

THIS ABRIDGED PROSPECTUS ("AP") IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

Unless otherwise stated, all abbreviations and terms used herein shall have the same meanings as those defined in the "Definitions" section of this AP.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold or transferred all your Shares, you should at once hand this AP together with the NPA and the RSF (collectively referred to as "**Documents**"), to the agent/broker through whom you have effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue should be addressed to the Share Registrar, Securities Services (Holdings) Sdn. Bhd. (Company No. 36869-T) at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan.

The Documents are only despatched to the shareholders whose names appear in the Record of Depositors at 5.00 p.m. on 12 December 2018 who have a registered address in Malaysia or who have provided the Share Registrar with a registered address in Malaysia in writing by 5.00 p.m. on 12 December 2018. The Documents are not intended to be (and will not be) issued, circulated or distributed in country or jurisdiction other than Malaysia and no action has been or will be taken to ensure that the Rights Issue complies with the laws of any countries or jurisdictions other than the laws of Malaysia. It shall be the sole responsibility of the Entitled Shareholders and/or their renounee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia to immediately consult their legal advisers and other professional advisers as to whether the acceptance, renunciation, sale or transfer of the Provisional Allotment (as the case may be) would result in the contravention of any laws of such countries or jurisdictions. Neither ABB, IPS nor any of their respective Directors and officers or affiliates shall accept any responsibility or liability whatsoever to any party in the event that any acceptance, renunciation and/or sale/transfer (as the case may be) made by any Entitled Shareholders and/or their renounee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdiction in which the Entitled Shareholders and/or their renounee(s) (if applicable) are residents.

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

The approval from our shareholders for amongst others, the Rights Issue was obtained at the EGM held on 27 September 2018. The approval from Bursa Securities had also been obtained vide its letter dated 20 August 2018 for the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities. Admission to the Official List of the Main Market of Bursa Securities and the quotation of the Rights Shares to be issued by ABB on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue. The listing of and quotation for the Rights Shares will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of the successful Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

The Board has seen and approved all the documentation relating to the Rights Issue. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make the statements in these documents false or misleading.

IPS, being the Adviser for the Rights Issue, acknowledges that, based on all available information, and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning the Rights Issue.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE REFER TO THE "RISK FACTORS" AS SET OUT IN SECTION 5 OF THIS AP.

ASIA BRANDS

ASIA BRANDS BERHAD
(Company No. 22414-V)

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

RENOUNCEABLE RIGHTS ISSUE OF UP TO 116,323,800 NEW ORDINARY SHARES OF ASIA BRANDS BERHAD ("ABB") ("ABB SHARE(S)") ("RIGHTS SHARE(S)") AT AN ISSUE PRICE OF RM0.35 PER RIGHTS SHARE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING ABB SHARE HELD BY THE ENTITLED SHAREHOLDERS OF ABB AS AT 5.00 P.M. ON 12 DECEMBER 2018 WITH A MINIMUM SUBSCRIPTION LEVEL OF 86,130,321 RIGHTS SHARES

Adviser

INTER-PACIFIC
SECURITIES SDN. BHD.

(12738-L)
A Participating Organisation of Bursa Malaysia Securities Berhad
A Trading Participant of Bursa Malaysia Derivatives Berhad

IMPORTANT RELEVANT DATES AND TIMES

Entitlement Date	:	Wednesday, 12 December 2018 at 5.00 p.m.
LAST DATE AND TIME FOR:		
Sale of the Provisional Allotments	:	Wednesday, 19 December 2018 at 5.00 p.m.
Transfer of the Provisional Allotments	:	Monday, 24 December 2018 at 4.00 p.m.
Acceptance and payment	:	Friday, 28 December 2018 at 5.00 p.m.
Excess application and payment	:	Friday, 28 December 2018 at 5.00 p.m.

Unless stated otherwise, all abbreviations and terms used herein shall have the same meanings as those defined in the "Definitions" section of this AP.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE CORPORATION AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS AP, 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 AP.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE RIGHTS ISSUE AND ANY INVESTMENT IN OUR COMPANY. 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 ADVISER IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS AP ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS & SERVICES ACT, 2007 ("CMSA").

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THE DISTRIBUTION OF THE DOCUMENTS IS SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF THE RIGHTS ISSUE BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY THE RIGHTS ISSUE IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

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

DEFINITIONS

In this AP, unless otherwise indicated, the following words and abbreviations shall have the following meanings:

“ABB” or the “Company”	:	Asia Brands Berhad (22414-V)
“ABB Group” or the “Group”	:	ABB and its subsidiaries, collectively
“ABB Share(s)” or “Share(s)”	:	Ordinary share(s) of ABB
“Abridged Prospectus” or “AP”	:	This abridged prospectus in relation to the Rights Issue dated 12 December 2018
“Act”	:	The Companies Act, 2016, as amended from time to time and any re-enactment thereof
“AKSB”	:	Anakku Sdn. Bhd. (251823-V), a wholly-owned subsidiary of ABB
“Announcement LPD”	:	28 June 2018 being the latest practicable date prior to the announcement to Bursa Securities made by ABB on 2 July 2018 in relation to the Rights Issue and the Private Placement
“Audrey”	:	Audrey Sdn. Bhd. (127557-H), a wholly-owned subsidiary of ABB
“Board”	:	Board of Directors of the Company
“BUMM”	:	B.U.M. Marketing (Malaysia) Sdn. Bhd. (265399-P)
“Bursa Depository”	:	Bursa Malaysia Depository Sdn. Bhd. (165570-W)
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (635998-W)
“CDS”	:	Central Depository System
“CDS Account(s)”	:	Securities account(s) established by Bursa Depository for a depositor for the recording of deposit or withdrawal of securities and dealings in such securities by that depositor of securities
“Circular LPD”	:	21 August 2018, being the latest practicable date prior to the printing of the circular dated 12 September 2018 in relation to the Rights Issue and the Private Placement
“CMSA”	:	Capital Markets and Services Act, 2007 as amended from time to time and any re-enactment thereof
“Code”	:	Malaysian Code on Take-Overs and Mergers, 2016
“DSTTP”	:	Dato’ Sri Tan Thian Poh
“DE”	:	Debt-to-equity
“Director(s)”	:	The director(s) of the Company and shall have the same meaning given in Section 2(1) of the CMSA
“Documents”	:	AP, NPA and RSF, collectively
“EBITDA”	:	Earnings before interest, taxation, depreciation and amortisation
“EGM”	:	Extraordinary general meeting

DEFINITIONS (CONT'D)

“Entitled Shareholder(s)”	:	Shareholder(s) whose names appear in the Record of Depositors on the Entitlement Date, who shall be entitled to participate in the Rights Issue
“Entitlement Date”	:	As at 5.00 p.m. on 12 December 2018, being the time and date on which the Shareholders must be registered in the Record of Depositors in order to be entitled to participate in the Rights Issue
“EPS”	:	Earnings per share
“Everest Hectare”	:	Everest Hectare Sdn. Bhd. (906715-M)
“Excess Rights Shares”	:	Rights Shares which are not taken up or not validly taken up by Entitled Shareholders and/or their renounee(s)/transferee(s) prior to the closing date as set out in Section 9.3 of this AP
“Foreign Addressed Shareholders”	:	Foreign shareholders on the Entitlement Date who have not provided an address in Malaysia for the service of Documents to be issued for purposes of the Rights Issue
“FPE”	:	Financial period(s) ending/ended, as the case may be
“FSCR”	:	Financial service cover ratio
“FYE”	:	Financial year(s) ending/ended, as the case may be
“GP”	:	Gross profit
“GTN” or “Solicitors”	:	Messrs Gary Teh and Ngiam Advocates & Solicitors
“IMTN”	:	Islamic medium term notes
“Indicative Issue Price”	:	Indicative issue price of RM0.50 per Placement Share based on approximately 4.01% discount to the one (1)-day VWAMP of ABB Shares as at the Circular LPD (RM0.6918) after adjusting for the Rights Issue of RM0.5209
“IPS” or “Adviser”	:	Inter-Pacific Securities Sdn. Bhd. (12738-U)
“LAT”	:	Loss after tax
“LBITDA”	:	Loss before interest, taxation, depreciation and amortization
“LBT”	:	Loss before tax
“LPD”	:	15 November 2018, being the latest practicable date prior to the registration of this AP with the SC
“LPS”	:	Loss per share
“M&A”	:	Memorandum and Articles of Association
“Main Market”	:	Main Market of Bursa Securities
“Market Day(s)”	:	Any day between Monday to Friday (both days inclusive) which is not a public holiday and on which financial institutions licensed under the Financial Services Act 2013 are open for business in Kuala Lumpur and Bursa Securities is open for the trading of securities

DEFINITIONS (CONT'D)

"Maximum Scenario"	:	All the Entitled Shareholders subscribe for their entitlements to the Rights Shares in full pursuant to the Rights Issue and assuming the full issuance of 46,529,520 Placement Shares pursuant to the Private Placement
"Minimum Scenario"	:	Only the Undertaking Shareholders subscribe for their entitlements in full pursuant to the Undertakings and assuming the full issuance of 46,529,520 Placement Shares pursuant to the Private Placement. In this scenario, the Placement Shares will be allotted and issued concurrently with the Rights Shares. The Private Placement will be implemented concurrently with the Rights Issue
"Minimum Subscription Level"	:	Minimum level of subscription based on the Undertakings by the Undertaking Shareholders to subscribe for 86,130,321 Rights Shares. The Undertaking Shareholders hold directly 86,130,321 ABB Shares representing approximately 74.04% of the total issued shares of ABB as at 29 June 2018 and pursuant to their Undertakings, they will collectively subscribe for 86,130,321 Rights Shares. Based on the minimum level of subscription and the Rights Issue Price, the amount raised by ABB will amount to RM30,145,612.35
"MMLR"	:	Main Market Listing Requirements of Bursa Securities
"Morison AAC" or "Reporting Accountants"	:	Messrs. Morison Anuarul Azizan Chew (AF 001977)
"NA"	:	Net assets
"NPA"	:	Notice of Provisional Allotment in relation to the Rights Issue
"NTA"	:	Net tangible assets
"NTSCSB"	:	Ng Tiong Seng Corporation Sdn. Bhd. (17024-P)
"Official List"	:	A list specifying all securities which have been admitted for listing on Bursa Securities and not removed
"PAT"	:	Profit after tax
"PBT"	:	Profit before tax
"PN17"	:	Practice Note 17 of the MMLR
"Placement Share(s)"	:	New ABB Share(s) to be issued pursuant to the Private Placement
"Private Placement"	:	Private placement of up to 46,529,520 Placement Shares representing up to 22.98% of the enlarged issued ABB Shares upon completion and assuming Minimum Subscription Level
"Provisional Allotment(s)"	:	Rights Shares provisionally allotted to the Entitled Shareholders pursuant to the Rights Issue
"Record of Depositors"	:	A record of depositors established by Bursa Depository under the Rules of Bursa Depository, as amended from time-to-time

DEFINITIONS (CONT'D)

“Rights Issue”	:	Renounceable rights issue of up to 116,323,800 Rights Shares at the Rights Issue Price on the basis of one (1) Rights Share for every one (1) existing ABB Share held by the Entitled Shareholders with the Minimum Subscription Level
“Rights Issue Price”	:	Issue price of RM0.35 per Rights Share
“Rights Share(s)”	:	New ABB Share(s) to be issued pursuant to the Rights Issue
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“RSF”	:	Rights Subscription Form issued in relation to the Rights Issue
“Rules”	:	Rules on Take-Overs, Mergers and Compulsory Acquisitions as issued by the SC and any amendments from time-to-time
“Rules of Bursa Depository”	:	Rules of Bursa Depository as issued pursuant to the SICDA including any amendments thereto that may be made from time-to-time
“SC”	:	Securities Commission Malaysia
“Shareholder(s)”	:	Shareholder(s) of the Company
“SICDA”	:	Securities Industry (Central Depositories) Act 1991
“TEAP”	:	Theoretical ex-all price
“TERP”	:	Theoretical ex-rights price
“Trackland”	:	Trackland Sdn. Bhd. (962253-T)
“Undertakings”	:	Irrevocable and unconditional undertakings provided by the Undertaking Shareholders to subscribe in full for their respective entitlements under the Rights Issue based on their shareholdings as at 29 June 2018 and any additional entitlements under the Rights Issue in the event that they increase their shareholdings in ABB from the date of the letters of undertakings up to and including the Entitlement Date
“Undertaking Shareholders”	:	Everest Hectare, NTSCSB and Trackland, collectively
“VWAMP”	:	Volume weighted average market price

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DEFINITIONS (CONT'D)

All reference to “our Company” and “the Company” in this AP are to ABB. Reference to “our Group”, “the Group” and “the ABB Group” is to our Company and subsidiaries, collectively. All references to “we”, “us”, “our”, and “ourselves” are made to our Company, or where the context requires, our Group or any of our subsidiary companies.

