net cash generated from operating activities of RM15.9 million;
- (b) proceeds raised from the disposal of property, plant and equipment such as machineries and equipment for the Group's PCB Business amounting to RM4.2 million; and
- (c) proceeds raised from a private placement exercise completed in July 2019 amounting to RM3.0 million.

The above was partly offset by the following:-

- (a) purchase of property, plant and equipment such as machineries and equipment amounting to RM15.1 million; and
- (b) interest paid on borrowings amounting to RM3.6 million.

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

(iii) FYE 31 December 2018 vs FYE 31 December 2017

The Group's revenue for FYE 31 December 2018 of RM61.2 million decreased by approximately RM0.9 million or 1.5% from RM62.1 million in FYE 31 December 2017, mainly due to higher sales of lower priced products in order to increase the Group's market share.

Correspondingly, the Group recorded a lower GP of RM9.3 million in the FYE 31 December 2018 compared to RM9.5 million in the FYE 31 December 2017, representing a decrease of RM0.1 million or approximately 1%.

The Group's LAT for the FYE 31 December 2018 of RM2.0 million was RM0.7 million or 52% higher than the LAT for the FYE 31 December 2017 of RM1.3 million, mainly due to:-

- (a) a retrenchment cost of RM1.0 million (FYE 31 December 2017: nil); and
- (b) lower other income of RM1.7 million in FYE 31 December 2018 (FYE 31 December 2017: RM3.2 million) arising from, amongst others, lower realised gain on foreign exchange by RM0.6 million and higher unrealised loss on foreign exchange by RM0.9 million in FYE 31 December 2018.

For FYE 31 December 2018, the Group recorded an increase in cash and cash equivalents of RM2.9 million (FYE 31 December 2017: increase of RM2.6 million) mainly due to the following:-

- (a) proceeds from disposal of the Group's office, factory and worker's accommodation in Kedah amounting to RM10.0 million; and
- (b) proceeds from disposal of property, plant and equipment such as machineries and equipment for the Group's PCB Business amounting to RM3.4 million.

The above was partly offset by the following:-

- (a) purchase and upgrade of property, plant and equipment such as machineries and equipment amounting to RM8.0 million; and
- (b) interest paid on borrowings amounting to RM2.6 million.

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

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

	High RM	Low RM
<u>2020</u>		
July	0.150	0.090
August	0.190	0.135
September	0.215	0.150
October	0.195	0.145
November	0.235	0.150
<u>2021</u>		
January	0.140	0.095
February	0.115	0.080
March	0.095	0.080
April	0.090	0.065
May	0.075	0.050
June	0.060	0.040
Last transacted market price on 8 February 2021, being the last Market Day immediately prior to the first announcement of the Corporate Exercises (RM)	0.095	
Last transacted market price on 16 July 2021, being the Market Day immediately prior to the ex-date for the Rights Issue with Warrants (RM)	0.055	
Last transacted market price on the LPD (RM)	0.050	

(Source: Bloomberg)

6. OPTION TO SUBSCRIBE FOR SHARES

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

7. MATERIAL CONTRACTS

As at the LPD, 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.

8. MATERIAL LITIGATION

As at the LPD, the Board confirmed that the Company and/or its subsidiaries are not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or business of the Group and the Board confirmed that there are no proceedings pending or threatened against the 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 Group.

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

9. CONSENTS

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

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at Third Floor, No. 77, 79 & 81, Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor 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 Undertaking referred to in Section 3 of this Abridged Prospectus;
- (iii) the Collaboration Agreement referred to in Section 5.2.1 of this Abridged Prospectus;
- (iv) the letters of consent referred to in Section 9 of Appendix I above;
- (v) the Deed Poll B; and
- (vi) the IMR Report referred to in Sections 8.2, 8.3, 8.4 and 8.5 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 inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in these documents false or misleading.
- (ii) Mercury Securities, being the Principal Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of their knowledge and belief, this Abridged Prospectus constitutes full and true disclosure of all material facts concerning the Rights Issue with Warrants.