

**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.**

Unless stated otherwise, all abbreviations and defined terms contained in this Abridged Prospectus are defined in the "Definition" section of this Abridged Prospectus. All enquiries concerning the Rights Issue of RCPS should be addressed to our Company's Share Registrar, Bina Management (M) Sdn. Bhd. at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia (Tel: 03-7784 3922).

This Abridged Prospectus, together with the NPA and RSF are only despatched to Entitled Shareholders whose names appear in our Record of Depositors and who have provided our Share Registrar with a registered address in Malaysia not later than 5.00 p.m. on 5 February 2021. This Abridged Prospectus together with the NPA and RSF, are not intended to be issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue of RCPS comply with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled Shareholders and their renounee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers as to whether the acceptance or renunciation (as the case may be) of all or any part of their entitlements to the Rights Issue of RCPS would result in the contravention of any laws of such countries or jurisdictions. Our Company and the Principal Adviser shall not accept any responsibility or liability in the event that any acceptance or renunciation made by the Entitled Shareholders or their renounee(s) (if applicable) are or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions.

This Abridged Prospectus has been registered by the Securities Commission Malaysia ("SC"). The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue of RCPS 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 the Rights Issue of RCPS. A copy of this Abridged Prospectus, together with the NPA and RSF, has also been lodged with our Registrar, who takes no responsibility for the contents of these documents.

Approval for the Rights Issue of RCPS has been obtained from our shareholders our EGM held on 18 November 2020. Approval has also been obtained from Bursa Securities via its letter dated 24 September 2020 for the listing of and quotation for the RCPS, Conversion Shares, Additional Warrants and the new Shares to be issued arising from the exercise of the Additional Warrants on the Main Market of Bursa Securities, which will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS accounts of the Entitled Shareholders have been duly credited and notices of allotment have been despatched to the Entitled Shareholders. However, this is not an indication that Bursa Securities recommends the Rights Issue of RCPS, and shall not be taken as an indication of the merits of the Rights Issue of RCPS. Bursa Securities does not take any responsibility for the correctness of statements or opinions expressed in this Abridged Prospectus.

The SC is not liable for any non-disclosure on the part of our 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 whatsoever 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 YOU SHOULD CONSIDER, SEE "RISK FACTORS" AS SET OUT IN SECTION 6 OF THIS ABRIDGED PROSPECTUS.**



**NI HSIN RESOURCES BERHAD**  
(Registration No. 200401014850 (653353-W))  
(Incorporated in Malaysia)

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 960,100,350 REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS") AT AN ISSUE PRICE OF RM0.01 PER RCPS ON THE BASIS OF 2 RCPS FOR EVERY 1 EXISTING ORDINARY SHARE IN NI HSIN HELD BY THE ENTITLED SHAREHOLDERS OF NI HSIN ON 5 FEBRUARY 2021 AT 5.00 P.M.**

*Principal Adviser*



**M&A SECURITIES SDN BHD**  
(Registration No. 197301001503 (15017-H))  
(A Wholly-Owned Subsidiary of Insas Berhad)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

**IMPORTANT RELEVANT DATES AND TIME:**

Entitlement Date	: Friday, 5 February 2021 at 5.00 p.m.
Last date and time for sale of allotment of rights	: Monday, 15 February 2021 at 5.00 p.m.
Last date and time for transfer of allotment of rights	: Wednesday, 17 February 2021 at 4.30 p.m.
Last date and time for acceptance and payment	: Tuesday, 23 February 2021 at 5.00 p.m.
Last date and time for excess application and payment	: Tuesday, 23 February 2021 at 5.00 p.m.

This Abridged Prospectus is dated 5 February 2021

**ALL TERMS AND ABBREVIATIONS USED HEREIN SHALL HAVE THE SAME MEANINGS AS THOSE DEFINED IN THE "DEFINITIONS" SECTION OF THIS ABRIDGED PROSPECTUS, UNLESS STATED OTHERWISE.**

**RESPONSIBILITY STATEMENTS**

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

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

**STATEMENTS OF DISCLAIMER**

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

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

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

**THE DISTRIBUTION OF THE DOCUMENTS IS SUBJECT TO THE LAWS OF MALAYSIA. WE AND OUR ADVISERS FOR THE RIGHTS ISSUE OF RCPS 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 SHARES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO BE INFORMED AND TO OBSERVE SUCH RESTRICTIONS.**

**THE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE OF RCPS 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 and abbreviations shall apply throughout this Abridged Prospectus, NPA and RSF:

Abridged Prospectus	:	This Abridged Prospectus issued by Ni Hsin dated 5 February 2021
Act	:	The Companies Act 2016
Additional Warrants	:	Additional Warrants to be issued pursuant to the Rights Adjustments
Allotments	:	RCPS allotted to the Entitled Shareholders pursuant to the Rights Issue of RCPS
Amendments	:	Amendments to our Company's Constitution to facilitate the creation of the RCPS pursuant to the Rights Issue of RCPS and to enhance administrative efficiency
Board	:	Board of Directors of our Company
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd [Reg No: 198701006854 (165570-W)]
Bursa Securities	:	Bursa Malaysia Securities Berhad [Reg No: 200301033577 (635998-W)]
CAGR	:	Compounded annual growth rate
CDS	:	Central Depository System
CDS Account(s)	:	Central depository system account(s), which is/are a securities account(s) established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of depositors of securities and for dealings in such securities by the depositor
Clad Metals Business	:	Research, development and manufacture of clad metals business
Closing Date	:	Tuesday, 23 February 2021 at 5:00 p.m., being the last date and time for the acceptance and payment for the RCPS
CMSA	:	Capital Markets and Services Act, 2007
Code	:	Malaysian Code on Take-Overs and Mergers, 2016 as amended from time to time
Cookware business	:	Design, manufacture and sale of stainless steel kitchenware and cookware business
Collaboration Agreement	:	The collaboration agreement dated 12 August 2020 entered into between Ni Hsin F&B and Fiatec
Conversion Shares	:	New Shares to be issued pursuant to the conversion of RCPS
Convex Mirrors Business	:	Manufacture and sale of stainless steel convex mirrors business
Corporate Exercises	:	Rights Issue of RCPS, Diversification and Amendment, collectively
COVID-19	:	Coronavirus disease 2019
Deed Poll	:	The deed poll dated 24 April 2019 governing the terms and conditions of the Warrants
Documents	:	Collectively, this Abridged Prospectus and the accompanying NPA and RSF
Diversification	:	Diversification of the existing businesses of Ni Hsin Group to include the F&B Business
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation

## **DEFINITIONS (CONT'D)**

EGM	:	Extraordinary general meeting
Entitled Shareholder(s)	:	Our shareholder(s) whose names appear on the Record of Depositors on the Entitlement Date
Entitlement Date	:	At 5:00 p.m. on Friday, 5 February 2021, being the time and date which the Entitled Shareholder(s) must be registered in our Record of Depositors with Bursa Depository in order to be entitled to participate in the Rights Issue of RCPS
EPS	:	Earnings per Share
Excess RCPS	:	RCPS which are not taken up or not validly taken up by the Entitled Shareholder(s) and/or their renounee(s) and/or transferee(s) prior to the Closing Date
Excess RCPS Application	:	Applications for Excess RCPS as set out in Section 10 of this Abridged Prospectus
FDI	:	Food-drug interphase products which include products with combination of food ingredients and active ingredients for oral consumption
Fiatec	:	Fiatec Biosystem Sdn Bhd [Reg. No: 200401031753 (670261-M)]
F&B Business	:	Food and beverage business
FPE(s)	:	Financial period(s) ended/ending, as the case may be
FYE(s)	:	Financial year(s) ended/ending, as the case may be
GCR	:	Global Coffee Resources Sdn Bhd [Reg. No: 201201021096 (1005588-V)]
IMR Report	:	The independent market research report on the food & beverages industry prepared by Protégé
LBT	:	Loss before taxation
LPD	:	6 January 2021, being the latest practicable date prior to the issuance of this Abridged Prospectus
LPS	:	Losses per Share
Main Market	:	Main Market of Bursa Securities
Market Day(s)	:	A day on which Bursa Securities is open for trading in securities
M&A Securities or Principal Adviser	:	M&A Securities Sdn Bhd [Reg. No: 197301001503 (15017-H)]
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities, as may be amended from time to time
Maximum Scenario	:	Assuming: <ul style="list-style-type: none"> <li>- all 9,461,536 treasury shares held by Ni Hsin as at the LPD have been resold prior to the Entitlement Date;</li> <li>- all 155,840,924 outstanding Warrants are exercised into new Ni Hsin Shares prior to the Entitlement Date; and</li> <li>- all Entitled Shareholders subscribe in full for their entitlement pursuant to the Rights Issue of RCPS.</li> </ul>

## DEFINITIONS (CONT'D)

Minimum Scenario	:	Assuming: <ul style="list-style-type: none"> <li>- none of the Warrants are exercised prior to the Entitlement Date;</li> <li>- none of the Entitled Shareholders subscribe for their entitlements; and</li> <li>- subscription of 300,000,000 RCPS by the Undertaking Shareholder.</li> </ul>
Minimum Subscription Level	:	The minimum subscription level of 300,000,000 RCPS by the Undertaking Shareholder pursuant to the Undertaking
NA	:	Net assets
NPA	:	Notice of allotments in relation to the Rights Issue of RCPS
NPRA	:	National Pharmaceutical Regulatory Division
Ni Hsin or Company	:	Ni Hsin Resources Berhad [Reg. No: 200401014850 (653353-W)]
Ni Hsin F&B	:	Ni Hsin Food & Beverages Sdn Bhd [Reg. No: 202001019734 (1376054-U)], a wholly-owned subsidiary of Ni Hsin
Ni Hsin Group or Group	:	Ni Hsin and its subsidiary companies
Ni Hsin Share(s) or Share(s)	:	Ordinary share(s) in Ni Hsin
Official List	:	A list specifying all securities listed on the Main Market of Bursa Securities
PAT	:	Profit after taxation
PBT	:	Profit before taxation
PPE Business	:	Trading of fabric protective face masks and other personal protective equipment
Price Fixing Date	:	7 January 2021, being the date on which the RCPS Conversion Price was fixed pursuant to the Rights Issue of RCPS
Protégé or Independent Market Researcher	:	Protégé Associates Sdn Bhd [Reg. No: 200401037256 (675767-H)]
Public Spread Requirement	:	Public shareholding spread requirement pursuant to Paragraph 8.02(1) of the Listing Requirements which states 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
Record of Depositors	:	A record of securities holders established and maintained by Bursa Depository under the rules of depository, as amended from time to time
Rights Adjustments	:	Adjustments to the Warrants in accordance with the provisions of the Deed Poll as a result of the Rights Issue of RCPS
Rights Issue of RCPS	:	Renounceable rights issue of up to 960,100,350 RCPS at the RCPS Issue Price on the basis of 2 RCPS for every 1 existing Ni Hsin Share held on the Entitlement Date
RCPS	:	Redeemable convertible preference shares to be issued pursuant to the Rights Issue of RCPS
RCPS Issue Price	:	Issue price of RM0.01 per RCPS
RCPS Conversion Price	:	Conversion price of RM0.12 per RCPS

**DEFINITIONS (CONT'D)**

RM and sen	:	Ringgit Malaysia and sen respectively
RSF	:	Rights subscription form in relation to the Rights Issue of RCPS
Rules	:	Rules of the Malaysian Code on Take-Overs and Mergers, 2016 issued by the Securities Commission Malaysia
Proof of concept	:	The evidence deriving from experiments conducted during the research and development processes which demonstrate that the product formulation is feasible to be developed into a target product
Share Registrar	:	Bina Management (M) Sdn Bhd [Reg. No: 197901005880 (50164-V)]
SICDA	:	Securities Industry (Central Depositories) Act, 1991
SC	:	Securities Commission Malaysia
Supply and Technical Assistance Agreement	:	The supply and technical assistance agreement dated 22 January 2021 entered into between Ni Hsin F&B and GCR
Undertaking	:	The written irrevocable undertaking from the Undertaking Shareholder to subscribe and/or procure the subscription of 300,000,000 RCPS under the Rights Issue of RCPS, the details of which are set out in Section 2.4 of this Abridged Prospectus
Undertaking Shareholder	:	Khoo Chee Kong, the major shareholder and key management of Ni Hsin Group who has provided the Undertaking
USD	:	United States Dollar
Warrants	:	155,840,924 outstanding warrants 2019/2022 in Ni Hsin as at the LPD, constituted by the Deed Poll. Each Warrant carries the entitlement to subscribe for 1 new Ni Hsin Shares at an exercise price of RM0.138
5D-VWAMP	:	5-day volume weighted average market price

References to "we", "us", "our" and "ourselves" are to our Company and save where the context otherwise requires, our subsidiaries. All references to "you" in this Abridged Prospectus are to the Entitled Shareholders.

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

Any reference in this Abridged Prospectus to any statute, guideline, listing requirement or enactment as for the time being amended or re-enacted. Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise specified.

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancy between the figures shown herein and figures published by our Company, such as in the quarterly results or annual reports of our Company (as the case may be), are due to rounding.

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## ADVISERS' DIRECTORY

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- PRINCIPAL ADVISER** : **M&A Securities Sdn Bhd**  
Level 11, No. 45 & 47, The Boulevard  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Wilayah Persekutuan  
Telephone number: 03-2284 2911
- SOLICITORS** : **Enoil Loo**  
M-2-9, Plaza Damas  
60 Jalan Sri Hartamas 1  
Sri Hartamas  
50480 Kuala Lumpur  
Wilayah Persekutuan  
Telephone: 03-6203 2381
- COMPANY SECRETARIES** : Tai Yit Chan (MAICSA 7009143)  
Tan Ai Ning (MAISCA 7015852)  
  
12th Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13, 46200 Petaling Jaya  
Selangor Darul Ehsan  
Telephone number: 03-7890 4800
- SHARE REGISTRAR** : **Bina Management (M) Sdn Bhd**  
Lot 10, The Highway Centre  
Jalan 51/205, 46050 Petaling Jaya  
Selangor Darul Ehsan  
Telephone number: 03-7784 3922
- REPORTING ACCOUNTANTS** : **PKF (AF 0911)**  
Level 33, Menara 1MK  
Kompleks 1 Mont' Kiara  
No. 1, Jalan Kiara  
Mont' Kiara  
50480 Kuala Lumpur  
Telephone number: 03-6203 1888
- INDEPENDENT MARKET RESEARCHER** : **Protégé Associates Sdn Bhd**  
Suite C-09-12, Plaza Mont' Kiara  
2 Jalan Kiara, Mont' Kiara  
50480 Kuala Lumpur  
Telephone number: 03-6201 9301  
  
Managing Director: Seow Cheow Seng  
(*Master in Business Administration from Charles Sturt University, Australia; and Bachelor of Business specialising in Marketing from RMIT University, Australia*)
- STOCK EXCHANGE LISTING** : Main Market of Bursa Securities

## **SUMMARY OF THE RIGHTS ISSUE OF RCPS**

**THIS SUMMARY OF THE RIGHTS ISSUE OF RCPS 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.**

<b>Information</b>	<b>Section</b>	<b>Summary</b>
Summary of the Rights Issue of RCPS	2.1 & 2.2	<p><b><u>Rights Issue of RCPS</u></b></p> <p>The Rights Issue of RCPS entails an issuance of up to 960,100,350 RCPS to the Entitled Shareholders on the basis of 2 RCPS for every 1 existing Ni Hsin Share held by the Entitled Shareholders on the Entitlement Date at the RCPS Issue Price.</p> <p>The Rights Issue of RCPS is renounceable in full or in part. Accordingly, the Entitled Shareholders can subscribe in full and/or renounce their entitlements to the RCPS in full or in part.</p>
RCPS Issue Price and RCPS Conversion Price	2.1.2	<p><b><u>RCPS Issue Price</u></b></p> <p>The issue price of RM0.01 per RCPS was determined by the Board after taking into consideration: (i) the prevailing market price of Ni Hsin Shares; (ii) the 5D-VWAMP of Ni Hsin Shares up to and including 15 July 2020; and (iii) the funding requirements for our Group's F&amp;B Business.</p> <p>The RCPS Issue Price is set at RM0.01 to encourage the Entitled Shareholders and/or their renounee(s) to subscribe for their entitlement.</p> <p><b><u>RCPS Conversion Price</u></b></p> <p>The Board has fixed the conversion price of the RCPS at RM0.12 per RCPS and the conversion ratio at 1 new Ni Hsin Share for every 12 RCPS held. This represents a discount of RM0.1610 or approximately 57.30% to the 5D-VWAMP of Ni Hsin Shares immediately preceding the Price Fixing Date of RM0.2810.</p>
Risk factors	6	<p>Before subscribing for or investing in the Rights Issue of RCPS, you should carefully consider along with the other information contained in this Abridged Prospectus, the risk factors which include, amongst others:</p> <ul style="list-style-type: none"> <li>(i) risk relating to our Group's existing business, of which the Company is exposed to, including dependence on our major customers, foreign currency risk, political, economic and regulatory risk and impact of COVID-19 on our Group's businesses;</li> <li>(ii) risk relating to our F&amp;B business, of which the Company is exposed to, including business diversification risk which may expose to risks inherent in the food and beverage industry, no prior experience in the food and beverage industry, failure to obtain/renew/retain the necessary licenses required for the F&amp;B Business; and</li> </ul>