All references to “you” or “your” in this AP are made to the Entitled Shareholders and/or, where the context otherwise requires, their renouncee(s)/ transferee(s) (if applicable).

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

Any reference in this AP to any provision of the statutes, rules, regulations or rules of stock exchange shall (where the context admits), be construed as a reference to provisions of such statutes, rules, regulations or rules of stock exchange (as the case may be) as modified by any written law and any amendment to the statutes, regulations or rules of stock exchange for the time being in force or their respective re-enactment. Any reference to a time of day in this AP shall be a reference to Malaysian time, unless otherwise stated.

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

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CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name / Designation	Age	Address	Profession	Nationality
Dato' Sri Tan Thian Poh (<i>Non-Independent Non-Executive Chairman</i>)	62	88, Jalan Setiabakti 9, Bukit Damansara, 50490 Kuala Lumpur, Wilayah Persekutuan.	Company Director	Malaysian
Ng Chin Huat (<i>Group Managing Director</i>)	48	17, Jalan Opu Daeng Chelak 9/2, 40100 Shah Alam, Selangor Darul Ehsan.	Company Director	Malaysian
Kong Sau Kian (<i>Senior Independent Non-Executive Director</i>)	54	25, Jalan Setia, Nusantara U13/22J, Setia Eco Park, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan.	Company Director	Malaysian
Lim Kim Meng (<i>Independent Non-Executive Director</i>)	47	8, Jalan USJ 18/4A, UEP Subang Jaya, 47630 Subang Jaya, Selangor Darul Ehsan.	Company Director	Malaysian
David Tan Chin Wee (<i>Non-Independent Non-Executive Director and Alternate Director to Dato' Sri Tan Thian Poh</i>)	26	88, Jalan Setiabakti 9, Bukit Damansara, 50490 Kuala Lumpur, Wilayah Persekutuan.	Company Director	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Kong Sau Kian	Chairman	Senior Independent Non-Executive Director
Lim Kim Meng	Member	Independent Non-Executive Director
Dato' Sri Tan Thian Poh	Member	Non-Independent Non-Executive Chairman

COMPANY SECRETARIES

: Chua Siew Chuan (MAICSA 0777689)
Mak Chooi Peng (MAICSA 7017931)

Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan.
Tel: 03-2084 9000
Fax: 03-2094 9940

CORPORATE DIRECTORY (CONT'D)

- REGISTERED/ HEAD/
MANAGEMENT OFFICE** : Asia Brands Berhad (22414-V)
Lot 10449, Jalan Nenas,
Batu 4½, Kampung Jawa,
41000 Klang,
Selangor Darul Ehsan.
Tel : 03-5161 8822
Fax: 03-5161 2728
Email: info@asiabrands.com.my
Website: www.asiabrands.com.my
- AUDITORS** : UHY (AF 1411)
Suite 11.05, Level 11,
The Gardens South Tower,
Mid Valley City,
Lingkaran Syed Putra
59200 Kuala Lumpur,
Wilayah Persekutuan.
Tel: 03-2279 3088
Fax: 03-2279 3099
- REPORTING ACCOUNTANTS** : Morison Anuarul Azizan Chew (AF 001977)
18 Jalan Pinggir 1/64, Jalan Kolam Air,
Off Jalan Sultan Azlan Shah (Jalan Ipoh),
51200 Kuala Lumpur,
Wilayah Persekutuan.
Tel: 03-4048 2888
Fax: 03-4048 2999
- SOLICITORS** : Gary Teh & Ngiam
Advocates & Solicitors
Unit 1608, 16th Floor,
Block A, Damansara Intan,
No.1, Jalan SS20/27,
47400 Petaling Jaya,
Selangor Darul Ehsan.
Tel: 03-7733 9320
Fax: 03-7733 5326
- PRINCIPAL BANKER** : Malayan Banking Berhad (3813-K)
37th Floor, Menara Maybank,
100, Jalan Tun Perak,
50050 Kuala Lumpur,
Wilayah Persekutuan.
Tel: 03-2070 8833
Fax: 03-2715 9442
- SHARE REGISTRAR** : Securities Services (Holdings) Sdn. Bhd. (36869-T)
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan.
Tel: 03- 2084 9000
Fax: 03- 2094 9940

CORPORATE DIRECTORY (CONT'D)

ADVISER : Inter-Pacific Securities Sdn. Bhd. (12738-U)
West Wing, Level 13,
Berjaya Times Square,
No. 1, Jalan Imbi,
55100 Kuala Lumpur,
Wilayah Persekutuan.
Tel: 03-2117 1888
Fax: 03-2144 4910

STOCK EXCHANGE LISTED AND LISTING SOUGHT : Main Market of Bursa Securities

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ASIA BRANDS

ASIA BRANDS BERHAD
(Company No. 22414-V)

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

Registered office:

Lot 10449, Jalan Nenas,
Batu 4½, Kampung Jawa,
41000 Klang,
Selangor Darul Ehsan.

12 December 2018

Board of Directors

Dato' Sri Tan Thian Poh (*Non-Independent Non-Executive Chairman*)

Ng Chin Huat (*Group Managing Director*)

Kong Sau Kian (*Senior Independent Non-Executive Director*)

Lim Kim Meng (*Independent Non-Executive Director*)

David Tan Chin Wee (*Non-Independent Non-Executive Director and Alternate Director to Dato' Sri Tan Thian Poh*)

To: The Entitled Shareholders

Dear Sir/Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 116,323,800 NEW ABB SHARES AT AN ISSUE PRICE OF RM0.35 PER RIGHTS SHARE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING ABB SHARE HELD BY THE ENTITLED SHAREHOLDERS AS AT 5.00 P.M. ON 12 DECEMBER 2018 WITH A MINIMUM SUBSCRIPTION LEVEL OF 86,130,321 RIGHTS SHARES

1. INTRODUCTION

On 2 July 2018, IPS had, on behalf of the Board, announced that the Company proposed to undertake the Rights Issue and the Private Placement.

On 21 August 2018, IPS had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 20 August 2018, approved the following:

- (i) the listing and quotation of up to 116,323,800 Rights Shares to be issued pursuant to the Rights Issue; and
- (ii) the listing and quotation of up to 46,529,520 Placement Shares to be issued pursuant to the Private Placement,

on the Main Market subject to amongst others, the following conditions:

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	Conditions imposed	Status of compliance
(1)	ABB and IPS, the Adviser for the Rights Issue and the Private Placement must fully comply with the relevant provisions under the MMLR pertaining to the implementation of the Rights Issue and Private Placement, including compliance with the public shareholding spread requirements pursuant to Paragraph 8.02 of the MMLR upon the listing and quotation of the new ABB Shares to be issued pursuant to the Rights Issue and Private Placement.	To be complied
(2)	ABB/ IPS to furnish Bursa Securities with a certified true copy of the resolution passed by shareholders in general meeting approving the Rights Issue and Private Placement prior to the listing and quotation of the new ordinary shares to be issued pursuant to the Rights Issue and Private Placement.	Complied. Furnished to Bursa Securities on 19 October 2018.
(3)	ABB and IPS to inform Bursa Securities upon the completion of the Rights Issue and Private Placement.	To be complied
(4)	ABB and IPS to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue and Private Placement are completed.	To be complied

The Board is pleased to inform you that at the EGM held on 27 September 2018, the Shareholders had approved the Rights Issue and the Private Placement. A certified true extract of the ordinary resolutions approving the Rights Issue and the Private Placement which were passed at the EGM is set out in Appendix I of this AP.

On 28 November 2018, IPS had on behalf of the Board, announced that the Entitlement Date for the Rights Issue has been fixed at 5.00 p.m. on 12 December 2018 along with other relevant dates pertaining to the Rights Issue.

No person is authorised to give any information or make any representation not contained in this AP, the NPA and the RSF in connection with the Rights Issue and if given or made, such information or representation must not be relied upon as having been authorised by us or IPS.

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

2. DETAILS OF THE RIGHTS ISSUE

2.1 Details of the Rights Issue

The Rights Issue entails an issuance of up to 116,323,800 Rights Shares at an issue price of RM0.35 per Rights Share on the basis of one (1) Rights Share for every one (1) existing ABB Share held on the Entitlement Date.

As you are an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Allotments which you are entitled to subscribe in full or in part under the terms of the Rights Issue. You will find enclosed with this AP, the NPA notifying you of the crediting of such Provisional Allotments into your CDS Account and the RSF to enable you to subscribe for the Provisional Allotments, as well as to apply for the Excess Rights Shares if you choose to do so.

Any fractional entitlements that may arise from the Rights Issue, if any, will be disregarded and shall be dealt with in such manner as our Board shall in its absolute discretion deems fit and expedient and in the best interest of our Company.

The Rights Issue is renounceable in full or in part. Accordingly, you can subscribe for and/or renounce/transfer your entitlements to the Rights Shares in full or in part. Any Rights Shares which are not subscribed or not taken up or not validly taken up shall be made available for Excess Rights Shares applications by other Entitled Shareholders and/or their renouncee/transferee (if applicable).

It is the intention of our Board to allot the Excess Rights Shares, if any, in a fair and equitable manner to our Entitled Shareholders and/or their renouncee(s) who have applied for the Excess Rights Shares 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 Rights Shares on a pro-rata basis and in board lots, calculated based on their respective shareholdings as at the Entitlement Date;
- (iii) thirdly, for allocation to the Entitled Shareholders who have applied for the Excess Rights Shares on a pro-rata basis and in board lots, calculated based on the quantum of the Excess Rights Shares applied for; and
- (iv) lastly, for allocation to renouncee(s)/ transferee(s) who have applied for the Excess Rights Shares on a pro-rata basis and in board lots, calculated based on the quantum of the Excess Rights Shares applied for.

After the above sequence of allocations is completed, any balance of Excess Rights Shares will be allocated again through steps (ii)-(iv) above until all Excess Rights Shares are fully allocated.

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

If you wish to accept the Provisional Allotments (in full or in part) as specified in the NPA and/or apply for Excess Rights Shares, you may do so by completing the RSF.

Any dealings in our securities will be subject to the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, the Rights Shares will, upon allotment and issue, be credited directly into the respective CDS Accounts of the successful applicants. No physical share certificate will be issued. Notices of allotment will be despatched to the successful applicants.

We will allot and issue the Rights Shares, despatch notices of allotment to the successful applicants and make an application for the quotation for the Rights Shares within eight (8) Market Days from the last date for acceptance and payment for the Rights Shares or such period as may be prescribed by Bursa Securities. The Rights Shares will then be quoted on the Main Market two (2) Market Days after the application for quotation is made to Bursa Securities. If you do not wish to participate in the Rights Issue, you do not need to take any action.

