

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

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

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS ABRIDGED PROSPECTUS. IF IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, PLEASE CONSULT A PROFESSIONAL ADVISER IMMEDIATELY. All enquiries concerning the Rights Issue, which is the subject matter of this Abridged Prospectus, should be addressed to our Share Registrar, AldPro Corporate Services Sdn Bhd at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor (Tel: +603 7890 0638).

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 19 January 2022 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 19 January 2022. The Documents are not intended to (and will not be made to) comply with the laws of any country or jurisdiction other than Malaysia and are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue complies with the laws of any country or jurisdiction other than the laws of Malaysia. Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal adviser and other professional advisers as to whether the acceptance or renunciation (as the case may be) of their entitlements to the Rights Issue, application for Excess Rights Shares, or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue would result in the contravention of any law of such countries or jurisdictions. We, Mercury Securities Sdn Bhd and/or the advisers named herein shall not accept any responsibility or liability in the event that any acceptance and/or renunciation (as the case may be) of entitlements, application for Excess Rights Shares or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue made by any Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) are residents.

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

Approval for the Rights Issue has been obtained from our shareholders at our EGM convened on 24 December 2021. Approval has been obtained from Bursa Securities via its letter dated 6 December 2021 for the listing and quotation of the Rights Shares on the Main Market of Bursa Securities (subject to the conditions specified in the said letter), which will commence after, among others, receipt of confirmation from Bursa Depository that all the CDS Accounts of successful Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) have been duly credited with the Rights Shares allotted to them and notices of allotment have been despatched to them. However, such listing and quotation are not an indication that Bursa Securities recommends the Rights Issue and are not to be taken as an indication of the merits of the Rights Issue.

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

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



ARB BERHAD

Registration No. 199701033435 (448934-M)

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

RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,075,350,500 NEW ORDINARY SHARES IN ARB BERHAD (“ARB” OR THE “COMPANY”) (“ARB SHARES” OR “SHARES”) (“RIGHTS SHARES”) AT AN ISSUE PRICE OF RM0.12 PER RIGHTS SHARE ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 1 EXISTING SHARE HELD BY THE ENTITLED SHAREHOLDERS OF THE COMPANY AT 5.00 P.M. ON 19 JANUARY 2022.

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, 19 January 2022 at 5.00 p.m.
Last date and time for:	
Sale of Provisional Allotments	: Wednesday, 26 January 2022 at 5.00 p.m.
Transfer of Provisional Allotments	: Friday, 28 January 2022 at 4.30 p.m.
Acceptance and payment	: Monday, 7 February 2022 at 5.00 p.m.
Excess Rights Shares Application and payment	: Monday, 7 February 2022 at 5.00 p.m.

This Abridged Prospectus is dated 19 January 2022

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

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

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

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

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

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

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

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

DEFINITIONS

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

4G	- Fourth generation
Abridged Prospectus	- This abridged prospectus dated 19 January 2022 in relation to the Rights Issue
ARB or the Company	- ARB Berhad (199701033435 (448934-M))
ARB Group or the Group	- Collectively, the Company and its subsidiaries
ARB Shares or Shares	- Ordinary shares in the Company
Base Case Scenario	- Assuming that none of the ICPS as at the LPD are converted into new Shares prior to the Entitlement Date and all the Entitled Shareholders and/or their renouncee(s) fully subscribe for their respective entitlements of the Rights Shares
Bloomberg	- Bloomberg Finance Singapore L.P. and its affiliates
Board	- Board of Directors of the Company
Bursa Depository	- Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W))
Bursa Securities	- Bursa Malaysia Securities Berhad (200301033577 (635998-W))
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
Closing Date	- 7 February 2022 at 5.00 p.m., being the last date and time for the acceptance of and payment for the Rights Shares
CMSA	- Capital Markets and Services Act, 2007, 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
Conversion Price	- RM0.20, being the amount to be satisfied in order for an ICPS holder to convert his/her/its ICPS into 1 new Share, subject to adjustments in accordance with the provisions of the Constitution of the Company
COVID-19	- Coronavirus disease 2019
Directors	- Directors of the Company
DOSM	- Department of Statistics Malaysia
EGM	- Extraordinary general meeting of the Company

DEFINITIONS (CONT'D)

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 participate in the Rights Issue
Entitlement Date	- 19 January 2022, 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
EPS	- Earnings per Share
ERP	- Enterprise Resource Planning
Excess Rights Shares	: Rights Shares which are not taken up or not validly taken up by Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) prior to the Closing Date
Excess Rights Shares Application	: Application for additional Rights Shares in excess of the Provisional Allotments
Foreign-Addressed Shareholders	- Shareholders who have not provided to the Company a registered address or an address in Malaysia for the service of documents which will be issued in connection with the Rights Issue
FPE	- Financial period ended
FYE	- Financial year ended / ending, as the case may be
GDP	- Gross domestic product
Government	- Government of Malaysia
GP	- Gross profit
ICPS	- Irredeemable convertible preference shares in ARB which have a Conversion Price of RM0.20 each and are expiring on 15 January 2024. Holders of the ICPS are entitled to convert their ICPS into 1 new Share at the Conversion Price in the following manner:- (i) by surrendering of such number of ICPS with an aggregate value equal to the Conversion Price to be converted for 1 new Share; or (ii) a combination of such number of ICPS and cash with an aggregate value equal to the Conversion Price, subject to a minimum of 1 ICPS, and paying the difference between the aggregate value of the ICPS surrendered and the Conversion Price in cash for 1 new Share.
ICT	- Information and communication technology
IMR Report	- Independent market research report dated 29 December 2021 prepared by SMITH ZANDER
IOT	- Internet of Things
IT	- Information technology

DEFINITIONS (CONT'D)

IT Business	- Provision of IT solutions and services and related activities
Listing Requirements	- Main Market Listing Requirements of Bursa Securities, as amended from time to time
LPD	- 20 December 2021, being the latest practicable date prior to the printing of this Abridged Prospectus
LTD	- 30 December 2021, being the last trading day prior to the date of fixing the issue price of the Rights Shares
Market Day	- Any day on which Bursa Securities is open for trading in securities
Maximum Scenario	- Assuming that all the ICPS as at the LPD are converted into new Shares based on the conversion mode of surrendering 1 ICPS (which was issued at the issue price of RM0.01 each) with additional cash payment of RM0.19 to arrive at the Conversion Price of RM0.20 for every 1 new Share prior to the Entitlement Date and all the Entitled Shareholders and/or their renounee(s) fully subscribe for their respective entitlements of the Rights Shares
Mercury Securities or the Principal Adviser	- Mercury Securities Sdn Bhd (198401000672 (113193-W))
Minimum Scenario	- Assuming that none of the ICPS as at the LPD are converted into new Shares prior to the Entitlement Date and the Rights Issue is undertaken on the Minimum Subscription Level
Minimum Subscription Level	- Minimum subscription level of 51,552,165 Rights Shares based on an issue price of RM0.12 per Rights Share to arrive at RM6.19 million
NA	- Net assets
NPA	- Notice of provisional allotment in relation to the Rights Issue
Provisional Allotments	- The Rights Shares provisionally allotted to Entitled Shareholders
Record of Depositors	- A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
Rights Issue	- Renounceable rights issue of up to 1,075,350,500 Rights Shares on the basis of 1 Rights Share for every 1 existing Share held by the Entitled Shareholders on the Entitlement Date
Rights Shares	- Up to 1,075,350,500 new Shares to be allotted and issued pursuant to the Rights Issue
RM and sen	- Ringgit Malaysia and sen respectively
RSF	- Rights subscription form in relation to the Rights Issue
Rules of Bursa Depository	- Rules of Bursa Depository as issued pursuant to the SICDA, as amended from time to time
Rules	- Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the SC pursuant to Section 377 of the CMSA, as amended from time to time
SC	- Securities Commission Malaysia

DEFINITIONS (CONT'D)

Shareholders	- Registered holders of the Shares
SICDA	- Securities Industry (Central Depositories) Act, 1991 of Malaysia, as amended from time to time and any re-enactment thereof
SMITH ZANDER	- Smith Zander International Sdn Bhd (201301028298 (1058128-V)), an independent market researcher
TEAP	- Theoretical ex-all price
Undertaking	- The irrevocable and unconditional written undertaking from the Undertaking Shareholder dated 28 October 2021 and 25 November 2021, details of which are set out in Section 3 of this Abridged Prospectus
Undertaking Shareholder	- Dato' Sri Liew Kok Leong (Executive Director of the Company)
VWAP	- Volume-weighted average market price

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

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

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

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

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

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

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ADVISERS' DIRECTORY

COMPANY SECRETARIES : Tan Tong Lang (MAICSA 7045482/SSM PC NO.: 201908002253)
Thien Lee Mee (LS 0009760 / SSM PC NO. 201908002254)
Boardroom.com Sdn Bhd
Level 5, Block B, Dataran PHB
Saujana Resort, Section U2
40150 Shah Alam
Selangor Darul Ehsan
Tel : +603 – 7890 0638
Fax : +603 – 7890 1032

Chong Chew Lo (MAICSA 7046627/ SSM PC No. 201908002693)
ARB Berhad
TB 8285, Lot 20C
Perdana Square, Commercial Square
Miles 3½, Jalan Apas
91000, Tawau Sabah
Tel : +089 – 911026
Fax : +089 – 911304

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

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

SHARE REGISTRAR : AldPro Corporate Services Sdn Bhd
Level 5, Block B, Dataran PHB
Saujana Resort, Section U2
40150 Shah Alam
Selangor Darul Ehsan
Tel : +603 – 7890 0638
Fax : +603 – 7890 1032

REPORTING ACCOUNTANTS : BDO PLT
LLP0018825-LCA & AF 0206
Level 8, BDO @ Menara Centara,
360, Jalan Tuanku Abdul Rahman,
50100 Kuala Lumpur.
Tel : +603 – 2616 2888
Fax : +603 – 2616 3190 ; 2616 3191

ADVISERS' DIRECTORY (CONT'D)

- 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
- Director: Stephanie Ng Ee Munn
(Bachelor of Science (Hons) (major in Chemistry) from Tunku Abdul Rahman University, Malaysia.)
- STOCK EXCHANGE LISTING** : Main Market of Bursa Securities

SUMMARY OF THE RIGHTS ISSUE

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

Key information	Summary																					
(i) Number of Rights Shares to be issued and basis of allotment	Basis: 1 Rights Share for every 1 existing Share held by the Entitled Shareholders. Please refer to Section 2.1 of this Abridged Prospectus for further information.																					
		Minimum Scenario	Base Case Scenario	Maximum Scenario																		
	Number of Rights Shares to be issued	51,552,165	608,217,400	1,075,350,500																		
	The Rights Shares which are not taken up or not validly taken up by the Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable) prior to the Closing Date shall be made available for Excess Rights Shares Applications. It is the intention of the Board to allot the Excess Rights Shares, if any, in a fair and equitable manner in the priority as set out in Section 10.8 of this Abridged Prospectus for further information.																					
(ii) Pricing	Issue price of the Rights Shares : RM0.12 per Rights Share																					
	Please refer to Section 2.2 of this Abridged Prospectus for further information.																					
(iii) Undertaking	Undertaking Shareholder and undertaking amount : Dato' Sri Liew Kok Leong (Executive Director of the Company): RM6.19 million																					
	Minimum Rights Shares to be subscribed for if none of the other Entitled Shareholders and/or their transferees and/or their renounees subscribe for the Rights Shares : 51,552,165 Rights Shares (representing 8.48% of the total number of 608,217,400 Rights Shares available for subscription under the Base Case Scenario)																					
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Undertaking Shareholder</th> <th colspan="2">Existing direct shareholding as at the LPD</th> <th colspan="3">Minimum Rights Shares to be subscribed pursuant to the Undertaking</th> </tr> <tr> <th>No. of Shares</th> <th>%</th> <th>Subscription based on entitlement</th> <th>Subscription based on excess shares application</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Dato' Sri Liew Kok Leong</td> <td style="text-align: center;">51,552,165</td> <td style="text-align: center;">8.48</td> <td style="text-align: center;">51,552,165</td> <td style="text-align: center;">-</td> <td style="text-align: center;">51,552,165</td> </tr> </tbody> </table>					Undertaking Shareholder	Existing direct shareholding as at the LPD		Minimum Rights Shares to be subscribed pursuant to the Undertaking			No. of Shares	%	Subscription based on entitlement	Subscription based on excess shares application	Total	Dato' Sri Liew Kok Leong	51,552,165	8.48	51,552,165	-	51,552,165
Undertaking Shareholder	Existing direct shareholding as at the LPD		Minimum Rights Shares to be subscribed pursuant to the Undertaking																			
	No. of Shares	%	Subscription based on entitlement	Subscription based on excess shares application	Total																	
Dato' Sri Liew Kok Leong	51,552,165	8.48	51,552,165	-	51,552,165																	
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Dato' Sri Liew Kok Leong	103,104,330	15.63																				
	Please refer to Section 3 of this Abridged Prospectus for further information.																					