**SUMMARY OF THE RIGHTS ISSUE OF RCPS (CONT'D)**

<b>Information</b>	<b>Section</b>	<b>Summary</b>																				
Risk factors (Cont'd)		(iii) risk relating to the Rights Issue of RCPS, including our Group's F&B business, of which the Company is exposed to, including investment and capital market risk of RCPS, failure/delay in the completion of the Rights Issue of RCPS and potential dilution on the shareholdings of the Entitled Shareholders who do not or are unable to subscribe for the entitlements.																				
Undertakings and Underwriting arrangement	2.1.4	<p>Our Board has determined to undertake the Rights Issue of RCPS on the Minimum Subscription Level basis. As such, Ni Hsin has obtained an irrevocable written undertaking from the Undertaking Shareholder to subscribe and/or procure the subscription of 300,000,000 RCPS to achieve the Minimum Subscription Level.</p> <p>As the Minimum Subscription Level will be fully satisfied via the Undertaking, our Company will not procure any underwriting arrangement for the remaining RCPS not subscribed for by other Entitled Shareholders under the Rights Issue of RCPS.</p>																				
Utilisation of proceeds	5.0	<p>The details of the utilisation of gross proceeds are as follows:</p> <table border="1"> <thead> <tr> <th><b>Details of utilisation</b></th> <th><b>Minimum Scenario RM'000</b></th> <th><b>Maximum Scenario RM'000</b></th> <th><b>Expected timeframe for utilisation</b></th> </tr> </thead> <tbody> <tr> <td>Capital expenditure for the F&amp;B Business</td> <td>2,000</td> <td>5,600</td> <td>Within 12 months</td> </tr> <tr> <td>Working capital</td> <td>500</td> <td>3,501</td> <td>Within 12 months</td> </tr> <tr> <td>Expenses for the Corporate Exercises</td> <td>500</td> <td>500</td> <td>Immediately</td> </tr> <tr> <td><b>Total</b></td> <td><b>3,000</b></td> <td><b>9,601</b></td> <td></td> </tr> </tbody> </table>	<b>Details of utilisation</b>	<b>Minimum Scenario RM'000</b>	<b>Maximum Scenario RM'000</b>	<b>Expected timeframe for utilisation</b>	Capital expenditure for the F&B Business	2,000	5,600	Within 12 months	Working capital	500	3,501	Within 12 months	Expenses for the Corporate Exercises	500	500	Immediately	<b>Total</b>	<b>3,000</b>	<b>9,601</b>	
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Expenses for the Corporate Exercises	500	500	Immediately																			
<b>Total</b>	<b>3,000</b>	<b>9,601</b>																				
Procedures for application for the Rights Issue of RCPS and Excess RCPS	9.0	<p>Acceptance of and payment for the Allotments 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.</p> <p>If you and/or your renounee(s)/transferee(s) (if applicable) wish to accept the Allotments either in full or in part, please complete Parts I and II of the RSF in accordance with the notes and instructions provided therein. Each completed and signed RSF together with the relevant payment must be delivered to our Share Registrar in the envelope provided (at your own risk), by <b>ORDINARY POST, COURIER or DELIVERED BY HAND</b> to our Share Registrar so as to arrive <b>not later than 5:00 p.m. on the Closing Date</b>.</p> <p>You and/or your renounee(s)/transferee(s) (if applicable) may apply for Excess RCPS of your entitlement by completing Part I(b) of the RSF (in addition to Parts I(a) and II) and forwarding it with a <b>separate remittance made in RM</b> for the full and exact amount payable for the Excess RCPS applied for, to our Share Registrar <b>not later than 5:00 p.m. on the Closing Date</b>, being the last date and time for application of and payment for the Excess RCPS Applications.</p>																				



**NI HSIN RESOURCES BERHAD**  
Registration No. 200401014850 (653353-W)  
(Incorporated in Malaysia)

**Registered Office:**

12<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan

5 February 2021

**Board of Directors:**

Sofiyani Bin Yahya (*Independent Non-Executive Chairman*)  
Rizvi Bin Abdul Halim (*Executive Director*)  
Ng Shwu Ching (*Executive Director*)  
Lai Kian Huat (*Executive Director*)  
Datuk Tan Choon Hwa (*Independent Non-Executive Director*)  
Leow Chan Kiang (*Independent Non-Executive Director*)

**To: Our Entitled Shareholders**

Dear Sir/Madam,

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 960,100,350 RCPS AT AN ISSUE PRICE OF RM0.01 PER RCPS ON THE BASIS OF 2 RCPS FOR EVERY 1 EXISTING ORDINARY SHARE IN NI HSIN HELD BY THE ENTITLED SHAREHOLDERS OF NI HSIN ON 5 FEBRUARY 2021 AT 5.00 P.M.**

**1. INTRODUCTION**

On 16 July 2020, M&A Securities, on behalf our Board, announced that our Company proposes to undertake the Corporate Exercises.

On 8 September 2020, M&A Securities, on behalf of our Board, announced that our Company intends to revise the conversion price of the RCPS to a price to be determined and announced by our Board at a later date after obtaining all the relevant approvals but before the announcement of the Entitlement Date.

On 25 September 2020, M&A Securities, on behalf of our Board, announced that Bursa Securities vide its letter dated 24 September 2020, had resolved to approve the following:-

- (a) admission of the RCPS to the Official List of Bursa Securities;
- (b) listing and quotation of the RCPS to be issued pursuant to the Rights Issue of RCPS, on the Main Market of Bursa Securities;
- (c) listing and quotation of the Conversion Shares to be issued arising from the conversion of the RCPS, on the Main Market of Bursa Securities;

- (d) listing and quotation of the Additional Warrants pursuant to the Rights Adjustments; and
- (e) listing and quotation of the new Ni Hsin Shares to be pursuant to the exercise of the Additional Warrants.

on the Main Market of Bursa Securities, subject to the following conditions:

<b>No.</b>	<b>Conditions</b>	<b>Status of compliance</b>
(i)	Our Company and M&A Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue of RCPS;	Noted
(ii)	M&A Securities to inform Bursa Securities upon the completion of the Corporate Exercise;	To be complied
(iii)	M&A Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Corporate Exercise are completed; and	To be complied
(iv)	Our Company to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the conversion of RCPS as at the end of each quarter together with a detail computation of listing fees payable.	To be complied

Our shareholders had, during the EGM held on 18 November 2020, approved the Corporate Exercises.

On 7 January 2021, M&A Securities had, on behalf of our Board, announced that the RCPS Conversion Price had been fixed at RM0.12 each, which represents a discount of RM0.1610 or approximately 57.30% to the 5D-VWAMP of Ni Hsin Shares immediately preceding the Price Fixing Date of RM0.2810 per Ni Hsin Share. Subsequently, on 19 January 2021, M&A Securities had, on behalf of our Board, announced the Entitlement Date and the other important relevant dates pertaining to the Rights Issue of RCPS.

The admission, listing and quotation of the RCPS to be issued pursuant to the Right Issue of RCPS will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to them.

No person is authorised to give any information or make any representation not contained herein in connection with the Rights Issue of RCPS and if given or made, such information or representation must not be relied upon as having been authorised by M&A Securities or us.

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

## **2. PARTICULARS OF THE RIGHTS ISSUE OF RCPS**

### **2.1 Details of the Rights Issue of RCPS**

The Rights Issue of RCPS entails the renounceable rights issue of up to 960,100,350 RCPS on the basis of 2 RCPS for every 1 Ni Hsin Share held by the Entitled Shareholders on the Entitlement Date and at the RCPS Issue Price.

As at the LPD, our Company has 324,209,251 Shares (including 9,461,536 treasury shares) and 155,840,924 outstanding Warrants which are exercisable into 155,840,924 Shares at an exercise price of RM0.138.

The Rights Issue of RCPS is renounceable in full or in part. Accordingly, the Entitled Shareholders can subscribe in full and/or renounce their entitlements to the RCPS in full or in part.

Only Entitled Shareholders who have an address in Malaysia as stated in our Record of Depositors or who have provided our Share Registrar with an address in Malaysia in writing by the Entitlement Date will receive the Documents.

Fractional entitlements, if any, will be disregarded and dealt with by our Board in such manner at its absolute discretion as it may deem fit, expedient and in the best interest of our Company.

Any RCPS which are not validly taken up shall be made available for excess applications by the Entitled Shareholders and/or their renounee(s). It is the intention of our Board to allocate the excess RCPS, if any, in a fair and equitable manner as set out in Section 10.8 of this Abridged Prospectus.

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

As you are an Entitled Shareholder, you will find enclosed with this Abridged Prospectus, the NPA notifying you of crediting of such number of Allotment into your CDS Account, and the RSF to enable you to subscribe for such Allotment as well as to apply for the Excess RCPS if you 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 our Share Registrar with an address in Malaysia in writing by the Entitlement Date will receive this Abridged Prospectus together with the NPA and RSF.

Any dealing in our securities will be subject to, amongst others, the provisions of the SICDA, the rules of Bursa Depository and any other relevant legislation. Accordingly, upon subscription, the RCPS will be credited directly into the respective CDS Accounts of the Entitled Shareholders and/or their renounee(s) who have successfully subscribed for the RCPS. No physical share certificate will be issued but the notices of allotment will be despatched to the successful applicants within 8 Market Days from the last day of acceptance and payment of the RCPS or such other period as may be prescribed by Bursa Securities.

The salient terms of the RCPS are set out Section 2.5 of this Abridged Prospectus.

## **2.2 Basis of determining the RCPS Issue Price and RCPS Conversion Price**

### **(i) RCPS Issue Price**

Our Board has fixed the issue price of the RCPS at RM0.01 per RCPS. The RCPS Issue Price was determined by our Board after taking into consideration the following:

- (a) prevailing market price of Ni Hsin Shares which include, among others, market sentiment and volatility of the Malaysian stock market;
- (b) the 5D-VWAMP of Ni Hsin Shares up to and including the 15 July 2020 (being the last practicable date prior to the announcement of the Corporate Exercises) of RM0.2274; and
- (c) the funding requirements of our Group's new F&B Business segment as set out in Section 5 of this Abridged Prospectus.

Our Board is of the view that the RCPS Issue Price is in the best interest of our Company and the Entitled Shareholders after taking into consideration the following:

- (a) the RCPS Issue Price is set at RM0.01 to encourage the Entitled Shareholders and/or their renounee(s) to subscribe for their entitlements; and
- (b) the RCPS Issue Price together with the total number of RCPS to be issued pursuant to the Rights Issue of RCPS as well as the commitment by the Undertaking Shareholder to subscribe for a total number of 300,000,000 RCPS at the RCPS Issue Price is sufficient to meet the necessary funding requirements of Ni Hsin Group as set out in Section 5 of this Abridged Prospectus.

### **(ii) RCPS Conversion Price**

Our Board has fixed the conversion price of the RCPS at RM0.12 per RCPS on 7 January 2021. The RCPS Conversion Price represents a discount of RM0.1610 or approximately 57.30% to the 5D-VWAMP of Ni Hsin Shares immediately preceding the Price Fixing Date of RM0.2810 per Share.

The RCPS may be converted into new Ni Hsin Shares in the following manner:

- (a) by surrendering 12 RCPS for 1 new Ni Hsin Share; or
- (b) by paying the difference between the aggregate of RCPS Issue Price surrendered and the RCPS Conversion Price, if any, in cash, for every 1 new Ni Hsin Share.

## **2.3 Ranking of the RCPS and Conversion Shares**

The RCPS shall upon allotment rank equally amongst themselves and shall rank ahead in point of priority to the Ni Hsin Shares, in respect of payment out of the assets of Ni Hsin upon any liquidation, dissolution or winding-up of Ni Hsin. Further, the RCPS will not be entitled to any rights, allotments and/or other distributions that may be declared by our Company for the Ni Hsin Shares and carries no right to vote at any general meeting of our Company save for voting right as set out in the salient terms of RCPS. Please refer to Section 2.5 of this Abridged Prospectus for the salient terms of RCPS.

In the event of any liquidations, dissolution or winding up of our Company, the RCPS holders shall be paid in priority to all holders of ordinary shares cash payment in full up to the amount equivalent to the redemption sum from the sale proceeds after the repayment and discharge of all debts and liabilities of our Company and the costs of winding up or such capital reduction exercise.

The Conversion Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the existing Ni Hsin Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or any other distributions that may be declared, made or paid to shareholders, the entitlement date of which is prior to the date of allotment of the Conversion Shares, as the case may be.

## 2.4 Minimum Subscription Level and Undertaking

The Rights Issue of RCPS will be undertaken on a Minimum Subscription Level to raise a minimum of RM3.00 million. The Minimum Subscription Level was determined by our Board based on, amongst others, the funding requirement of our Group's new F&B Business segment as set out in Section 5 of this Abridges Prospectus.

To meet the Minimum Subscription Level, our Company has obtained an irrevocable written undertaking from the Undertaking Shareholder to subscribe and/or procure the subscription of 300,000,000 RCPS. Details of the Undertaking are as follows:

	Undertaking						Total RCPS to be subscribed pursuant to the Undertaking
	Shareholdings as at LPD		Entitlement under the Rights Issue of RCPS		Excess RCPS to be subscribed pursuant to the Undertaking		
	No. of Shares	(i)%	No. of RCPS	(ii)%	No. of RCPS	(ii)%	
Khoo Chee Kong	92,726,300	29.46	185,452,600	61.82	114,547,400	38.18	300,000,000

### Note:

- (i) Based on the existing total number of issued shares of our Company as at the LPD of 314,747,715 Shares (excluding 9,461,536 treasury shares held by our Company).
- (ii) Based on the total number of 300,000,000 RCPS to be issued under the Minimum Scenario.

Pursuant to the Undertaking, the Undertaking Shareholder has confirmed that:

- (i) he will not dispose of or otherwise reduce his existing shareholdings in our Company in any manner until after the Entitlement Date; and
- (ii) he has sufficient financial resources to fulfil the Undertaking.

M&A Securities, being the Principal Adviser has verified that the Undertaking Shareholder has adequate and sufficient financial resources for the purposed of subscribing for the RCPS and excess RCPS pursuant to the Undertaking.

Our Company confirms that the Undertaking will not give rise to any consequences of mandatory general offer obligation pursuant to the Code upon the implementation of the Rights Issue of RCPS.



However, should the Undertaking Shareholder exercises his RCPS and/or Warrants, such that his shareholdings in our Company increases to more than 33%, or in the case where his shareholdings is between 33% and 50%, an increase by more than 2% in any 6 months period, would result in him being obliged under Part III of the Code to undertake a mandatory offer for all the remaining Ni Hsin Shares not already held by him. In such an event, the Undertaking Shareholder will seek the relevant exemptions under the Code should he not intend to undertake such mandatory offer.

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

The Undertaking is not expected to result in any breach in the Public Spread Requirements by Ni Hsin upon completion of the Rights Issue of RCPS as the issuance and allotment of RCPS will not have an impact on the issued share capital of Ni Hsin.

If the Minimum Subscription Level is not achieved by reason of the failure to fulfil the obligation under the Undertaking by the Undertaking Shareholder or for any other reason, our Company will not proceed with the implementation of the Right Issue of RCPS. All subscription monies received pursuant to the Right Issue of RCPS will be returned without interest as soon as practicable to the Entitled Shareholders and/or their renounees who have subscribed for their entitlements. Please refer to Section 6.2 of this Abridged Prospectus for information on the risks relating to the failure or delay in the completion of the Right Issue of RCPS.

## 2.5 Salient terms of the RCPS

The salient terms of the RCPS are set out as follows:

<b>Terms</b>	<b>Details</b>
Issuer	: Ni Hsin Resources Berhad
Issue Size	: Up to 960,100,350 RCPS
Issue Price	: RM0.01 per RCPS
Tenure	: 5 years commencing from and inclusive of the date of issuance (" <b>Issue Date</b> ")
Dividends	: A fixed preference dividend rate per annum of 3% of the RCPS Issue Price (during the tenure of RCPS and up to the date of conversion), shall be payable out of post cumulative taxation profits. Dividends are to be paid annually in arrears.  For the avoidance of doubt, our Company is not obliged to pay any dividends in the event that it has insufficient distributable profits.
Redemption	: The RCPS can be redeemed during the beginning of the 5 <sup>th</sup> year after issuance until maturity at the RCPS Issue Price plus any accumulated undeclared dividends up to the date of redemption. The redemption shall be at the option of the holders.

All remaining RCPS that are not converted or redeemed during the Tenure shall be mandatorily redeemed by our Company at the RCPS Issue Price plus any accumulated undeclared dividends up to the date of redemption, subject to requirement of Section

<b>Terms</b>	<b>Details</b>
Redemption (Cont'd)	<p>72(6) of the Act, currently in force and as may be amended from time to time and any re-enactment thereof.</p> <p>Pursuant to Section 72(6) of the Act, the redemption out of the capital of the company shall require (i) a solvency statement made by all the directors; and (ii) lodgement of such statement with the CCM.</p> <p>On the maturity date, in the event that the remaining RCPS that are not converted or are not mandatorily redeemed by our Company due to the restrictions pursuant to Section 72(6) of the Act, the said remaining RCPS shall be mandatorily converted into new Shares by surrendering for cancellation the requisite number of RCPS with an aggregate issue price equivalent to the RCPS Conversion Price of the RCPS surrendered.</p> <p>Any fractional entitlements shall be disregarded and no refund or credit, whether in the form of the RCPS, cash or otherwise, shall be given in respect of the disregarded fractional entitlement.</p>
Conversion Rights	: Each RCPS carries the entitlement to convert into new Shares based on the Conversion Mode
Conversion Period	: The RCPS may be converted into new Shares on any market day during the Tenure at the option of the RCPS holders.
Conversion Price	: The conversion price of the RCPS has been determined and fixed by the Board at RM0.12 per RCPS.
Conversion Mode	: The RCPS may be converted into new Ni Hsin Shares in the following manner: <ul style="list-style-type: none"> <li>(i) by surrendering for cancellation the requisite number of RCPS with an aggregate issue price equivalent to the RCPS Conversion Price of the RCPS surrendered; or</li> <li>(ii) by paying the difference between the aggregate RCPS Issue Price surrendered and the RCPS Conversion Price, if any, in cash, for every 1 new Share.</li> </ul>
Conversion Mechanism	: (i) The conversion of the RCPS into new Shares shall be exercised by the RCPS holders by delivering a duly completed and signed Conversion Notice to the company secretary of our Company at the registered office of our Company during its business hours on any market day during the Conversion Period. The Conversion Notice is irrevocable upon receipt by our Company at its registered office. A holder of the RCPS who has issued a Conversion Notice ("Converting RCPS Holder") shall further furnish to our Company such supporting documents or information as may be prescribed by our Company or as may be required under any applicable laws or regulations from time to time. The conversion shall be carried out in accordance with such procedures as may be prescribed by any applicable laws and regulations.