You should read this AP in its entirety before making a decision.

2.2 Basis of determining the issue price of the Rights Shares

The Rights Issue Price represents a discount of approximately 36.54% to the TERP of ABB Shares of RM0.5515 based on the VWAMP of ABB Shares as at 12 June 2018, being the date, the ABB Shares were last traded prior to the Announcement LPD of RM0.7529. The Board has taken cognisance of recent rights issue exercises implemented by other public companies listed on Bursa Securities for the past one (1) year up to the Circular LPD whereby the Board had noted the discount of the rights issue price to the TERP/ TEAP of the companies undertaking rights issue were within the range of 20.49% to 62.84%. Therefore, the Board is of the view that the Rights Issue Price is reasonable.

In addition, the Rights Issue Price has been fixed after taking into consideration the following:

- (i) the funding requirements of ABB Group as set out in Section 4 of this AP;
- (ii) the poor financial performance of ABB Group for the past three (3) FYE 31 March 2016 to 2018 where revenue had been decreasing from year to year and recording LAT;
- (iii) the material uncertainty related to the going concern of ABB Group as highlighted by the auditors of ABB Group in its audit opinion in the Independent Auditors' Report for the FYE 31 March 2018. During the FYE 31 March 2018, the Group and the Company incurred a net loss of RM19,196,832 (2017: RM58,493,653) and RM2,135,932 (2017: RM32,861,529) respectively and as of that date, the Group and the Company had net current liabilities of RM32,182,620 (2017: RM47,251,848) and RM6,830,450 (2017: RM26,284,548) respectively. The Group had net current liabilities due to the reclassification of IMTN to current liabilities as a result of non-compliance with financial covenants as required in the IMTN. The non-compliance of the financial covenants is mainly due to losses incurred. These conditions indicate that there is a material uncertainty on the Group's and the Company's ability to continue as a going concern;
- (iv) the historical trading prices of ABB Shares for the past twelve (12) months up to and including the Announcement LPD which are set out below;

	Share price (RM)	Discount ⁽ⁱ⁾	
		(RM)	(%)
Closing price as at Announcement LPD	0.8250	0.4750	57.58
Five (5) day VWAMP up to and including the Announcement LPD	0.7529	0.4029	53.51
One (1) month VWAMP up to and including the Announcement LPD	0.7529	0.4029	53.51
Three (3) months VWAMP up to and including the Announcement LPD	0.8271	0.4771	57.68
Six (6) months VWAMP up to and including the Announcement LPD	0.8550	0.5050	59.06
One (1) year VWAMP up to and including the Announcement LPD	0.9205	0.5705	61.98

(Source: Bloomberg)

Note:

- (i) Based on the Rights Issue Price of RM0.35.

The Rights Issue Price represents a discount ranging from RM0.4029 to RM0.5705 or approximately 53.51% to 61.98% over the closing price as at the Announcement LPD and the five (5) day, one (1) month, three (3) months, six (6) months and one (1) year VWAMP of ABB Shares up to and including the Announcement LPD; and

- (v) ABB Shares were illiquid as ABB Shares were thinly traded on Bursa Securities during the past twelve (12) months up to May 2018, being the last full month up to the Announcement LPD. The table below illustrates the average daily trading volume of ABB Shares for the past twelve (12) months up to May 2018, being the last full month up to the Announcement LPD:

	Average daily trading volume of ABB Shares ⁽ⁱ⁾	Average daily trading volume over free float ⁽ⁱⁱ⁾ (%)
2017		
June	1,455	0.0050
July	714	0.0025
August	827	0.0028
September	4,842	0.0166
October	3,014	0.0104
November	2,536	0.0087
December	2,868	0.0098
2018		
January	2,105	0.0072
February	294	0.0010
March	571	0.0019
April	2,365	0.0081
May	2,628	0.0090
Average daily trading volume for the period of June 2017 to May 2018	2,018	0.0069

(Source: Bloomberg)

Notes:

- (i) The average daily trading volume is computed by dividing the total trading volume in each month with the total number of market days for the respective month.
- (ii) Free float of 29,116,879 ABB Shares based on the public shareholding spread of ABB as at the Announcement LPD.

For information purposes only, the five (5)-day VWAMP of ABB Shares up to and including the LPD is RM0.6486. Accordingly, the TERP of ABB Shares based on the five (5)-day VWAMP of ABB Shares up to and including the LPD is RM0.4993.

2.3 Ranking of the Rights Shares

The Rights Shares shall, upon issue and allotment, rank pari passu in all respects with the then existing ABB Shares except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the Rights Shares.

2.4 Undertakings and underwriting arrangement

The Board has determined to undertake the Rights Issue on the Minimum Subscription Level via the issuance of up to 116,323,800 Rights Shares at the Rights Issue Price. The Minimum Subscription Level was determined by the Board after taking into consideration the Undertakings and the funding requirements of ABB as set out in Section 4 of this AP. Accordingly, the gross proceeds to be raised from the Rights Issue based on the Undertakings is RM30,145,612.35.

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The Undertaking Shareholders, namely Everest Hectare, NTSCSB and Trackland, had, on 23 July 2018, provided irrevocable and unconditional undertakings to subscribe in full for their respective entitlements for the Rights Shares under the Rights Issue based on their shareholdings as at 29 June 2018 and any additional entitlements under the Rights Issue in the event that they increase their shareholdings in ABB from the date of the letters of undertakings up to and including the Entitlement Date.

As at the LPD, the Undertaking Shareholders directly and collectively hold 86,130,321 ABB Shares representing approximately 74.04% of the total issued shares of the Company. The details of their shareholdings in ABB and the Undertakings are as follows:

Name of Undertaking Shareholders	No. of ABB Shares as the LPD	% of total issued shares of ABB	No. of entitled Rights Shares	% of total Rights Shares⁽¹⁾	Undertakings (RM)
Everest Hectare	38,557,477	33.15	38,557,477	44.77	13,495,116.95
NTSCSB	10,366,258	8.91	10,366,258	12.03	3,628,190.30
Trackland	37,206,586	31.99	37,206,586	43.20	13,022,305.10
Total	86,130,321	74.04	86,130,321	100.00	30,145,612.35

Note:

(1) Based on the Minimum Subscription Level of 86,130,321 Rights Shares.

Based on the issue price of RM0.35 per Rights Share, the funding requirements for the Undertaking Shareholders pursuant to their Undertakings is RM30,145,612.35. The Undertaking Shareholders had, on 23 July 2018, provided confirmations that they have sufficient financial resources to take up their respective entitlements and any additional entitlements should they increase their shareholdings in ABB from 29 June 2018 up to and including the Entitlement Date as mentioned above. IPS has verified the sufficiency of financial resources of the Undertaking Shareholders for the purpose of subscribing for the Rights Shares pursuant to the Undertakings.

Premised on the above, Everest Hectare and Trackland will, under the Minimum Scenario, trigger the obligations to undertake a mandatory general offer pursuant to the Code and the Rules. Under the Minimum Scenario, after the issuance of the Rights Shares, the shareholding of Everest Hectare will increase from 33.15% to 38.09% based on the Minimum Subscription Level. The shareholding of Everest Hectare will increase by more than 2% upon the completion of the Rights Issue under the Minimum Scenario and will trigger the creeping threshold pursuant to Paragraph 4.01(b) of the Rules whereby Everest Hectare will then be required to extend a mandatory take-over offer.

Under the Minimum Scenario, after the issuance of the Rights Shares, the shareholding of Trackland will increase from 31.99% to 36.76% based on the Minimum Subscription Level. Pursuant to Section 218(2) of the CMSA and Paragraph 4.01(a) of the Rules, Trackland will be required to extend a mandatory take-over offer.

As it is not the intention of Everest Hectare and Trackland to undertake any such mandatory take-over offer upon the completion of the Rights Issue, the Private Placement will be undertaken and implemented concurrently with the Rights Issue and also to facilitate ABB to comply with the public shareholding spread requirement under Paragraph 8.02(1) of the MMLR in the event ABB's public shareholding spread falls below 25% following the implementation of the Rights Issue under the Minimum Subscription Level.

Further details on the respective shareholdings of the Undertaking Shareholders as at the LPD and after the Rights Issue and the Private Placement are set out in Section 7.4 of this AP.

No underwriting will be arranged for the Rights Shares since the Rights Issue will be implemented based on the Minimum Subscription Level.

2.5 Other corporate exercises

As at the LPD, save for the Rights Issue and the Private Placement, there are no other corporate exercised by the Company which have been announced and approved by the shareholders and regulatory authority (where applicable) but pending completion or implementation.

3. JUSTIFICATION AND RATIONALE FOR THE RIGHTS ISSUE

After due consideration of the various methods of fundraising such as issuance of debt instruments and bank borrowings, the Board is of the view that the Rights Issue is the most appropriate method of fundraising after taking into consideration the following:

- (i) to enable the Company to partly or fully repay the IMTN (Tranche 1, Series 3) of RM40.0 million which is due on 18 March 2019;
- (ii) to issue new ABB Shares without diluting shareholders' percentage shareholdings provided all shareholders subscribe in full for their respective entitlements to the Rights Shares; and
- (iii) to provide the existing shareholders of ABB with an opportunity to participate in the future growth of the ABB Group.

4. UTILISATION OF PROCEEDS

Based on the Rights Issue Price, the gross proceeds that are expected to be raised from the Rights Issue and the intended utilisation of proceeds are set out below:

	Notes	Gross proceeds		Expected time frame for utilisation of proceeds from the date of listing of the Rights Shares
		Minimum Scenario RM'000	Maximum Scenario RM'000	
Repayment of IMTN	(i)	30,000	40,000	By 18 March 2019
Estimated expenses in relation to the Rights Issue and the Private Placement	(ii)	145	400	Within 6 months
Working capital	(iii)	-	313	Within 6 months
Total estimated proceeds		30,145	40,713	

Notes:

- (i) ABB Group will utilise RM30.0 million (under the Minimum Scenario) and RM40.00 million (under the Maximum Scenario) of the total proceeds from the Rights Issue to repay the RM40.0 million IMTN of the ABB Group in part or in full which is due on 18 March 2019. The repayment of the IMTN is expected to result in an estimated saving in interest payment of approximately RM1.94 million per annum and RM2.59 million per annum (under the Minimum Scenario and the Maximum Scenario respectively) based on the weighted average effective interest rate of 6.48% per annum of ABB.

As at the LPD, the total borrowings of ABB Group were approximately RM100.50 million which includes the total outstanding IMTN of RM90.0 million.

The said IMTN is a sukuk programme issued by AKSB. This sukuk programme has a tenure of fifteen (15) years from the date of the first issue of the IMTN which may be issued with maturities of more than one (1) year and up to fifteen (15) years provided that the final maturities of any of the IMTN shall not exceed the tenure of the sukuk programme. The proceeds raised from the IMTN was used for Shariah-compliant purposes only, which amongst others, to finance investment activities, capital expenditure, working capital requirements and other general corporate purposes of ABB Group.

The details of the total outstanding RM90.0 million IMTN and its repayment schedule as at the LPD are as follows:

Tranche	Series	Nominal value (RM' mil)	Issue date	Maturity date
1	3	40	16 March 2015	18 March 2019
1	4	20	16 March 2015	16 March 2020
2	5	10	16 April 2015	16 March 2020
3	6	10	15 May 2015	16 March 2020
4	7	10	16 June 2015	16 March 2020

The tranches of IMTN (Tranches 1 to 4, Series 3 to 7) above were issued with different maturity dates ranging from four (4) to five (5) years from the respective date of issuance based on the funding requirements of ABB then and also the availability of investors.