SUMMARY OF THE RIGHTS ISSUE (CONT'D)

Key information	Summary																																																					
(iv) Rationale for the Rights Issue	<p>(a) To raise funds mainly for the provision of hydroponics IOT solutions and future projects or acquisition and/or investment in other complementary businesses and/or assets</p> <p>(b) To raise funds without incurring additional interest expense from borrowings, thereby minimising any potential cash outflow in respect of interest servicing costs.</p> <p>Please refer to Section 4 of this Abridged Prospectus for further information.</p>																																																					
(v) Utilisation of proceeds	<p>The gross proceeds to be raised from the Rights Issue are intended to be utilised in the following manner:-</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2"></th> <th rowspan="2">Intended timeframe for utilisation</th> <th colspan="2">Minimum Scenario</th> <th colspan="2">Base Case Scenario</th> <th colspan="2">Maximum Scenario</th> </tr> <tr> <th>RM'000</th> <th>%</th> <th>RM'000</th> <th>%</th> <th>RM'000</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>(i) Funding for the provision of hydroponics IOT solutions</td> <td>Within 24 months</td> <td>6,186</td> <td>100.0</td> <td>55,000</td> <td>75.4</td> <td>55,000</td> <td>42.6</td> </tr> <tr> <td>(ii) Funding for future projects or acquisition and/or investment in other complementary businesses and/or assets</td> <td>Within 36 months</td> <td>-</td> <td>-</td> <td>17,276</td> <td>23.7</td> <td>73,332</td> <td>56.8</td> </tr> <tr> <td>(iii) Estimated expenses for the Rights Issue</td> <td>Immediate</td> <td>-</td> <td>-</td> <td>710</td> <td>0.9</td> <td>710</td> <td>0.6</td> </tr> <tr> <td>Total</td> <td></td> <td>6,186</td> <td>100.0</td> <td>72,986</td> <td>100.0</td> <td>129,042</td> <td>100.0</td> </tr> </tbody> </table>									Intended timeframe for utilisation	Minimum Scenario		Base Case Scenario		Maximum Scenario		RM'000	%	RM'000	%	RM'000	%	(i) Funding for the provision of hydroponics IOT solutions	Within 24 months	6,186	100.0	55,000	75.4	55,000	42.6	(ii) Funding for future projects or acquisition and/or investment in other complementary businesses and/or assets	Within 36 months	-	-	17,276	23.7	73,332	56.8	(iii) Estimated expenses for the Rights Issue	Immediate	-	-	710	0.9	710	0.6	Total		6,186	100.0	72,986	100.0	129,042	100.0
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(vi) Risk factors	<p>Please refer to Section 5 of this Abridged Prospectus for further information.</p> <p>You should consider the following risk factors before subscribing for or investing in the Rights Issue:-</p> <p>(a) the Group is dependent on its key management and skilled personnel who have the relevant technical expertise and knowledge for its IT Business;</p> <p>(b) the Group is subject to technology obsolescence risk and is therefore dependent on its ability to constantly innovate and keep up with the latest technologies in order to remain relevant and competitive in the IT industry;</p> <p>(c) the Group is subject to competition risk due to the nature of the IT industry which is competitive and characterised by rapid technological changes; and</p> <p>(d) the Group runs the risk of being unable to recover the upfront costs to be incurred to set up the hydroponics IOT systems in the event of default in payment by the farm operators.</p> <p>Please refer to Section 6 of this Abridged Prospectus for further information.</p>																																																					
(vii) Procedures for acceptance and payment	<p>Acceptance of and payment for the Provisional Allotments allotted to you and application for the Excess Rights Shares must be made on the RSF issued together with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained therein.</p> <p>The last day, date and time for acceptance of and payment for the Provisional Allotments and the Excess Rights Shares is on Monday, 7 February 2022 at 5.00 p.m.</p> <p>Please refer to Section 10 of this Abridged Prospectus for further information.</p>																																																					



ARB BERHAD

Registration No. 199701033435 (448934-M)

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

Registered office:

TB 8285, Lot 20C, Perdana
Square Commercial Centre
Mile 3½, Jalan Apas
91000 Tawau
Sabah

19 January 2022

Board of Directors

Datuk Junaidi Bin Datuk Haji Abdul Rahman (Independent Non-Executive Chairman)

Dato' Sri Liew Kok Leong (Executive Director)

Dato' Baharon Bin Talib (Executive Director)

Khor Chin Meng (Independent Non-Executive Director)

Khor Ben Jin (Independent Non-Executive Director)

To: Entitled Shareholders

Dear Sir / Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,075,350,500 RIGHTS SHARES AT AN ISSUE PRICE OF RM0.12 PER RIGHTS SHARE ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 1 EXISTING SHARE HELD BY THE ENTITLED SHAREHOLDERS AT 5.00 P.M. ON 19 JANUARY 2022

1. INTRODUCTION

On 3 November 2021, Mercury Securities had, on behalf of the Board, announced that the Company proposed to undertake the Rights Issue.

On 6 December 2021, Mercury Securities, on behalf of the Board, announced that Bursa Securities has, vide its letter dated 6 December 2021, resolved to approve, amongst others, the listing and quotation of the Rights Shares on the Main Market of Bursa Securities.

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

Conditions imposed by Bursa Securities	Status of compliance
(a) ARB and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue;	To be complied
(b) ARB and Mercury Securities to inform Bursa Securities upon the completion of the Rights Issue; and	To be complied

Conditions imposed by Bursa Securities	Status of compliance
(c) ARB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue is completed.	To be complied

On 24 December 2021, the Shareholders had approved the Rights Issue at the EGM of the Company.

On 31 December 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 RM0.12 per Rights Share.

On 31 December 2021, Mercury Securities had, on behalf of the Board, announced that the Entitlement Date for the Rights Issue has been fixed at 5.00 p.m. on 19 January 2022 together with the other important relevant dates pertaining to the Rights Issue.

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

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

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2. PARTICULARS OF THE RIGHTS ISSUE

2.1 Details of the Rights Issue

The Rights Issue entails a provisional allotment of up to 1,075,350,500 Rights Shares on a renounceable basis of 1 Rights Share for every 1 existing Share held by the Entitled Shareholders on the Entitlement Date, at an issue price of RM0.12 per Rights Share.

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

As at the LPD, the Company has 608,217,400 Shares in issue as well as 467,133,100 ICPS, which have a Conversion Price of RM0.20 each and are expiring on 15 January 2024 (for information, the ICPS are currently out-of-the-money based on the 5-day VWAP of the Shares up to and including the LPD of RM0.1500). Assuming that none of the 467,133,100 ICPS as at the LPD are converted into new Shares prior to the Entitlement Date and all the Entitled Shareholders and/or their renounee(s) fully subscribe for their respective entitlements of the Rights Shares, the Rights Issue would entail the issuance of up to 608,217,400 Rights Shares.

Assuming that all the 467,133,100 ICPS as at the LPD are converted into new Shares based on the conversion mode of surrendering 1 ICPS (which was issued at the issue price of RM0.01 each) with additional cash payment of RM0.19 to arrive at the Conversion Price of RM0.20 for every 1 new Share prior to the Entitlement Date, the Company would have an enlarged total number of 1,075,350,500 Shares. Hence, assuming all the Entitled Shareholders and/or their renounee(s) fully subscribe for their respective entitlements of the Rights Shares, the Rights Issue would entail the issuance of up to 1,075,350,500 Rights Shares.

Notwithstanding the above, the Company intends to undertake the Rights Issue based on the Minimum Subscription Level. This has been determined after taking into consideration the Undertaking that the Company has obtained from the Undertaking Shareholder as set out in Section 3 of this Abridged Prospectus and the funding requirements of the Group as set out in Section 5 of this Abridged Prospectus. This would entail the issuance of 51,552,165 Rights Shares under the Minimum Scenario.

Based on the above, the total number of Rights Shares to be issued under the Minimum Scenario, Base Case Scenario and Maximum Scenario is set out below:-

	Minimum Scenario	Base Case Scenario	Maximum Scenario
	No. of Shares	No. of Shares	No. of Shares
Total number of Shares as at the LPD	608,217,400	608,217,400	608,217,400
New Shares to be issued assuming full conversion of the ICPS	-	-	467,133,100
Enlarged total number of Shares after full conversion of the ICPS	608,217,400	608,217,400	1,075,350,500
New Shares to be issued pursuant to the Proposed Rights Issue	51,552,165	608,217,400	1,075,350,500
Enlarged total number of issued Shares	659,769,565	1,216,434,800	2,150,701,000

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

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

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

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

The Rights Shares which are not taken up or not validly taken up by Entitled Shareholders and/or their transferee(s) and/or their renounee(s) shall be made available for Excess Rights Shares Applications and to such other persons as the Board shall determine. It is the intention of the Board to allot the Excess Rights Shares, if any, in a fair and equitable manner in the priority as set out in Section 10.8 of this Abridged Prospectus.

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

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

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2.2 Basis of determining the issue price of the Rights Shares

The Board had fixed the issue price of the Rights Shares at RM0.12 per Rights Share after taking into consideration, amongst others, the following:-

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

The issue price of RM0.12 per Rights Share represents a discount of 10.85% to the TEAP of RM0.1346 per Share, calculated based on the 5-day VWAP of the Shares up to and including the LTD of RM0.1491 per Share.

Note:-

- (1) TEAP is computed as follows:-

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

where:-

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

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

2.3 Ranking of the Rights Shares

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

2.4 Last date and time for acceptance and payment

The Closing Date is **5.00 p.m. on Monday, 7 February 2022.**

2.5 Details of other corporate exercises

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

3. MINIMUM SUBSCRIPTION LEVEL AND THE UNDERTAKING

The Company intends to undertake the Rights Issue based on the Minimum Subscription Level to raise the minimum proceeds of RM6.19 million based on the issue price of RM0.12 per Rights Share., which has been determined after taking into consideration the following:-

- (i) the Undertaking that the Company has obtained from the Undertaking Shareholder; and
- (ii) the funding requirements of the Group as set out in Section 5 of this Abridged Prospectus.

In relation to (i) above, the Company has procured the Undertaking from the Undertaking Shareholder, namely Dato' Sri Liew Kok Leong (Executive Director of the Company), to apply and subscribe in full for his entitlement of Rights Shares based on his direct shareholding in the Company as at 28 October 2021, being the date of the Undertaking. This would entail the subscription of 51,552,165 Rights Shares as follows:-

Undertaking Shareholder	Existing direct shareholding as at the LPD		Minimum Rights Shares to be subscribed for pursuant to the Undertaking		Assuming the Minimum Scenario		
	No. of Shares	% ⁽¹⁾	Subscription based on entitlement	Subscription based on excess shares application	Total	No. of Shares held after the Rights Issue	% ⁽²⁾
Dato' Sri Liew Kok Leong	51,552,165	8.48	51,552,165	-	51,552,165	103,104,330	15.63

Notes:-

(1) Based on the issued share capital of 608,217,400 Shares as at the LPD.

(2) Based on the enlarged issued share capital of 659,769,565 Shares under the Minimum Scenario.

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

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

For avoidance of doubt, the Undertaking Shareholder is obliged to subscribe for the Rights Shares pursuant to the Undertaking even if the Minimum Subscription Level has been achieved via subscription by all other Entitled Shareholders and/or their renounees.

Further to the above, the Undertaking Shareholder may also choose to subscribe for Excess Rights Shares at his own discretion. At this juncture, the Undertaking Shareholder has not decided on whether he will subscribe for Excess Rights Shares.

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

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

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

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

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

Particulars	Existing direct shareholding as at the LPD		(I) After the Rights Issue	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾
	Issued share capital	608,217,400	100.00	659,769,565
Less:				
Directors ⁽³⁾ , substantial shareholders and their associates				
- Dato' Sri Liew Kok Leong	51,552,165	8.48	103,104,330	15.63
- Ukay One Sdn Bhd ⁽⁴⁾	18,569,700	3.05	18,569,700	2.81
- Khoh Thong Bu	8,401,500	1.38	8,401,500	1.27
- Chong Hwa Siong	10,000	⁽⁵⁾ -	10,000	⁽⁵⁾ -
Public shareholding spread	529,684,035	87.09	529,684,035	80.29

Notes:-

- (1) Based on the issued share capital of 608,217,400 Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 659,769,565 Shares under the Minimum Scenario.
- (3) Includes directors of subsidiaries of the Company. For information, save for the individuals set out in the table above, none of the directors of subsidiaries of the Company hold any Shares as at the LPD.
- (4) Deemed interested by virtue of Dato' Sri Liew Kok Leong's shareholding in Ukay One Sdn Bhd.
- (5) Less than 0.01%.

4. RATIONALE FOR THE RIGHTS ISSUE

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

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

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

5. UTILISATION OF PROCEEDS

Based on the issue price of RM0.12 per Rights Share, the gross proceeds to be raised from the Rights Issue are intended to be utilised in the following manner:-

Utilisation of proceeds	Intended timeframe for utilisation from completion of the Rights Issue ⁽⁴⁾	Minimum Scenario		Base Case Scenario		Maximum Scenario	
		RM'000	%	RM'000	%	RM'000	%
(i) Funding for the provision of hydroponics IOT solutions	Within 24 months	6,186	100.0	55,000	75.4	55,000	42.6
(ii) Funding for future projects or acquisition and/or investment in other complementary businesses and/or assets	Within 36 months	-	-	17,276	23.7	73,332	56.8
(iii) Estimated expenses for the Rights Issue	Immediate	⁽²⁾ -	-	⁽³⁾ 710	0.9	⁽³⁾ 710	0.6
Total		⁽¹⁾6,186	100.0	72,986	100.0	⁽⁵⁾129,042	100.0

Notes:-

(1) Any additional proceeds raised in excess of this amount beyond the Minimum Scenario will be allocated up to its respective maximum allocation under the Base Case Scenario and Maximum Scenario in the following order:-

- (i) estimated expenses for the Rights Issue;
- (ii) funding for the provision of hydroponics IOT solutions; and
- (iii) funding for future projects or acquisition and/or investment in other complementary businesses and/or assets.

- (2) Under the Minimum Scenario, the expenses for the Rights Issue shall be funded via internally generated funds.
- (3) If the actual expenses incurred are higher than this budgeted amount, the deficit will be funded via the amount earmarked for funding for future projects or acquisition and/or investment in other complementary businesses and/or assets. Conversely, any surplus of funds following payment of expenses will be utilised in the order set out in Note (1) above.
- (4) If the Company is unable to fully utilise the proceeds raised from the Rights Issue in accordance with the intended timeframes set out herein, the timeframe for utilisation of proceeds that has been allocated for the respective purposes will be extended and announced as well as disclosed in the Company's quarterly financial results announcements as well as annual reports until the Company has fully utilised the proceeds.