<b>Terms</b>	<b>Details</b>
Conversion Mechanism (Cont'd)	<p>(ii) Subject to all applicable laws, rules and regulations, within 8 market days from the date of receipt by our Company of a Conversion Notice or such other period as may be prescribed or allowed by Bursa Securities or under any applicable laws and regulations, our Company shall:</p> <p>(a) issue and/or allot to the relevant Converting RCPS Holders, such number of new Shares to which such holders are entitled to receive by virtue of the exercise of the Conversion Rights (as defined below), credited as fully paid-up ("Conversion Shares"), and shall cause the securities account of the said holders to be credited with such number of Conversion Shares; and</p> <p>(b) despatch a notice of allotment to the relevant Converting RCPS Holders in respect of the Conversion Shares.</p> <p>(iii) Once converted, the RCPS shall not be capable of reissuance.</p>
Adjustments to Conversion Price and Conversion Mode	<p>: The Conversion Price and Conversion Mode may from time to time be adjusted by the Board as and when it deems necessary and expedient on or before the maturity date, in all or any of the following events:</p> <p>(i) a bonus issue of ordinary shares by our Company; or</p> <p>(ii) a capital distribution to the shareholders of Ni Hsin made by our Company whether on a reduction of capital or otherwise, but excluding any cancellation of capital which is lost or unrepresented by assets; or</p> <p>(iii) a rights issue of Ordinary Shares or convertible securities by our Company; or</p> <p>(iv) a consolidation of shares, subdivision of shares or reduction of capital; or</p> <p>(v) any other circumstances deemed necessary by our Board, provided that any adjustment to the Conversion Mode will be rounded down to the nearest 1 whole new Share.</p> <p>The adjustments shall be made, calculated or determined by the Board in consultation with and certified by an approved adviser or external auditor appointed by our Company, as the case may be. Any adjustment to the RCPS Conversion Price and Conversion Mode which may give rise to fractional entitlements of new Shares arising from the conversion of the RCPS shall be disregarded.</p>
Ranking of the RCPS	<p>: The RCPS shall rank equally amongst themselves, and will rank ahead in point of priority to the shareholders of Ni Hsin and all other classes of shares (if any) in our Company, in respect of any payment of dividend or any payment out of the assets of our Company upon any liquidation, dissolution or winding up of our Company provided always that our Board approves such payments on this basis and further affirms the priority of payment to the RCPS holders.</p>

<b>Terms</b>	<b>Details</b>
Ranking of new Shares to be issued pursuant to the conversion of the RCPS	: The Conversion Shares shall, upon allotment and issuance, rank pari passu in all respects with the existing Ni Hsin Shares, save and except that they will not be entitled to any dividends, rights, allotments and/ or any other distributions that may be declared, made or paid to shareholders, the entitlement date of which is prior to the date of allotment of the Conversion Shares, as the case may be.
Rights of the RCPS holders	: The RCPS holders shall not have the right to vote at any general meeting of our Company except: <ul style="list-style-type: none"> <li>(i) on a proposal considering the reduction of the share capital of our Company (excluding any cancellation of capital which is lost or unrepresented by assets);</li> <li>(ii) on a proposal for the sale of the whole of our Company's property, business and undertaking;</li> <li>(iii) on a proposal that directly affects the rights and privileges attached to the RCPS;</li> <li>(iv) on a proposal to wind-up our Company; and</li> <li>(v) during the winding-up of our Company,</li> </ul> <p>in which case, the RCPS holders shall be entitled to vote at any general meeting whereby every RCPS shall on a poll, carry 1 vote for each ordinary share into which the RCPS may be converted into, based on the conversion ratio of 1 RCPS for every 1 new Share.</p> <p>The RCPS holders shall be entitled to receive notice of meetings, report and accounts, and attend meetings and vote at any class meeting of the holders of the RCPS in relation to any proposal by our Company to vary or abrogate the rights of the RCPS as stated in the Constitution.</p>
Listing	: The RCPS shall be listed and quoted on the Main Market of Bursa Securities. <p>The new Shares to be issued upon the conversion of the RCPS shall be listed and quoted on the Main Market of Bursa Securities.</p>
Governing Law	: Malaysian Law

### 3. RATIONALE FOR THE RIGHTS ISSUE OF RCPS

After due consideration of the financial position of our Group, our Board is of the opinion that the Rights Issue of RCPS is the most suitable means of fund raising for our Company for the following reasons:

- (i) it will enable us to raise proceeds which are to be used in our new F&B Business, in the manner as set out in Section 5 of this Abridged Prospectus. The utilisation of such is expected to contribute positively to our future financial performance and provide alternative income source to our Group, on top of our existing core businesses in cookware industry;

- (ii) it will allow our Group to raise the requisite funds in a cost-effective manner without incurring additional interest expenses as compared to bank borrowings. The RCPS is subject to a fixed dividend rate of 3% per annum which is lower than the base lending rate of financial institutions. As at the LPD, the base lending rate is at least 5% per annum (Source: Bank Negara Malaysia);
- (iii) it will serve to increase the size and strength of our balance sheet as well as to potentially increase the market capitalisation of our Company, thus strengthening our financial position;
- (iv) it will not dilute the shareholdings of the Entitled Shareholders, assuming all the Entitled Shareholders subscribe to their entitlements under the Rights Issue of RCPS and fully convert their RCPS;
- (v) it will provide the Entitled Shareholders with an opportunity to participate in an equity offering in our Company on a pro-rate basis and ultimately, participate in the prospect and future growth of our Group by subscribing to the RCPS and convert the RCPS to Conversion Shares subsequently; and
- (vi) as the RCPS will be listed and traded on the Main Market of Bursa Securities, depending on the future performance of our Group, the Entitled Shareholders and/or its renouces may be able to benefit from future capital appreciation of the RCPS.

#### 4. DETAILS OF THE F&B BUSINESS OF OUR GROUP

On 16 July 2020, we announced our intention to undertake the Diversification, which was subsequently approved by our shareholders on 18 November 2020.

Presently, our Group is principally involved in the following business activities:

- (i) Cookware Business;
- (ii) Convex Mirrors Business;
- (iii) Clad Metals Business; and
- (iv) PPE Business

The segmental financial performance of our Group for the past 2 FYEs 2018 and 2019 are set out as follows:

<b>Business segment</b>	<b>Audited</b>			
	<b>FYE 31 December 2018</b>		<b>FYE 31 December 2019</b>	
	<b>Revenue</b>	<b>*Segmental results</b>	<b>Revenue</b>	<b>*Segmental results</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cookware Business	18,202	(2,700)	14,077	(3,880)
Convex Mirrors Business	11,341	1,546	11,723	2,012
Clad Metals Business	10,706	(1,751)	11,817	(1,853)
PPE Business <sup>^</sup>	-	-	-	-

#### Notes:

- \* Segmental results represent the operating profit/(loss) before interest and tax of each business segment

^ Our PPE Business only commenced operations in May 2020.

For the FYE 2018 and FYE 2019, our Group has been incurring operating losses in its Cookware Business and Clad Metals Business due to competition from overseas competitors, ongoing turbulent global market conditions coupled with the trade war between United States of America and China, which has impacted the global business sentiments.

Thus, our Group has been exploring various business opportunities with growth potential to reduce its reliance on existing businesses for a diversified income stream.

After taking into consideration our Group's business networks, expertise in the manufacturing segment and Khoo Chee Kong's (i.e. the Undertaking Shareholder, major shareholder and key management personnel of our Group) experience in the food and beverage industry, our Group has decided to venture into the F&B Business.

Seeing the heightened health awareness among Malaysian in their dietary needs/ habits and the increasing consumption of non-alcoholic beverage (including coffee), our Group has decided to focus our first foray into the F&B Business on the manufacturing and distribution of health and bioenergy beverages which includes, but not limited to capsule energy coffee and nutritional coffee ("**Products**").

Pursuant thereto, our Company had on 21 July 2020 incorporated a new wholly-owned subsidiary, Ni Hsin F&B to undertake the F&B Business. Subsequently, Ni Hsin F&B had on 12 August 2020 entered into the Collaboration Agreement. Pursuant to the Collaboration Agreement, Fiatec was appointed to develop and formulate the Products.

On 22 January 2021, Ni Hsin F&B entered into the Supply and Technical Assistance Agreement. Under the Supply and Technical Assistance Agreement, GCR was appointed as the supplier of coffee beans and coffee powder to Ni Hsin F&B as well as to provide technical assistance to Ni Hsin F&B in the development of the beverage recipes.

Further details of the abovementioned agreements are as follows:

#### **4.1 Details of Collaboration Agreement**

##### **Information on Fiatec**

Fiatec was incorporated in Malaysia on 22 October 2004 as a private limited company and has commenced operation on the same date.

Since its inception, Fiatec was mainly engaged in the supply of functional ingredients and provision of research and development (R&D) support as well as consultation to its customers in the food & beverage industry. In 2004, Fiatec set up its own manufacturing facility to serve as an Original Equipment Manufacturer (OEM) facility. Fiatec has since expanded its business activities to ASEAN markets and other neighbouring countries i.e. Hong Kong and China.

Fiatec with its principal place of business at 5 Jalan TPP 1/7, Taman Perindustrian Puchong, 47100 Puchong, Selangor Darul Ehsan, is a company principally engaged in innovating and developing health food and technology and providing customised health food solution. The services provided by Fiatec are as follows:

- (i) To assist and support customers in the developments of innovative products for nutraceutical and food & beverage industries;
- (ii) Supply raw materials to nutraceutical, traditional medicine, pharmaceutical, cosmeceutical and food & beverage industries;

- (iii) Provide contract manufacturing services to its customers from food & beverage industry;
- (iv) Provide technical support and consultancy in the R&D of food and beverage; and
- (v) Design, build and provide turnkey consultancy for the manufacturing of food and beverage production facilities, food safety and quality assurance system.

As at the LPD, the issued share capital of Fiatic is RM100,000 comprising 100,000 ordinary shares. The directors and shareholders are Loh Kai Kwong (58.0%) and Low Peng Kong (42.0%).

A summary of the audited financial information of Fiatic for the FYEs 31 December 2017 to 2019 is set out below:

	<b>Audited</b>		
	<b>FYE 31</b>	<b>FYE 31</b>	<b>FYE 31</b>
	<b>December 2017</b>	<b>December 2018</b>	<b>December 2019</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Revenue	3,812,691	4,790,759	3,984,939
Gross profit	1,452,252	1,011,839	711,485
Profit before taxation	976,149	559,578	(459,745)
Profit after taxation	761,049	463,307	(460,213)

#### **Salient terms of the Collaboration Agreement**

- (i) Ni Hsin F&B appoints Fiatic to provide its services to develop and formulate the Products subject to and upon the terms and conditions of the Collaboration Agreement;
- (ii) Fiatic shall not formulate and develop products for itself or for any other of its clients products that are identical to the Products which Fiatic is developing for Ni Hsin F&B which will potentially compete with the Products of Ni Hsin F&B in the market;
- (iii) Fiatic will perform the research and development responsibilities and will perform all obligations and exercise its respective right under the Collaboration Agreement in compliance with all applicable laws and regulations;
- (iv) All right title and interest to all documents, studies, work papers, work products, third party contracts, or other assets related to the application or submission filed with the regulatory authorities to obtain marketing approval for the Products, shall belong to Ni Hsin F&B provided that Ni Hsin F&B has made full payment for the services of Fiatic to develop and formulate the Products ("**Product Development Fees**") in accordance to provisions in Collaboration Agreement; and

**Note:** The Product Development Fees shall be determined based on product basis and at a price to be mutually agreed by Ni Hsin F&B and Fiatic. The total Product Development Fees is RM0.10 million for the successful development of 4 products by Fiatic.

Save for the Product Development Fees, there is no additional financial commitment required by Ni Hsin for the Collaboration Agreement.

- (v) The Collaboration Agreement shall be valid for a period of 2 years from the date of the Collaboration Agreement, unless terminated in accordance with the provisions of the Collaboration Agreement, and is subject to an extension by mutual agreement in writing by the parties.

(vi) Roles and responsibilities of Fiatic:

Fiatic shall use commercially reasonable efforts, to conduct the development research in respect of the Products as follows:

- (a) undertake an experimental program for each product that constitutes Proof of Concept. The Proof of Concept shall be submitted to Ni Hsin F&B for approval, such approval not to be unreasonably withheld, and when approved shall constitute a successful Proof of Concept;
- (b) In approving the Proof of Concept, Ni Hsin F&B shall take into consideration the following factors:
  - (aa) Cost - the cost of production of the Product must be reasonable so as to be commercially viable;
  - (bb) Quality, Safety and compliance - the Product must comply with all food quality and safety regulations currently in force;
  - (cc) Nutritional information - all nutritional information must be clearly indicated, especially where allergens are present, and benefits identified to facilitate the marketing and promotional efforts;
- (c) collaborate with Ni Hsin F&B to establish a product specification that will become the target product upon achievement of successful Proof of Concept; and
- (d) compile, file and obtain approval of the relevant authorities for the commercialization of the Product.

(vii) Roles and responsibilities of Ni Hsin F&B:

- (a) Ni Hsin F&B agrees that it will use commercially reasonable efforts to assist in the filing of documents for approval from the relevant authorities for the commercialisation of the Products; and
- (b) Fiatic may subcontract any of its obligations under the Collaboration Agreement to its affiliates or to a third party to undertake analytical testing, provide formulation development, scientific and regulatory consultation services and perform bio-equivalence and bio-availability studies, in each case as required in its provision of the development and research of the Products, without the prior written consent of Ni Hsin F&B; provided, however, that in such a case Fiatic shall not be released from any of its obligations herein and shall be responsible for the performance of its subcontractors.

- (viii) The Collaboration Agreement may be terminated by either Ni Hsin F&B or Fiatic giving to the other party not less than 3 months' written notice ("**Termination Notice Period**"). In the event that at the time Ni Hsin F&B delivers a termination notice, Fiatic has completed at least 50% of the work relating to the achievement of a milestone relating to the development of Products within the Termination Notice Period, Ni Hsin F&B shall pay Fiatic the corresponding pro-rated share of the Product Development Fees for those milestone events partially achieved and those achieved in accordance with the milestone schedule to be agreed upon before the commencement of the development and formulation of the Products by Fiatic within the Termination Notice Period. For the avoidance of doubt, such payment by Ni Hsin F&B of the Product Development Fees shall be subject to receipt by Ni Hsin F&B of a detailed invoice from Fiatic and all supporting documentation reasonably requested by Ni Hsin F&B to determine such partial achievement or achievement of the milestone(s).



- (ix) Ni Hsin F&B shall be entitled forthwith to terminate the Collaboration Agreement in any of the following events of default:
- (a) material change in the key management, ownership or control of Fiatic;
  - (b) Fiatic commits any breach of any of the provisions of the Collaboration Agreement and, in the case of a breach capable of remedy, fails to remedy the same within fourteen days after receipt of a written notice giving full particulars of the breach and requiring it to be remedied;
  - (c) an encumbrancer takes possession or a receiver is appointed over any of the property or assets of Fiatic;
  - (d) Fiatic makes any voluntary arrangement with its creditors or becomes subject to an administration order;
  - (e) Fiatic enters into liquidation (except for the purposes of amalgamation or reconstruction and in such manner that the entity resulting therefrom effectively agrees to be bound by or assume the obligations imposed on Fiatic under the Collaboration Agreement) or if bankruptcy or winding-up proceedings are instituted against Fiatic;
  - (f) Fiatic ceases, or threatens to cease to carry on business;
  - (g) Fiatic is guilty of such conduct which in Ni Hsin F&B's opinion is prejudicial to Ni Hsin F&B's interest and has repeated or has continued (after warning) such conduct;
  - (h) Fiatic is ordered by lawful authority to terminate the Collaboration Agreement; and
  - (i) Fiatic being unable to obtain and/or extend the relevant governmental licences, approvals or permits necessarily to perform its obligations herein.

Provided always that Fiatic adhere to the terms and conditions of this agreement, Ni Hsin F&B shall not terminate this agreement unilaterally, failing which Ni Hsin F&B shall indemnify Fiatic for all the damages (such as loss of profit or legal fees) suffered by Fiatic.

The target completion date for the development of products as agreed between Ni Hsin F&B and Fiatic for the first batch of coffee products (i.e. original coffee, energy coffee, nutritional coffee and vegan creamer) under the Collaboration Agreement is within 3 months from the commencement.

As at the LPD, Fiatec has successfully developed 4 Products under the Collaboration Agreement, details of which are as follows:

<b>Product</b>	<b>Details</b>	<b>Agreed Product Development Fees (RM)</b>
Original coffee	Coffee developed with a blend of specially selected green coffee bean with a unique taste that helps in weight control and prevention of heart disease and diabetes	25,000
Energy coffee	Coffee formulated with Bioenergy Ribose and Guarana extract that helps to reduce mental and physical fatigue	25,000
Nutrition coffee	Coffee formulated with acai berry extract that contains high antioxidant and nutrients that helps to support and supplement a hectic lifestyle	25,000
Vegan creamer	Vegan creamer specially developed to compliment the range of coffee to be offered by Ni Hsin F&B, which was formulated with medium-chain triglycerides and non-dairy creamer. The vegan creamer can be consumed by user that are practicing ketogenic diets	25,000
<b>Total</b>		<b>100,000</b>

As at the LPD, 50% of the Agreed Product Development Fees has been paid to Fiatec while the remaining balance is expected to be paid by April 2021.

#### **4.2 Details of Supply and Technical Assistance Agreement**

##### **Information of GCR**

GCR was incorporated in Malaysia on 11 June 2012 as a private limited company. GCR with its principal place of business at No. 10, i-PARC 2 Industrial Park, Jalan Serendah 26/39, 40400 Shah Alam, Selangor Darul Ehsan, is a company principally engaged in manufacturing of coffee and coffee related products, wholesaler, retailer and importer of coffee, tea, chocolate, dairy products and beverages.

As at the LPD, the issued share capital of GCR is RM2,250,000 comprising 2,250,000 ordinary shares. The directors of GCR are Lee Pow Foh, Darwin Arriega@Abdi Bin Muhammad Jamil and Wong Wai Ming.

The substantial shareholders of GCR and their respective shareholdings are as follow:

<b>Substantial shareholders</b>	<b>No. of ordinary shares</b>	<b>%</b>
Wong Zhen Ken	335,085	14.9
Rimm Resources (M) Sdn Bhd	574,457	25.5
Bio Eco Domain Sdn Bhd	670,229	29.8
Aramico International Sdn Bhd	670,229	29.8
<b>Total</b>	<b>2,250,000</b>	<b>100.0</b>

**Salient terms of the Supply and Technical Assistance Agreement**

- (i) Ni Hsin F&B appoints GCR as supplier for the coffee powders and to provide technical assistance in developing Ni Hsin F&B's food and beverage business subject to and upon the terms and conditions of the Supply and Technical Assistance Agreement;
- (ii) Ni Hsin F&B shall provide an estimate of its yearly requirement of the coffee powders to GCR;
- (iii) GCR shall provide the technical assistance to Ni Hsin F&B free of charge throughout the term of the Supply and Technical Assistance Agreement;
- (iv) Ni Hsin F&B shall have exclusive ownership of the beverage recipes developed by GCR throughout the term of the Supply and Technical Assistance Agreement; and
- (v) The Supply and Technical Assistance Agreement shall be valid for a term of 3 years and subject to extension by mutual consent in writing.
- (vi) The Supply and Technical Assistance Agreement shall be automatically terminated in the event that the parties fail to agree in writing, at least on the 30<sup>th</sup> day after receipt by Ni Hsin F&B of the notice of revision in price of the coffee powders from GCR.
- (vii) GCR shall at its sole discretion to terminate the Supply and Technical Assistance Agreement if there is any material change in ownership, nature or control of the customer's business which GCR considers to be detrimental to its interest.

For the avoidance of doubt, the Collaboration Agreement is mainly serves to provide Ni Hsin F&B the technical expertise to develop the food and beverage products (with a focus on the nutritional aspect) whilst the Supply and Technical Assistance Agreement mainly serves to ensure Ni Hsin F&B has a steady supply of raw ingredients (i.e coffee powders) for our F&B Business. The technical assistance to be rendered by GCR pursuant to the Supply and Technical Assistance is only limited to the formulation of coffee mix recipes through the combination of different type of coffee powder to achieve different taste profile.