The IMTN (Tranche 1, Series 1) which was issued at a nominal value of RM10.0 million on 16 March 2015 with two (2) years tenure had matured on 16 March 2017 and redeemed by ABB. The IMTN (Tranche 1, Series 2) which was issued at a nominal value of RM30.0 million on 16 March 2015 with three (3) years tenure had matured on 16 March 2018 and redeemed by ABB.

On 14 March 2018, ABB has allotted and issued 37,206,586 ABB Shares to Trackland at the issue price of RM0.741 per new ABB Share raising total gross proceeds of RM27,570,080. RM27.17 million out of the total proceeds raised were utilised to partly repay the IMTN (Tranche 1, Series 2) of RM30.0 million due on 16 March 2018. The 37,206,586 ABB Shares issued to Trackland were listed and completed on 15 March 2018. The remaining RM2.83 million of the IMTN (Tranche 1, Series 2) was repaid using internally generated funds of ABB Group.

There were no subsequent issuances of IMTN after the IMTN (Tranche 4, Series 7) issued on 16 June 2015.

- (ii) These include payment of fees to Bursa Securities, SC, advisory fees, printing of circulars, abridged prospectuses, EGM expenses and other share issuance expenses in relation to the Rights Issue and the Private Placement which are estimated to be at approximately RM0.40 million. Under the Minimum Scenario, approximately RM0.15 million will be utilised for the payment of expenses and the remaining expenses of approximately RM0.25 million will be paid by ABB from its internally generated funds. Under the Maximum Scenario, approximately RM0.40 million out of the total proceeds will be utilised for the payment of expenses.

If the actual expenses are higher than the amount estimated, the deficit will be funded using ABB's working capital. Conversely, if the actual expenses are lower than the amount estimated, the excess will be utilised for the working capital of ABB Group.

- (iii) The remaining balance of the proceeds are intended to be utilised for ABB Group's day-to-day operational expenses such as staff salaries, administrative expenses and utilities bills.

The proceeds to be raised from the Rights Issue will depend on the number of Rights Shares issued. Any variation to the expected proceeds will be adjusted against the amount allocated for the estimated expenses in relation to the Rights Issue and the Private Placement and working capital purposes of ABB Group.

Pending the full utilisation of the proceeds raised from the Rights Issue, ABB intends to place the proceeds (including accrued interest, if any) or the balance thereof in interest-bearing deposit accounts with licensed financial institution(s) or in short term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as working capital of the ABB Group, including but not limited to servicing of interest payments for the borrowings of ABB Group.

5. RISK FACTORS

In addition to the other information in this AP, you should carefully consider the following risk factors before subscribing for or investing in the Rights Issue:

5.1 Risks relating to the Rights Issue

(i) Capital market risks

The market price of ABB Shares as traded on the Main Market may fluctuate like all other listed securities. Numerous factors could influence the fluctuation of the price of ABB Shares, including but not limited to trades of substantial amounts of ABB Shares in the open market, announcements of new developments relating to ABB Group or the retailing industry as well as fluctuations in ABB Group's financial performance.

In addition to the above, the price performance of ABB Shares also depends on other factors such as general economic, political and industry conditions, sentiments and liquidity of the local stock market, performance of regional and global bourses.

In view of the above, there is no assurance that the market price of ABB Shares will trade above the Rights Issue Price or the TERP of ABB Shares upon or subsequent to the listing and quotation of the Rights Shares on the Main Market.

(ii) Delay in the implementation or non-completion of the Rights Issue

The Rights Issue is exposed to the risk that it may be aborted or delayed on the occurrence of any material adverse change of events/ circumstances, unfavourable changes in government policies as well as other force majeure events which are beyond the control of ABB Group arising prior to or during the implementation of the Rights Issue.

In the event the Minimum Scenario occurs as set out in Section 4 of this AP and the Private Placement cannot be implemented, the Rights Issue will be aborted by ABB. The Board will then deliberate and consider other means of fundraising to raise proceeds to repay the IMTN such as sourcing advances from certain major shareholders of ABB.

If there is a failure in the implementation of the Rights Issue, all monies received in respect of all applications for any Rights Shares will be returned in full without interest. Where applicable, if any money received from the Entitled Shareholders and/ or renounee(s)/ transferee(s) are not repaid within fourteen (14) days after ABB becomes liable to pay, ABB will repay such monies with interest at the rate of 10% per annum or such other rate as may be prescribed by the SC in accordance with Section 243(2) of the CMSA.

However, if the Rights Issue is aborted/ terminated, and the Rights Shares have been allotted to the Entitled Shareholders, a return of monies to all holders of the Rights Shares can only be achieved by way of cancellation of share capital as provided under the Act. Such cancellation shall require the sanction of ABB's shareholders by way of a special resolution in a general meeting, consent of ABB's creditors (where applicable) and may require the confirmation of the High Court or a solvency statement made by the Board.

While the Board will exercise its best endeavour to ensure that every effort is made to ensure the successful implementation of the Rights Issue, there can be no assurance that the abovementioned factors/ events will not cause a delay in or result in the non-completion of the Rights Issue.

(iii) Potential dilution

Entitled Shareholders who do not or are not able to accept the Rights Shares provisionally allotted to them of which the said renounced portion is allocated to other Entitled Shareholders via the Rights Issue will have their proportionate ownership or voting interests in ABB reduced, and their percentage shareholdings in ABB will also be reduced accordingly.

(iv) Implications on the Rules and the MMLR

Under the Maximum Scenario of the Rights Issue as set out in Section 4 of this AP, assuming all the Entitled Shareholders fully subscribe for their respective entitlements under the Rights Issue, the subscriptions of the Rights Shares by the respective Undertaking Shareholders will not give rise to any consequences of mandatory general offer obligations pursuant to the Code and the Rules and ABB will also be in compliance with the public shareholding spread requirement under Paragraph 8.02(1) of the MMLR.

Under the Minimum Scenario of the Rights Issue as set out in Section 4 of this AP, after taking into consideration the implementation of the Private Placement, the subscriptions of the Rights Shares by the respective Undertaking Shareholders will not give rise to any consequences of mandatory general offer obligations pursuant to the Code and the Rules. ABB will also be in compliance with the public shareholding spread requirement under Paragraph 8.02(1) of the MMLR as the Private Placement is implemented to increase the public shareholding in ABB Shares.

For clarification purposes, in the event of the Minimum Subscription Level under the Minimum Scenario which will result in certain Undertaking Shareholders exceeding the mandatory general offer threshold, ABB intends to allot and issue the Placement Shares concurrently with the Rights Shares so that the said Undertaking Shareholders will not exceed the mandatory general offer threshold and not trigger the mandatory general offer obligations under the Rules.

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For illustration purposes, assuming only the Undertaking Shareholders subscribe for their entitlements to the Rights Shares and if the Private Placement is not implemented, two of the Undertaking Shareholders, namely Everest Hectare and Trackland will trigger the obligations to undertake a mandatory general offer pursuant to the Code and the Rules and ABB will not comply with the minimum public shareholding spread requirement pursuant to the MMLR (please refer to the illustration as shown in column (II) of the table below).

Further, for illustration purposes, the effects of the Rights Issue and the Private Placement on the respective direct and indirect shareholdings of the substantial shareholders of ABB as well as the public shareholding spread of ABB assuming only the Undertaking Shareholders subscribe for their entitlements to the Rights Shares and the entire 46,529,520 Placement Shares are issued and allotted to the potential placees pursuant to the full implementation of the Private Placement are shown in column (III) of the table below:

	(I) As at the LPD				(II) After (I) and the Rights Issue based on the Minimum Scenario ⁽ⁱ⁾				(III) After (II) and the full implementation of the Private Placement ^(iv)			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of ABB Shares	%	No. of ABB Shares	%	No. of ABB Shares	%	No. of ABB Shares	%	No. of ABB Shares	%	No. of ABB Shares	%
Everest Hectare	38,557,477	33.15	-	-	77,114,954	38.09	-	-	77,114,954	30.97	-	-
Ng Chin Huat	-	-	(i)38,557,477	33.15	-	-	(ii)77,114,954	38.09	-	-	(iii)77,114,954	30.97
Yap Su P'ing	-	-	(ii)38,557,477	33.15	-	-	(ii)77,114,954	38.09	-	-	(iii)77,114,954	30.97
NTSCSB	10,366,258	8.91	-	-	20,732,516	10.24	-	-	20,732,516	8.33	-	-
Trackland	37,206,586	31.99	-	-	74,413,172	36.76	-	-	74,413,172	29.89	-	-
DSTTP	1,000	*	(iii)37,206,586	31.99	1,000	*	(iii)74,413,172	36.76	1,000	*	(iii)74,413,172	29.89
Other existing shareholders of ABB	30,192,479	25.95	-	-	30,192,479	14.91	-	-	30,192,479	12.13	-	-
Potential placees pursuant to the Private Placement	-	-	-	-	-	-	-	-	46,529,520	18.69	-	-
Proforma public shareholding spread of ABB	29,116,879	25.03	-	-	29,116,879	14.38	-	-	75,646,399	30.38	-	-
Proforma enlarged issued share capital of ABB	116,323,800	100.00	-	-	202,454,121	100.00	-	-	248,983,641	100.00	-	-

Notes:

- * Negligible.
- (i) Assuming only Everest Hectare, NTSCSB and Trackland subscribe for their respective entitlements to the Rights Shares in full pursuant to the Undertakings.
- (ii) Deemed interested by virtue of his/her direct interest in Everest Hectare pursuant to Section 8 of the Act.
- (iii) Deemed interested by virtue of his direct interest in Trackland pursuant to Section 8 of the Act.
- (iv) Assuming the issuance of the entire 46,529,520 Placement Shares pursuant to the full implementation of the Private Placement.

Under the Minimum Scenario, in the event that the Private Placement cannot be implemented, ABB will abort the Rights Issue. The Board will then deliberate and consider other means of fundraising to raise proceeds to repay the IMTN such as sourcing advances from certain major shareholders of ABB.

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5.2 Risks relating to ABB Group

(i) Foreign exchange fluctuation

As ABB is in the retail industry, it is exposed to the fluctuation of exchange rates vis-à-vis the import of raw materials and inventories from overseas markets. Furthermore, ABB Group has not entered into any derivative instruments for hedging and trading purposes. Where possible, ABB Group will apply natural hedging by selling and purchasing in the same currency. The Group will closely monitor the movement in foreign exchange rates to limit these risks.

(ii) Borrowings and fluctuations in interest rates

As at the LPD, the total outstanding bank borrowings of ABB Group amounted to approximately RM100.50 million, all of which are interest-bearing borrowings and denominated in RM. As such, any additional borrowings and/ or increase in interest rates may result in an increase in interest expense which may affect the Group's profitability.

Based on the latest audited consolidated financial results of ABB for the FYE 31 March 2018, ABB Group's total borrowings amounted to approximately RM102.73 million and ABB's gearing stood at 0.71 times. All its borrowings are interest-bearing obligations and any interest rate hike may affect ABB Group's operations and its ability to price its products competitively. Any substantial increase in ABB Group's borrowings may have a material adverse impact on its financial performance.

(iii) Political, economic and regulatory risks

The developments in political, economic and regulatory conditions in Malaysia could materially affect the business and financial prospects of the Group. The risks include the changes in interest rates, methods of taxation, inflation, introduction of new regulations, civil unrest, expropriation and riots. Whilst the Group continues to take measures to mitigate these risks including close and careful attention to the government's economic and development policies so that the Group can stay ahead as well as capitalise on any regulatory changes in the industry in which the Group operates, there is no assurance that the adverse political, economic and regulatory conditions will not materially affect the Group.