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

- (5) The Board wishes to highlight that this illustrative amount that would be raised under the Maximum Scenario is based on the assumption that all the ICPS as at the LPD are converted into new Shares based on the conversion mode of surrendering 1 ICPS (which was issued at the issue price of RM0.01 each) with additional cash payment of RM0.19 to arrive at the Conversion Price of RM0.20 for every 1 new Share prior to the Entitlement Date and all the Entitled Shareholders and/or their renouncee(s) fully subscribe for their respective entitlements of the Rights Shares.

The Board is of the view that based on the estimated timeline for implementation of the Rights Issue, the remaining tenure of the ICPS and the current total number of ICPS, it is unlikely for all the ICPS to be converted at the conversion mode of surrendering 1 ICPS (which was issued at the issue price of RM0.01 each) with additional cash payment of RM0.19 to arrive at the conversion price of RM0.20 for every 1 new Share prior to the Entitlement Date. Moreover, the ICPS are currently out-of-the-money based on the 5-day VWAP of the Shares up to and including the LPD of RM0.1500 and the conversion price of the ICPS of RM0.20.

Pending the utilisation of proceeds for the earmarked purposes, the unutilised proceeds shall be placed in interest-bearing deposits and/or short-term money market financial instruments as the Board, in its absolute discretion, deems fit and in the best interest of the Group. The resulting interest income derived from such short-term placements and gains from money market financial instruments will be used as additional working capital for the Group (e.g. operating and administrative expenses such as rental, insurance, audit fees, upkeep of office premises, utilities charges, as well as staff salaries).

(i) Funding for the provision of hydroponics IOT solutions

On 4 December 2018, the shareholders of ARB have approved to diversify the principal activities of the Group from timber as its core business to include the IT Business. Since then, the Group has progressively scaled down and eventually discontinued its timber business while concentrating solely on its IT Business mainly in software development for cloud customised ERP solutions and IOT related solutions to reduce dependence on external vendors in order to capture higher market share. In April 2020, the Company's stock classification in Bursa Securities was reclassified from the "Industrial Products and Services" sector and "Wood and Wood Products" sub-sector to the "Technology" sector and "Software" sub-sector.

Currently, the Group's IT Business is involved in the following:-

(i) ERP

- (a) design and development of cloud customised ERP solutions, including customisation on system dashboards and platforms as well as cloud customised ERP features comprising vast range of ERP applications and modules to cater for customers' business requirements and suit business needs;

- (b) provision of cloud customised ERP system to ease migration from existing system or for new cloud customised ERP system implementation; and
- (c) provision of technical support and troubleshooting of existing cloud customised ERP system.

(ii) **IOT**

(a) **Smart building**

Provision of smart building solutions including designing, procurement, installation, testing, pre-commissioning and commissioning of various IOT systems, solutions and devices as well as integration of automated systems for smart building, including installation of wire and wireless and mechatronic works for property developers and contractors.

With a smart building system, building managers will be able to remotely control and monitor various aspects of a building including security, temperature control, ventilation and energy saving features.

(b) **Smart home**

Provision of smart home solutions including designing, procurement and provision of smart home products and devices, integration services as well as comprehensive professional electrical wire installation and home data network for homeowners.

In a smart home system, various home electrical appliances and devices are integrated thus connecting the kitchen, living room, study room, bed room etc. through a centralised control and remote monitoring smart home network. This allows homeowners to remotely control and monitor various electrical appliances and devices such as closed-circuit television (CCTV), lighting and air conditioning via mobile devices (iOS and Android).

In the latest audited FYE 31 December 2020, the Group's revenue grew by 113.8% to RM219.45 million as compared to RM102.64 million in the previous financial year. In line with the higher revenue, the Group recorded a PAT of RM42.87 million, representing an increase of 30.6% as compared to the PAT of RM32.82 million in the previous financial year.

Encouraged by the growth of its current IT Business, the Group now intends to expand its IT Business further by venturing into the provision of customised hydroponics IOT systems and solutions for the agriculture industry ("**Hydroponics IOT Solutions**").

Hydroponic farming is a type of modern farming technique which involves the usage water to replace soil to grow plants. In the absence of soil, the roots of plants are exposed to water and nutrient rich solutions that contain all the nutrients and substances required to grow a plant.

Hydroponic systems can be established in various scales ranging from small-scale hydroponic systems that are set up at yards or balconies of houses to grow vegetables for households' consumption, to large-scale hydroponic systems covering acres of land to grow crops for commercial purposes. Some large-scale hydroponic farms also set up their hydroponic systems vertically which consumes less space by utilising layers of racks that are stacked on top of one another to grow crops.

With the Group's expertise and knowledge in smart technology such as IOT solutions, the Company intends to encompass the key features of existing IOT technologies into the Hydroponics IOT Solutions. Features such as sensors, which are connected to the internet, can be installed in trays filled with water and nutrient solutions to monitor temperature, moisture, lighting, humidity and the pH of the water built within the system.

From that, the information and data gathered from the sensors can be uploaded to a cloud server to enable farm operators to remotely monitor and control (via the internet or through smart devices) parameters such as water level, room temperature and nutrient rich water-based solution in real time. In addition, the smart system can also be designed to alert farmers whenever there are any potential problems detected by the sensors, such as disease and lack of water or nutrients. In turn, this can allow farm operators to take preventive or mitigative actions. These smart features can assist farm operators in maximising yield and improving crop quality.

Furthermore, as set out in Section 5.3(i) of this Abridged Prospectus, the increasing urbanisation and scarcity of land are expected to spur the demand for hydroponic farming moving forward as it consumes relatively less space and can be established indoors. In addition, hydroponic farming may lower the risk of damaged crops due to adverse weather conditions as it can be established indoors under controlled conditions. After the signing of agreement and depending on the needs and requirements of each farm operator, the provision of Hydroponics IOT Solutions would typically involve the following:-

- (i) design of the layout of the smart hydroponic farm for the application and integration of IOT in hydroponics, which includes the procurement of sensors and surveillance cameras as well as other relevant hardware that are essential in a hydroponics farm e.g. nutrient controllers, seedling tray, water tank and piping system – this would typically take approximately 2 months. If further fabrication or assembly of hardware is required (depending on the needs and requirements of the farm operator) on top of the procurement, a separate fee to be mutually agreed upon will be charged to the farm operator;
- (ii) design of software to enable transfer of data from the smart hydroponic farm to a cloud server, which can then be accessed remotely via smart devices – this would typically take approximately 4 months;
- (iii) installation, testing and commissioning of the hardware and software to ensure that the smart hydroponic farm operates as intended – this would typically take approximately 3 months; and
- (iv) after-sales services such as data analytics and periodic maintenance services – to be provided throughout the tenure of the agreement.

At this juncture, the estimated costs for each process cannot be quantified as they are expected to vary from project to project depending on factors such as the size and design of the farm, the type of vegetables to be planted and the technology specifications required.

To support the Group's venture into the provision of Hydroponics IOT Solutions, the Group has recruited a project manager with relevant experience in the hydroponics industry. Further to that, he shall be supported by the Group's existing staff who have relevant experience in the IOT segment. At this juncture, the Group has sufficient manpower to support the Group's venture into the provision of Hydroponics IOT Solutions. Moving forward, depending on the number of new contracts to be secured, the Group may hire more employees as and when required.

For the provision of Hydroponics IOT Solutions, the Group will be required to incur upfront cost to purchase the necessary software and hardware to set up the hydroponic systems for the farm operators. The upfront cost will depend on factors such as the size and design of the farm, the type of vegetables to be planted and the technology specifications required. Once the smart hydroponic farm is set up and operational, the Group can start receiving recurring payment from the farm operators over a specified tenure. The amount and timing of each recurring payment will depend on negotiation with the respective farm operators, during which the Group will consider factors such as the project size and tenure.

This upfront cost and deferred payment model allows the Group to lock-in a long term relationship with the farm operators, thus providing the opportunity to secure additional recurring income via after-sales services. Moreover, this creates opportunity for further business with the farm operators in the event of any requirement for system upgrade or any expansion plan by the farm operators in the future. This also creates a barrier to entry from other potential competitors.

To ensure prompt receipt of the recurring payments from the farm operators, the Group will actively assess the collectability of trade receivables from the farm operators by conducting a credit verification procedure and monitor payments closely to ensure collection of funds in a timely manner.

Given the above, the Group intends to utilise proceeds of up to RM55.00 million from the Rights Issue to fund the purchasing costs of hardware and software for the provision of Hydroponics IOT Solutions.

As at the LPD, the Group is in the midst of finalising an agreement with a farm operator for the provision of Hydroponics IOT Solutions on 50 acres of land in Gua Musang, Kelantan to plant various types of lettuces. The project is expected to be worth approximately RM68.75 million. Currently, the parties are in the midst of negotiating and finalising the payment schedule which cannot be set out in detail herein due to the sensitivity of the ongoing negotiations. The Group is expected to finalise the agreement by the first quarter of 2022.

Based on the type and size of the vegetables to be planted as well as the nutrition and light intensity required, the Group estimates that it would be able to install up to 4 greenhouses for every acre of land and it will take approximately 1 to 2 months to set up the greenhouses for every 10 acres of land. The project is expected to commence by the end of the first quarter of 2022 and be completed in the fourth quarter of 2022. Depending on the final agreed terms upon negotiation with the farm operator, the Group is expected to receive payment for the provision of Hydroponics IOT Solutions on a recurrent basis over a period of a few years from the implementation of the project.

The Group's funding requirement for the hardware and software for each greenhouse in relation to the above is estimated to be as follows:-

Cost breakdown	Estimated cost RM'000⁽¹⁾
Flat nutrient film technique ("NFT") system ^{(2) (4)}	165
Greenhouse ^{(2) (5)}	75
Nutrient IOT system ⁽³⁾⁽⁶⁾	35
Total cost per greenhouse	275

Notes:-

- (1) The final cost will be subject to the prevailing market price at the time of order and payment as well as any further negotiations with the suppliers from time to time. At this juncture, the Group plans to purchase the necessary hardware and software from a local sourcing agent who in turn is expected to source the same locally or internationally depending on the cost of the respective hardware and software, delivery time as well as freight charges.
- (2) Based on preliminary quotations provided by suppliers.
- (3) Based on the Group's estimation of the actual cost required.
- (4) The NFT system entails the use of a water pump to constantly deliver liquid nutrient solution to the growing tray containing seeds of the desired crop. The nutrient solution is pumped from a specific angle to allow residual nutrient solution to flow down towards a return pipe for recirculation back to the growing tray again. The plants will absorb the nutrients through their bare roots which come into contact with the nutrient solution at the bottom of the water channel.

The NFT system is expected to comprise, amongst others, NFT channels (i.e. specialised water channels for the NFT system), hydroponic seedling systems, automatic nursery seedling machines, galvanized iron metal stands, water tanks and water pumps as well as various pipes, gutters, trays and channels of differing lengths, thickness and materials. In addition, various ancillary components such as valves, caps, fittings, elbows and connectors form part of the piping apparatus in an NFT system.

- (5) The greenhouse is expected to comprise main frames made of galvanized steel, inner shading system, irrigation system which includes a fertiliser machine and anti-grass film.
- (6) The nutrient IOT system allows farm operators to remotely access data relating to the plants' growth and nutrient levels through a web interface using various sensors installed in the greenhouse such as surveillance cameras. For example, the sensors are able to detect the harvestability of the plants and send an automatic notification to the farm operators once the plants are ready to be harvested. Through the same web interface, farm operators are also able to remotely control the temperature, nutrient and humidity levels of the hydroponic system using various actuators installed in the greenhouse such as valves. If the surveillance camera spots any infection on the plants such as destructive pests and leaf diseases, the system will automatically send an alert to the farm operators through the web interface.

The nutrient IOT system is expected to comprise, amongst others, digital nutrient controllers, 4G module connect monitors and surveillance cameras.

The exact number of each hardware cannot be determined at this juncture as it depends on the final specifications of the greenhouse to be determined with the farm operators.

Based on the abovementioned estimated cost of RM0.275 million per greenhouse and a total of 200 greenhouses to be installed, the Group estimates its initial funding requirement for the provision of Hydroponics IOT Solutions to be approximately RM55.00 million.

Any surplus proceeds following the above are intended to be utilised to fund the purchasing costs of hardware and software for any other Hydroponics IOT Solutions projects to be undertaken in the future. In this respect, as at the LPD, the Group has secured letters of intent from 2 farm operators dated 26 October 2021 and 4 October 2021 for the provision of Hydroponics IOT Solutions on 30 acres (for an estimated 120 greenhouses) of land in Semenyih and 20 acres (for an estimated 80 greenhouses) of land in Hulu Langat with an estimated contract value of RM41.25 million and RM27.50 million respectively. Following thereto, the Group has conducted site visits on the respective lands and is currently in the midst of discussions with the respective farm operators on the specifications of the Hydroponics IOT Solutions to be provided.

Conversely, in the event that the proceeds raised from the Rights Issue are insufficient for the Group's funding requirement for the provision of Hydroponics IOT Solutions, the Group will still proceed to install the same number of greenhouses in accordance with the agreement with the farm operator. In such event, the shortfall is expected to be funded via internally generated funds, bank borrowings and/or future fund raising exercises to be undertaken by the Group (if required). The exact funding breakdown cannot be determined at this juncture as it will depend on, amongst others, the actual shortfall amount, the availability and suitability of alternative funding options at the relevant time, the Group's cash reserves and the Group's gearing level.

At this juncture, while there may be regulatory requirements to be complied with by the farm operators for their farming activities, there is no specific regulatory requirement in relation to the building and installation of greenhouses. Further, the Group is not aware of any government policy, initiative or incentive that it can rely on for its venture into the provision of Hydroponic IOT Solutions at this juncture.

(ii) Funding for future projects or acquisition and/or investment in other complementary businesses and/or assets

The Group intends to utilise part of the proceeds from the Rights Issue to finance any viable projects or acquisitions and/or investments in any complementary businesses and/or assets within, or similar, to its existing businesses within 36 months from completion of the Rights Issue.