The Board endeavours to take reasonable and necessary steps (such as regular review on the services performed by Fiatec and GCR as well as monitoring market development) to ensure that the salient terms of the Collaboration Agreement and Supply and Technical Assistance Agreement are met to facilitate the F&B Business.

The expected date of approval of the necessary regulatory approval/registration for the F&B Business, as follows:

<b>No.</b>	<b>Approval/Registration</b>	<b>Expected date of approval</b>
1.	Product Labelling Screening Approval (from NPRA)	February 2021
2.	Product Classification Letter (from NPRA – to be classified as FDI Products)	February 2021
3.	Hazard Analysis Critical Control Point (HACCP)	October 2021
4.	Good Manufacturing Practice (GMP) certificate	October 2021
5.	Safe Food-Responsibility Industry/Makanan Selamat Tanggungjawab Industri (MeSTI) certificate	October 2021

<b>No.</b>	<b>Approval/Registration</b>	<b>Expected date of approval</b>
6.	International Organisation for Standardisation (ISO) 9001 & ISO 22000	October 2021
7.	Halal certificate	November 2021

Barring any unforeseen circumstances, we expect to obtain all the necessary regulatory approval/registration for the F&B Business by November 2021. The estimated cost for the application of the approval/registration is approximately RM30,000 and such cost will be funded via internally generated funds of our Group.

As at the LPD, our Company has successfully developed 4 products via Fiatec under the Collaboration Agreement. Upon receipt of the regulatory approval/ registration as stated above, we will set up a production facility in the unutilised space in our existing factory located as Seri Kembangan, Selangor to undertake the F&B Business. As the F&B Business will be utilising the unutilised space in our existing factory/office, the operations of our Group's existing businesses in the same premise shall remain unaffected. Please refer to Section 5 below for further information on the capital requirement for our new F&B Business.

The F&B Business will be spearheaded by Khoo Chee Kong, which is also the Undertaking Shareholder and key management of our Group. The brief profile of Khoo Chee Kong is as follows:

Khoo Chee Kong, aged 58. He is the Managing Director of a number of subsidiary companies of our Group namely, Ni Hsin Corporation Sdn Bhd, Ever-Grow Advanced Materials Sdn Bhd, Pentoli Sdn Bhd, Ni Hsin Marketing Sdn Bhd, Ni Hsin F&B and Blackbixon Sdn Bhd.

Khoo Chee Kong is an Accountant by training. He began his career with Messrs BDO Binder in 1979 as an Audit Assistant and was subsequently promoted as an Audit Senior in 1980. He left Messrs BDO Binder and subsequently joined United Industries group of companies as an Internal Auditor in 1981. While he was with United Industries group of companies, he was seconded to its subsidiaries holding various finance related positions. He joined Kopenda Holdings Sdn. Bhd. as a Financial Accountant in 1984, Innovest Hart Engineering Sdn. Bhd. as the Finance Manager in 1988 and Lyman Group of Indonesia as the Head of Corporate Finance and Business Development Department in 1990.

He gained wide business and financial experience in both the domestic and international market place from his previous employments, he started the Kyeros Kebab business in 1997 which soon grew into an international fast food chain and subsequently merged with CAB Cakaran Corporation Berhad ("CAB") for listing on Kuala Lumpur Stock Exchange in 2003. He was an Executive Director of CAB from 2003 to 2006.

Additionally, we are also in the midst of recruiting additional personnel with the relevant experience, qualification and skillset in the food and beverage industry to support and oversee the day-to-day operation of the F&B Business. As at the LPD, we have recruited a general manager of marketing and product development manager (food nutrition), operation cum customer service manager, quality assurance engineer and graphic designer.

We intend to fund the recruitment of personnel via internally generated funds of our Group.

## 5. UTILISATION OF PROCEEDS

Based on the issue price of RM0.01 per RCPS, the gross proceeds to be raised from the Rights Issue of RCPS under the Minimum Scenario and Maximum Scenario are expected to be utilised in the following manner:

Utilisation	Notes	Minimum Scenario		Maximum Scenario		Expected timeframe for utilisation of proceeds (from listing date)
		RM'000	%	RM'000	%	
Capital expenditure for the F&B Business	(i)	2,000	66.67	5,600	58.33	Within 12 months
Working capital	(ii)	500	16.67	3,501	36.46	Within 12 months
Estimated expenses for the Corporate Exercises	(iii)	500	16.67	500	5.21	Immediately
<b>Total estimated proceeds</b>		<b>3,000</b>	<b>100.00</b>	<b>9,601</b>	<b>100.00</b>	

### Notes:

#### (i) Capital expenditure for the F&B Business

The estimated total cost to set up the production facility for the F&B Business is approximately RM6.55 million, detailed as follows:

Details	Amount RM'000
Production lines	4,950
Laboratory equipment	150
Racking system	250
Construction of showroom and management office	950
Motor vehicles	250
	<b>6,550</b>

Our Company intends to utilise up to RM5.60 million of the proceeds to be raised from the Rights Issue of RCPS for the above, detailed as follows:

#### Minimum Scenario

Description	Function/ usage	No. of units	Amount RM'000
Production lines (Mixing machines)	Mixing of beverage powder	2	150
Production lines (Filling machines)	Filling and sealing of beverage powders in containers	2	550
Production lines (Clean room and cold room)	Control of production environment by limiting the presence of submicron particles and modifying inadequate environmental conditions	-	800

<b>Description</b>	<b>Function/ usage</b>	<b>No. of units</b>	<b>Amount RM'000</b>
Production lines (Air filtration system)	To remove air contaminants and improve the indoor air quality	-	250
Racking system	For storage of inventories	-	250
			<b>2,000</b>

**Maximum Scenario**

<b>Description</b>	<b>Function/ usage</b>	<b>No. of units</b>	<b>Amount RM'000</b>
Production lines (Mixing machines)	Mixing of beverage powder	5	375
Production lines (Filling machines)	Filling and sealing of beverage powders in containers	5	1,375
Production lines (Fully automated filling machine)	Automated filling and sealing of beverage powders in containers	2	1,200
Production lines (Clean room and cold room)	Control of production environment by limiting the presence of submicron particles and modifying inadequate environmental conditions	1	800
Production lines (Air filtration system)	To remove air contaminants and improve the indoor air quality	-	250
Racking system	For storage of inventories	-	250
Laboratory equipment	Analysis of raw materials and finished products for quality control and assurance and R&D for new products	-	150
Construction of showroom and management office	Sales and marketing and administration activities	-	950
Motor vehicle	Cargo van for logistics	2	250
			<b>5,600</b>

The estimated production capacity of our Group upon full commissioning of the production lines is approximately 36.0 million coffee capsules per annum.

At current stage, the production lines will be set up to produce coffee beverage products. However, our Company may produce other beverage products as and when such opportunity arises. For avoidance of doubt, the production lines for the coffee products can be used for production of other beverage products. Should the production of other beverage products require modifications to the production lines, such modification cost will be funded via internally generated funds. The modification costs will be dependent on the type of beverages and the extent of modification required for the production process of the beverage products.

Ni Hsin intends to set up the production facility with a production capacity of 36.0 million coffee capsule per annum notwithstanding the level of funds raised under the Rights Issue of RCPS. The remaining funds required to set up the production facility under both Minimum Scenario and Maximum Scenario will be funded via internally generated funds of our Company. Our Company expects the production facility to commence operations by November 2021. The tentative timeline for setting up the new production facility is targeted to be as follow:

<b>Tentative timeline</b>	<b>Milestone</b>
End February 2021	Approvals being obtained for the following: <ul style="list-style-type: none"> <li>- Product Labelling Screening Approval; and</li> <li>- Product Classification Letter</li> </ul>
Mid-March 2021	Receipt of proceeds from the Rights Issue of RCPS
Early May 2021	Submission of renovation plan to Kajang Municipal Council (MPKJ)
End June 2021	Approval obtained for the renovation plan from MPKJ
Mid-July 2021 until Mid-October 2021	Commencement of renovation. The renovation is expected to take approximately 3 months.
Mid-October 2021	<ul style="list-style-type: none"> <li>• Approvals obtained for the following: <ul style="list-style-type: none"> <li>- Hazard Analysis Critical Control Point (HACCP);</li> <li>- Good Manufacturing Practice (GMP) certificate;</li> <li>- Safe Food-Responsibility Industry/Makanan Selamat Tanggungjawab Industri (MeSTI) certificate; and</li> <li>- ISO 9001 &amp; ISO 22000</li> </ul> </li> <li>• Commencement of installation and commission of production lines and related facilities/equipment</li> </ul>
End October 2021	Production trial run
Mid-November 2021	<ul style="list-style-type: none"> <li>• Commencement of production</li> <li>• Commercialisation of the coffee products</li> </ul>

**(ii) Working capital**

Our Company intends to utilise up to RM3.50 million of the proceeds for the working capital requirements of the F&B Business, the breakdown of which are as follows:

<b>Details</b>	<b>Minimum Scenario RM'000</b>	<b>Maximum Scenario RM'000</b>
Purchase of trading inventories (i.e. coffee capsule machines)	280	2,200
Advertisement and promotional expenses	100	1,000
Staff costs	100	200
Other miscellaneous and contingency expenses	20	101
<b>Total</b>	<b>500</b>	<b>3,501</b>

**(iii) Expenses for the Corporate Exercises**

The proceeds earmarked for estimated expenses in relation to the Corporate Exercises will be utilised as set out below:

<b>Description</b>	<b>RM'000</b>
Professional fees (i.e. Principal Adviser, Solicitors, Reporting Accountant and other professionals)	350
Regulatory fees (i.e. fees payable to Bursa Securities, SC and Registrar of Companies)	70
Other incidental expenses (i.e. printing, dispatch and advertising costs and miscellaneous expenses)	80
<b>Total</b>	<b>500</b>

If the actual expenses incurred pursuant to the Corporate Exercises are higher than the amount estimated, the deficit will be funded out of the portion allocated for working capital of our Group. Conversely, if the actual expenses are lower than the amount budgeted, the excess will be utilised for working capital of our Group.

Pending the utilisation of the proceeds from the Rights Issue of RCPS for the above purposes, the proceeds will be placed in interest-bearing deposits with financial institutions and/or short-term money market instruments as our Board deems fit. The interest derived from the deposits with financial institutions and/or any gains arising from the short-term money market instruments will be used as additional working capital of our Group. Any proceeds arising from the conversion of the RCPS in the future shall be utilised for working capital of our Group.

In the event the Collaboration Agreement is terminated or fails to materialise due to the occurrence of events of default as stated in Section 4.1 of this Abridged Prospectus, our Group will seek to collaborate with other strategic partners for the development of food & beverage products. As such, the proceeds earmarked for the F&B Business shall remain unchanged.

**6. RISK FACTORS**

In addition to other information contained in this Abridged Prospectus, you should carefully consider the following risk factors before subscribing for or investing in the Rights Issue of RCPS.



## **6.1 Risks relating to our Group**

### **6.1.1 Risks relating to our Group's existing business**

Currently, our Group's existing business include the Cookware Business, Convex Mirror Business, Clad Metals Business and PPE Business. The risks relating to our Group's existing businesses are as follows:

#### **(i) Dependency on major customers**

In FYE 2019, our Company's top ten largest customers had contributed approximately 65% to our Group's overall revenue. Further, our Group conducts our business by way of purchase order and has not historically entered into and presently does not have any long-term contract with any of our major customer.

Our customer place orders with us on an as-needed basis. There is no assurance of that these customers will continue to purchase our products in the future. If these customers discontinue their business relationships with us, we may not be able to secure other customers who are able to contribute similar proportion of revenue on a timely basis.

As at the LPD, our Company has not experienced any loss of major customers that had a material adverse effect on our Group's business operations and financial performance.

#### **(ii) Exposure to risks from fluctuations in foreign exchange rates**

Our Group is subject to foreign exchange risk as we export our products to countries such as Japan, USA, Canada, Europe and other Asia Pacific countries. In FYE 2019, over 88% of our Group's total revenue were derived from export sales. Our export sales are mainly denominated in USD. Additionally, we also source certain key raw materials (such as stainless steel and aluminium) from Japan, which are denominated in USD.

Our Group's net foreign exchange gain for the FYEs 2017, 2018 and 2019 were RM0.39 million, RMRM0.49 million and RM0.34 million respectively.

As present, our Group does not have any form of currency hedging arrangements in place with respect to our USD denominated sales and purchases. Although our purchases in USD forms a natural hedge against our export sales denominated in USD, it is not enough to fully cover our exposure to the fluctuation in USD. As such, there can be no assurance that any adverse fluctuation in the exchange rate between USD and RM will not have an adverse impact on our Group's earnings.

Furthermore, based on the supplementary notice on Foreign Exchange Administration Rules published by Bank Negara Malaysia on 17 August 2018, exporters are only allowed to keep a maximum of 25.0% of its foreign currency proceed in its trade foreign currency account while the balance of the foreign currency shall be converted into RM. There can be no assurance that any changes to the foreign exchange administrative rules by Bank Negara Malaysia or other relevant authority from time to time will not increase our exposure to foreign currency fluctuation risk.

**(iii) Political, economic and regulatory risk**

Our Company derive its revenue from Malaysia and other countries such as Japan, USA, Canada, Europe and other Asia Pacific countries. As such, the nature of our business is subject to prevailing political, economic and regulatory circumstances in Malaysia and/or other countries in which our Group has business dealings. For illustration, any imposition of import tariff on our products by any of the countries that we export our products might impact on the demand for our products from customer in the relevant countries. Further, our cookware products are certified with CE marking certification. In the event of any changes to the assessment standard of these certification might affect our ability to retain such certification, which might impact the demand from our customers. Any adverse changes or uncertainties in regulation, political condition and investment sentiments in these countries could adversely affect our business operations and financial prospects. The political, economic plus regulatory conditions are beyond our control. As such, there is no assurance that any adverse changes in these conditions will not affect our Company's businesses and financial performance.

As at the LPD, our Company has not experienced any adverse political, economic and regulatory changes or force majeure events (save for the COVID-19 pandemic) which has a direct impact on our business operations. Please refer to Section 6.1.1 (iv) below for further details relating to the impact of COVID-19 pandemic on our business operations.

**(iv) Risk relating to the impact of COVID-19 on our Group's business**

COVID-19, a contagious disease, was first detected in late 2019 and has since spread globally. Subsequently on 11 March 2020, the World Health Organisation declared that the disease was a pandemic. As a measure to contain the outbreak, the Government of Malaysia announced a series of movement control measure, namely Movement Control Order ("**MCO**"), conditional MCO and recovery MCO ("**Movement Restriction**"). Further, on 11 January 2021, the Government announced that a MCO will be imposed in Penang, Selangor, the Federal Territories (Kuala Lumpur, Putrajaya and Labuan), Melaka, Johor and Sabah) from 13 January 2021 until 26 January 2021 and subsequently extended until 4 February 2021 (all states in Malaysia, except Sararak).

During the first MCO period from 18 March 2020 to 3 May 2020, our Group' production operations were suspended for approximately 1 month from March 2020 until April 2020. On 17 April 2020, our Group received a letter from the Ministry of International Trade and Industry ("**MITI**"), which authorised our Group to resumed our production operation as a reduced capacity, provided that our Group observe a strict compliance with the standard operating procedures which included temperature screening and registration of all employees and visitors entering our premises, ensuring physical distancing during work and resorting to virtual meetings with external parties ("**SOP**") at all times. On 28 April 2020, the Government of Malaysia announced that all businesses allowed to operate at a reduced capacity during will be allowed to carry on its operation at full capacity effective from 29 April 2020. Since then, our Group's resumed the production operations at full capacity and throughout the CMCO and RMCO period.

During the temporary suspension of our production operation from March 2020 to April 2020, we incurred an operating loss of approximately RM0.62 million, which was mainly arose from our diminished source of income as our Group's production operations were suspended with no incoming revenue while our fixed overhead costs continued to be incurred.

On 11 January 2021, the Government of Malaysia announced that a second MCO will be re-imposed in Penang, Selangor, the Federal Territories (Kuala Lumpur, Putrajaya and Labuan), Melaka, Johor and Sabah) from 13 January 2021 until 26 January 2021, which was then extended until 4 February 2021. However, the re-imposition of the MCO does not have significant impact to our Group as we were permitted to operate during the said period by MITI vide its letter dated 13 January 2021, subject to the strict compliance of SOP by our Group.

In complying with the abovementioned SOP, as at the LPD, our Group has incurred additional costs of up to approximately RM18,000 for the purchase of personal protective equipment (e.g. face shields, masks, gloves and sanitisers), purchase of sanitisation equipment and chemicals, purchase of thermometers and implementation of sanitisation measures at our factories.

As the outbreak of COVID-19 is an event of force majeure that is beyond the control of our Group, there can be no assurance that the COVID-19 outbreak and/or new conditions that may be imposed by the Government of Malaysia for the Movement Restriction will not have a material adverse impact on the market conditions and/or the industry in which our Group operates.

## **6.1.2 Risks relating to the F&B Business**

### **(i) Business diversification risk**

The Diversification is subject to certain risks inherent in the food and beverage industry. These include, inter-alia, fluctuations in the cost of raw materials, availability of labour, changes in general economic and business conditions which may affect the demand and supply for food and beverage products.

Additionally, our F&B Business's growth and success also depends on the market acceptance and popularity of our products and as such, on our ability to continuously identify and satisfy consumer food preferences, dietary habits and tastes as well. As a result, any significant shifts or changes in consumer preferences, dietary habits and/ or tastes may lead to a material adverse impact on our business and financial performance, particularly in the event that our Group fails to react in a timely manner to such changes in consumer preferences by modifying our existing products and/ or developing new products.

There is no assurance that any change to the said risk factors will not have a material adverse effect on our F&B Business.

**(ii) No prior experience in food and beverage industry**

Our Group is principally involved in, amongst others, the manufacturing of Premium Stainless Steel Multi-ply Cookware ranging from pressure cookers, woks, pots and sauce pans for household and commercial use. As such, our Group has no prior experience in the F&B Business and may be subjected to challenges and initial risks arising from venturing into the F&B Business in which our Company has no direct experience in ensuring the success of this business venture.

**(iii) Reliance on Fiatic and GCR for the development and formulation of Products**

Pursuant to the Diversification, the F&B Business will be dependent on Fiatic and GCR in the development and formulation of the Products. Ni Hsin's reliance on Fiatic and GCR could potentially lead to a disruption in its business (i.e. delays or cancellation of commercialising of the new products) if Fiatic and GCR fails to develop and formulate the Products or supply the raw ingredients. In the event of the occurrence of such, our F&B Business operations and financial performance may be adversely affected.