(iv) Dependence on key management and personnel

The success of the Group is believed to depend, to a significant extent, upon the abilities and continued efforts of its existing Directors and senior management. To a certain extent, the loss of any key Directors and key members of the senior management may adversely affect the Group's continued ability to compete effectively in the industry concerned. In addition, the Group's future success will also depend upon its ability to attract and retained skilled personnel. Therefore, appropriate measures are taken which include the provision of on-going training programmes and the offering of attractive remuneration packages as well as grooming talents for succession. In addition, the Group's future success will also depend upon the ability to attract and retain skilled personnel within the Group.

(v) Risk of default of IMTN

The IMTN is a sukuk programme issued by AKSB. This sukuk programme has a tenure of fifteen (15) years from the date of the first issue of the IMTN which may be issued with maturities of more than one (1) year and up to fifteen (15) years provided that the final maturities of any of the IMTN shall not exceed the tenure of the sukuk programme. The proceeds raised from the IMTN was used for Shariah-compliant purposes only, which amongst others, to finance investment activities, capital expenditure, working capital requirements and other general corporate purposes of ABB Group.

The details of the total outstanding RM90.0 million IMTN and its repayment schedule as at the LPD were as follows:

Tranche	Series	Nominal value (RM' mil)	Issue date	Maturity date
1	3	40	16 March 2015	18 March 2019
1	4	20	16 March 2015	16 March 2020
2	5	10	16 April 2015	16 March 2020
3	6	10	15 May 2015	16 March 2020
4	7	10	16 June 2015	16 March 2020

Please refer to note (i) of Section 4 of this AP for further details on the outstanding IMTN.

In the event any tranche of the outstanding RM90.0 million IMTN as stated above is not settled by its maturity date, this will constitute triggering events of default under the IMTN which may lead to a declaration of an event of default of the other outstanding tranches under the IMTN. Upon the declaration of an event of default, the entire outstanding IMTN shall be due and payable immediately. Further, the securities/collateral granted pursuant to the IMTN may be enforced pursuant thereto. This may consequently cause ABB to trigger the prescribed criteria under Paragraph 8.04 and Paragraph 2.1(f) of PN17 of the MMLR which may result in ABB being classified as a PN 17 issuer.

5.3 Risks relating to the retail industry

(i) Consumer spending patterns

The performance of ABB Group is dependent on consumer spending habits which could be affected by numerous factors including amongst others, the state of the economy, fluctuation of income levels and the general lifestyle concept.

Consumer demand and preferences are dynamic and ever-changing. The failure to identify customers' needs and expectations and to adjust accordingly may result in loss of sales opportunity to other market competitors.

Nevertheless, the Board takes cognisance of the changes in consumer patterns and demand and will continue to take necessary actions to ensure that ABB is able to keep up with the changing consumer patterns and preferences.

(ii) Intellectual property protection

The management of ABB recognizes the importance of differentiating its products from its competitors and accordingly has taken measures to protect its existing products by registering its existing product brands, namely Anakku and Audrey. Although some of the existing product brands are registered, there are no assurances that any third parties or competitors will not infringe the brand name licensed and/or registered by Anakku and/or Audrey. ABB had registered both the Anakku and Audrey trademarks with the Intellectual Property Corporation of Malaysia to protect both brand names.

In the event that the intellectual property rights of Anakku and/or Audrey trademarks are infringed, there may be adverse effects to the reputation of the abovementioned brand names which may materially and adversely affect the business and profitability of ABB. Nevertheless, ABB has engaged an intellectual property consultant to manage all trademark-related matters. Part of their responsibility would include monitoring the market to ensure that the registered trademark belonging to Anakku and Audrey are not infringed or similar trademarks are not already registered. Furthermore, as both Anakku and Audrey trademarks have been legally registered, the Board will explore various legal actions that can be taken to ensure that ABB is compensated should there be any infringement to these trademarks.

(iii) Latest trends/ Designs and inventory management

Since global trends and designs are constantly and rapidly changing, keeping up with the latest trends and designs in the apparel market will be an inevitable task for ABB. Failure to do so may result in a loss of market share and/or brand appeal to its competitors. Bearing in mind the above, the management of ABB is constantly monitoring the trends and designs via customer feedback, market observations and trade fairs.

The management of ABB is cautious in exercising good judgment relating to inventory levels for new product launches as it is necessary to avoid situations of overstocking or understocking. Although apparels are not perishable goods, the maintenance of appropriate levels of inventory is important for ABB to ensure its retail stores and third-party retail locations are adequately stocked.

(iv) Peer competition

ABB Group will face strong competition from other players in the apparel retailing sector in Malaysia. Competitive pressures may arise in terms of product pricing, advertising campaigns and strategic location of outlets. Future success will depend highly on its ability to respond to dynamic and changing economic conditions and market demands.

As the barriers to entry for the apparel market are low, ABB Group will encounter possible future threats of competition from the entry of new market players. There is no assurance that the Group will be able to maintain its market share in the future.

Nevertheless, the management of ABB shall ensure that they will maintain good business relationships and understand the needs of customers to create brand loyalty by continuous promotional activities and membership programs which offers its members special discounts for featured products.

5.4 Forward-looking statements

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

All forward-looking statements contained in this AP are based on assumptions made by ABB unless stated otherwise. Although the Board believes that these forward-looking statements are reasonable, the statements are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include inter-alia, the risk factors set out in Section 5 of this AP. In view of these uncertainties, the inclusion of any forward-looking statements in this AP should not be regarded as a representation or warranty by ABB that the plans and objectives of ABB will be achieved.

6. INDUSTRY OVERVIEW, OUTLOOK AND PROSPECTS OF THE GROUP

6.1 Overview and outlook of the Malaysian economy

Prospects for the Malaysian economy remain favourable largely supported by sound domestic demand. In addition, steady global growth and trade, continuous expansion in electrical and electronic (E&E) as well as higher oil prices are expected to support export growth. Consequently, real gross domestic products (“GDP”) is expected to expand 4.8% in 2018 after recording a growth rate of 4.9% during the first half of the year. In 2019, growth is forecast to increase further to 4.9%. Despite the resilient economic performance, risks to growth are tilted downside emanating from heightening uncertainties in the global environment including rising trade conflict, volatility in global financial markets and oil prices as well as geopolitical tension.

Private sector expenditure will remain as the key driver to growth cushioning the effects of lower public sector spending in 2018 and 2019. Stable employment and wage growth, conducive financial condition and benign inflation will continue to support private consumption which accounts for about 55% of GDP. Meanwhile, private investment is anticipated to expand with capital outlays mainly channelled into the services and manufacturing sectors. On the contrary, public expenditure is projected to record a slower growth following initiatives taken by the Government to review and reprioritise expenditure without jeopardising the economic growth as well as lower capital spending by public corporations.

On the supply side, growth is expected to be driven by the services and manufacturing sectors. The services sector is projected to remain firm supported by consumption and domestic tourism activities as well as strong demand for information and communications technology (ICT), transport and finance. The manufacturing sector is estimated to record a steady growth in tandem with developments in the global semiconductor industry. Though the growth in agriculture and mining sectors are expected to decline marginally in 2018, it is projected to rebound in 2019 following an uptick in the production of crude palm oil (CPO) and liquified natural gas (LNG). The construction sector is anticipated to expand albeit at a moderate pace largely due to near completion of several mega projects as well as property overhang particularly in the non-residential subsector. In 2019, the sector is expected to improve marginally following an increase in new planned supply in the affordable homes and industrial segments.

The external sector is expected to remain resilient in 2018 supported by steady global economic and trade performances. Nevertheless in 2019, exports are anticipated to expand moderately in line with slower global trade activities. Meanwhile, current account surplus is estimated to narrow with widening deficits in the services and income accounts.

(Source: Economic Outlook 2019, Ministry of Finance)

The Malaysian economy recorded a sustained growth of 4.4% in the third quarter of 2018 (2Q 2018: 4.5%), supported by expansion in domestic demand amid a decline in net exports growth. Private sector expenditure remained the key driver of growth, expanding at a faster pace of 8.5% (2Q 2018: 7.5%), while public sector expenditure turned around to register a positive growth of 1.1% (2Q 2018: -1.4%). On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.6% (2Q 2018: 0.3%).

Domestic demand expanded at a faster pace during the quarter (6.9%; 2Q 2018: 5.6%), driven by private sector activity.

Private consumption growth accelerated to 9.0% (2Q 2018: 8.0%). Household spending was boosted in July and August 2018, following the zerorisation of the Goods and Services Tax (GST) rate, particularly on durable goods such as motor vehicles and furnishings, as well as food and beverages. Continued expansion in income and employment provided key support to household spending.

Private investment growth edged higher to 6.9% (2Q 2018: 6.1%), underpinned mainly by capital spending in the manufacturing and services sectors. During the quarter, firms further expanded their capacity through increased machinery and equipment spending to cater to positive demand.

Public consumption grew at a faster pace (5.2%; 2Q 2018: 3.1%). This was attributable to a higher spending on supplies and services, which more than offset the moderation in emoluments growth.

Public investment registered a smaller decline during the quarter (-5.5%; 2Q 2018: -9.8%), due to improvements in General Government capital spending. However, capital spending by public corporations was lower as some projects were near completion.

(Source: Developments in the Malaysian Economy, Economic and Financial Developments in the Malaysian Economy in the Third Quarter of 2018, Bank Negara Malaysia)

6.2 Overview and outlook of the retail and textile industry in Malaysia

Services sector grew 6.5% year on year during the first half of 2018 led by the wholesale and retail trade, finance and insurance, information and communication; as well as food & beverages and accommodation subsectors. Accounting for about 55% of GDP, the growth in the services sector is projected to grow 6.3% and 5.9% in 2018 and 2019 respectively, reflecting expansion across all subsectors as the sector has diversified over the years.

The wholesale and retail trade subsector is expected to remain resilient at 7% and 6.3% in 2018 and 2019 respectively. This is in line with higher consumption activities especially with the 3-months zero-rated Goods and Services Tax (GST) and upward revision of the minimum wage rate. In addition, growth of the subsector will be supported by higher sales via e-commerce platforms. As of September 2018, about 3,800 small and medium-sized enterprises (SMEs) joined the Digital Free Trade Zone (DFTZ) platform.

(Source: Economic Outlook 2019, Ministry of Finance)

The Malaysian textiles and textiles products industry is a mature one, featuring low barriers to entry and a highly competitive environment. It includes companies active across a broad range of upstream (production of natural and synthetic fibre and yarn, woven, knitted, and non-woven fabrics, as well as bleaching, dyeing, finishing, and printing) and downstream activities (manufacture of ready-to-wear garments, home and industrial textile products, and textile accessories).

The industry became the country's eleventh largest export earner in 2017, making up approximately RM15.3 billion (1.6%) to Malaysia's total exports of manufactured goods. The USA was still the leading export market for Malaysia's textile products, purchasing RM2.2 billion (14.6%) of the industry's total exports, followed by Japan and Turkey. Competition from developing economies with lower production costs, such as the People's Republic of China, Indonesia, Cambodia, Vietnam, Pakistan, Sri Lanka, and Bangladesh, has spurred manufacturers to push up the value chain, by developing and improving processes, focusing on higher value-added products, and improving efficiency through automation. This also entails increasing product quality, placing an emphasis on new designs and product differentiation.

In 2017, a total of RM428.8 million in investments across 12 projects were approved in the textiles and textile products industry. Foreign investors took the lead, bringing in RM322.3 million (75.2%). Domestic investments accounted for the other RM106.5 million (24.8%). Approved investments were concentrated in the production of primary textiles with eight projects (RM389.9 million). The production of ready-to-wear garments had three projects approved (RM33.8 million), while one project worth RM5.1 million was approved in the textile accessories sub-sector. These projects generated a total of 1,850 employment opportunities, which include skilled positions for engineers, quality controllers, and highly skilled technicians.