These potential projects or acquisitions and/or investments may include those relating to the Group's existing IT business such as those relating to the provision of ERP system and solutions and IOT systems and solutions, or such other businesses and/or assets in the IT industry which the Board may deem beneficial and are complementary to the Group's existing businesses. In this regard, the Board will consider factors such as the risks and returns in relation to acquisition, whether the business or asset fits into the Group's strategic business goals, any synergies that may be derived, the availability of the Group's resources as well as the Group's existing technological capabilities.

As at the LPD, the Board has not identified any specific projects to be undertaken or businesses and/or assets to be acquired or invested in.

The Group will make the necessary announcements in accordance with the Listing Requirements (if required) as and when it enters into any agreement to acquire and/or invest in complementary businesses and/or assets. In the event that Shareholders' approval and/or regulatory approvals are required, the necessary approvals will be sought.

If the Group is unable to identify suitable projects, acquisitions and/or investments within 36 months from the completion of the Rights Issue, the timeframe for utilisation of proceeds that has been allocated for the said purpose will be extended and announced as well as disclosed in the Group's quarterly financial results announcements and annual reports until the Group has successfully identified a suitable business / asset to acquire and/or invest in.

Alternatively, if the Group is unable to identify suitable projects, acquisitions and/or investments within 36 months from the completion of the Rights Issue, the Group may also consider to revise the utilisation of proceeds, whether partly or wholly, to another purpose depending on the Group's requirements at that point in time. In such event, details of the proposed revision shall be announced and, if required under the Listing Requirements, Shareholders' approval will be obtained accordingly.

(iii) Estimated expenses for the Rights Issue

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

Estimated expenses	RM'000
Professional fees ⁽¹⁾	590
Fees to relevant authorities	55
Printing, despatch, advertising and meeting expenses	40
Miscellaneous expenses and contingencies	25
Total	710

Note:-

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

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

6. RISK FACTORS

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

6.1 Risks relating to the Group**6.1.1 Risks relating to the Group's IT Business**

The risk factors relating to the Group's IT Business, which contributed 100% of the Group's audited total revenue in FYE 31 December 2020, are set out below:-

(i) Dependency on key management and skilled personnel

The Group is dependent on the abilities and continued efforts of its key management and skilled personnel who have the relevant technical expertise and knowledge for its IT Business. Thus, the continued performance and sustainability of the Group's IT Business moving forward is reliant on the Group's ability to continuously hire and retain qualified and competent personnel.

As the IT industry is diverse and fragmented, there will always be intense competition among employers for skilled personnel. In view thereof, there is no assurance that the Group can continuously hire and retain qualified and competent personnel for its IT Business. In the event that the Group is unable to do so, the business and financial performance of the Group would be adversely affected.

In relation to the provision of Hydroponics IOT Solutions as set out in Section 5(i) of this Abridged Prospectus, the Group has recruited a project manager with relevant experience in the hydroponics industry. As such, the Group's venture into the provision of Hydroponics IOT Solutions is also subject to the risk of dependency on this project manager. In the event that the Group is unable to retain his continued employment, the Group will have to incur time and cost to search and hire a new project manager with relevant experience in the hydroponics industry.

(ii) Technology obsolescence risk

The IT industry is a dynamic sector where products and solutions are subject to continuous improvement and innovation as the technological landscape constantly evolves at a rapid pace. In this regard, the Group is dependent on its ability to constantly innovate and keep up with the latest technologies in order to remain relevant and competitive in the IT industry.

There is no assurance that the Group's products and solutions will always remain relevant and competitive in the IT industry. There is also no assurance that the Group will be able to successfully anticipate and pick up new technologies to enhance its existing products and solutions or develop new products and solutions.

In the event that the Group is unable to continuously innovate and enhance its products and solutions to meet the latest expectations of its customers in light of the prevailing technological landscape, the Group would run the risk of technological obsolescence on its products and solutions and lose its market share to other competitors. In turn, this would have an adverse effect on the Group's business and financial performance.

(iii) Competition risk

As the IT industry is competitive in nature and characterised by rapid technological changes, the Group faces direct competition from both new entrants and existing players within the IT industry. Thus, the Group is dependent on its ability to continuously promote and sell its products and solutions to existing and new customers while competing with other providers in the IT industry. Competition may be in the form of pricing, quality of service as well as technological competence.

There is no assurance that the Group can remain competitive against its competitors moving forward. The emergence of new competitors who can offer more innovative solutions at a cheaper cost may result in the Group losing its market share to such competitors. In turn, this would adversely affect the business and financial performance of the Group.

(iv) Upfront cost and deferred payment model for the provision of Hydroponics IOT Solutions

For the provision of Hydroponics IOT Solutions as set out in Section 5(i) of this Abridged Prospectus, the Group is required to incur upfront cost to purchase the necessary software and hardware to set up the hydroponics IOT systems for the farm operators. The Group is expected to start receiving payment from the farm operators only after the hydroponics IOT systems have been set up and the smart hydroponic farm is operational. Further to that, the Group is expected to receive payment on a staggered basis over a period of a few years instead of a lump sum.

There is no assurance that the farm operators will continuously adhere to their payment obligations in accordance to the agreed payment schedule in a timely manner. In this regard, the Group runs the risk of being unable to recover the costs it has incurred to set up the hydroponics IOT systems in the event of default in payment by the farm operators.

(v) Cost overruns in relation to the provision of Hydroponics IOT Solutions

For the provision of Hydroponics IOT Solutions as set out in Section 5(i) of this Abridged Prospectus, the Group is required to incur upfront cost to purchase the necessary software and hardware to set up the hydroponics IOT systems for the farm operators.

Before entering into the agreement with the farm operators for the provision of Hydroponics IOT Solutions, the Group will have to estimate and determine the upfront cost required so as to ensure that a sufficient profit margin can be earned from the project.

However, there is no assurance that the Group will be able to accurately estimate the upfront cost required, or that the Group will not encounter cost overruns whereby the actual cost incurred is significantly higher than the estimated cost.

In the event of a substantial cost overrun on a project, the Group's profit margin will be adversely affected or the Group may even incur a loss for that project.

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

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

Notwithstanding the above, the Group remains resilient from the dampening effects of the COVID-19 pandemic due to the nature of its IT Business. During the various movement control orders imposed by the Government, the Group's operations faced minimal disruptions and was not affected by any supply chain disruption, major cancellation of orders or suspension of business. The Group was classified as a provider of essential services and could operate at full capacity through remote and hybrid work arrangements that are in compliance with the relevant rules and standard operating procedures. In FYE 31 December 2020, the Group recorded an increase in revenue by RM116.81 million as compared to the previous financial year, representing an increase in revenue by 113.80%. The higher revenue was mainly due to the increased demand for cloud customised ERP solutions as businesses have increasingly shifted towards adoption of digital during the COVID-19 pandemic.

Moving forward, as COVID-19 cases are on a downward trend and lockdown measures are being progressively relaxed, there is no certainty that the current level of demand for the Group's IT solutions and services, particularly those which are targeted at businesses (e.g. ERP solutions), can be sustained.

6.3 Risks relating to the Rights Issue

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

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

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

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

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

(ii) Capital market risk

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

In view of the foregoing, there can be no assurance that the Shares will trade at or above the TEAP disclosed in Section 2.2 of this Abridged Prospectus after the completion of the Rights Issue.

(iii) Potential dilution of existing shareholders' shareholding

Those Entitled Shareholders who do not subscribe for their entitlement of Rights Shares under the Rights Issue will experience dilution in their existing shareholdings 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.

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

(iv) Forward-looking statements and other information

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

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

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

7. INDUSTRY OVERVIEW AND PROSPECTS

7.1 Malaysian economy

The Malaysian economy contracted by 4.5% in the third quarter of 2021 (second quarter of (“2Q”) 2021: +16.1%). This was largely attributable to the strict containment measures particularly in July, under Phase 1 of the National Recovery Plan (“NRP”). Economic activity subsequently picked up as more states transitioned into Phase 2 with less restrictive containment measures. On the supply side, all economic sectors registered a contraction. The construction sector contracted the most due to operating capacity limits. On the expenditure side, domestic demand declined by 4.1% (2Q 2021: +12.4%), weighed down mainly by the contraction in private consumption and investment activities, while continued increase in public sector consumption spending provided support to growth. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a decline of 3.6% (2Q 2021: -1.9%).

(Source: Economic and Financial Developments in Malaysia in the Third Quarter of 2021, Bank Negara Malaysia (“BNM”), 12 November 2021)

The Malaysian economy experienced the full adverse impact of the COVID-19 pandemic in 2020, with real GDP contracting by 5.6%. However, signs of recovery emerged in late 2020, followed by a significant increase in GDP growth of 16.1% in the second quarter of 2021 compared to a plunge of 17.2% in the corresponding quarter last year. The growth was attributed to the low base effect, recovery in external demand and the gradual reopening of economic sectors amid various Movement Control Orders (“MCOs”) to contain the viral infections. The implementation of eight stimulus and assistance packages totalling RM530 billion since 2020 and 2021 Budget measures to mitigate the impact on households and businesses also contributed to the growth. The growth momentum is expected to continue in the second half of the year with the implementation of the NRP, an exit strategy from the health and economic crisis. The NRP entails opening up the economy in stages in line with the progress made in managing the pandemic. The acceleration of the National COVID-19 Immunisation Programme, an integral component of the NRP, is expected to enable the economy to fully open in the fourth quarter. With the favourable outlook for the fourth quarter, the economy is expected to grow between 3% – 4% in 2021.

The growth trajectory for 2022 is based on further expansion in global and domestic economic activities, fuelled by broader vaccine coverage and a further improvement in goods trade amid a slower recovery in services trade. The domestic demand recovery is projected to continue in 2022, anchored by private consumption, following the gradual improvement in labour market conditions amid a relaxation of containment measures, improved consumer sentiments and spending from the vaccine rollout as well as targeted policy support for vulnerable households. Rapid progress in the vaccination programme is also expected to release pent-up demand, particularly for domestic travel and leisure, further supporting the recovery. Stronger external demand, especially for electrical and electronics (“E&E”) products and major commodities, is expected to support the surge in exports, thus helping to maintain a surplus in the current account of the balance of payments (“BOP”).

Almost all economic sectors are projected to expand on the supply side, led by the services and manufacturing sectors, accounting for more than 80% of the economy. However, the mining sector is forecast to decline partly due to scheduled maintenance works. The normalisation of economic activities underpinned by mass vaccination is anticipated to boost wholesale and retail trade subsector and domestic tourism-related activities. The projected higher volume of manufactured products is also in line with the expected rising demand from export- and domestic-oriented industries. Positive consumer and business sentiments and expected improvement in earnings will support the recovery in the labour market, albeit at a more modest level than the pre-pandemic period.

The continuation of various initiatives to stabilise the labour market and high vaccination rates are expected to provide some relief for employers in retaining their workers. Thus, the nation's GDP is forecast to expand in the range of 5.5% – 6.5% in 2022.

(Source: Economic Outlook 2022, Ministry of Finance Malaysia, 29 October 2021)

7.2 ICT industry in Malaysia

ICT refers to the technologies and services that enable information to be accessed, stored, processed, transformed and disseminated, including the transmission or communication of voice, image and/or data over a variety of transmission media.

In Malaysia, the ICT industry is a high performing industry that contributes to enhancing overall national productivity, where it has evolved beyond technological tools to become a socio-economic enabler and key driver of business. The ICT industry is able to improve the efficiency and effectiveness of product and/or service delivery, and the extensive features and characteristics of ICT are continually impacting the way businesses operate.

The ICT industry includes the render of ICT solutions to businesses and individuals, and comprises ICT products set-up, software development and installations, networking services, security management solutions and telecommunication services. ICT solutions play a pivotal role in supporting the growth and success of many businesses from various aspects, which include amongst others, managing and coordinating overall business operations; enhancing operational efficiencies; managing relationships with customers, suppliers and other stakeholders; and ensuring data security.

Among examples of ICT solutions used by businesses include ERP, supply chain management, human capital management, customer service management and digital security solutions. Over the years, ICT solutions undergo rapid technological advancement in tandem with new and more robust technologies introduced in the market such as IOT, cloud computing and storage, big data analytics, Artificial Intelligence ("AI"), Extended Reality ("XR") and blockchain.

ARB is involved in the provision of ERP and IOT solutions. Further information on ERP and IOT solutions is as described below:

- (i) ERP is a software application that integrates multiple ICT modules and components to support the day-to-day operations of businesses such as accounting, procurement, inventory and warehousing management, sales recording, claims and payroll. It is a centralised software application that collects, consolidates, stores and manages data from multiple business units, thereby allowing employees to perform work tasks in an organised and efficient manner, and enabling the management to make informed and data-driven decisions.

Along with the technological advancement and changing business environment, some businesses have revamped or upgraded their ERP to include new technologies such as cloud storage and big data analytics. Cloud-enabled ERP is especially proliferating during the COVID-19 pandemic as it supports remote working and minimises interruptions to business operations.

- (ii) IOT refers to the interconnectivity between human and devices to exchange information and knowledge. These devices have the ability to connect to the internet, also known as "smart devices" and includes everyday items such as mobile phones, computers, lights, watches and home appliances; as well as non-everyday items such as machines and airplanes. These smart devices are fitted with sensors that collect data, which are then analysed to produce useful information.