Additionally, the validity of the Collaboration Agreement and Supply and Technical Assistance Agreement is 2 years and 3 years, respectively. In the event that the Collaboration Agreement and Supply and Technical Assistance Agreement are not renewed upon expiry, it would result in us not being able to develop new products or obtain steady supply of raw ingredients if a timely replacement business partner is not found. In such case, our F&B Business operations and financial performance may be adversely affected.

**(iv) Competition risk**

Our Company will face competition from both new entrants and established capsule coffee machine players (i.e. Nestlé, ARISSTO and The Coffee Bean & Tea Leaf) in the food and beverage industry, who vary in size and in scope and breadth of the products offered by them. Our Group may also face some disadvantage being a new entrant in the industry as it lacks the track record and experience compared to the existing players which enjoy the privilege on their established brand name and reputation. The local coffee market is dominated by Nestle, with the rest of the market divided between local brands such as Power Root, Old Town, Super, Indo Café, Chek Hup, Aik Cheong and In-Comix with small portion of the market shared by lesser-known brands. The consumers tend to be attracted to brands with stronger market reputation and brand name.

Our Group's competitiveness is dependent on, amongst other, our product pricing and marketing strategy. There is no assurance that any change to these factors would not have any material adverse impact on our Group.

**(v) Licensing risk**

To carry out the F&B Business, our Group must obtain the following licenses and registration:

- Product Classification Letter; and
- Product Labelling Screening Approval
- Hazard Analysis Critical Control Point (HACCP);
- Good Manufacturing Practice (GMP) certificate;
- Safe Food-Responsibility Industry/Makanan Selamat Tanggungjawab Industri (MeSTI) certificate;
- Halal certificate;
- International Organisation for Standardisation (ISO) 9001 & ISO 22000.

Further, our Group must comply with all the regulations applicable to the operation of the business in order to retain the licenses and registration obtained. If our Group fails to retain or renew any of these licenses in a timely manner or at all, or that in event of any non-compliance of terms and conditions resulting in the revocation of such licences, the operations and financial result of our Group's F&B Business segment may be adversely affected. Examples of such non-compliances include not meeting the required hygiene standards and using raw ingredients that is not compliance with the rules.

Further, there can be no assurance that the licenses may be retained or renewed in a timely manner especially due to unforeseen circumstances such as unfavorable revision/amendments to the relevant rules and regulations.

**6.2 Risks relating to the Rights Issue of RCPS**

**(i) Investment and capital market risks for the RCPS**

The RCPS is a new class of securities to be issued by our Company for which there is no prior market and is subject to price discovery by investors. There can be no assurance that an active market for the RCPS will develop upon or subsequent to the listing of and quotation for the RCPS on the Main Market of Bursa Securities or, if developed, such market is sustainable or adequate liquid during the tenure of the RCPS.

The market price of the RCPS which will be listed and traded on Bursa Securities is influenced by, amongst others, the prevailing market sentiments, liquidity, interest rate movements, the outlook of the industries in which our Group operates in, volatility of the equity markets as well as our financial performance. In view of this, there can be no assurance that the RCPS will trade above the RCPS Issue Price upon or subsequent to the listing and quotation of the RCPS on the Main Market of Bursa Securities.

**(ii) Failure or delay in the completion of the Rights Issue of RCPS**

The Rights Issue of RCPS are 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 our Group and the Principal Adviser, arising prior to the

completion of the Rights Issue of RCPS.

Our Company has procured the Undertakings from the Undertaking Shareholder to subscribe in full for its entitlement and Excess RCPS. The successful implementation of the Rights Issue of RCPS is dependent on the fulfilment by the Undertaking Shareholder of its obligation under the Undertakings.

Notwithstanding the above, there can be no assurance that the above-mentioned events will not occur and cause failure or delay in the completion of the Rights Issue of RCPS.

Where prior to the allotment and issuance of the RCPS to the successful Entitled Shareholders and/or renouncee(s):

- (a) the SC issues a stop order pursuant to Section 245(1) of the CMSA, all applications shall be deemed to be withdrawn and cancelled and we shall repay all monies paid in respect of the accepted application for the subscription of the RCPS pursuant to the Rights Issue of RCPS and if such monies are not repaid within 14 days from the date of the stop order, we will return the money with interest at the rate of 10% per annum or at such other rates as may be prescribed by the SC in accordance with Section 245(7)(a) of the CMSA; or
- (b) the Rights Issue of RCPS is terminated (other than pursuant to a stop order by the SC under Section 245(1) of the CMSA), all application monies received pursuant to the Rights Issue of RCPS will be refunded to the Entitled Shareholders and/or renouncee(s) who have subscribed for the RCPS without interest.

In the event the Rights Issue of RCPS is aborted or terminated, and the RCPS which have been allotted to the Entitled Shareholders and/or their renouncee(s), if:-

- (a) the SC issues a stop order pursuant to Section 245(1) of the CMSA, any issue of our RCPS shall be deemed to be void and all monies received from the applicants shall be forthwith repaid without interest and if such monies are not repaid within 14 days from the date of the stop order, we will return the money with interest at the rate of 10% per annum or at such other rates as may be prescribed by the SC in accordance with Section 245(7)(b) of the CMSA; or
- (b) the Rights Issue of RCPS is terminated (other than pursuant to a stop order by the SC under Section 245(1) of the CMSA), a return of monies to all holders of RCPS could only be achieved by way of cancellation of the share capital as provided under the Act and its related rules. Such cancellation can be implemented by the sanction of our shareholders by way of special resolution in a general meeting and supported by either (i) consent by creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances or (ii) the sanction of our shareholders by special resolution in a general meeting supported by a solvency statement from the directors.

**(iii) Potential dilution**

Entitled Shareholders who do not or are unable to subscribe for their entitlements under the Rights Issue of RCPS will have a reduction in their proportionate percentage of shareholdings and voting interest in our Company based on the enlarged issue share capital of our Company, as a result of the issuance of the Conversion Shares. Consequently, their proportionate entitlements to any future distributions, rights and/or allotment that our Company may declare, make or pay after the conversion of the RCPS into new Ni Hsin Shares will be correspondingly diluted.

**6.3 Forward-looking statements**

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

All forward-looking statements are based on forecasts and assumptions made by our Group and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, among others, the risk factors as set out in this section. In light of these and other uncertainties, the inclusion of forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

**7. INDUSTRY OVERVIEW AND PROSPECTS**

**7.1 Global economy**

The global economy started to recover in the third quarter of 2020. As many major advanced and emerging economies eased COVID-19 containment measures, the resumption in production and trade activity led to an improvement in labour market conditions, and consequently private sector expenditure.

In the United States, private consumption rebounded following a quicker-than-expected recovery in labour conditions. In the euro area, economic activity improved, driven by a rebound in manufacturing production and exports, as services activity lagged. However, in major EMEs, sustained weaknesses in labour markets and exports led to a more subdued improvement in economic activity

China recorded positive growth of 4.9% during the quarter (2Q 2020: 3.2%). Industrial activity and government support in the form of public investment were the key drivers of growth. Moreover, firm control over the transmission of COVID-19 locally led to the resumption of private sector activity, with consumer demand lifting growth during the quarter.

The easing of containment measures resulted in an improved regional export performance. PR China recorded exceptionally strong export growth. This supported the broader recovery of the region's production value chains, with Singapore, Hong Kong SAR and Chinese Taipei also experiencing an expansion in exports. While exports of Indonesia, Korea, Thailand, and Philippines remained in contraction, they are showing an improving trend.

*(Source: Economic and Financial Developments in the Malaysian Economy in the Third Quarter of 2020, Bank Negara Malaysia)*

## 7.2 Malaysian economy

In line with the reopening of the economy from COVID-19 containment measures and improving external demand conditions, the Malaysian economy recorded a smaller contraction of 2.7% in the third quarter of 2020 (Q2 2020: -17.1%). This recovery is seen across most economic sectors, particularly in the manufacturing sector, which turned positive following strong electrical and electronics production activity. On the expenditure side, domestic demand contracted at a slower pace, while net exports rebounded. On a quarter-on-quarter seasonally-adjusted basis, the economy turned around to register an expansion of 18.2% (Q2 2020: -16.5%).

The recent resurgence of COVID-19 cases and targeted containment measures could affect the momentum of the recovery in the final quarter of the year. However, as most economic sectors have been allowed to continue to operate subject to compliance with standard operating procedures, the impact is expected to be less severe compared to the containment measures during previous periods. Going into 2021, growth is expected to recover, benefitting from the recovery in global demand and spillovers onto the domestic sectors, continued policy support including the recent KITA PRIHATIN and 2021 Budget measures, as well as higher production from existing and new facilities. However, the pace of recovery will be uneven across sectors with some industries expected to remain below pre-pandemic levels, and a slower improvement in the labour market. The balance of risks is tilted to the downside, emanating mainly from ongoing uncertainties surrounding COVID-19 globally and domestically. However, the economy could benefit from a larger-than-expected positive impact from various policy measures, and better-than-expected recovery in global economy.

*(Source: Economic and Financial Developments in the Malaysian Economy in the Third Quarter of 2020, Bank Negara Malaysia)*

## 7.3 Overview and prospects of the cookware industry in Malaysia

Cookware falls under the broader category of houseware, which consists of cookware, kitchenware, bakeware and tableware. The main consumer of cookware products are the commercial sector and households.

The emergence of e-commerce and online shopping have led to a lower footfall and negatively impacted retail trade in shopping complexes. As a result, shopping complexes have begun allocating a higher percentage of their tenant mix to other retailers such as food and beverage ("F&B") establishments as a way to attract consumers to their premises. F&B establishments can create an experience for consumers and could be a way to boost footfall in shopping complexes. In the first half of 2020, there were a total of 1,042 shopping complexes in Malaysia and an incoming supply of 42 complexes. The increasing number of shopping complexes and the continuous shift towards establishing more F&B outlets in such complexes is likely to create more space for F&B brands and retailers. Hence, it is expected to support a sustained demand for cookware products for commercial sector.

In terms of household segment, the demand of cookware products is underpinned by the sustained consumer spending as a result of stable economic growth for the country. The per capita income in Malaysia rose by 4.9% from RM43,089 in 2018 to RM45,186 in 2019. The sustained purchasing power and growing private consumption amongst consumers will ensure steady growth in demand for cookware products; be it through new purchases made by new households or the continuous replacement purchases which are done from time to time.

In 2019, mean monthly household consumption expenditure rose by 12.4% for the period 2016 to 2019, factored by the moderate growth of mean monthly household income (2016:RM6,958; 2019:RM7,901). Meanwhile, the mean monthly household expenditure in Malaysia for cooking appliances in 2019 was RM6.67, an increase of RM1.52 from RM5.15 in 2016.



In addition, given that cookware products are generally used by households, its demand is indirectly correlated to the size of the national population. The demand and usage of cookware products increase along with the population growth of the country. According to the Population and Housing Census Malaysia 2010, the total population of Malaysia was 28.6 million in 2010. This figure is projected to grow steadily to reach 41.5 million in 2040. In tandem with this trend, the usage and demand for cookware products is expected to increase accordingly. Malaysia's gradual transformation from a developing economy into a developed nation is accelerating societal urbanisation and modernisation. While individuals who live in rural areas generally see cookware products as simply utilitarian purchases, urban dwellers increasingly view cookware as lifestyle accessories that express their personality. Accordingly, as the urban population increases, the expenditure per household on cookware also increases.

In 2019, the Malaysian residential property segment continued to dominate market activity in terms of volume, accounting for 63.7% of total transactions in 2019. Consumers often replace or upgrade their cooking appliances when they move into a new home. This is expected to continue supporting demand for cookware products in Malaysia.

In terms of product innovation, cookware manufacturers are constantly evolving new technologies such as cookware materials in the production of high quality, safer and durable cookware products. The evolution of cookware continues to this day, from basic tools to modern cooking with the introduction of a variety of materials including stoneware, copper, cast iron, stainless steel, glass, aluminium, carbon steel, ceramic, porcelain, silicon and polytetrafluoroethylene coating. Additionally, the manufacturers are mindful of the need to supply eco-friendly and health conscious cookware products to reduce energy consumption and without the use of harmful materials and/or chemicals. There will likely be an increase in the supply of advanced greener cookware products in the market.

Nonetheless, the on-going COVID-19 pandemic which began in December 2019 has caused a significant economic slowdown in many countries including Malaysia. One of the most significant economic impacts due to COVID-19 is the loss of employment and this has resulted in changes in consumer behaviour and sentiment as consumers grapple with loss of income and a decrease in their disposable income. Consumers are likely to reduce their spending and limit their purchases to necessities only. This will inevitably affect spending made on cookware products at least in the immediate term. To uplift domestic economic recovery, the Malaysian Government has announced the National Economic Revival Recovery Plan ("PENJANA") worth RM35 billion, among measures introduced including but not limited to hiring subsidies for businesses and RM2 billion financing facilities for SMEs and RM10 billion cash assistant to qualified rakyat. In the recently announced Budget 2021, RM6.5 billion will also be allocated under Bantuan Prihatin Rakyat ("BPR") and expected to benefit 8.1 million qualified rakyat, stimulating consumer spending.

The Malaysian economy is expected to register a positive recovery in 2021, in line with the projected improvement in global growth. The outlook for the cookware market in Malaysia is projected to remain stable in tandem with positive recovery in economy and stands to benefit from various economic stimulus package introduced by the Government that aimed to empower businesses particularly the SMEs and increase domestic consumption.

*(Source: IMR Report by Protégé Associates)*

#### 7.4 Overview and prospects of the food and beverages industry in Malaysia

The food and beverages industry in Malaysia entered 2020 on a stronger footing with good performance registered in 2019. Gross domestic product at constant 2015 prices ("GDP") contribution from food processing and beverages manufacturing activities was valued at RM22.56 billion in 2019. In the third quarter of 2020 ("3Q 2020"), the GDP contribution from food processing and beverages manufacturing activities totalled RM6.24 billion. Food and beverage services activities also registered an increase in GDP contribution in 2019 with RM40.04 billion recorded as compared to RM36.26 billion registered in 2018. The good results were achieved against the backdrop of firm private consumption particularly household spending which was supported by government measures as well as continued income and employment growth. In the 3Q 2020, food and beverage services activities was valued at RM7.60 billion.

Food and beverages manufacturing activities in Malaysia have remained vibrant. In terms of sales value, Malaysia's sales value of own manufactured products (ex-factory) for food and beverages increased 7.9% from 2018 to 2019. While, the sales value amounted to RM206.76 billion in the period from January to October 2020.

There is also a rising trend in the distributive trade for food, beverages and tobacco. The wholesale of food, beverages and tobacco in Malaysia totalled RM116.49 billion in 2019 and RM31.03 billion was recorded in the 3Q 2020. The retail sale of food, beverages and tobacco in specialised stores in Malaysia registered at RM31.11 billion in 2019 and RM8.46 billion in the 3Q 2020.

Following the implementation of MCO, enforced closure of non-essential business, travel restrictions and social gathering restriction has dampened private sector activities in domestic-oriented as well as the manufacturing sector. Local food and beverages manufacturers including manufacturers of canned food and drinks have been navigating various challenges stemming from the COVID-19 pandemic and lockdown measures including, but are not limited to, subdued consumer sentiments, disruption in supply chain, postponement of orders, operates at a reduced capacity during the initial MCO and/or additional cost incurred in executing strict health and safety regulations and enhanced sanitisation at the workplace. Overall in the 3Q 2020, the food and beverages manufacturing activities was uplifted by rebounded performance, or RM66.22 billion, as compared to the second quarter of 2020 (RM64.37 billion) which was reflected by the gradually reopening of economic and social activities with the standard operating procedures ("**SOPs**") adherence.

Food and beverages services are deemed as essential services, eateries are allowed to open now but subject to strict SOPs in handling dine-in customers through MySejahtera application check-in and/or recording a customer's name, hand phone number and temperature. Seating capacity for each eatery is also limited with social distancing between customers.

The usage of online food delivery services such as GrabFood Delivery, Foodpanda and Dahmakan have been gaining traction during this challenging period. This trend has beneficial to the local food and beverages industry as food delivery platform is a distribution channel that can facilitate the online viewing and purchasing of food and beverage products at any time with no or minimal physical contact involved. In addition, local food and beverages industry also stands to benefit from various economic stimulus and assistance packages measures announced by the Malaysian Government including PENJANA that preserve the rakyat's welfare, support businesses and strengthen the economy.

The Malaysian economy is expected to recover in 2021, supported by policy measures to cushion the impact of the COVID-19, improvements in external conditions, as well as gradual recovery in economic activities and labour market conditions. Budget 2021 demonstrates the Malaysian Government's commitment to protect the welfare of the Malaysians, allocations including but not limited to, RM6.5 billion cash assistance for BPR that can help to stimulate private consumption. Consumer sentiment is expected to recover at a pace in tandem with the recovery in the local economy as well as the government's stimulus packages. As such, the local food and beverages industry is expected to make its gradual recovery in 2021. Further, the on-going COVID-19 pandemic is likely to prompt continued heightened health awareness among Malaysian. Functional food and beverages that impart health benefits is also gaining popularity and market demand, in line with the increasing consumer awareness in nutritional benefits and food fortification. Hence, it is expected to further drive growth in the food and beverage industry.

*(Source: IMR Report by Protégé Associates)*

## **7.5 Overview and prospects of the coffee market in Malaysia**

The coffee market in Malaysia ranges from coffee bean, ground coffee, premix coffee to coffee pods and capsules. Malaysia has a strong coffee drinking culture whether from local kopitiam stalls, artisanal café, or coffee chain like Starbucks and the Coffee Bean and Tea Leaf. Coffee consumption volume per capita in Malaysia recorded at 1.4 kilograms for year 2019, of which instant coffee dominated the strong growth in the country. Contemporary demand for instant coffee is also supported by its affordability and convenience.

Malaysian coffee drinkers have also increasingly looked for premium and higher quality coffee products as varieties of instant coffee with enhanced or new flavour and aromas can be seen on the store shelves. Coffee has become part of everyday life and a daily pleasant habit that's indulged by many Malaysians, as evidenced by increased in monthly household expenditure in Malaysia for non-alcoholic beverages including coffee rising 11.6% from RM43.00 in 2016 to RM48.00 in 2019. In terms of retail trade, Malaysia's sales value of goods and services for beverages (i.e. tea, coffee, soft drinks, mineral water and other beverages) registered at RM2.54 billion for year 2018. Research studies have shown that drinking coffee helps to reduce heart diseases and liver diseases, and this is expected to drive the demand for coffee consumption. Further, demand for specialty coffee induced with different flavours is also expected to drive the growth.

In 2020, the coffee market in Malaysia continues to be driven by the move to in-home coffee consumption trend, owing to the outbreak of the COVID-19 and resulting in different phases of national lockdown measures. In addition, the increasing fast-paced lifestyles that are characterised by the need for convenience and at the same time desiring enjoyable living environment is changing Malaysian's expectations and choices on coffee, particularly barista-brewed coffee experience at home or at the workplace. Hence, the demand for coffee machines that brings premium-like cafe coffees to homes and offices is likely to grow owing to the expansion of coffee culture.