(Source: Textiles and Textile Products (last updated on 26 November 2018), Malaysian Investment Development Authority- www.mida.gov.my)

6.3 Prospects of ABB Group

The management of ABB Group has put in place strategies to improve the Group's business and is hopeful that it will bear fruit in the immediate future. To achieve this end, the Group plans to put continuous efforts to reduce its inventory, improve outlet productivity and rationalise its sales mix.

ABB Group had streamlined most of its business by channeling management time and energy to improve its remaining two divisions (baby apparels division and innerwear division). Prior to 2017, the Group had spent extensively to open specialised boutique stores for its casualwear division in high traffic malls with the intention of securing a strategic retail imprint. However, the plan which included retail expansion and brand rejuvenation did not achieve the desired result. This was largely due to weakening consumer spending, rising costs of business and intense competition from fashion retailers (both local and foreign). In 2017, the Group disposed its casualwear division and focused on product range re-alignment of its baby apparels division and innerwear division as well as maintaining competitive pricing for its products.

The table below sets out ABB Group's revenue, GP, PBT/LBT, PAT/LAT and NA for the audited FYE 31 March 2016 to 2018 as well as the unaudited FPE 30 September 2018.

	Audited FYE 31 March			Unaudited FPE 30 September
	2016	2017	2018	2018
	RM'000	RM'000	RM'000	RM'000
Revenue	173,372	165,551	150,588	75,262
GP	85,337	67,030	69,153	37,338
PBT/(LBT)	(25,823)	(50,343)	(17,999)	3,283
PAT/(LAT)	(45,223)	(58,494)	(19,197)	2,386
NA	194,658	136,164	144,537	146,924

(Source: Annual reports of ABB for the FYE 31 March 2016 to 2018 and the unaudited quarterly results of ABB for the FPE 30 September 2018)

Based on the above, ABB Group had recorded a decreasing stream of revenue for the past three (3) financial years from 2016 to 2018. This is mainly attributable to the closure of underperforming outlets. In the FYE 31 March 2017, ABB Group had closed down 43 stand-alone outlets and 119 departmental consignment outlets. Following these closures, ABB Group had recorded a gross profit of approximately RM69.15 million for the FYE 31 March 2018, as compared with a gross profit of approximately RM67.03 million in the previous financial year, representing a slight improvement of approximately RM2.12 million or 3.16%.

It is also pertinent to note that in contrast to the decreasing stream of revenue, ABB Group's LAT had increased for the FYE 31 March 2017 but decreased for the FYE 31 March 2018. ABB Group had recorded a LAT of approximately RM58.49 million in FYE 31 March 2017 as compared to a LAT of approximately RM45.22 for the FYE 31 March 2016, representing an increase in LAT of approximately RM13.27 million or 29.35%. Subsequently, ABB Group had recorded a lower LAT of RM19.20 million in FYE 31 March 2018 as compared to a LAT of RM58.49 million in FYE 31 March 2017, representing a substantial reduction in LAT of approximately RM39.29 million or 67.17%.

The lower loss in FYE 31 March 2018 was attributable to overhead costs saved from the closure of non-performing outlets and streamlining of operating expenses. Further, the Group's lower LAT in FYE 31 March 2018 was due to amongst others, a result of the reversal of impairment loss relating to receivables of approximately RM4.71 million, reversal of inventories written down of approximately RM3.0 million and a lower depreciation expenses of approximately RM4.35 million in FYE 31 March 2018 as compared to the impairment loss relating to receivables of approximately RM11.19 million, inventories written down of approximately RM17.01 million, depreciation expenses of approximately RM7.02 million and one-off losses on disposals of subsidiaries and trademark amounting to approximately RM6.72 million incurred in FYE 31 March 2017. The reversal of impairment loss was due to the collection of written off debts and the sale of inventories, which were previously impaired, during its normal course of business. The marginal increase in gross profit and the reduction of losses in the FYE 31 March 2018 indicated that the business strategies implemented by ABB Group is yielding results as planned by the management of ABB.

The audited consolidated financial statements of ABB for the FYE 31 March 2018 contained a statement of material uncertainty related to the going concern of ABB Group as issued by the auditors of ABB Group in its audit opinion in the Independent Auditors' Report for the FYE 31 March 2018. During the FYE 31 March 2018, the Group and the Company incurred net losses of RM19,196,832 (2017: RM58,493,653) and RM2,135,932 (2017: RM32,861,529) respectively and as of that date, the Group and the Company had net current liabilities of RM32,182,620 (2017: RM47,251,848) and RM6,830,450 (2017: RM26,284,548) respectively. The Group had net current liabilities due to the reclassification of IMTN to current liabilities as a result of non-compliance with financial covenants as required in the IMTN. The non-compliance of financial covenants as required is mainly due to losses incurred. These conditions indicate that there is a material uncertainty on the Group's and the Company's ability to continue as a going concern.

In addition, the audited consolidated financial statements of ABB for the FYE 31 March 2018 contained two key audit matters as reported in the Independent Auditors' Report for the FYE 31 March 2018. Please refer to the table below for the key audit matters reported in the auditors' opinion report for the FYE 31 March 2018 and the steps to be taken by ABB Group to address the said key audit matters as follows:

Key audit matters	Steps to be taken by ABB Group to address the key audit matters
<p>Impairment assessment on goodwill and intangible assets with indefinite life</p> <p>The carrying values of goodwill and intangible assets of the Group as at 31 March 2018 are RM26.7 million and RM131 million respectively.</p> <p>Goodwill and intangible assets with indefinite life are subject to annual impairment testing. The auditor had focused on these areas as the determination of recoverable amounts of cash-generating-unit based on value-in-use calculations by management involved a significant degree of judgement and assumptions.</p>	<p>The Group tests annually whether goodwill and trademarks have suffered any impairment in accordance with ABB's accounting policy on impairment of non-financial assets. When value in use calculations are undertaken, management estimates the expected future cash flows from the cash generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows. The preparation of the estimated future cash flows involves significant judgement and estimations. While the Group believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable amounts and may lead to future impairment losses.</p> <p>Based on ABB Group's cashflow projections, the management of ABB is of the view that adequate impairment has been provided for its goodwill and intangible assets as at 31 March 2018 and will continue to test and monitor for any further impairment for each future financial reporting period.</p>
<p>Inventories valuation and provision</p> <p>The carrying amount of finished goods of the Group as at 31 March 2018 is approximately RM46.1 million. Inventories are recorded in the accounts at the lower of cost and net realisable value.</p> <p>The auditors had considered this as a key audit matter due to the significance of inventories and the corresponding uncertainty inherent in estimating the value of the inventories based on the significant judgement of the management as there is a risk in estimating the net realisable value of the inventories, as well as assessing which items may be slow-moving or obsolete.</p>	<p>The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group will be required to reduce the value of its inventories.</p> <p>The reversal of the inventories written down was made during the respective financial years the related inventories were sold above their carrying amounts.</p> <p>As ABB Group tends to cater to the basic needs of ladies and babies, ABB's inventories which consists of babywear and lingerie are of a non-fashionable nature.</p>

	<p>As part of the Group's internal accounting policies, ABB Group has consistently marked down stocks which are aged beyond 4 years and write off stocks which are damaged, discontinued or have expired. The value of ABB Group's inventories has reduced from approximately RM62.70 million in FYE 31 March 2017 to RM46.1 million in FYE 31 March 2018.</p> <p>These policies have been consistently implemented by the Group and will continue to be implemented in the foreseeable future.</p>
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The ABB Group is continuously exploring various options to improve its business and to address its financial condition, amongst which, include further streamlining of operations to achieve cost savings and increasing product range and product range to achieve higher revenue and better margins. In order to achieve these objectives, ABB Group had conducted extensive market analysis to determine strategic locations for the opening of new outlets as well as conducting periodical internal reviews to assess the impacts of its new business strategies. These new outlets include temporary lease or 'pop-up' stores in order to take advantage of the availability of space in shopping malls. ABB is of the view that the temporary lease or 'pop-up' stores are still relevant in today's market as it caters to customers who have a preference for traditional shopping experiences of trying and/or buying items off the shelf with personalised services.

The table below sets out the GP margins, LBITDA margins and the change in the number of outlets of ABB for the past two (2) financial years:

	As at 31 March		As at 30 September
	2017	2018	2018
Consignment outlets	402	371	368
Standalone outlets	155	127	125
Large format outlets	2	3	4
Total outlets	559	501	497
	FYE 31 March		FPE 30 September
	2017	2018	2018
GP margin (%)	40.5	45.9	49.6
EBITDA/(LBITDA) margin (%)	(21.5)	(3.8)	9.6

ABB Group will continue to implement its action plans to close down non-performing outlets and open new and cost-efficient retail setup with the aims of improving profitability and margins. ABB Group had also implemented promotional activities such as mega warehouse sales in existing large format stores in large departmental stores which had also contributed to the improvement in the GP and LBITDA margins. In addition, ABB introduced new products such as electric breast pumps, baby socks and shoes to widen its product range to increase revenue. Premised on the table above, the GP margins and LBITDA margins of ABB's outlets had recorded gradual improvements from FYE 31 March 2017 to FYE 31 March 2018 and subsequently recorded a GP margin of 49.6% and an EBITDA of 9.6% for the six (6)-month FPE 30 September 2018.

Moving forward, the Group is looking to capture market opportunities and record more revenue. The Group will continue to expand its range of products to cater to the wider community and increase its customer base.

In the event the RM40.0 million IMTN (Tranche 1, Series 3) due on 18 March 2019 is not settled, this will constitute triggering an event of default under the IMTN and it may lead to a declaration of an event of default of the other outstanding tranches under the IMTN. Upon the declaration of an event of default, the entire outstanding IMTN shall be due and payable immediately. Further, the securities/collateral granted pursuant to the IMTN may be enforced pursuant thereto. This may consequently cause ABB to trigger the prescribed criteria under Paragraph 8.04 and Paragraph 2.1(f) of PN17 of the MMLR which may result in ABB being classified as a PN 17 issuer.

As set out in Section 4 of this AP under the Minimum Scenario, the Rights Issue will enable ABB to raise aggregated total gross proceeds of approximately between RM30.15 million and RM40.71 million which will be utilised to repay the RM40.0 million IMTN (Tranche 1, Series 3) in part or in full which is due on 18 March 2019. Under the Maximum Scenario, the Rights Issue and the Private Placement will enable ABB to raise aggregated total gross proceeds of approximately RM63.98 million which will be utilised to fully repay the RM40.0 million IMTN (Tranche 1, Series 3) due on 18 March 2019 and fully repay the RM20.0 million IMTN (Tranche 1, Series 4) due on 16 March 2020.

The full or partial repayment of the IMTN (Tranche 1, Series 3 and 4) due on 18 March 2019 and 16 March 2020 respectively will address the immediate financial concerns relating to the material uncertainty related to going concern of ABB Group and the net current liabilities of RM32,182,620 as at 31 March 2018 that was highlighted by the auditors of ABB in the Independent Auditors' Report 2018. Upon completion of the Rights Issue and the Private Placement, ABB Group will no longer have net current liabilities but will have net current assets position illustrated as follows:

	As at 31 March 2018 (RM' million)	Upon completion of the Rights Issue and the Private Placement	
		Minimum Scenario (RM' million)	Maximum Scenario (RM' million)
Current assets	91.39	94.40	94.97
Current liabilities	123.57	73.57	63.57
Net current assets/ (net current liabilities)	(32.18)	20.83	31.40

Please refer to the Reporting Accountants' letter on the pro forma consolidated statements of financial position of ABB as at 31 March 2018 in Appendix III for further details.