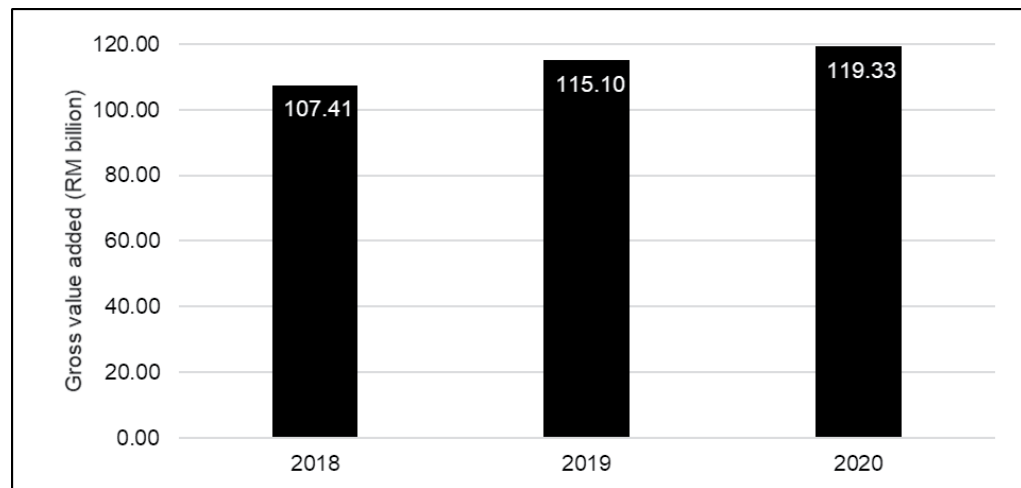
This information in combination with human knowledge, will enhance human intelligence, productivity and efficiency, thereby enhancing the quality of life and promoting economic growth.

Some applications of IOT include automation at homes (or more commonly known as “smart homes”) where lighting, air-conditioners and home appliances such as refrigerators and coffee makers are connected to the internet, enabling these devices to be remotely-controlled or automated; and automation at buildings (or more commonly known as “smart buildings”) where the buildings’ heating, ventilation and air conditioning (HVAC), electrical, lighting, access control, security systems and other building systems are connected to the internet to form a centralised building management system to enable remote monitoring and ease building management.

Industry performance, size and growth

From 2018 to 2020, the overall ICT industry increased from RM107.41 billion to RM119.33 billion at a CAGR of 5.40%. Industry performance for ERP and IOT products specifically is not publicly available.

ICT industry, 2018 – 2020



Note: The data comprises gross value added of ICT services and ICT trade (wholesale and retail).

(Source: DOSM)

Notwithstanding the COVID-pandemic since early 2020 which has adversely impacted many businesses and economic activities, the ICT industry recorded a year-on-year (“YOY”) growth of 3.68% in 2020, indicating the continuous demand for ICT solutions amidst the pandemic. According to BNM, despite the overall negative impact of the COVID-19 pandemic to the service sector in 2020, the growth in the information and communication sub-sector was sustained by the continued high demand for data communication services especially during the period of remote working arrangements.

While some businesses may have put on hold their ICT enhancement or digitalisation projects to preserve cashflow for any emergencies arising from the COVID-19 pandemic, some businesses had accelerated their workplace digitalisation exercise through adoption of ICT solutions during the pandemic period in order to minimise interruptions to operations and/or to sustain their businesses. For example, businesses adopted cloud-enabled ERP to support remote working and to minimise interruptions to day-to-day operations; or integrated IOT technology with their machines to ease monitoring and coordination of production activities and to increase automation to meet sales orders amidst reduced workforce during the pandemic.

Further, many merchants in retail business which were not allowed to operate their physical stores or recorded lower footfalls during movement restriction periods had ventured into e-commerce and subsequently drove the demand for ICT infrastructure and solutions.

Moving forward, the ICT industry is expected to continue to thrive underpinned by several key industry drivers outlined in the next section. SMITH ZANDER forecasts the ICT industry to grow at a CAGR of 4.98% from RM119.33 billion in 2020 to RM131.50 billion in 2022. Specifically for IOT, based on the National IOT strategic Roadmap published by MIMOS Berhad, IOT is expected to have a total potential economic impact, or industry value, of RM42.50 billion by 2025.

Key Industry drivers

(i) Continuous technology advancement drives the demand for more robust ICT solutions that use the latest technologies

ICT has become an essential part in everyday lives where it is used for communication, social and networking, e-commerce activities, e-sports and entertainment, work and learning purposes, amongst others, whereby internet is one of the enablers to provide people with quicker and enhanced experience in such activities. ICT industry undergoes rapid technology advancement, in tandem with new and more robust technologies introduced in the market such as IOT, cloud computing and storage, big data analytics, AI, XR and blockchain, amongst others. Improved technology provides better user experience and entice users to continuously upgrade their ICT products and solutions.

Individuals embrace new technologies to improve their standard of living. For example, smart home systems that utilise IOT are installed to remotely control lighting, air-conditioners and other home appliances such as refrigerators and coffee makers at home through the internet. On the other hand, ICT solutions are important components in businesses as the dependency on technology continues to grow. The usage of ICT solutions is essential for businesses to run their operations, as well as to perform transactions with customers and suppliers. Further, businesses also replace ICT products and/or upgrade their ICT systems periodically for the usage of up-to-date technology in order to increase the efficiency of business operations, boost productivity and reduce maintenance costs. For example, cloud computing and storage technology enables collection, aggregation and storage of large amounts of operational data for analysis on the internet at a lower upfront cost, as it eliminates the need for companies to own and maintain costly IT infrastructure. Further, COVID-19 pandemic has also spurred the adoption of cloud-enabled ICT solutions, such as cloud-enabled ERP, to support remote working and minimise interruptions to operations during the pandemic.

As technology continues to evolve which leads to continuous improvement of ICT solutions, there will be continuous demand for new or upgraded ICT solutions which are more robust to further enhance user experience.

(ii) Emergence of the fourth industrial revolution presents growth opportunities for the ICT industry

The emergence of the fourth industrial revolution (Industry 4.0) in recent years which involves digitalisation and autonomous manufacturing activities has led to businesses investing in new technologies (e.g. ICT solutions and automated machinery) to allow amongst others, streamline operational processes, increase people collaboration, increase workforce and machines interconnectivity, and leverage on data analytics in real time to make data-driven decisions.

IOT, being one of the most common technologies used in the manufacturing sector to realise the vision of the fourth industrial revolution, encompasses the interconnectivity and communication between machines, workforces and ICT systems to allow real-time monitoring and remote controlling of machines and production activities. Further, IOT is also used alongside other technologies which include machine learning and big data analytics for real time interpretation and analysis of production data to create intelligent and autonomous decision-making, therefore optimising production processes.

To increase the adoption of the fourth industrial revolution, under Budget 2022, the Government proposed to allocate RM30 million to set up a one stop centre for innovation ecosystem named Industrial Revolution 4.0 International Innovation Hub in Technology Park Malaysia, for the development of new emerging technologies such as drones, robotics and autonomous vehicles. Further, the Government also allocated RM45 million for a technological transformation incentive for small and medium enterprises (“SME”) as well as mid-stage companies in the manufacturing and services sectors to drive the adoption of the fourth industrial revolution. All these initiatives are expected to increase the usage of advanced ICT solutions to enable the transition and realisation of the fourth industrial revolution, which will in turn continue to drive the ICT industry in Malaysia.

(iii) Businesses’ needs for digitalisation continue to drive the demand for ICT solutions and services

In this technological era, businesses are urged to embrace digitalisation to improve operational efficiency and to remain relevant in the changing business environment. This includes adopting ICT products and services, as well as digital solutions such as ICT solutions for ERP, supply chain management, human capital management, customer service management and digital security to digitalise and automate specific tasks or functions such as accounting and finance, administrative, procurement, production / manufacturing, sales and marketing, customer service, warehousing and logistics and human resource.

According to the Companies Commission of Malaysia, from 2018 to 2020, the number of companies registered in Malaysia grew from 1.30 million to 1.39 million at a CAGR of 3.40%; and the number of businesses registered in Malaysia grew from 7.28 million to 8.03 million at a CAGR of 5.02%. Despite the on-going Covid-19 pandemic, between January 2021 and November 2021, 40,526 companies and 352,314 businesses were registered in Malaysia.

The COVID-19 pandemic has further intensified the growth of the industry as businesses are urged to embrace digital solutions, including cloud-based ERP, to support remote working and minimise interruptions to operations. Further, businesses which traditionally operate from physical stores started to embrace e-commerce as a result of the movement restrictions imposed on the general public to curb the spread of the virus, as well as the mandatory closure of certain businesses as they are considered non-essential, which led to the reduction of customers visiting physical outlets for purchases. In order to sustain, many businesses have been adopting ICT solutions for e-commerce.

(iv) Implementation of initiatives for digital transformation drives the ICT industry

In 1996, the Malaysian Government introduced the Multimedia Super Corridor (“MSC”) under the Malaysia Digital Economy Corporation (“MDEC”). It involved a partnership between the Government, acting as the chief architect of its vision, and the private sector, acting as the main driver for its implementation.

The MSC was implemented to accelerate the growth of Malaysia's digital economy by providing ICT-related business, both local and foreign, with a wide range of incentives, rights and privileges to promote the growth of the ICT sector. This is to firmly establish Malaysia as the Heart of Digital Association of Southeast Asian Nations (ASEAN), a regional digital powerhouse and industry pioneer. Since the inception of MDEC, the contribution of the digital economy sector, comprising the ICT industry and e-commerce industry, to Malaysia's GDP has been increasing steadily.

The latest blueprint introduced to accelerate the growth of the digital economy is known as the Malaysian Digital Economy Blueprint ("**MyDigital**"), which was launched on 19 February 2021. The blueprint serves as a foundation for Malaysia's transformation into a "regional digital pulse" by 2030 with the targets listed below:

- (i) Accelerating digitally-powered businesses by having 875,000 micro, small and medium enterprises (MSMEs) adopt e-commerce, attracting local and foreign companies into the country, investing RM70 billion in digitalisation and increase the number of start-ups to 5,000;
- (ii) Establishing sectoral-based digital skills development scheme and digital toolkit to equip and improve the digital capabilities of the current workforce in the professional service sector by contributing to 30% uplift in labour productivity across sectors and increasing digital adoption rate across businesses;
- (iii) To have at least five smart cities established by 2025; and
- (iv) Accelerating a digitally enabled Government by having 100% of Government servants to possess digital literacy, 80% of end-to-end online Government services available, all ministries and agencies to provide cashless payment option and 80% usage of cloud storage across the Government in 2022.

Through MyDigital, the Government also allocated an investment of RM15 billion to aid the implementation of fifth generation ("**5G**") nationwide over a period of 10 years which is expected to create approximately 105,000 job opportunities. This effort will be implemented through a special purpose vehicle under the Government which will then give them the appropriate spectrum to own, implement and manage 5G infrastructure. Furthermore, a National 5G task force was established in 2018 to enhance and accelerate this implementation.

Additionally, to increase digital adoption among SMEs, the Government launched SME Digitalization Grant Scheme under Budget 2021 whereby RM150 million was allocated for business automation and modernisation for SMEs. Under Budget 2022, the total funding allocated for the same scheme will be increased to RM200 million for 2022. With the new digitalisation initiatives and targets rolled out, it is evident that the demand for ICT solutions, including ERP and IOT solutions will increase in the near future in accordance with Malaysia's effort to achieve the above targets.

(Source: IMR Report prepared by SMITH ZANDER)

7.3 Hydroponic industry in Malaysia

Hydroponic is a type of modern farming technique which involves the usage water to replace soil to grow plants. In the absence of soil, the roots of plants are exposed to water and nutrient rich solutions that contain all the nutrients and substances required to grow a plant. Hydroponic is mainly used for the planting of vegetables such as lettuce and other leafy vegetables, tomatoes, cucumbers and long beans. There is also usage of hydroponic to plant medicinal herbs such as parsley, basil, lemongrass, thyme and rosemary.

Hydroponic system can be established in various scales ranging from small-scale hydroponic system set up at yards or balconies of houses to grow vegetables for households' consumption, to large-scale hydroponic system covering acres of land to grow crops for commercial gain. Some large-scale hydroponic farms also set up their hydroponic systems vertically which consume lesser space by utilising layers of racks to grow crops.

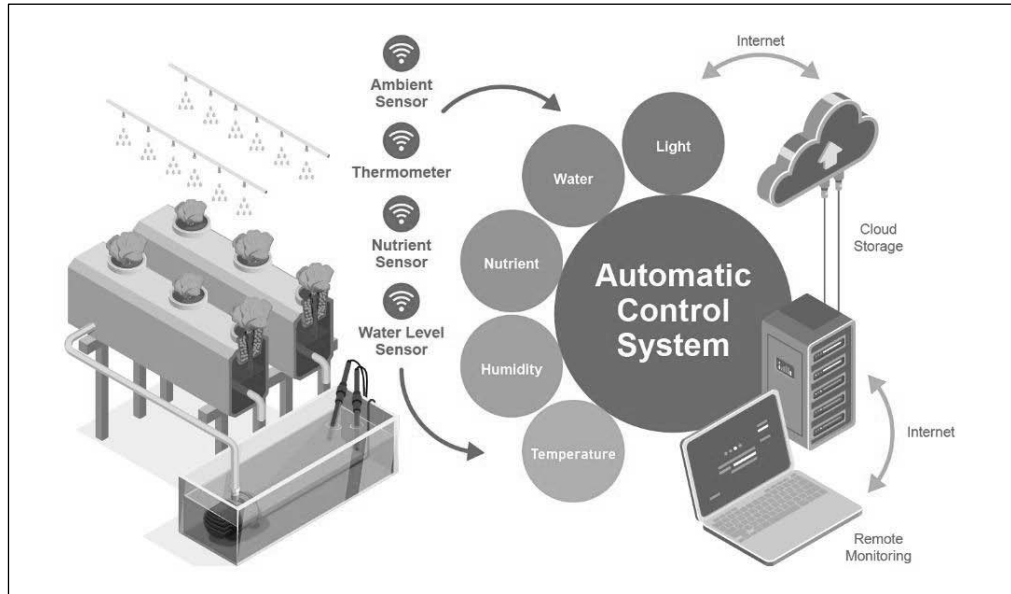
As large-scale hydroponic farms are set up for commercial gain, it is crucial to ensure efficiency in managing the operations in order to consistently produce high yield and good quality of crops. Large-scale hydroponic farms can enhance their operational efficiency by integrating ICT solutions into their hydroponic systems to automate certain functions such as injection of nutrients and required substances, and ambient control (i.e. light, temperature and humidity). A hydroponic system integrated with ICT solutions is known as computerised hydroponic system or smart hydroponic system.