Coffee machines market are segmented by product type such as drip coffee machine, steam coffee machine and capsule coffee machine. The demand for capsule coffee machines is expected to be the fast-growing due to benefits such as convenience, cost effectiveness and consistent brewing results. Some of the well-known capsule coffee machine brands in the market include Nestlé Nespresso, NESCAFÉ Dolce Gusto, ARISSTO and the Coffee Bean & Tea Leaf. There are approximately 30 brands of coffee in the Malaysian market made up of both international and local coffee companies. In terms of competition, consumers tend to be attracted to brands with stronger market reputation and brand name. The market is dominated by Nestle, with the rest of the market divided between local brands such as Power Root, Old Town, Super, Indo Café, Chek Hup, Aik Cheong and In-Comix with small portion of the market shared by lesser-known brands. Other than classic coffee flavours, certain brands

have differentiating ingredients for their instant, gourmet coffee, healthy coffee with less sugar or functional coffee.

*(Source: IMR Report by Protégé Associates)*

## **7.6 Overview and prospect of the Personal Protective Equipment ("PPE") industry in Malaysia**

PPE refers to products that are designed to safeguard people from workplace injuries or contact with hazardous materials. There are various types of PPE including head protection, hand protection, body protection, and respiratory protection products amongst others, and they are used in multiple industries such as construction, oil & gas, and healthcare. Users may select different types of PPE depending on the hazards they may face. The COVID-19 pandemic has highlighted the importance of PPE, especially for products such as face masks, gloves, and goggles. The World Health Organisation ("WHO") estimates that 89 million medical masks, 76 million gloves and 1.6 million goggles are required every month for the fight against the COVID-19 pandemic. The global PPE market size was also estimated to be more than \$50 billion US Dollars ("USD") in 2019 and is expected to grow in the future due to the COVID-19 pandemic and the increased importance on safeguarding health.

Malaysia is a leading producer of rubber gloves, accounting for more than 60% of the global supply. The major producers of rubber gloves in Malaysia are Top Glove Corporation Berhad, Hartalega Holdings Berhad, Supermax Corporation Berhad, and Kossan Rubber Industries Berhad. During the MCO period, manufacturing of PPE such as rubber gloves and disposable face masks were classified as essential businesses, hence allowed to operate but with a limited workforce and under strict SOP guidelines.

In Malaysia, the majority of face masks are imported due to lower prices and lack of major local manufacturers. However, since the COVID-19 pandemic began, many businesses and companies have ventured into the production of disposable face masks to help meet the surge in demand. Local mask manufacturers include Medidata Sdn Bhd, Ideal Healthcare Sdn Bhd, Creative Contract Sdn Bhd, Cross Protection Sdn Bhd, Medipro Sdn Bhd, and Durio PPE Sdn Bhd.

The PPE market in Malaysia is expected to be driven by the COVID-19 pandemic and the adoption of a new normal as well as the rising awareness and importance of employee health and safety. The on-going COVID-19 pandemic has led to a surge in demand for PPE products to safeguard one's health and to curb the spread of the virus globally. Many countries including Malaysia have made it mandatory to wear face masks in public spaces. Furthermore, healthcare professionals require PPE when examining and treating COVID-19 patients as well as administering vaccines. The Department of Operational Safety and Health Malaysia regulates the use of PPE in industries such as construction, logging, and oil & gas, and heavy penalties have been put in place for those that do not comply. Furthermore, PPE is utilised by a diverse range of end-users. For example, gloves such as disposable gloves are used in food and beverage preparation while heat-resistant gloves can be used in welding or electrical services. These factors are likely to lead to an expansion of the PPE market in Malaysia.

*(Source: IMR Report by Protégé Associates)*

## **7.7 Prospects of our Group**

The outbreak of COVID-19 has severely disrupted macro-economic conditions around the world. Outlook for the near future remains challenging and uncertain as the full impact of the COVID-19 pandemic has not been ascertained. Despite the uncertainties, our Directors are cautiously optimistic of our performance going forward in view of our Group's product quality, service and innovative capabilities to meet customers' requirements. Given the circumstances, our Group is actively seeking opportunities to diversify our business. The steps taken by our Group to diversify our business are as follows:

<b>Date</b>	<b>Events</b>
14 May 2020	Ni Hsin Marketing Sdn Bhd (" <b>NHM</b> "), our wholly-owned subsidiary entered into a product manufacturing agreement with Marywah Industries (M) Sdn Bhd, a wholly-owned subsidiary of Caely Holdings Bhd for the production of fabric protective face masks and PPE on an original equipment manufacturing (OEM) basis.
18 May 2020	NHM entered into a collaboration agreement and distributorship agreement with WTK Manufacturing Sdn Bhd and WTK Technologies Sdn Bhd for the marketing, sale and distribution of fabric protective face mask, PPE and hand sanitizer domestically and internationally through the latter's network in Asia Pacific, Africa, Europe, United States, Middle East and South Asia.
16 July 2020	Announcement on the Corporate Exercises
22 July 2020	Incorporation of Ni Hsin F&B to undertake the food and beverage business
12 August 2020	Ni Hsin F&B entered into the Collaboration Agreement with Fiatec for the development and formulation of health and bioenergy products
30 September 2020	Ni Hsin F&B acquired the entire equity interest in Blackbixon Sdn Bhd (" <b>Blackbixon</b> ") from the Undertaking Shareholder, as part of our Group's plan to venture into the F&B Business. In view of the interests of the Undertaking Shareholder in Ni Hsin and Blackbixon, the said acquisition is deemed as a related party transaction.
22 January 2021	Ni Hsin F&B entered into the Supply and Technical Assistance Agreement with GCR for the appointment of GCR as the supplier for the coffee beans and coffee powders and to provide technical assistance in developing the beverage recipes for our products

Our Group's foray into the business of protective mask and personal protective equipment in May 2020 has also shown progress due to the higher demand from such products. Our Group had supplied over 30,000 pieces of protective mask and personal protective equipment since the beginning of its venture. Other than the local market, our Group also began exporting its protective mask and personal protective equipment to overseas markets such as Australia and Indonesia since August 2020. Based on the current progress achieved, the Board believes the business of protective mask and personal protective equipment will contribute positively to the performance of our Group. For the FPE 30 September 2020, our PPE Business has contributed RM0.28 milion to our Group's overall revenue.

Further, the global health and wellness food market is poised for an encouraging growth as the new normal has made people realise the importance of adopting healthier social habits and diets. Following this change in consumer preference, the Board sees opportunity in the food and beverage industry and has decided to diversify into this sector. Our Group is currently working with Fiatec, an established company with experience in the food and beverage manufacturing industry. Fiatec will assist Ni Hsin's team to design a series of functional foods and beverages that promote health and wellness. Our Group has also engaged Fiatec to provide design and build services for the construction of our food and beverage production facility. Our Board expects the F&B Business to provide positive contribution to the business of our Group after 2021.

## 8 EFFECTS OF THE RIGHTS ISSUE OF RCPS

### 8.1 Share capital

The pro forma effects of the Rights Issue of RCPS on the share capital of Ni Hsin are set out below:

	Minimum Scenario			Maximum Scenario				
	No. of Shares	RM'000	No. of RCPS	RM'000	No. of Shares	RM'000	No. of RCPS	RM'000
Issued share capital as at the LPD (excluding treasury shares) <sup>(1)</sup>	314,747,715	66,548	-	-	314,747,715	66,548	-	-
Assuming resale of treasury shares and Shares to be issued pursuant to full exercise of the outstanding Warrants	-	-	-	-	165,302,460	21,506	-	-
Shares to be issued pursuant to the Rights Issue of RCPS	<b>314,747,715</b>	<b>66,548</b>	-	-	<b>480,050,175</b>	<b>88,054</b>	-	-
	-	-	300,000,000	3,000	-	-	960,100,350	9,601
<b>After the Rights Issue of RCPS</b>	<b>314,747,715</b>	<b>66,548</b>	<b>300,000,000</b>	<b>3,000</b>	<b>480,050,175</b>	<b>88,054</b>	<b>960,100,350</b>	<b>9,601</b>
Shares to be issued assuming full conversion of the RCPS	<sup>(2)</sup> 25,000,000	3,000	(300,000,000)	(3,000)	<sup>(3)</sup> 960,100,350	115,212	(960,100,350)	(9,601)
<b>Enlarged share capital</b>	<b>339,747,715</b>	<b>69,548</b>	-	-	<b>1,440,150,525</b>	<b>203,266</b>	-	-

#### Notes:

- (1) Excludes 9,461,536 treasury shares held by our Company as at the LPD.
- (2) Assuming all 300,000,000 RCPS under the Minimum Scenario are fully converted into 25,000,000 new Shares based on the conversion mode of surrendering 12 RCPS for 1 new Share.
- (3) Assuming all 960,100,350 RCPS under the Maximum Scenario are fully converted into 960,100,350 new Shares based on the conversion mode of surrendering 1 RCPS (which are issued RM0.01 each) with additional cash payment of RM0.11 for 1 new Share.

## 8.2 Losses and LPS

The consolidated LPS of Ni Hsin shall correspondingly be diluted as a result of the increase in the number of Ni Hsin Shares as and when the RCPS are converted. Nevertheless, the Rights Issue of RCPS is expected to contribute positively to the earnings of our Group as and when benefits from the utilisation of proceeds materialise.

For illustrative purposes, based on our latest audited consolidated financial statements for the FYE 31 December 2019, the pro forma effects of the Rights Issue of RCPS on the losses and LPS of our Group are as follows:

	After the Rights Issue of RCPS and full conversion of RCPS		
	FYE 31 December 2019	Minimum Scenario	Maximum Scenario
Losses after tax attributable to the shareholders of our Company (RM'000)	(6,155)	(6,155)	(6,155)
No. of Shares in issue (excluding treasury shares) ('000)	317,071	339,748	1,440,151
LPS (sen)	(1.94)	(1.81)	(0.43)

## 8.3 NA and gearing

Based on the audited consolidated statement of financial position of Ni Hsin as at 31 December 2019, the pro forma effects of the Rights Issue of RCPS on the net assets and gearing of our Company are set out below:

### Minimum Scenario

Unaudited 9-month FPE 30 September 2020	I			II		III	
	Adjusted for subsequent events	Rights Issue of RCPS	After conversion of RCPS	After conversion of RCPS	After assuming full conversion of RCPS	RM'000	RM'000
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
66,430	(a)(b)66,548	66,548	66,548	66,548	(4)69,548		
-	-	(2)3,000	(2)3,000	(2)3,000	-		
20,795	(b)20,749	(3)20,249	(3)20,249	(3)20,249	19,799		
<b>87,225</b>	<b>87,297</b>	<b>89,797</b>	<b>89,797</b>	<b>89,797</b>	<b>89,347</b>		

Share capital

RCPS

Reserves

**Shareholders' equity**

	I			II		III
	Unaudited 9-month FPE 30 September 2020	( <sup>1</sup> ) Adjusted for subsequent events	Rights Issue of RCPS	After conversion of RCPS	After conversion of RCPS	After II and assuming full conversion of RCPS
No. of Shares (excluding treasury shares) ( <sup>000</sup> )	314,138	314,748		314,748		339,748
Net assets per Share (RM)	0.28	0.28		0.29		0.26
Bank borrowings (RM <sup>000</sup> )	3,107	3,107		3,107		3,107
Cash and bank balances (RM <sup>000</sup> )	17,206	17,278		( <sup>5</sup> )19,778		19,778
Gearing (times)	0.04	0.04		0.03		0.03

**Notes:**

(1) After adjustments made for the following:

(a) conversion of 854,800 Warrants subsequent to 30 September 2020 and up to the LPD, at the exercise price RM0.138 per Warrant.

(b) purchase of treasury shares since 30 September 2020 up to the LPD.

(2) Based on the issuance 300,000,000 RCPS at the issue price of RM0.01 per RCPS.

(3) After deducting estimated expenses of RM500,000 incurred in relation to the Corporate Exercises.

(4) Assuming all 300,000,000 RCPS under the Minimum Scenario are fully converted into 25,000,000 new Shares based on the conversion mode of surrendering 12 RCPS for 1 new Share.

(5) Proceeds from the Rights Issue of RCPS (after deducting the estimated expenses of RM500,000), all of which will be utilised in the manner set out in Section 5 of this Abridged Prospectus.



**Maximum Scenario**

	I	II	III	IV
	(1) Adjusted for subsequent events	Assuming all outstanding Warrants are exercised and resale of treasury shares	After II and Rights Issue of RCPS	After III and assuming full conversion of RCPS
Unaudited 9-month FPE 30 September 2020	RM'000	RM'000	RM'000	RM'000
Share capital	66,430	88,054	88,054	(5)203,266
RCPS	-	-	(2)9,601	-
Reserves	20,795	(3)22,323	(4)21,823	20,383
<b>Shareholders' equity</b>	<b>87,225</b>	<b>87,297</b>	<b>119,478</b>	<b>223,649</b>
No. of Shares (excluding treasury shares) ('000)	314,138	480,050	480,050	1,440,151
Net assets per share (RM)	0.28	0.28	0.25	0.16
Bank borrowings (RM'000)	3,107	3,107	3,107	3,107
Cash and bank balances (RM'000)	17,206	(5)40,358	(6)49,459	(7)155,070
Gearing (times)	0.04	0.04	0.03	0.01

**Notes:**

(1) After adjustments made for the following:

- (a) conversion of 854,800 Warrants subsequent to 30 September 2020 and up to the LPD, at the exercise price RM0.138 per Warrant; and
- (b) purchase of treasury shares since 30 September 2020 up to the LPD.

(2) Based on the issuance 960,100,350 RCPS at an issue price of RM0.01 per RCPS.

(3) Assuming all 9,461,536 treasury shares retained by our Company as at the LPD have been resold at its respective cost.

(4) After deducting estimated expenses of RM500,000 incurred in relation to the Corporate Exercises.

- (5) Proceeds from the full exercise of the existing Warrants based on the exercise price of RM0.138 per Warrant, all of which will be utilised to fund our Group's working capital requirements.
- (6) Proceeds from the Rights Issue of RCPS (after deducting the estimated expenses of RM500,000), all of which will be utilised in the manner set out in Section 5 of this Abridged Prospectus.
- (7) Proceeds from the full conversion of all 960,100,350 RCPS under the Maximum Scenario based on the conversion mode of surrendering 1 RCPS (which are issued RM0.01 each) with additional cash payment of RM0.11 for 1 new Share. Such proceeds will be utilised to fund our Group's working capital requirements.

#### **8.4 Convertible securities**

As at the LPD, save for the 155,840,924 existing Warrants, our Company does not have any other convertible securities.

Pursuant to the Deed Poll, which governs the terms and conditions of the Warrants, if and whenever our Company makes any offer and invitation to shareholders by way of rights where our shareholders may acquire or subscribe for securities convertible into Shares or rights to acquire or subscribe, the exercise price of the Warrants and the number of outstanding Warrants shall be adjusted.

Any necessary adjustments arising from the Rights Issue of RCPS in relation to the Warrants will only be finalised on the Entitlement Date. A notice of the actual adjustments will be despatched to the warrant holders no later than 21 days from the effective date of the adjustments.

### **9 WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES, MATERIAL COMMITMENTS AND MATERIAL TRANSACTIONS**

#### **9.1 Working capital and sources of liquidity**

Our Group's working capital is funded through cash generated from operating activities our Group's existing cash and bank balances. As at the LPD, we hold cash and bank balances of RM17,380,681.

Our Board confirmed that, after taking into consideration the funds generated from our Company's operations and the proceeds to be raised from the Rights Issue of RCPS, our Group will have sufficient working capital available for a period of 12 months from the date of this Abridged Prospectus.

#### **9.2 Borrowings**

As at the LPD, our Group's short-term interest bearing borrowing is RM2,913,277. Throughout the FYE 31 December 2019 and up to the LPD, we did not default on payments of either interest or principal sums for any of our borrowings.

#### **9.3 Contingent liabilities**

As at the LPD, there are no contingent liabilities, incurred or known to be incurred, which upon becoming due or enforceable, may have a material impact on the our Group's ability to meet our obligations as well as the results or financial position of our Group.

#### 9.4 Material commitments

Save as disclosed below, as at the LPD, there are no material commitments, incurred or known to be incurred, which upon becoming enforceable may have a material impact on the results or financial position of our Group.

	<u>RM'000</u>
<b><u>Plant and machineries</u></b>	
Authorised and contracted for	90
Authorised but not contracted for	150
<b><u>Renovation</u></b>	
Authorised and contracted for	378
<b><u>Raw materials and coffee machines</u></b>	
Authorised and contracted for	2,547
Authorised but not contracted for	2,350
<b><u>Digital marketing and web development</u></b>	
Authorised and contracted for	408
Authorised but not contracted for	200
<b>Total</b>	<b><u>6,123</u></b>

For the avoidance of doubt, the above commitments are specifically for our F&B Business and will be funded via the proceeds to be raised from the Rights Issue of RCPS and internally generated funds.

#### 9.5 Material transactions

Our Board confirms that save for the Rights Issue of RCPS, there are no other transactions which may have a material effect on our operations, financial position and results since the last audited consolidated financial statements of our Group for the FYE 31 December 2019.

### 10 INSTRUCTIONS FOR ACCEPTANCE, SALE/TRANSFER, EXCESS RCPS APPLICATIONS AND PAYMENT

This Abridged Prospectus and the RSF contain full instructions for the acceptance of and payment for the Allotments as well as the Excess RCPS Applications and the procedures to be followed if you and/or your renounee(s)/transferee(s) (if applicable) wish to sell or transfer all or any part of your/his rights entitlement. You and/or your renounee(s)/transferee(s) (if applicable) are advised to read this Abridged Prospectus, the RSF and the notes and instructions printed therein carefully. The RSF must not be circulated unless accompanied by this Abridged Prospectus.

#### 10.1 General

As an Entitled Shareholder, your CDS Account will be duly credited with the number of Allotments, which you are entitled to subscribe for in full or in part (fractional entitlements, if any, having been disregarded), under the terms and conditions of the Rights Issue of RCPS. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Allotments into your CDS Account and the RSF to enable you to subscribe for such Allotments, as well as to apply for the Excess RCPS if you choose to do so. This Abridged Prospectus and the RSF can be obtained from your stockbroker, our registered office, our Share Registrar or from Bursa Securities' website at <http://www.bursamalaysia.com>.

The outcome of the subscription of the Rights Issue of RCPS shall be announced after the Closing Date.

## 10.2 NPA

The Allotments are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in the Allotments will be by book entries through the CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. You and/or your renounee(s)/transferee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making applications to subscribe for the Allotments or apply for Excess RCPS.