Upon completion of the Rights Issue and the Private Placement where the proceeds raised will be mainly utilised for the repayment of the RM40.0 million IMTN (Tranche 1, Series 3) and either the partial or full repayment of the RM20.0 million IMTN (Tranche 1, Series 4), the balance outstanding IMTN will be either RM40 million (Minimum Scenario) or RM30.0 million (Maximum Scenario) which will be due on 16 March 2020. In the event ABB defaults on the future repayments of the IMTN, it will constitute triggering an event of default under the IMTN and it may lead to a declaration of an event of default under the IMTN. Upon the declaration of an event of default, the total IMTN shall be due and payable immediately. Further, the securities/collateral granted pursuant to the IMTN may be enforced pursuant thereto. This may consequently cause ABB to trigger the prescribed criteria under Paragraph 8.04 and Paragraph 2.1(f) of PN 17 which may result in ABB being classified as a PN 17 issuer.

The Board plans to address the future repayments of the remaining IMTN before the due date on 16 March 2020 after the completion of the Rights Issue and the Private Placement via one or a combination of the following methods:

- (i) seek investors to take up equity interests in its wholly-owned subsidiaries, AKSB or Audrey;
- (ii) potential fundraising exercises such as rights issue(s) or private placement(s); and/or
- (iii) refinancing of the IMTN.

As set out in Section 7.2 of this AP and based on the utilisation of the proceeds to be raised from the Rights Issue and the Private Placement, the gearing ratio of ABB will improve from 0.71 times to 0.27 times and 0.21 times under the Minimum Scenario and the Maximum Scenario respectively. This will avoid triggering an event of default for that tranche of IMTN due on 18 March 2019 and ABB being classified as a PN17 issuer under the MMLR. ABB's financial position will improve and give the Company an opportunity to focus on growing the Group's business and efforts to generate earnings to create value for its shareholders.

Given that the Rights Issue and the Private Placement meet the Company's objectives of fundraising while strengthening the Group's balance sheet, increasing its financing flexibility and reducing the current gearing level of the Group, the Board is of the view that the Rights Issue and the Private Placement are in the best interests of the ABB Group.

The Group is confident to deliver better results via its new business strategies. The Group is ready to take on the effort to aggressively promote its baby and innerwear brands and will continue to look for opportunities in the export market for future business expansion.

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7. EFFECTS OF THE RIGHTS ISSUE AND THE PRIVATE PLACEMENT

The pro forma effects of the Rights Issue and the Private Placement on the share capital, NA and gearing, earnings, LPS and substantial shareholders' shareholdings are illustrated based on the following scenarios:

Minimum Scenario	Only the Undertaking Shareholders subscribe for their entitlements to the Rights Shares in full pursuant to the Undertakings and assuming the full issuance of 46,529,520 Placement Shares pursuant to the Private Placement. In this scenario, the Placement Shares will be allotted and issued concurrently with the Rights Shares. The Private Placement will be implemented concurrently with the Rights Issue.
Maximum Scenario	All the Entitled Shareholders subscribe for their entitlements to the Rights Shares in full pursuant to the Rights Issue and assuming the full issuance of 46,529,520 Placement Shares pursuant to the Private Placement. The Private Placement will be implemented after the completion of the Rights Issue.

7.1 Share capital

The pro forma effects of the Rights Issue and the Private Placement on the share capital of ABB are as follows:

Minimum Scenario

	No. of ABB Shares	RM'000
Existing issued share capital as at the LPD	116,323,800	158,001
To be issued pursuant to the Rights Issue and the Private Placement ⁽ⁱ⁾	132,659,841	53,410
Less: estimated expenses related to the Rights Issue and the Private Placement	-	(400)
Enlarged share capital	248,983,641	211,011

Note:

- (i) After taking into consideration the 86,130,321 Rights Shares to be issued at the Rights Issue Price pursuant to the Rights Issue and the 46,529,520 Placement Shares to be issued at the Indicative Issue Price pursuant to the Private Placement. The Rights Issue and the Private Placement will be implemented concurrently.

Maximum Scenario

	No. of ABB Shares	RM'000
Existing issued share capital as at the LPD	116,323,800	158,001
To be issued pursuant to the Rights Issue	116,323,800	⁽ⁱ⁾ 40,713
Less: estimated expenses related to the Rights Issue and the Private Placement	-	(400)
To be issued pursuant to the Private Placement	46,529,520	⁽ⁱⁱ⁾ 23,265
Enlarged share capital	279,177,120	221,579

Notes:

- (i) Based on the Rights Issue Price per Rights Share.
- (ii) Based on the Indicative Issue Price per Placement Share.

7.2 NA per share and gearing

The pro forma effects of the Rights Issue and the Private Placement on the consolidated NA per ABB Share and gearing of the Group based on the latest audited consolidated statements of financial position of ABB as at 31 March 2018 are as follows:

Minimum Scenario

	(i) Audited as at 31 March 2018 RM'000	After (i) and the Rights Issue and the Private Placement ⁽ⁱⁱ⁾ RM'000
Share capital	158,001	⁽ⁱⁱ⁾ 211,011
Accumulated losses	(13,464)	(13,464)
Total equity attributable to owners of the Company/ NA	144,537	197,547
No. of ABB Shares	116,323,800	248,983,641
NA per ABB Share (RM)	1.24	0.79
Total borrowings (RM'000)	102,730	⁽ⁱⁱⁱ⁾ 52,730
Gearing (times)	0.71	0.27

Notes:

- (i) After taking into consideration the 86,130,321 Rights Shares to be issued at the Rights Issue Price pursuant to the Rights Issue and the 46,529,520 Placement Shares to be issued at the Indicative Issue Price pursuant to the Private Placement. The Rights Issue and the Private Placement will be implemented concurrently.
- (ii) After deducting the estimated expenses relating to the Rights Issue and the Private Placement of approximately RM0.40 million.
- (iii) After taking into consideration the following:
- (a) repayment of the RM30.0 million out of the RM40.0 million IMTN (Tranche 1, Series 3) due on 18 March 2019 from proceeds raised from the Rights Issue;
 - (b) RM10.0 million of the proceeds raised from the Private Placement of RM20.0 million will be used to repay part of the RM40.0 million IMTN (Tranche 1, Series 3) due on 18 March 2019; and
 - (c) RM10.0 million of the proceeds raised from the Private Placement of RM20.0 million will be used to repay part of the RM20.0 million IMTN (Tranche 1, Series 4) due on 16 March 2020.

Maximum Scenario

	(i) Audited as at 31 March 2018 RM'000	(ii) After (i) and the Rights Issue RM'000	After (ii) and the Private Placement RM'000
Share capital	158,001	⁽ⁱ⁾ 198,314	221,579
Accumulated losses	(13,464)	(13,464)	(13,464)
Total equity attributable to owners of the Company/ NA	144,537	184,850	208,115
No. of ABB Shares	116,323,800	232,647,600	279,177,120
NA per ABB Share (RM)	1.24	0.79	0.75
Total borrowings (RM'000)	102,730	⁽ⁱⁱ⁾ 62,730	⁽ⁱⁱⁱ⁾ 42,730
Gearing (times)	0.71	0.34	0.21

Notes:

- (i) After deducting the estimated expenses relating to the Rights Issue and the Private Placement of approximately RM0.40 million.
- (ii) After repayment of the RM40.0 million IMTN (Tranche 1, Series 3) due on 18 March 2019 from proceeds raised from the Rights Issue.
- (iii) After repayment of the RM20.0 million IMTN (Tranche 1, Series 4) due on 16 March 2020 from proceeds raised from the Private Placement.

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7.3 Earnings and LPS

Save for the interest savings arising from the repayment of the IMTN, the Rights Issue and the Private Placement are not expected to have a material effect on the earnings of the Group for the FYE 31 March 2019. However, the LPS of ABB is expected to be diluted as a result of the increase in the number of ABB Shares in issue upon completion of the Rights Issue and the Private Placement.

For illustration purposes, the pro forma effects on the earnings and LPS of ABB Group assuming the Rights Issue and the Private Placement were effected at the beginning of the FYE 31 March 2018 after taking into consideration the repayment of the IMTN are as follows:

Minimum Scenario

	(i) Audited as at 31 March 2018 RM'000	After (i) and the Rights Issue and Private Placement ⁽¹⁾ RM'000
LAT	19,197	⁽¹⁾ 15,957
No. of ABB Shares ('000)	116,324	248,984
LPS (sen)	16.50	6.41

Notes:

- (i) The Rights Issue and the Private Placement will be implemented concurrently.
- (ii) After taking into consideration the following:
 - (a) the estimated interest savings of approximately RM1.94 million per annum from the part repayment of RM30.0 million for the RM40.0 million IMTN (Tranche 1, Series 3) due on 18 March 2019;
 - (b) the estimated interest savings of approximately RM0.65 million per annum from the part repayment of RM10.0 million for the RM40.0 million IMTN (Tranche 1, Series 3) due on 18 March 2019; and
 - (c) the estimated interest savings of approximately RM0.65 million per annum from the part repayment of RM10.0 million for the RM20.0 million IMTN (Tranche 1, Series 4) due on 16 March 2020,
 based on the weighted average effective interest rate of 6.48% per annum.

Maximum Scenario

	(I) Audited as at 31 March 2018 RM'000	After (I) and the Rights Issue RM'000	(II) After (II) and the Private Placement RM'000
LAT	19,197	(i) 16,605	(ii) 15,309
No. of ABB Shares ('000)	116,324	232,648	279,177
LPS (sen)	16.50	7.14	5.48

Notes:

- (i) After taking into consideration the estimated interest savings of approximately RM2.59 million per annum from the full repayment of RM40.0 million IMTN (Tranche 1, Series 3) due on 18 March 2019 based on the weighted average effective interest rate of 6.48% per annum.
- (ii) After taking into consideration the estimated interest savings of approximately RM1.30 million per annum from the full repayment of the RM20.0 million IMTN (Tranche 1, Series 4) due on 16 March 2020 based on the weighted average effective interest rate of 6.48% per annum.

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7.4 Substantial shareholders' shareholdings

The pro forma effects of the Rights Issue and the Private Placement on the substantial shareholders' shareholdings of ABB as at the LPD are as follows:

Minimum Scenario

	(i) As at the LPD				After (i) and the Rights Issue and the Private Placement ⁽ⁱ⁾			
	Direct		Indirect		Direct		Indirect	
	No. of ABB Shares	%	No. of ABB Shares	%	No. of ABB Shares	%	No. of ABB Shares	%
Everest Hectare	38,557,477	33.15	-	-	77,114,954	30.97	-	-
Ng Chin Huat	-	-	(ii)38,557,477	33.15	-	-	(ii)77,114,954	30.97
Yap Su P'ing	-	-	(ii)38,557,477	33.15	-	-	(ii)77,114,954	30.97
NTSCSB	10,366,258	8.91	-	-	20,732,516	8.33	-	-
Trackland	37,206,586	31.99	-	-	74,413,172	29.89	-	-
DSTTP	1,000	*	(iii)37,206,586	31.99	1,000	*	(iii)74,413,172	29.89

Notes:

* Negligible.

- (i) Assuming only Everest Hectare, NTSCSB and Trackland subscribe for their respective entitlements to the Rights Shares in full pursuant to the Undertakings. The Rights Issue and Private Placement will be implemented concurrently.
- (ii) Deemed interested by virtue of his/her direct interest in Everest Hectare pursuant to Section 8 of the Act.
- (iii) Deemed interested by virtue of his direct interest in Trackland pursuant to Section 8 of the Act.