Computerised hydroponic system or smart hydroponic system is a type of agriculture technology ("**Agritech**") that is increasingly used to maximise yield, productivity and efficiency while reducing costs. It plays a role in facilitating better management of limited resources for farming such as land, in order to feed a growing population, thus promoting sustainability.

Computerised hydroponic system or smart hydroponic systems can also be integrated with IOT technology to further enhance the operational efficiency and automation level. For example, sensors that are connected to the internet are installed in trays filled with water and nutrient solutions to detect the concentration of nutrients dissolved in water, and installed at greenhouses to detect the amount and direction of light, temperature and humidity; thereafter feeding the information back to the system to trigger/ prompt automated instructions such as release of nutrients and adjustment of the amount of light, temperature and humidity. It eases the monitoring and management of large fields of crops with minimal effort, and it can alert farmers with any potential problems detected by the sensors before they occur so that mitigating steps can be taken. It also allows businesses to monitor the condition of their hydroponic farms remotely at real time.

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Illustration of a smart hydroponic system

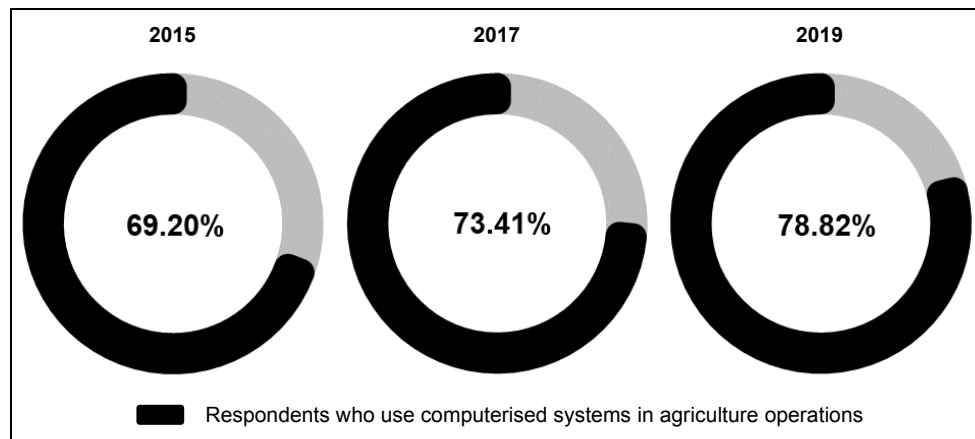


(Source: SMITH ZANDER)

Industry performance, size and growth

According to a survey conducted by DOSM, in 2015, 2017 and 2019, the respondents from the agriculture sector who use computerised systems in their operations increased by 9.62 percentage points from 69.20% to 78.82%. The hydroponic industry size and the industry size specifically on the computerised hydroponic system or smart hydroponic system are not publicly available.

Usage of computerised systems in agriculture sector, 2015, 2017 and 2019



Note: Latest available as at 20 December 2021. Data for 2016 and 2018 is not publicly available.

In addition, based on the same survey, in 2019, 54.68% of respondents from the agriculture sector responded that they adopt mobile internet and related technologies in their business operations, and 9.03% of respondents from the agriculture sector responded that they adopt data analytics in their business operations.

Key industry drivers

(i) Increasing urbanisation and scarcity of land drive hydroponic farming

Unlike traditional farming, hydroponic farming consumes relatively less space as it can be established in indoor areas (i.e. greenhouses) and/or at a vertical setup utilising multiple layers of racks to grow crops. Increasing urbanisation and scarcity of land as a result of growing population and increasing infrastructure development are expected to drive adoption of hydroponic farming to ensure sustainability.

Over the period of 2017 to 2020, the percentage of urban population in Malaysia increased from 75.45% of the total population to 77.16% of the total population. The increasing urbanisation may lead to continuous development of infrastructure and buildings which may subsequently lead to diminishing land for agricultural activities. The total planted areas for selected vegetables reduced from 63.50 hectares in 2017 to 59.80 hectares in 2020; out of which the total planted areas for tomatoes, cucumbers and long beans increased slightly from 11.80 hectares to 12.00 hectares during the same period.

The increase in urbanisation and overall reduction in planted areas for vegetables have led to growing proliferation of hydroponic farming, including city or urban farming that utilises hydroponic technique. With the anticipated increase in the adoption of hydroponic systems in commercial farming, it is expected to drive the demand for computerised hydroponic systems or smart hydroponic systems to maximise yield, productivity and efficiency while keeping the costs minimal.

(ii) Advantages of hydroponic farming will continue to drive the growth of hydroponic industry

Hydroponic is an efficient farming technique that promotes rapid growth, higher yield and better quality of crops. It involves growing crops by feeding all the nutrients and substances required for the crops to grow by dissolving the nutrients and substances in water. The amount and concentration of nutrients and substances provided are adjusted according to the crops' growing conditions to avoid over- or under-nutrition which may affect the crop quality. Hydroponic also eliminates or reduces the risks/ damages arising from uncontrollable events which often happen in traditional farming, such as adverse weather that may lead to drought soil or flood, attacks from bugs, pests and rats, as well as damages by wildlife and animals; all of which may affect crop quality and harvest.

In addition, hydroponic allows visibility of the plants' roots to enable detection of diseases and identification of unhealthy plants easily, which is especially important for medicinal herbs. As opposed to traditional farming which requires a piece of land with suitable soil materials for commercial farming, farming with hydroponic can be carried out anywhere in a much smaller space including indoor areas (i.e. green house). Hydroponic farming in greenhouses allows crops to grow in highly controlled environment where the light, temperature and humidity are strictly monitored and controlled to maintain the optimised environment for the growing of crops. Further, there is also no wait period required after harvesting a crop cycle which is a common practice in traditional farming for the soil to regain nutrients.

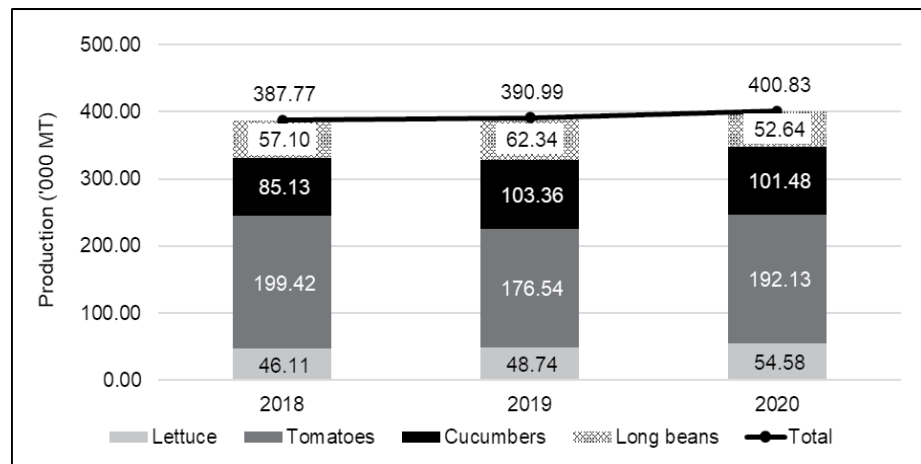
Hydroponic farming contributes to reduction in wastage from spoilage or low quality of crops which may otherwise occur in traditional farming. Hence, the advantages of hydroponic farming will continue to drive the growth of hydroponic industry in Malaysia.

(iii) Growing demand for food supply as a result of population growth presents growth opportunities to the hydroponic industry

The adoption of hydroponic technique in commercial farming is driven by the increasing food needs as a result of the country’s population growth. Based on latest available data, the food supply in Malaysia increased from 16.55 million tonnes in 2016 to 16.73 million tonnes in 2018, at a CAGR of 0.54%, in order to cater to the food consumption of an increasing population. Malaysia’s population stood at 32.58 million in 2020, and is projected to reach 38.06 million in 2030. As the population of Malaysia increases, more food including vegetables harvested from hydroponic farms will be required to feed the population.

Hydroponic is mainly used for the planting of vegetables such as lettuce, tomatoes, cucumbers and long beans. From 2018 to 2020, the total production of lettuce, tomatoes, cucumbers and long beans increased from 387.77 thousand metric tonnes (“MT”) to 400.83 thousand MT, at a CAGR of 1.67%. In 2020, the production of tomatoes ranked the top among the 4 types of vegetables, followed by cucumbers, lettuce and long beans.

Production of selected vegetables, 2018 – 2020



(Sources: DOSM, SMITH ZANDER analysis)

The increase in the production of these vegetables as a result of continuous demand for these vegetables from the growing population presents growth opportunities to the hydroponic industry in Malaysia. This also includes driving the adoption of computerised hydroponic systems and smart hydroponic systems which can maximise yield, productivity and efficiency.

(Source: IMR Report prepared by SMITH ZANDER)

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7.4 Prospects and future plans of the Group

ARB had on 4 December 2018 obtained its shareholders' approval to amongst others, diversify the principal activities of the Group from timber as its core business to include the IT Business. Since then, the Group has progressively scaled down and eventually discontinued its timber business while concentrating solely on the IT Business. In April 2020, the Company's stock classification in Bursa Securities was reclassified from the "Industrial Products and Services" sector and "Wood and Wood Products" sub-sector to the "Technology" sector and "Software" sub-sector.

ARB Group is now principally involved in the IT business through the following sub-segments:-

- (a) provision of ERP solutions and services; and
- (b) provision of IOT solutions and services.

Since then, the Group's revenue has grown rapidly as shown as below:-

Segments	Audited FYE 31 December		
	2018	2019	2020
	RM'000	RM'000	RM'000
ERP System	7,993	90,730	150,541
IOT	-	11,761	68,913
Timber	7,264	153	-
Total	15,257	102,644	219,454

In view of the opportunities as shown above, the Group intends to further expand its IT Business by venturing into the provision of Hydroponics IOT Solutions, which represents an expansion of the range of IOT solutions provided by the Group. Further details of the Group's plans to venture into the provision of Hydroponics IOT Solutions are set out in Section 3 of this Abridged Prospectus. This is aimed at capitalising on the rising adoption of smart hydroponic techniques in commercial farming. Nevertheless, the Group will adopt a cautious approach and will take the necessary measures to mitigate the risks in its venture into the provision of Hydroponics IOT Solutions in view of the risk factors set out in Section 6.1.1 of this Abridged Prospectus.

Premised on the above as well as the outlook and prospects of the ICT and hydroponics industry in Malaysia as set out in Sections 7.2 and 7.3 of this Abridged Prospectus, the prospects of the Group appear positive moving forward.

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8. EFFECTS OF THE RIGHTS ISSUE

8.1 Share capital

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

	Minimum Scenario		Base Case Scenario		Maximum Scenario	
	No. of Shares	Share capital RM	No. of Shares	Share capital RM	No. of Shares	Share capital RM
Issued share capital as at the LPD	608,217,400	123,949,333	608,217,400	123,949,333	608,217,400	123,949,333
New Shares to be issued assuming full conversion of the ICPS	-	-	-	-	467,133,100	(1)93,426,620
Enlarged issued share capital after full conversion of the ICPS	608,217,400	123,949,333	608,217,400	123,949,333	1,075,350,500	217,375,953
Rights Shares to be issued	51,552,165	(2)6,186,260	608,217,400	(2)72,986,088	1,075,350,500	(2)129,042,060
Enlarged issued share capital	659,769,565	130,135,593	1,216,434,800	196,935,421	2,150,701,000	346,418,013

Notes:-

- (1) Based on the assumption that all the ICPS as at the LPD are converted into new Shares based on the conversion mode of surrendering 1 ICPS (which was issued at the issue price of RM0.01 each) with additional cash payment of RM0.19 to arrive at the Conversion Price of RM0.20 for every 1 new Share.
- (2) Based on the issue price of RM0.12 per Rights Share.

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8.2 NA and gearing

There are no material transactions which may have a material effect on the operations, financial position and results of the Group since the Group's latest unaudited 9-month FPE 30 September 2021 up to the LPD.

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

Minimum Scenario

	Unaudited as at 30 September 2021 RM'000	(I) After the Rights Issue ⁽¹⁾ RM'000
Share capital	123,949	130,135
ICPS	4,671	4,671
Retained earnings	140,643	139,933
Shareholders' equity / NA	269,263	274,739
Non-controlling interests	28,078	28,078
Total equity	297,341	302,817
No. of Shares in issue ('000)	608,217	659,769
NA per Share (RM)	0.44	0.42
Total borrowings (RM'000)	-	-
Gearing (times)	-	-

Note:-

- (1) After accounting for the following:-
- (i) Based on the issuance of 51,552,165 Rights Shares at the issue price of RM0.12 each.
 - (ii) Estimated expenses in relation to the Rights Issue amounting to approximately RM0.71 million.

Base Case Scenario

	Unaudited as at 30 September 2021 RM'000	(I) After the Rights Issue ⁽¹⁾ RM'000
Share capital	123,949	196,935
ICPS	4,671	4,671
Retained earnings	140,643	139,933
Shareholders' equity / NA	269,263	341,539
Non-controlling interests	28,078	28,078
Total equity	297,341	369,617
No. of Shares in issue ('000)	608,217	1,216,434
NA per Share (RM)	0.44	0.28
Total borrowings (RM'000)	-	-
Gearing (times)	-	-

Note:-

- (1) After accounting for the following:-
- (i) Based on the issuance of 608,217,400 Rights Shares at the issue price of RM0.12 each.
 - (ii) Estimated expenses in relation to the Rights Issue amounting to approximately RM0.71 million.