## 10.3 Procedure for full acceptance and payment

Acceptance of and payment for the Allotments 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 and/or payments which do not strictly conform to the terms of this Abridged Prospectus, the RSF or the notes and instructions contained in the RSF or which are illegible may not be accepted at the absolute discretion of our Board.

**FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE ALLOTMENTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/OR YOUR RENOUNCEE(S)/TRANSFEREE(S) (IF APPLICABLE) WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ALLOTMENTS ARE SET OUT IN THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.**

**YOU AND YOUR RENOUNCEE(S)/TRANSFEREE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY, IN ACCORDANCE WITH SECTION 232(2) OF THE CMSA. THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THE ABRIDGED PROSPECTUS.**

If you and/or your renounee(s)/transferee(s) (if applicable) wish to accept the Allotments either in full or in part, please complete Parts I and II of the RSF in accordance with the notes and instructions provided therein. Each completed and signed RSF together with the relevant payment must be delivered to our Share Registrar in the envelope provided (at your own risk), by **ORDINARY POST, COURIER** or **DELIVERED BY HAND** to our Share Registrar at the following address:

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

Bina Management (M) Sdn Bhd  
Reg. No.: 197901005880 (50164-V)  
Lot 10, The Highway Centre  
Jalan 51/205, 46050 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

so as to arrive **not later than 5:00 p.m. on the Closing Date**, being the last date and time for acceptance and payment.

If you lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies from your stockbroker, our registered office, our Share Registrar at the address stated above, or Bursa Securities' website at <http://www.bursamalaysia.com>.

1 RSF can only be used for acceptance of the Allotments standing to the credit of 1 CDS Account. Separate RSF(s) must be used for the acceptance of the Allotments standing to the

credit of more than 1 CDS Account. If successful, the RCPS subscribed for will be credited into your respective CDS Account(s) as stated in the completed RSF(s).

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

If acceptance of and payment for the Allotments, whether in full or in part, are not received by our Share Registrar by **5:00 p.m. on the Closing Date**, being the last date and time for acceptance of and payment for the Allotments, you and/or your renounee(s)/transferee(s) (if applicable) will be deemed to have declined the Allotments and it will be cancelled. Proof of time of postage will not constitute proof of time of receipt by our Share Registrar.

Our Board will then have the right to allot such RCPS not taken up or not validly taken up to applicants who have applied for Excess RCPS in the manner as set out in **Section 10.7** of this Abridged Prospectus. Our Board reserves the right to accept any application in full or in part only without assigning any reasons.

Notification on the outcome of your acceptance of the Allotments will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:

successful application - a notice of allotment will be despatched within 8 Market Days from the Closing Date; or

unsuccessful/partially successfully application - the full amount or the surplus subscription monies, as the case may be, will be refunded without interest within 15 Market Days from the Closing Date.

**EACH COMPLETED RSF MUST BE ACCOMPANIED BY THE APPROPRIATE REMITTANCE MADE IN RM FOR THE FULL AMOUNT PAYABLE FOR THE ALLOTMENTS ACCEPTED 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 "NI HSIN RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, ADDRESS, CONTACT NUMBER AND CDS ACCOUNT NUMBER.**

**APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. 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 IN RESPECT OF THE RIGHTS ISSUE OF RCPS WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, THE RCPS WILL BE CREDITED INTO YOUR CDS ACCOUNT AND A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN ON THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 8 MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.**

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

**YOU SHOULD NOTE THAT ALL RSF(S) AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.**

**WHERE AN APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS SHOWN ON THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.**

#### **10.4 Procedure for part acceptance**

You and/or your renounee(s)/transferee(s) (if applicable) are entitled to accept part of your entitlement to the Allotments provided always that the minimum number of RCPS that can be subscribed for or accepted is 2 RCPS. Fractions of a RCPS arising from the Rights Issue of RCPS shall be disregarded and dealt with in such a manner as our Board in its absolute discretion deems fit and expedient and in the best interest of our Company.

You and/or your renounee(s)/transferee(s) (if applicable) must complete both Part I(a) and II of the RSF by specifying the number of RCPS which you and/or your renounee(s)/transferee(s) (if applicable) are accepting and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the manner as set out in **Section 10.3** of this Abridged Prospectus.

**YOU AND/OR YOUR RENOUNEE(S)/TRANSFEREE(S) (IF APPLICABLE) ARE ADVISED TO READ AND ADHERE TO THE RSF, THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.**

The portion of the Allotments that have not been accepted will be made available to the applicants for Excess RCPS.

#### **10.5 Procedure for sale/transfer of Allotments**

As the Allotments are prescribed securities, you and/or your renounee(s)/transferee(s) (if applicable) may sell or transfer all or part of your/their entitlement to the Allotments to one or more than one person(s) through your stockbroker for the period up to the last date and time for sale or transfer of the Allotments, without first having to request for a split of the Allotments standing to the credit of your/their CDS Account(s). You and/or your renounee(s)/transferee(s) (if applicable) may sell such entitlement on the open market or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository, both for the period up to the last time and date for transfer of the Allotments.

If you and/or your renounee(s)/transferee(s) (if applicable) have sold or transferred only part of the Allotments, you and/or your renounee(s)/transferee(s) (if applicable) may still accept the balance of the Allotments by completing Parts I(a) and II of the RSF and deliver the completed RSF together with the relevant payment to our Share Registrar in the manner as set out in Section 10.3 of this Abridged Prospectus.

In selling or transferring all or part of your Allotments, you need not deliver any document including the RSF, to your stockbroker. However, you must ensure that there is sufficient number of Allotments standing to the credit of your CDS Account(s) that are available for settlement of the sale or transfer.

#### **10.6 Procedure for acceptance by renounee(s)/transferee(s)**

The procedures for acceptance, selling or transferring of Allotments, applying for our Excess RCPS and/or payment by the renounee(s)/transferee(s) are the same as that which is applicable to the Entitled Shareholders as set out in **Sections 10.3, 10.5 and 10.7** of this Abridged Prospectus. Please refer to the relevant sections for the procedures to be followed.

Renounee(s) or transferee(s) of the Allotments may obtain a copy of this Abridged Prospectus and/or the RSF from your stockbroker, our registered office, our Share Registrar, or from Bursa Securities' website at <http://www.bursamalaysia.com>.

**RENOUNCEE(S)/TRANSFEREE(S) (IF APPLICABLE) ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND THE RSF.**

#### **10.7 Procedure for Excess RCPS Applications**

You and/or your renounee(s)/transferee(s) (if applicable) may apply for additional RCPS in excess of your entitlement by completing Part I(b) of the RSF (in addition to Parts I(a) and II) and forwarding it with a **separate remittance made in RM** for the full and exact amount payable for the Excess RCPS applied for, to our Share Registrar **not later than 5:00 p.m. on the Closing Date**, being the last date and time for application of and payment for the Excess RCPS Applications.

**PAYMENT FOR THE EXCESS RCPS APPLICATIONS SHOULD BE MADE IN THE SAME MANNER DESCRIBED IN SECTION 10.3 OF THIS ABRIDGED PROSPECTUS EXCEPT THAT THE BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" MUST BE MADE PAYABLE TO "NI HSIN EXCESS RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, ADDRESS, CONTACT NUMBER AND CDS ACCOUNT NUMBER.**

**THE PAYMENT MUST BE MADE FOR THE FULL AND EXACT AMOUNT PAYABLE FOR THE EXCESS RCPS APPLICATIONS. ANY EXCESS OR INSUFFICIENT PAYMENT MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF THE BOARD.**

It is the intention of our Board to allot the Excess RCPS, if any, on a fair and equitable manner in the following priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to Entitled Shareholders who have applied for the Excess RCPS, on a *pro rata* basis and in board lots, calculated based on their respective shareholdings in our Company as at the Entitlement Date;
- (iii) thirdly, for allocation to Entitled Shareholders who have applied for Excess RCPS, on a *pro rata* basis and in board lots, calculated based on the quantum of their respective Excess RCPS Applications; and
- (iv) finally, for allocation to renounee(s)/transferee(s) (if applicable) who have applied for Excess RCPS, on a *pro rata* basis and in board lots, calculated based on the quantum of their respective Excess RCPS Applications.

In the event there is any remaining balance of Excess RCPS applied for by the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable), who have applied for the Excess RCPS after carrying out steps (i) to (iv) as set out above, steps (ii) to (iv) will be repeated again in the same sequence to allocate the remaining balance of the Excess RCPS to the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) who have applied for the Excess RCPS until such balance is fully allocated.

Nonetheless, our Board reserves the right to allot the Excess RCPS applied for by the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) in such manner as our Board deems fit, expedient and in the best interest of our Company, subject always to such allocation being made on a fair and equitable manner and that the intention of our Board as

set out in (i) to (iv) above is achieved. Our Board also reserves the rights at its absolute discretion to accept in full or in part any application for Excess RCPS without assigning any reason thereof.

Any allocations made in respect of the Excess RCPS shall be subject to the compliance of the Public Spread Requirement at all times.

**NO ACKNOWLEDGEMENT OF THE RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE EXCESS RCPS WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, THE RCPS WILL BE CREDITED INTO YOUR CDS ACCOUNT AND A NOTICE OF ALLOTMENT WILL BE DESPATCHED BY ORDINARY POST TO THE ADDRESS AS SHOWN ON THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 8 MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.**

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

**WHERE AN EXCESS RCPS APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES (AS THE CASE MAY BE) WILL BE REFUNDED WITHOUT INTEREST WITHIN 15 MARKET DAYS FROM THE CLOSING DATE BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK.**

**APPLICANTS ARE NOT ALLOWED TO WITHDRAW THE RSF AND PAYMENT ONCE THEY HAVE BEEN LODGED WITH OUR SHARE REGISTRAR.**

#### **10.8 Form of issuance**

Bursa Securities has prescribed the RCPS to be listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the new securities arising from the Rights Issue of RCPS are prescribed securities and as such, all dealings in such said securities will be subject to the SICDA and the Rules of Bursa Depository.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected. No physical share certificate will be issued to you under the Rights Issue of RCPS. A notice of allotment will be despatched to you and/or your renounee(s)/transferee(s) (if applicable) by ordinary post to the address shown on the Record of Depositors provided by Bursa Depository at your own risk within 8 Market Days from the Closing Date or such other period as may be prescribed by Bursa Securities.

Your subscription to the Rights Issue of RCPS shall mean that you consent to receive such Allotments as prescribed or deposited securities which will be credited directly into your CDS Account.

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

The Excess RCPS, if allotted to the successful applicant who applied for the Excess RCPS, will be credited directly as prescribed securities into the CDS Account of the successful applicant



where the Allotments are standing to the credit. The allocation of the Excess RCPS will be made on a fair and equitable manner as disclosed in **Section 10.7** of this Abridged Prospectus.

## **10.9 Laws of foreign jurisdictions**

The Documents have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction and have not been (and will not be) lodged, registered or approved under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign country or jurisdiction. The Rights Issue of RCPS will not be made or offered for subscription in any foreign country or jurisdiction. No action has been or will be taken to ensure that the Rights Issue of RCPS complies with the laws of any countries or jurisdictions other than the laws of Malaysia.

Accordingly, the Documents will not be sent to the foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) who do not have a registered address in Malaysia. However, foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) may collect the Documents from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the Documents.

The foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) may accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue of RCPS only to the extent that it would be lawful to do so. M&A Securities, our Company, our Directors, our officers and other professional advisers (collectively, the "**Parties**") would not, in connection with the Rights Issue of RCPS, be in breach of the laws of any country or jurisdiction to which the foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) are or may be subject to.

The foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) shall solely be responsible to seek advice from their legal advisers and other professional advisers as to the laws of the countries or jurisdictions to which they are or may be subject to. The Parties shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction.

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

By signing the RSF, the foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) are deemed to have represented, acknowledged, agreed and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) the Parties that:

- (i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue of RCPS, be in breach of the laws of any jurisdiction to which the

foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are or may be subject to;

- (ii) the foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation of the Allotments;
- (iii) the foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are not nominees or agents of a person in respect of whom we would, by acting on the acceptance or renunciation of the Allotments, be in breach of the laws of any jurisdiction to which that person is or may be subject to;
- (iv) the foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are aware that the RCPS can only be transferred, sold or otherwise disposed of, charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) the foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have received a copy of this Abridged Prospectus, had access to such financial and other information and have been provided the opportunity to ask such questions to our representatives and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the RCPS; and
- (vi) the foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the RCPS, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the RCPS.

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

Any person who does forward the Documents to any foreign country or jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the RCPS from any such application by foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) in any foreign country or jurisdiction.

We reserve the right, in our absolute discretion, to treat any acceptance of the RCPS as invalid if we believe that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

**NOTWITHSTANDING ANYTHING HEREIN, THE FOREIGN ENTITLED SHAREHOLDERS AND ANY OTHER PERSONS 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 RCPS UNLESS SUCH OTHER OFFER, INVITATION OR SOLICITATION COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER REGULATORY OR LEGAL REQUIREMENTS OF SUCH TERRITORY.**

**11 TERMS AND CONDITIONS**

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

**12 FURTHER INFORMATION**

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

Yours faithfully,  
For and on behalf of the Board of Directors of  
**NI HSIN RESOURCES BERHAD**



**SOFIYAN BIN YAHYA**  
INDEPENDENT NON-EXECUTIVE CHAIRMAN

**INFORMATION ON OUR COMPANY****1. INCORPORATION AND PRINCIPAL ACTIVITIES**

Our Company was incorporated in Malaysia on 22 May 2004 under its present name as a public limited company under the Companies Act, 1965. Subsequently, our Company was listed on the then Second Board of Bursa Securities on 28 July 2005. Our Company is an investment holding company. Through our subsidiaries, we are mainly involved in the following:

- (i) Cookware Business;
- (ii) Convex Mirrors Business;
- (iii) Clad Metals Business; and
- (iv) PPE Business

**2. SHARE CAPITAL**

Our Company's issued share capital as at the LPD is RM66,547,952.10 comprising 324,209,251 Ni Hsin Shares (including 9,461,536 treasury shares).

**3. BOARD OF DIRECTORS**

The details of our Board as at the LPD are set out below:

<b>Name (<i>Designation</i>)</b>	<b>Age</b>	<b>Address</b>	<b>Nationality</b>
Sofiyani Bin Yahya ( <i>Independent Non-Executive Chairman</i> )	63	No. 7, Jalan SS2/54 47300 Petaling Jaya Selangor Darul Ehsan	Malaysian
Ng Shwu Ching ( <i>Executive Director</i> )	53	No. 43A, Elitis Dahina Valencia 47000 Sungai Buloh Selangor Darul Ehsan	Malaysian
Rizvi Bin Abdul Halim ( <i>Executive Director</i> )	51	No. 2, Jalan Cecawi 6/31B Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Malaysian
Lai Kian Huat ( <i>Executive Director</i> )	54	111, Jalan BSJ 2 Taman Bukit Segar Jaya Batu 9 Cheras 43200 Cheras Selangor Darul Ehsan	Malaysian
Datuk Tan Choon Hwa ( <i>Independent Non-Executive Director</i> )	63	No. 1771, Taman Kenangan Jalan Hospital 15200 Kota Bharu Kelantan	Malaysian

**INFORMATION ON OUR COMPANY (CONT'D)**

<b>Name (Designation)</b>	<b>Age</b>	<b>Address</b>	<b>Nationality</b>
Leow Chan Kiang (Independent Non-Executive Director)	54	No. 20, Jalan Bagan 39 Taman Bagan 13400 Butterworth Pulau Pinang	Malaysian

**4. SUBSIDIARIES**

As at the LPD, our subsidiaries are as follows:

<b>Company/ Place of Incorporation</b>	<b>Date of Incorporation</b>	<b>Effective Equity Interest</b>	<b>Issued Share/ Paid Up Capital</b>	<b>Principal Activities</b>
Ni Hsin Corporation Sdn Bhd/ Malaysia	16 August 1989	100%	13,764,706 ordinary shares/ RM13,764,706.00	Design, manufacture and sale of stainless steel kitchenware and cookware
Ever-Grow Advanced Materials Sdn Bhd/ Malaysia	20 April 2001	100%	5,000,000 ordinary shares/ RM5,000,000.00	Research, development and manufacturing of clad metals and stainless steel convex mirrors
Steel Crafts Europa S.R.L/ Italy	2 March 2010	100%	10,000 ordinary shares/ €10,000.00	Trading and assembly of kitchenware, cookware, clad metals and stainless steel convex mirrors
NHM/ Malaysia	17 December 2015	100%	100,000 ordinary shares/ RM100,000.00	<ol style="list-style-type: none"> <li>1. Distribution and marketing of cookware, kitchenware, water filters and related products accessories;</li> <li>2. Marketing and trading in all kinds of personal protective equipment including face masks, sanitisers, wet wipes, thermometers, protective clothing, etc; and</li> <li>3. Marketing and trading in all kinds of food products including cooking oil, tinned food, spices, etc, and all kinds of beverages, confectioneries and dairy products, its ingredients such as flour, cakes, pastry, cornflakes, bread, biscuit, butter, milk, cheese, etc.</li> </ol>
Pentoli Sdn Bhd/ Malaysia	5 October 2015	100%	2 ordinary shares/ RM2.00	Distribution and marketing of cookware, convex mirrors, kitchenware, water filters and related products and accessories

**INFORMATION ON OUR COMPANY (CONT'D)**

<b>Company/ Place of Incorporation</b>	<b>Date of Incorporation</b>	<b>Effective Equity Interest</b>	<b>Issued Share/ Paid Up Capital</b>	<b>Principal Activities</b>
Ni Hsin Marketing (HK) Limited/ Hong Kong	20 March 2019	100%	100,000 ordinary shares/ HK\$100,000.00	General trading of all kinds and descriptions and retailer
Ni Hsin Food & Beverages Sdn Bhd/ Malaysia	21 July 2020	100%	2 ordinary shares/ RM2.00	Manufacturing of food & beverages
Blackbixon Sdn Bhd/ Malaysia	6 August 2020	100%	2,000,000 ordinary shares/RM2,000,0 00.00	1. Export, import and wholesale of variety of goods include, but not limited to energy drinks, beauty products and household consumables; and 2. Food or beverage business

**5. HISTORICAL SHARE PRICES**

The monthly highest and lowest prices of Ni Hsin Shares as traded on Bursa Securities for the past 12 months are as follows:

	<b>High</b>	<b>Low</b>
	<b>RM</b>	<b>RM</b>
<b>2020</b>		
January	0.165	0.140
February	0.150	0.125
March	0.130	0.055
April	0.115	0.070
May	0.185	0.095
June	0.265	0.105
July	0.260	0.185
August	0.330	0.205
September	0.275	0.185
October	0.250	0.185
November	0.235	0.180
December	0.300	0.215

The last transacted price of Ni Hsin Shares on 15 July 2020, being the last day on which Ni Hsin Shares were traded, prior to the date of the announcement of the Corporate Exercises was RM0.23 per Ni Hsin Share.