Maximum Scenario

	Unaudited as at 30 September 2021 RM'000	(I) After assuming full conversion of the ICPS ⁽¹⁾ RM'000	(II) After (I) and the Rights Issue ⁽²⁾ RM'000
Share capital	123,949	217,376	346,418
ICPS	4,671	-	-
Retained earnings	140,643	140,643	139,933
Shareholders' equity / NA	269,263	358,019	486,351
Non-controlling interests	28,078	28,078	28,078
Total equity	297,341	386,097	514,429
No. of Shares in issue ('000)	608,217	1,075,351	2,150,701
NA per Share (RM)	0.44	0.33	0.23
Total borrowings (RM'000)	-	-	-
Gearing ratio (times)	-	-	-

Notes:-

- (1) After assuming all the 467,133,100 ICPS as at the LPD are converted into new Shares based on the conversion mode of surrendering 1 ICPS (which was issued at the issue price of RM0.01 each) with additional cash payment of RM0.19 to arrive at the Conversion Price of RM0.20 for every 1 new Share.
- (2) After accounting for the following:-
- (i) Based on the issuance of 1,075,350,500 Rights Shares at an illustrative issue price of RM0.12 each; and
 - (ii) Estimated expenses in relation to the Rights Issue amounting to approximately RM0.71 million.

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8.3 Substantial Shareholder's shareholdings

The pro forma effects of the Rights Issue on the substantial Shareholders' shareholdings in the Company based on the Register of Substantial Shareholders of the Company as at the LPD are as follows:-

Minimum Scenario

Substantial Shareholder	As at the LPD				(1) After the Rights Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Dato' Sri Liew Kok Leong	51,552,165	8.48	18,569,700	(3)3.05	103,104,330	15.63	18,569,700	(3)2.81

Notes:-

- (1) Based on the issued share capital of 608,217,400 Shares.
- (2) Based on the enlarged issued share capital of 659,769,565 Shares.
- (3) Deemed interested by virtue of his shareholding in Ukay One Sdn Bhd.

Base Case Scenario

Substantial Shareholder	As at the LPD				(1) After the Rights Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Dato' Sri Liew Kok Leong	51,552,165	8.48	18,569,700	(3)3.05	103,104,330	8.48	37,139,400	(3)3.05

Notes:-

- (1) Based on the issued share capital of 608,217,400 Shares.
- (2) Based on the enlarged issued share capital of 1,216,434,800 Shares.
- (3) Deemed interested by virtue of his shareholding in Ukay One Sdn Bhd.

Maximum Scenario

Substantial Shareholders	As at the LPD				(1) After assuming full conversion of the ICPS			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Dato' Sri Liew Kok Leong	51,552,165	8.48	18,569,700	(4)3.05	(5)175,816,622	16.35	144,230,615	(4)13.41
Ukay One Sdn Bhd	18,569,700	3.05	-	-	(6)144,230,615	13.41	-	-

Substantial Shareholders	(1) After (1) and the Rights Issue			
	Direct		Indirect	
	No. of Shares	(3)%	No. of Shares	(3)%
Dato' Sri Liew Kok Leong	351,633,244	16.35	288,461,230	(4)13.41
Ukay One Sdn Bhd	288,461,230	13.41	-	-

Notes:-

- (1) Based on the issued share capital of 608,217,400 Shares.
- (2) Based on the enlarged issued share capital of 1,075,350,500 Shares.
- (3) Based on the enlarged issued share capital of 2,150,701,000 Shares.
- (4) Deemed interested by virtue of his shareholding in Ukay One Sdn Bhd.
- (5) After accounting for the full conversion of the 124,264,457 ICPS held by him as at the LPD.
- (6) After accounting for the full conversion of the 125,660,915 ICPS held by it as at the LPD.

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8.4 Earnings and EPS

The Rights Issue, which is expected to be completed in the 1st quarter of 2022, is not expected to have any material effect on the earnings and EPS of the Group for the FYE 31 December 2021.

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

Assuming that the consolidated earnings of the Company remain unchanged, the EPS of the Group will be diluted as a result of the increase in the number of Shares in issue following the issuance of the Rights Shares. Notwithstanding that, the Rights Issue is expected to contribute positively to the future earnings of the Group in the ensuing financial years when the benefits of the utilisation of proceeds are realised.

For illustration, assuming the Rights Issue had been completed at the beginning of the FYE 31 December 2020, the pro forma effects of the Rights Issue on the consolidated earnings and EPS of the Group would be as follows:-

	Audited FYE 31 December 2020	(I)		
		After subsequent events		
		Minimum Scenario	Base Case Scenario	Maximum Scenario
PAT attributable to owners of the Company (RM'000)	43,461	⁽¹⁾ 77,344	⁽¹⁾ 77,344	⁽¹⁾ 77,344
Weighted average number of Shares ('000)	454,924	⁽²⁾ 577,818	⁽²⁾ 577,818	⁽²⁾ 577,818
EPS (sen)	9.55	13.39	13.39	13.39

	(II)		
	After (I) and the Rights Issue		
	Minimum Scenario	Base Case Scenario	Maximum Scenario
PAT attributable to owners of the Company (RM'000)	⁽³⁾ 76,634	⁽³⁾ 76,634	⁽³⁾ 76,634
Weighted average number of Shares ('000)	629,370	1,186,035	⁽⁴⁾ 2,120,302
EPS (sen)	12.18	6.46	3.61

Notes:-

- (1) After accounting for the negative goodwill of RM33.88 million arising from the acquisition of 90% equity interest in ARB Agro Technology Sdn Bhd (formerly known as Digital Agrophonic Sdn Bhd) and 51% equity interest in ARB WMS Technologies Sdn Bhd (formerly known as Bluewave WMS Technologies Sdn Bhd) which were completed on 3 June 2021 and 12 August 2021 respectively.
- (2) After accounting for the issuance of 153,293,851 new Shares arising from the conversion of the ICPS from 1 January 2021 up to the LPD and assuming they were converted at the beginning of the FYE 31 December 2020.
- (3) After accounting for the estimated expenses incidental to the Rights Issue of RM0.71 million.
- (4) After assuming all the 467,133,100 ICPS as at the LPD are converted into new Shares based on the conversion mode of surrendering 1 ICPS (which was issued at the issue price of RM0.01 each) with additional cash payment of RM0.19 to arrive at the Conversion Price of RM0.20 for every 1 new Share, prior to the Entitlement Date.

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

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

9.1 Working capital and sources of liquidity

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

As at the LPD, the Group's cash and bank balances stood at RM40.17 million.

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

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

9.2 Borrowings

As at the LPD, the Group's does not have any borrowings.

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

9.3 Contingent liabilities

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

9.4 Material commitments

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

10. INSTRUCTIONS FOR ACCEPTANCE AND PAYMENT

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

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

10.1 General

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

10.2 NPA

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

10.3 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the Provisional Rights Shares and the Excess Application is **5.00 p.m. on Monday, 7 February 2022**. An announcement shall be made on the outcome of the Rights Issue after the Closing Date.

10.4 Methods of acceptance and application

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

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

10.5 Procedures for full acceptance and payment

10.5.1 By way of RSF

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

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

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

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

AldPro Corporate Services Sdn Bhd
Level 5, Block B, Dataran PHB
Saujana Resort, Section U2
40150 Shah Alam
Selangor.
Telephone number: +603 7890 0638
Fax number : +603 7890 1032

so as to arrive not later than **5.00 p.m. on Monday, 7 February 2022**, being the last time and date for acceptance and payment, or such extended time and date as may be determined and announced by the Board.

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

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

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

If acceptance and payment for the Rights Shares provisionally allotted to you and/or your renounees and/or your transferees (if applicable) is not received by the Share Registrar by **5.00 p.m. on Monday, 7 February 2022**, being the last date and time for acceptance and payment, or such extended date and time as may be determined and announced by the Board at their discretion, you and/or your renounees and/or your transferees (if applicable) will be deemed to have declined the Provisional Allotments made to you and/or your renounees and/or your transferees (if applicable) and it will be cancelled. Such Rights Shares not taken up will be allotted to the applicants applying for Excess Rights Shares.

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

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

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

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

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

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

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

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

10.5.2 By way of electronic submission of the e-RSF

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

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

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

- (a) the electronic submission of the e-RSF will be closed at **5.00 p.m on Monday, 7 February 2022**. All valid electronic submission of the e-RSF received by the Share Registrar is irrevocable and cannot be subsequently withdrawn;
- (b) the electronic submission of the e-RSF must be made in accordance with the procedures and terms and conditions of the electronic submission of the e-RSF, this Abridged Prospectus and the notes and conditions contained in the RSF. Any incomplete or incorrectly completed e-RSF submitted via the Share Registrar's Investor Portal may or may not be accepted at the absolute discretion of the Board.
- (c) your application for the Rights Shares and Excess Rights Shares must be accompanied by the remittance in RM via internet bank transfer, the bank account details as follows:-

Name of Bank:	CIMB Islamic Bank Berhad
Name of Account:	ARB Berhad
Bank Account No.:	86-0351750-0

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

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

(i) Procedures

	Procedures	Action
User registration		
1.	Register as a user with the Investor Portal	<ul style="list-style-type: none"> • Access the website at https://www.aldpro.com.my. Click Investor Portal. Refer to the online help tutorial for assistance. • Read and agree to the terms and conditions and confirm the declaration. • Upon submission of your registration, your account will be activated within one working day. • If you have already registered an account with Investor Portal, you are not required to register again.
Electronic submission of e-RSF		
2.	Sign in to Investor Portal	<ul style="list-style-type: none"> • Login with your user ID and password for electronic submission of the e-RSF before the Closing Date.
3.	Complete the submission of e-RSF	<ul style="list-style-type: none"> • Open the corporate exercise "RIGHTS ISSUE FOR ARB BERHAD". • Key in your full name, CDS account number, contact number, the number of units for acceptance of your Rights Shares and Excess Rights Shares (if you choose to apply for additional Rights Shares). • Proceed for the payment via online banking and please indicate the details with the last 9 digits of your CDS account number and name when payment is made. • Download the payment advice once the payment is successfully transferred. • 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 admin@aldpro.com.my for assistance.

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

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

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

- (i) the Company or the Share Registrar does not receive your submission of the e-RSF; or
- (ii) data on the e-RSF is wholly or partially lost, corrupted or inaccessible, or not transmitted,

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

- (B) You will ensure that all information provided by you in the e-RSF is identical with the information in the records of Bursa Depository and further agree and confirm that in the event the said information differs from the records of Bursa Depository, your application by way of electronic submission of the e-RSF may be rejected at the absolute discretion of the Board without assigning any reason.
- (C) You agree that your application shall not be deemed to have been accepted by reason of the remittance have been made.
- (D) You agree that all the Rights Shares to be issued pursuant to the Rights Issue will be allotted by way of crediting the Rights Shares into your CDS account. No physical share certificate will be issued.
- (E) You agree that the Company and the Share Registrar reserve the right to reject your application which does not conform to these terms and conditions.

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

10.6 Procedures for part acceptance

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

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

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

10.7 Procedures for sale or transfer of Provisional Allotments

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

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

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

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

10.8 Procedures for the Excess Rights Shares Application

10.8.1 By way of RSF

If you wish to apply for additional Rights Shares in excess of your entitlement, you may do so by completing Part I(B) of the RSF (in addition to Parts I(A) and II). A combined remittance for the Excess Rights Shares can be made together with your entitlements as mentioned in Section 10.5.1 of this Abridged Prospectus. The completed RSF together with the payment must be received by the Share Registrar no later than **5.00 p.m. on Monday, 7 February 2022**, being the last time and date for Excess Rights Shares Applications and payment.

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

10.8.2 By way of e-RSF

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

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

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

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

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

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

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

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

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

10.9 Procedures to be followed by transferees and/or renounees

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

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

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

10.10 CDS Account

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

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

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

10.11 Notice of allotment

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

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

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

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

10.12 Foreign-Addressed Shareholders

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

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

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

As a result, this Abridged Prospectus, the NPA and the RSF have not been (and will not be) sent to Foreign-Addressed Shareholders. However, Foreign-Addressed Shareholders may collect this Abridged Prospectus, the NPA and the RSF from the Share Registrar, AldPro Corporate Services Sdn Bhd at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor, who will be entitled to request such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting this Abridged Prospectus, the NPA and the RSF.

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

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

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

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

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

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

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

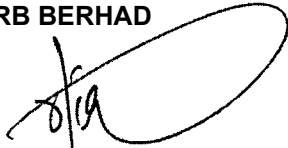
11. TERMS AND CONDITIONS

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

12. FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board of
ARB BERHAD



DATO' SRI LIEW KOK LEONG
Executive Director

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

As at the LPD, the issued share capital of the Company is RM123,949,333 comprising 608,217,400 Shares.

2. SUBSTANTIAL SHAREHOLDER'S SHAREHOLDINGS

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

3. DIRECTORS

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

Name (Designation)	Age	Address	Nationality
Datuk Junaidi Bin Datuk Haji Abdul Rahman (Independent Non-Executive Chairman)	60	Lot 2, 21 Level 2 Kompleks Asia City Jalan Asia City 88450 Kota Kinabalu Sabah	Malaysian
Dato' Sri Liew Kok Leong (Executive Director)	48	No.17-02, Q Sentral 2A Jalan Stesen Sentral 2 KL Sentral 50470 Kuala Lumpur Wilayah Persekutuan	Malaysian
Dato' Baharon Bin Talib (Executive Director)	69	No. 48, Jalan Kristal 7/66 Seksyen 7 40000 Shah Alam Selangor Malaysia	Malaysian
Khor Chin Meng (Independent Non-Executive Director)	49	A-19-12, PV 5 Platinum Hill No. 2 Jalan Melati Utama 3 Taman Melati Utama Setapak 53100 Kuala Lumpur Wilayah Persekutuan	Malaysian
Khor Ben Jin (Independent Non-Executive Director)	46	No 68, Jalan Puteri 6/6 Bandar Puteri 6 47100 Puchong Selangor	Malaysian

Save for Dato' Sri Liew Kok Leong, none of the Directors have any direct and/or indirect shareholding in the Company as at the LPD.