The last transacted price of Ni Hsin Shares as at the LPD was RM0.275 per Ni Hsin Share. The last transacted market price on 3 February 2021 being the last trading date prior to the ex-date for the Rights Issue of RCPS was RM0.270 per Ni Hsin Share.

*(Source: M&A Securities)*

**INFORMATION ON OUR COMPANY (CONT'D)****6. OPTION TO SUBSCRIBE FOR SHARES**

As at the LPD, save for the Entitled Shareholders who will be allotted the RCPS under the Rights Issue of RCPS, no person has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of our Company or our subsidiaries.

**7. MATERIAL CONTRACTS**

Save as disclosed as below, as at the LPD, neither Ni Hsin nor its subsidiaries has entered into any contracts which are or may be material, not being contracts entered into in the ordinary course of business, during the past 2 years preceding the date of this Abridged Prospectus:

- (i) Collaboration Agreement dated 12 August 2020 between Ni Hsin F&B and Fiatec. Kindly refer to Section 4.1 of this Abridged Prospectus for further details on the Collaboration Agreement; and
- (ii) Supply and Technical Assistance Agreement dated 22 January 2021 between Ni Hsin F&B F&B and GCR. Kindly refer to Section 4.2 of this Abridged Prospectus for further details on the Supply and Technical Assistance Agreement.

**8. MATERIAL LITIGATION**

As at the LPD, to the best knowledge of our Board, neither Ni Hsin nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board has no knowledge of any proceedings pending or threatened against our Group, or of any facts likely to give rise to any proceeding which may materially and adversely affect the financial position or business of Ni Hsin Group.

**9. HISTORICAL FINANCIAL INFORMATION****9.1. Historical financial performance:-**

	Audited			Unaudited	
	FYE 31 December 2017 RM'000	FYE 31 December 2018 RM'000	FYE 31 December 2019 RM'000	FPE 30 September 2019 RM'000	FPE 30 September 2020 RM'000
Revenue	39,612	33,195	31,117	21,361	17,973
Cost of sales	(27,806)	(25,420)	(25,113)	(17,692)	(13,552)
<b>Gross profit</b>	<b>11,806</b>	<b>7,775</b>	<b>6,004</b>	<b>3,669</b>	<b>4,421</b>
Other income	2,552	6,889	653	(2,178)	2,863
Distribution expenses	(982)	(945)	(1,140)	(787)	(510)
Administration expenses	(10,749)	(11,971)	(12,259)	(7,461)	(6,003)
<b>Operating profit</b>	<b>2,627</b>	<b>1,748</b>	<b>(6,742)</b>	<b>(6,757)</b>	<b>771</b>
Finance income	20	81	71	70	19
Finance costs	(54)	(60)	(93)	(69)	(97)
<b>PBT/(LBT)</b>	<b>2,593</b>	<b>1,769</b>	<b>(6,764)</b>	<b>(6,756)</b>	<b>693</b>
Tax expense	(526)	396	609	(80)	5

**INFORMATION ON OUR COMPANY (CONT'D)**

	Audited			Unaudited	
	FYE 31 December 2017 RM'000	FYE 31 December 2018 RM'000	FYE 31 December 2019 RM'000	FPE 30 September 2019 RM'000	FPE 30 September 2020 RM'000
<b>PAT/(LAT)</b>	<b>2,067</b>	<b>2,165</b>	<b>(6,155)</b>	<b>(6,836)</b>	<b>698</b>
Gross profit margin (%)	29.80	23.42	19.29	17.18	24.60
PAT/(LAT) margin (%)	5.22	6.52	(19.78)	(32.00)	3.88
No. of Shares in issue ('000)	236,851	293,244	317,071	315,554	314,138
Basic EPS/(LPS) (sen)	0.87	0.74	(1.94)	(2.17)	0.22

Our administrative expenses consist mainly of staff costs, marketing expenses, travelling expenses and loss in investment in quoted securities.

The higher administrative expenses in FYE 31 December 2018 as compared to FYE 31 December 2017 was mainly due to the increased marketing and travelling expenses incurred in our effort to promote our cookware and convex mirror products to China market and our newly established brand of cookware, namely Pentoli and Wonderchef.

The higher administrative expenses in FYE 31 December 2019 as compared to FYE 31 December 2018 was mainly due to the loss in investment in quoted securities by our Group of approximately RM2.01 million.

For FPE 30 September 2020, we incurred a lower administrative expenses as compared with FPE 30 September 2019 mainly due to lower staff costs as a result of the implementation of austerity measure by our Group in response to the challenging business environment resulted by the COVID-19 pandemic.

**9.2 Historical financial position:-**

	Audited as at			Unaudited	
	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2019 RM'000	30 September 2019 RM'000	30 September 2020 RM'000
Non-current assets	53,236	52,608	50,364	50,881	49,142
Current assets	37,335	50,778	44,833	45,523	47,638
<b>Total assets</b>	<b>90,571</b>	<b>103,386</b>	<b>95,197</b>	<b>96,404</b>	<b>96,780</b>
Share capital	53,980	66,123	66,123	66,123	66,430
Retained earnings	26,231	26,614	20,385	19,700	20,795
Non-controlling interest	(93)	-	-	-	-
<b>Total equity</b>	<b>80,118</b>	<b>92,737</b>	<b>86,508</b>	<b>85,823</b>	<b>87,225</b>
Non-current liabilities	3,639	4,104	3,062	3,986	2,984
Current liabilities	6,814	6,545	5,627	6,595	6,571
<b>Total liabilities</b>	<b>10,453</b>	<b>10,649</b>	<b>8,689</b>	<b>10,581</b>	<b>9,555</b>
<b>Total equity and liabilities</b>	<b>90,571</b>	<b>103,386</b>	<b>95,197</b>	<b>96,404</b>	<b>96,780</b>



**INFORMATION ON OUR COMPANY (CONT'D)****9.3 Historical cash flows:-**

	<b>FYE 31 December 2017 RM'000</b>	<b>Audited FYE 31 December 2018 RM'000</b>	<b>FYE 31 December 2019 RM'000</b>	<b>Unaudited FPE 30 September 2019 RM'000</b>	<b>FPE 30 September 2020 RM'000</b>
<b>Net cash from/(used in)</b>					
Operating activities	3,740	(5,504)	(1,189)	(1,527)	(3,395)
Investing activities	(1,748)	(3,421)	(218)	(134)	8,097
Financing activities	3,628	12,356	(364)	(332)	126
<b>Net increase/ (decrease) in cash and cash equivalent</b>	<b>5,620</b>	<b>3,431</b>	<b>(1,771)</b>	<b>(1,993)</b>	<b>4,828</b>
Cash and cash equivalents at beginning of the year/period	3,946	9,439	12,888	12,888	11,148
Foreign exchange difference on opening balances	(127)	18	31	1	(47)
<b>Cash and cash equivalents at end of the year/period</b>	<b>9,439</b>	<b>12,888</b>	<b>11,148</b>	<b>10,896</b>	<b>15,929</b>

**9.4 Commentary on past performance****FYE 31 December 2019 compared to FYE 31 December 2018**

For the FYE 31 December 2019, our Group recorded a total revenue of RM31.1 million, representing a decrease of approximately RM2.1 million or 6.3% as compared to the revenue recorded in FYE 31 December 2018 of RM33.2 million. The decrease in revenue was mainly due to the lower revenue reported by our Cookware Business. The Cookware Business's revenue decreased by RM3.38 million or 19.4% to RM14.07 million in FYE 31 December 2019 as compared to the revenue of RM17.45 million in FYE 31 December 2018 as the sales volume of cookware to Asia Pacific, USA and Canada have decreased by RM2.46 million and RM0.99 million respectively.

However, the above was partially offset by the following:

- (i) Higher revenue generated from the Convex Mirror Business of RM10.7 million in FYE 31 December 2019 (FYE 31 December 2018: RM10.1 million). This was mainly attributable to higher export sales to Japan and Bahrain; and
- (ii) Higher revenue generated from the Clad Metal Business of RM6.1 million in FYE 31 December 2019 (FYE 31 December 2018: RM5.5 million). This was mainly attributable to increased orders from our customers in Japan and Singapore.

In line with the decrease in revenue, our Group recorded a lower GP margin of 19.3% in FYE 31 December 2019 as compared to the GP margin of 23.4% recorded in FYE 31 December 2018.

**INFORMATION ON OUR COMPANY (CONT'D)**

Our Group's recorded a LBT of approximately RM6.8 million for the FYE 31 December 2018, as compared to the PBT of RM1.8 million recorded in FYE 31 December 2018. This was mainly due to decrease in fair value of investment in quoted securities held by our Group in FYE 31 December 2019.

Our Group's total asset decreased from RM103.39 million in FYE 31 December 2018 to RM95.20 million in FYE 31 December 2019. This was due to a decrease in the non-current assets and current assets of RM2.24 million and RM5.95 million, respectively.

The decrease in non-current assets was mainly due to the depreciation charges for the property, plant and equipment of our Group of RM2.22 million. Further, the decrease in current assets was mainly due to the following:

- (i) Decrease in cash and cash equivalents of RM1.74 million;
- (ii) Decrease in trade and other receivables of RM1.84 million; and
- (iii) Decrease in other investment of RM2.01 million due to the decrease in fair value of our Group's investment in quoted securities arising from the decrease in market price of such quoted securities:

<b>No.</b>	<b>Sector</b>	<b>Quoted securities</b>	<b>Fair value (loss) RM'million</b>
1.	Consumer products and services	Caely Holdings Berhad	(2.01)

**FYE 31 December 2018 compared to FYE 31 December 2017**

For the FYE 31 December 2018, our Group recorded a total revenue of RM33.2 million, representing a decrease of approximately RM6.4 million or 16.2% as compared to the revenue recorded in FYE 31 December 2017 of RM39.6 million. The lower revenue was mainly due to the decrease in sales of our Group's products due to the stiffer competition from overseas rivals and the ongoing turbulent global market conditions (i.e. trade tension between China and United States) leading to the cautious spending of consumers.

Our Group's GP margin decreased by 6.4% to 23.4% in FYE 31 December 2018 (FYE 31 December 2017: 29.8%). In line with the decrease in revenue, our Group's recorded a LBT of approximately RM1.8 million for the FYE 31 December 2018, as compared to the PBT of RM2.6 million recorded in FYE 31 December 2017.

Our Group's total asset increased from RM90.57 million in FYE 31 December 2017 to RM103.39 million in FYE 31 December 2018. This was mainly due to an increase in the current assets of RM13.44 million. The increase in current assets was mainly attributable to the following:

- (i) increase in cash and cash equivalents of RM3.45 million;
- (ii) increase in other investment of RM8.40 million due to the increase in fair value of our Group's investment in quoted securities arising from the increase in market price of such quoted securities; and
- (iii) increase in trade and other receivables of RM0.73 million.

**INFORMATION ON OUR COMPANY (CONT'D)****FPE 30 September 2020 compared to FPE 30 September 2019**

For the FPE 30 September 2020, our Group recorded a total revenue of RM18.0 million as compared to the revenue of RM21.4 million recorded in FPE 30 September 2019. The lower revenue was mainly due to the decline in sales our Group's operation was suspended in the months of March and April 2020 as a result of the MCO imposed by the Government to curb the spread of COVID-19 hence affecting the delivery of orders to our customers.

Despite the decrease in revenue, our Group's GP margin improved to 24.6% in FYE 30 September 2020 (FPE 30 September 2019: 17.18%) due to sales of our Company's products with higher profit margin.

Our Group recorded a PBT of RM0.7 million in FPE 30 September 2020 as compared to the LBT of RM6.8 million in FPE 30 September 2019 mainly due to increase in other income from the gain on disposal of investment in quoted securities held by our Group arising from the increase in price of such quoted securities in FPE 30 September 2020:

<b>No.</b>	<b>Sector</b>	<b>Quoted securities</b>	<b>Gain on disposal RM'million</b>
1.	Consumer products and services	Caely Holdings Berhad	1.37
2.	Consumer products and services	Caely Holdings Berhad (Warrants)	0.20
2.	Industrial products and services	K. Seng Seng Corporation Berhad	0.79
<b>Total</b>			<b>2.37</b>

**INFORMATION ON OUR COMPANY (CONT'D)**

**10 SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS AND DIRECTORS**

**10.1 Shareholdings of Substantial Shareholders**

The pro forma effects of the Rights Issue of RCPS on the substantial shareholders' shareholdings in our Company as at the LPD are as follows:

**Minimum Scenario**

	As at the LPD			(I) After the Rights Issue of RCPS			(II) After (I) and assuming full conversion of RCPS		
	Direct	Indirect		Direct	Indirect		Direct	Indirect	
	No. of Shares ( <sup>1</sup> )%	No. of Shares %		No. of Shares ( <sup>1</sup> )%	No. of Shares %		No. of Shares ( <sup>2</sup> )%	No. of Shares %	
Khoo Chee Kong	92,726,300	29.46	-	92,726,300	29.46	-	108,180,683	31.84	-

**Notes:**

- (1) Based on the existing total number of issued shares of our Company as at the LPD of 314,747,715 Shares (excluding 9,461,536 treasury shares held by our Company).
- (2) Based on the enlarged total number of issued shares of our Company of 339,747,715 Shares after the Rights Issue of RCPS and after assuming full conversion of the RCPS based on the conversion mode of surrendering 12 RCPS for 1 new Share.

**INFORMATION ON OUR COMPANY (CONT'D)****Maximum Scenario**

	(I) As at the LPD		(II) Assuming all outstanding Warrants are exercised and resale of treasury shares			(III) After (II) and Rights Issue of RCPS					
	Indirect		Direct		Indirect		Direct				
	No. of Shares	( <sup>1</sup> )%	No. of Shares	( <sup>2</sup> )%	No. of Shares	( <sup>2</sup> )%	No. of Shares	( <sup>2</sup> )%			
Khoo Chee Kong	92,726,300	29.46	-	-	107,871,300	22.47	-	-	107,871,300	22.47	-

**(IV)  
After III and assuming full conversion of RCPS**

	Direct		Indirect	
	No. of Shares	( <sup>3</sup> )%	No. of Shares	%
Khoo Chee Kong	278,178,900	19.32	-	-

**Notes:**

- (1) Based on the existing total number of issued shares of our Company as at the LPD of 314,747,715 Shares (excluding 9,461,536 treasury shares held by our Company).
- (2) Based on the enlarged total number of issued shares of our Company of 480,050,175 Shares after assuming full conversion of the outstanding Warrants and resale of treasury shares.
- (3) Based on the enlarged total number of issued shares of our Company of 1,440,150,525 Shares after the Rights Issue of RCPS and after assuming full conversion of the RCPS based on the conversion mode of surrendering 12 RCPS (which are issued at the issue price of RM0.01 each) with additional cash payment of RM0.11 for 1 new Share.

**INFORMATION ON OUR COMPANY (CONT'D)**

**10.2 Shareholdings of Directors**

Save as disclosed below, none of the other Directors have any direct and/or indirect shareholding in our Company as at the LPD. The effect of the Rights Issue of RCPS on our Directors' shareholdings in our Company assuming that our Directors subscribed for their respective entitlements under the Rights Issue of RCPS are set out below:-

**Minimum Scenario**

	As at the LPD			(I) After the Rights Issue of RCPS			(II) After (I) and assuming full conversion of RCPS		
	Indirect		%	Direct		%	Direct		%
	No. of Shares	No. of Shares		No. of Shares	No. of Shares		No. of Shares	No. of Shares	
Sofiyani Bin Yahya	3,366,666	1.07	-	3,366,666	1.07	-	3,927,777	1.16	-

**Notes:**

- (1) Based on the existing total number of issued shares of our Company as at the LPD of 314,747,715 Shares (excluding 9,461,536 treasury shares held by the Company).
- (2) Based on the enlarged total number of issued shares of our Company of 339,747,715 Shares after the Rights Issue of RCPS and after assuming full conversion of the RCPS based on the conversion mode of surrendering 12 RCPS for 1 new Share.

**INFORMATION ON OUR COMPANY (CONT'D)****Maximum Scenario**

	(I)		(II)				(III)				
	As at the LPD		Assuming all outstanding Warrants are exercised and resale of treasury shares				After (II) and Rights Issue of RCPS				
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect			
No. of Shares	( <sup>1</sup> )%	No. of Shares	%	No. of Shares	( <sup>2</sup> )%	No. of Shares	%	No. of Shares	( <sup>2</sup> )%	%	
Sofiyan Bin Yahya	3,366,666	1.07	-	-	4,774,998	0.99	-	-	4,774,998	0.99	-

**(IV)  
After III and assuming full conversion of RCPS**

	Direct		Indirect	
	No. of Shares	( <sup>3</sup> )%	No. of Shares	%
Sofiyan Bin Yahya	14,324,994	0.99	-	-

**Notes:**

- (1) Based on the existing total number of issued shares of our Company as at the LPD of 314,747,715 Shares (excluding 9,461,536 treasury shares held by the Company).
- (2) Based on the enlarged total number of issued shares of our Company of 480,050,175 Shares after assuming full conversion of the outstanding Warrants and resale of treasury shares.
- (3) Based on the enlarged total number of issued shares of our Company of 1,440,150,525 Shares after the Rights Issue of RCPS and after assuming full conversion of the RCPS based on the conversion mode of surrendering 12 RCPS (which are issued at the issue price of RM0.01 each) with additional cash payment of RM0.11 for 1 new Share.

**ADDITIONAL INFORMATION**

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**1. WRITTEN CONSENTS**

The written consents of the Principal Adviser, Reporting Accountants, Company Secretaries, Share Registrar, Independent Market Researcher and the Solicitors for the Rights Issue of RCPS to the inclusion in this Abridged Prospectus of their names in the form and context in which they appear have been given before issuance of this Abridged Prospectus and have not subsequently been withdrawn.

**2. DOCUMENTS FOR INSPECTION**

Copies of the following documents are made available for inspection at our Registered Office at 12<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia during ordinary business hours from Monday to Friday (except public holidays) for a period of 6 months from the date of this Abridged Prospectus:

- (i) Constitution of Ni Hsin;
- (ii) The consent letters and declarations referred to in Section 1 above;
- (iii) All the material contracts referred to in Section 7 of Appendix I;
- (iv) The letter in relation to the Undertaking as referred to in Section 2.1.4 of this Abridged Prospectus; and
- (v) IMR Report.

**3. RESPONSIBILITY STATEMENT**

This Abridged Prospectus together with its accompanying documents have been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given herein 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 the omission of which would make any statement herein false or misleading.

M&A Securities, being the Principal Adviser for the Rights Issue of RCPS, 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 this Rights Issue of RCPS.

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