Please refer to Section 8.3 of this Abridged Prospectus for information on his shareholding before and after the Rights Issue.

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

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

Historical financial performance

	Audited			Unaudited	
	FYE 31 December 2018 RM'000	FYE 31 December 2019 RM'000	FYE 31 December 2020 RM'000	9-month FPE 30 September 2020 RM'000	9-month FPE 30 September 2021 RM'000
Revenue	15,257	102,644	219,454	146,994	173,575
Cost of sales	(7,963)	(68,718)	(167,432)	(119,649)	(141,314)
GP	7,294	33,926	52,022	27,345	32,261
Other income	174	8,470	581	1,203	35,985
Administrative expenses	(2,728)	(5,209)	(6,395)	(4,921)	(11,032)
Distribution expenses	(445)	-	-	-	-
Other operating expenses	-	(4,081)	-	(1)	(242)
Share of result of associate company	-	-	(23)	-	-
Finance costs	(42)	(65)	(1,962)	(24)	(19)
PBT	4,253	33,041	44,223	23,602	56,953
Tax expense	(21)	(218)	(1,353)	(44)	(248)
PAT	4,232	32,823	42,870	23,558	56,705
PAT attributable to:-					
- owners of the Company	4,232	33,205	43,461	23,720	56,690
- non-controlling interests	-	(382)	(591)	(162)	15
GP margin (%)	47.81	33.05	23.71	18.60	18.59
PAT margin (%)	27.74	31.98	19.53	16.03	32.67
Weighted average no. of Shares in issue ('000)	67,210	289,813	454,924	344,569	567,573
EPS (sen)					
- Basic	6.30	11.46	9.55	6.88	9.99
- Diluted	6.30	10.09	8.94	6.31	9.59

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

Historical financial position

	Audited			Unaudited
	As at 31 December 2018	As at 31 December 2019	As at 31 December 2020	As at 30 September 2021
	RM'000	RM'000	RM'000	RM'000
Non-current assets	11,770	51,303	145,481	257,350
Current assets	13,019	75,731	109,854	157,964
Total assets	24,789	127,034	255,335	415,314
Share capital	15,748	60,268	93,290	123,949
ICPS - Equity	-	7,855	6,204	4,671
Other reserves	-	887	-	-
Retained earnings	7,680	40,806	84,267	140,643
Shareholders' equity / NA	23,428	109,816	183,761	269,263
Non-controlling interests	-	9,615	4,874	28,078
Total equity	23,428	119,431	188,635	297,341
Non-current liabilities	4	6,494	49,289	28,309
Current liabilities	1,357	1,109	17,411	89,664
Total liabilities	1,361	7,603	66,700	117,973
Total equity and liabilities	24,789	127,034	255,335	415,314

Historical cash flow

	Audited			Unaudited
	FYE 31 December 2018	FYE 31 December 2019	FYE 31 December 2020	9-month FPE 30 September 2021
	RM'000	RM'000	RM'000	RM'000
<u>Net cash from / (used in)</u>				
Operating activities	636	(12,025)	5,152	68,681
Investing activities	82	(15,125)	(37,448)	(88,635)
Financing activities	751	52,241	31,186	30,769
Net increase / (decrease) in cash and cash equivalents	1,469	25,091	(1,110)	10,815
Cash and cash equivalents at beginning of the year / period	1,062	2,531	27,622	24,512
Effect of exchange rate changes	-	-	-	1
Cash and cash equivalents at end of the year / period	2,531	27,622	26,512	35,328

APPENDIX I – INFORMATION ON THE COMPANY (CONT'D)**(i) 9-month FPE 30 September 2021 vs 9-month FPE 30 September 2020**

The Group's revenue for 9-month FPE 30 September 2021 increased by RM26.58 million or 18.08% as compared to the previous corresponding period. The higher revenue was mainly contributed by more orders secured from customers for cloud-based ERP system.

In line with the higher revenue, the Group recorded a higher GP of RM32.26 million (GP margin of 18.59%) as compared to a GP of RM27.35 million (GP margin of 18.60%) in the previous corresponding period, representing an increase of RM4.92 million or 17.98%, as GP margin remained relatively unchanged.

In line with the higher GP, the Group recorded a higher PAT of RM56.71 million as compared to RM23.56 million in the previous corresponding period, representing an increase of RM33.15 million or 140.70%. Apart from the higher GP, the higher PAT was also contributed by the increase in other income as a result of negative goodwill of RM33.88 million arising from the acquisition of 90% equity interest in ARB Agro Technology Sdn Bhd (formerly known as Digital Agroponic Sdn Bhd) and 51% equity interest in ARB WMS Technologies Sdn Bhd (formerly known as Bluewave WMS Technologies Sdn Bhd).

The Group recorded a net increase in cash and cash equivalents of RM10.82 million (9-month FPE 30 September 2020: net decrease of RM0.74 million) mainly due to the following:-

- (a) net cash generated from operating activities amounting to RM68.68 million;
- (b) proceeds raised from conversion of ICPS amounting to RM29.13 million; and
- (c) proceeds from redemption of other investment amounting to RM5.40 million.

However, the above was partly offset by the following:-

- (a) purchase of property, plant and equipment for a total of RM78.06 million; and
- (b) acquisition of subsidiaries, net of cash acquired, for a total of RM15.92 million.

(ii) FYE 31 December 2020 vs 31 December 2019

The Group's revenue for FYE 31 December 2020 increased by RM116.81 million or 113.80% as compared to the previous financial year. The higher revenue was mainly due to the increase in demand for cloud-based ERP systems and project fulfilments during the COVID-19 pandemic.

In line with the higher revenue, the Group recorded a higher GP of RM52.02 million (GP margin of 23.71%) as compared to a GP of RM33.93 million (GP margin of 33.05%) in the previous financial year, representing an increase of RM18.10 million or 53.34%. The higher revenue was partly offset by the lower GP margin which in turn was mainly contributed by the introduction of cloud-based products which incur lower profit margin.

In line with the higher GP, the Group recorded a higher PAT of RM42.87 million as compared to RM32.82 million in the previous financial year, representing an increase of RM10.05 million or 30.61%. The higher GP was partly offset by unwinding of discount of RM1.90 million, higher staff cost of RM1.50 million and deferred tax expense of RM1.20 million.

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

The Group recorded a net decrease in cash and cash equivalents of RM1.11 million for the FYE 31 December 2020 (FYE 31 December 2019: net increase of RM25.09 million) mainly due to the following:-

- (a) acquisition of intangible assets for a total of RM6.00 million;
- (b) acquisition of other investments or a total of RM10.85 million; and
- (c) purchase of property, plant and equipment or a total of RM25.84 million.

The above was partly offset by the following:-

- (a) proceeds raised from conversion of ICPS amounting to RM31.37 million;
- (b) proceeds from disposal of 51% equity interest in Aturmaju (Sabah) Holding Sdn Bhd, a subsidiary of the Company, amounting to RM5.19 million; and
- (c) net cash generated from operating activities amounting to RM5.15 million.

(iii) FYE 31 December 2019 vs 31 December 2018

The Group's revenue for FYE 31 December 2019 increased by RM87.39 million or 572.77% as compared to FYE 31 December 2018. The higher revenue was mainly due to the Group's diversification into the IT Business which began generating sales in January 2019 and contributed to 99.9% of the Group's overall revenue in FYE 31 December 2019.

In line with the higher revenue, the Group recorded a higher GP of RM33.93 million (GP margin of 33.05%) as compared to a GP of RM7.29 million (GP margin of 47.81%) in the previous financial year, representing an increase of RM26.63 million or 365.12%. The higher revenue was partly offset by the lower GP margin which in turn was mainly contributed by a change in product mix which resulted in lower profit margin.

In line with the higher GP, the group recorded a higher PAT RM32.82 million in FYE 31 December 2019 as compared to RM4.23 million in the previous financial year, representing an increase of RM28.59 million or 675.59%. Apart from the higher GP, the higher PAT was also contributed by negative goodwill of RM8.02 million arising from the acquisition of 51% equity interest in C&M Renewable Energy Technology Sdn Bhd.

The Group recorded a net increase in cash and cash equivalents of RM25.09 million for the FYE 31 December 2019 (FYE 31 December 2018: net increase of RM1.47 million) mainly due to the following:-

- (a) proceeds raised from conversion of ICPS amounting to RM42.29 million;
- (a) proceeds raised from a rights issue which was completed on 18 January 2019 amounting to RM10.08 million; and
- (c) proceeds from disposal of 49% equity interest in Aturmaju (Sabah) Holding Sdn Bhd, a subsidiary of the Company, amounting to RM5.60 million.

The above was partly offset by the following:-

- (a) purchase of property, plant and equipment or a total of RM15.43 million;
- (b) net cash used in operating activities amounting to RM12.03 million; and

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

- (c) acquisition of 51% equity interest in C&M Renewable Energy Technology Sdn Bhd, net of cash acquired, for a total of RM5.50 million.

5. HISTORICAL SHARE PRICES

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

	High	Low
	RM	RM
<u>2021</u>		
January	0.310	0.255
February	0.460	0.260
March	0.415	0.330
April	0.415	0.345
May	0.385	0.270
June	0.305	0.250
July	0.275	0.245
August	0.300	0.245
September	0.285	0.250
October	0.290	0.255
November	0.275	0.140
December	0.160	0.140
Last transacted market price on 2 November 2021, being the last Market Day immediately prior to the first announcement of the Rights Issue	0.270	
Last transacted market price on 14 January 2022, being the Market Day immediately prior to the ex-date for the Rights Issue	0.150	
Last transacted market price of the Shares on the LPD	0.145	

(Source: Bloomberg)

6. OPTION TO SUBSCRIBE FOR SHARES

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

6.1 ICPS

As at the LPD, there are 467,133,100 outstanding ICPS, which entitle the ICPS holders to convert their ICPS into new Shares at the Conversion Price of RM0.20 each at any time until the maturity of the ICPS on 15 January 2024, subject to the terms of the ICPS as set out in the Constitution of the Company.

The ICPS were issued to successful applicants who subscribed for rights ICPS at the issue price of RM0.01 each pursuant to a rights issue exercise that was completed on 18 January 2019.

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

Holders of the ICPS are entitled to convert their ICPS into 1 new Share at the Conversion Price in the following manner:-

- (i) by surrendering of such number of ICPS with an aggregate value equal to the Conversion Price to be converted for 1 new Share; and
- (ii) a combination of such number of ICPS and cash with an aggregate value equal to the Conversion Price, subject to a minimum of 1 ICPS, and paying the difference between the aggregate value of the ICPS surrendered and the Conversion Price in cash for 1 new Share.

Any remaining ICPS that are not converted by the maturity date of the ICPS on 15 January 2024 shall be automatically converted into new Shares at the conversion ratio of 20 ICPS for every 1 new Share.

7. MATERIAL CONTRACTS

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

- (i) On 24 June 2020, the Company entered into a share sale agreement with AY Brothers Sdn Bhd for the disposal of 17,340,000 ordinary shares in Aturmaju (Sabah) Holding Sdn Bhd ("**AHSB**"), representing 51% equity interest in AHSB, for a disposal consideration of RM5.60 million.

The disposal was completed on 24 June 2020.

- (ii) On 25 June 2021, ARB Robotic Sdn Bhd ("**ARB Robotic**"), an indirect wholly-owned subsidiary of the Company, entered into a share sale agreement with Syntech Venture Sdn Bhd (formerly known as Orange Social Media Sdn Bhd) ("**Syntech Venture**") for the acquisition of 1,000 ordinary shares in ARB Intelligence Sdn Bhd ("**AISB**"), representing 100% equity interest in AISB, for a purchase consideration of RM9.40 million.

The acquisition was completed on 8 July 2021.

- (iii) On 20 September 2021, ARB R&D Sdn Bhd ("**ARB R&D**"), an indirect wholly-owned subsidiary of the Company, entered into a share sale agreement with TR5 Sdn Bhd ("**TR5**") for the acquisition of 1 ordinary share in ARB Innovation Sdn Bhd (formerly known as Aberys Innovation Sdn Bhd) ("**ARB Innovation**"), representing 100% equity interest in ARB Innovation, for a purchase consideration of RM1.00⁽¹⁾ ("**Purchase Consideration**") ("**ARB Innovation Agreement**").

The acquisition was completed on 23 September 2021.

Note:-

- (1) Under the terms of the ARB Innovation Agreement, ARB R&D shall conduct a price purchase allocation on ARB Innovation within 1 year from the completion date. In the event the intangible asset of ARB Innovation is priced at RM40,000,000.00 and above upon the price purchase allocation, ARB R&D shall pay TR5 RM8,000,000.00 ("**Revised Purchase Consideration**") within 14 business days upon the price purchase allocation being conducted whereupon the Purchase Consideration shall be deemed adjusted to include the Revised Purchase Consideration.

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

8. MATERIAL LITIGATION

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

9. CONSENTS

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

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at TB 8285, Lot 20C, Perdana Square Commercial Centre, Mile 3 ½, Jalan Apas, 91000 Tawau, Sabah during normal business hours from Monday to Friday (except public holidays) for a period of 6 months from the date of this Abridged Prospectus:-

- (i) the Constitution of the Company;
- (ii) the material contracts referred to in Section 7 of this Appendix I;
- (iii) the Undertaking referred to in Section 3 of this Abridged Prospectus;
- (iv) the letters of consent and conflict of interest referred to in Section 9 of this Appendix I; and
- (v) the IMR Report referred to in Sections 7.2 and 7.3 of this Abridged Prospectus.

11. RESPONSIBILITY STATEMENT

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