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Maximum Scenario

	(I) As at the LPD				(II) After (I) and the Rights Issue ⁽ⁱ⁾				(III) After (II) and the Private Placement			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of ABB Shares	%	No. of ABB Shares	%	No. of ABB Shares	%	No. of ABB Shares	%	No. of ABB Shares	%	No. of ABB Shares	%
Everest Hectare	38,557,477	33.15	-	-	77,114,954	33.15	-	-	77,114,954	27.62	-	-
Ng Chin Huat	-	-	(ii)38,557,477	33.15	-	-	(ii)77,114,954	33.15	-	-	(ii)77,114,954	27.62
Yap Su P'ing	-	-	(iii)38,557,477	33.15	-	-	(iii)77,114,954	33.15	-	-	(iii)77,114,954	27.62
NTSCSB	10,366,258	8.91	-	-	20,732,516	8.91	-	-	20,732,516	7.43	-	-
Trackland	37,206,586	31.99	-	-	74,413,172	31.99	-	-	74,413,172	26.65	-	-
DSTTP	1,000	*	(iii)37,206,586	31.99	2,000	*	(iii)74,413,172	31.99	2,000	*	(iii)74,413,172	26.65

Notes:

* Negligible.

- (i) Assuming all Entitled Shareholders subscribe for their respective entitlements to the Rights Shares in full.
- (ii) Deemed interested by virtue of his/her direct interest in Everest Hectare pursuant to Section 8 of the Act.
- (iii) Deemed interested by virtue of his direct interest in Trackland pursuant to Section 8 of the Act.

7.5 Convertible securities

As at the LPD, ABB has no convertible securities.

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

8.1 Working capital

The Board is of the opinion that, after taking into account the proceeds to be raised from the Rights Issue, funds to be generated from its operations, the banking facilities currently available and the repayment of the IMTN (Tranche 1, Series 3), the Group will have adequate working capital for a period of twelve (12) months from the date of issue of this AP. Nevertheless, the Board takes cognisance of the remaining outstanding IMTN which are due on 16 March 2020 and is continuously exploring different options to address the repayment of the outstanding IMTN.

8.2 Borrowings

As at the LPD, the Group's total outstanding borrowings is approximately RM100.50 million, all of which are interest-bearing and denominated in RM, as follows:

Borrowings	RM'000
Current⁽¹⁾	
Finance lease payable	36
Islamic medium term notes	90,000
Bank borrowings	10,236
Non Current⁽²⁾	
Finance lease payable	225
Total borrowings	100,497

Notes:

- (1) Short-term borrowings are payable within twelve (12) months.
- (2) Long-term borrowings are payable after twelve (12) months.

There has been no default on payments of either interest and/or principal sums in respect of any borrowings throughout the past FYE 31 March 2018 and the subsequent financial period up to the LPD. As at the LPD, ABB does not have any non-interest bearing borrowings from local and foreign financial institutions.

Save as disclosed below, neither ABB nor its subsidiaries are in breach of any terms and conditions or covenants associated with their respective borrowing facility agreements, which could materially affect its financial position, results and/or business operations:

- (i) the breach of financial covenants by AKSB of Section 4 of the subscription agreements in relation to the IMTN dated 11 March 2015, 2 April 2015, 5 May 2015 and 29 May 2015 whereby AKSB had failed to maintain the following:
- (a) a DE ratio below 0.9 times; and
- (b) a FSCR of at least 1.5 times.

Should AKSB fail to obtain waivers from the IMTN subscribers for the breaches of the financial covenants, an event of default would occur which will result in ABB being classified as a PN17 issuer. For the avoidance of doubt, ABB had sought and obtained waivers from the subscribers of the IMTN for the above breaches. The details of the breaches of said financial covenants and their respective waiver dates are set out below:

FYE	Breach of financial covenant	Ratio	Date of waiver obtained
31 March 2016	- FSCR	1.16	7 September 2016
31 March 2017	- DE ratio	0.99	7 March 2018
	- FSCR	1.03	
31 March 2018	- FSCR	1.23	27 November 2018

- (ii) breach of the condition imposed by the subscribers of the IMTN that a monthly build-up of funds in the Financial Services Reserve Account for the IMTN principal repayment amounting to RM30.0 million due on 16 March 2018 (Tranche 1, Series 2) be brought forward to October 2017 instead of December 2017. On 7 March 2018, ABB had obtained a unanimous waiver from the subscribers of the IMTN for the breach of this condition. The IMTN (Tranche 1, Series 2) amounting to RM30.0 million due on 16 March 2018 had been redeemed by ABB; and
- (iii) breach of the condition imposed by the subscribers of the IMTN that all advances made by AKSB's directors and/or shareholders and/or related corporations which are to be subordinated to the IMTN shall not be repaid without prior approval from the subscribers of the IMTN. AKSB had repaid RM7.48 million to Everest Hectare during the FYE 31 March 2018 without prior approval from the IMTN holders. On 27 November 2018, ABB had obtained a unanimous waiver from the subscribers of the IMTN for the breach of this condition.

8.3 Contingent liabilities

Save as disclosed below, as at the LPD, the Board confirms that there are no other contingent liabilities which upon being due or enforceable may have a material impact on the financial results or position of ABB Group:

	RM'000
Corporate guarantees given by ABB to financial institutions and banks for credit facilities granted to subsidiaries of ABB	106,000

8.4 Material commitments

As at the LPD, ABB Group has not incurred or known to incur any material commitment for capital expenditure that has not been provided for which, upon becoming due or enforceable, may have a material impact on the financial results/position or the business of the Group.

9. INSTRUCTION FOR ACCEPTANCE, SALE OR TRANSFER AND EXCESS RIGHTS SHARES APPLICATION AND PAYMENT

If you are an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Allotment(s) which you are entitled to subscribe for in full or in part under the terms of the Rights Issue. You will find enclosed with this AP, a NPA notifying you of the crediting of such securities into your CDS Account and a RSF to enable you to subscribe for the Provisional Allotments, as well as to apply for Excess Rights Shares if you choose to do so.

This AP and the RSF are also available on Bursa Securities' website (www.bursamalaysia.com).

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENT, APPLICATION FOR THE EXCESS RIGHTS SHARES AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THE AP AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTION CONTAINED THEREIN.

YOU AND/OR YOUR RENOUNCEE(S)/ TRANSFEREE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS AP, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY. IN ACCORDANCE WITH THE CMSA, THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THIS AP.

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

9.1 Acceptance and payment

Acceptance of and payment for the Provisional Allotment must be made on the RSF enclosed with this AP and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not strictly conform to the terms of this AP, the NPA or the RSF or the notes and instructions contained therein or which are illegible may not be accepted at the absolute discretion of the Board.

If you wish to accept your entitlement to the Provisional Allotment(s) provisionally allotted to you either in full or in part, please complete Parts I (A) and II of the RSF in accordance with the notes and instructions provided therein.

Each completed and signed RSF together with the appropriate remittance(s) for the full amount payable in respect of the amount of Rights Shares accepted must be despatched by **ORDINARY POST, COURIER** or **DELIVERED BY HAND** in the official envelope provided, to the Share Registrar at the following address, entirely at your own risk:

Securities Services (Holdings) Sdn. Bhd. (36869-T)
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan.
Tel No. : 03 - 2084 9000
Fax No. : 03 - 2094 9940

so as to arrive not later than **5.00 p.m. on 28 December 2018**, being the last date and time for acceptance and payment for the Rights Shares.

Only one (1) RSF can be used for acceptance of the Provisional Allotments standing to the credit of one (1) CDS Account. Separate RSFs must be used for the acceptance of the Provisional Allotments standing to the credit of more than one (1) CDS Account. If successful, the Rights Shares accepted by you or your renounee(s)/transferee(s) (if applicable) will be credited into the respective CDS Accounts where the Provisional Allotments are standing to the credit.

If you do not wish to accept the Provisional Allotments in full, you are entitled to accept part of your entitlement to the Provisional Allotments. The minimum number of the Provisional Allotments that can be accepted is one (1) Rights Share. Fractions of a Rights Share, if any, arising from the Rights Issue will be dealt with in such manner and on such terms and conditions as our Board in their absolute discretion deems fit or expedient or in the best interest of our Company. You should take note that a trading board lot comprises 100 Rights Shares respectively.

If you or your renounee(s) (if applicable) lose, misplace or for any reasons require another copy of RSF, you may obtain additional copies of the RSF from your stockbrokers, Bursa Securities' website (www.bursamalaysia.com), the Share Registrar at the address stated above or the Registered Office at the following address:

Lot 10449,
Jalan Nenas,
Batu 4½, Kampung Jawa,
41000 Klang,
Selangor Darul Ehsan.
Tel : 03 - 5161 8822
Fax: 03 - 5161 2728

Each completed RSF must be accompanied by remittance in RM for the full amount payable for the Provisional Allotment 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 and made payable to "ABB RIGHTS ISSUE ACCOUNT", crossed "A/C PAYEE ONLY" and endorsed on the reverse side with your name, address and CDS account number in block letters to be received by our Share Registrar. The payment must be made for the exact amount. Any excess or insufficient payment may be rejected at the absolute discretion of our Board.

Cheques or any other mode(s) of payment not prescribed herein are not acceptable, except with the approval of our Board. Details of the remittances must be filled in the appropriate boxes provided in the RSF.

NO ACKNOWLEDGEMENT WILL BE ISSUED BY THE COMPANY OR THE SHARE REGISTRAR FOR THE RECEIPT OF THE RSF OR THE APPLICATION MONIES IN RESPECT OF THE ACCEPTANCE OF THE PROVISIONAL ALLOTMENTS. PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY THE SHARE REGISTRAR. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, THE RIGHTS SHARES SHALL BE CREDITED INTO YOUR CDS ACCOUNT AND NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS STATED IN THE RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

If the acceptance and payment for the Provisional Allotments allotted to you (whether in full or part) are not received by the Share Registrar by **5.00 p.m. on 28 December 2018**, being the last day and time for acceptance and payment for the Right Shares, the said Provisional Allotments to you will be deemed to have been declined and will be cancelled. Such Rights Shares not taken up shall be made available for application for Excess Rights Shares in the manner as set out in Section 9.3 of this AP.

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

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES LODGED WITH THE SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN. IN RESPECT OF UNSUCCESSFUL OR PARTIALLY ACCEPTED APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS STATED IN THE RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS.

9.2 Sale or transfer of Provisional Allotments

As an Entitled Shareholder, you may wish to sell or transfer all or part of your entitlement to the Provisional Allotments to one (1) or more person(s) immediately through your stockbroker(s) without first having to request for a split of the Provisional Allotments standing to the credit of your CDS Account(s).

To sell or transfer all or part of your entitlement to the Provisional Allotments, you may sell such entitlement on the open market or transfer such entitlement to such person(s) as may be allowed pursuant to the Rules of Bursa Depository for the period up to the last date and time for the sale/transfer of the Provisional Allotments.

Purchaser(s) of the Provisional Allotments may obtain a copy of this AP and the RSF from all Malaysian stockbroking companies, Bursa Securities' website (www.bursamalaysia.com), the Registered Office or the Share Registrar.

If you have sold or transferred only part of your entitlement to the Provisional Allotments, you may still accept the balance of your entitlement to the Provisional Allotment(s) by completing Parts I and II of the RSF and forwarding the RSF together with the appropriate remittance for the full amount payable for the balance of the Rights Shares accepted to ABB Shares Registrar in accordance with the instructions as set out in Section 9.1 of this AP.

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

9.3 Application for Excess Rights Shares

If you wish to apply for additional Rights Shares in excess of those provisionally allotted to you, you may do so by completing Part I (B) of the RSF (in addition to Parts I (A) and II of the RSF) and forwarding the RSF, together with a separate remittance for the full amount payable in respect of the Excess Rights Shares applied for to the Share Registrar so as to arrive not later than **5.00 p.m. on 28 December 2018**, being the last date and time for the application and payment for the Excess Rights Shares.

Payment for the Excess Rights Shares applied for shall be made in the same manner described in Section 9.1 of this AP 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 and must be payable to "**ABB EXCESS RIGHTS ISSUE ACCOUNT**" and crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name, contact number and your CDS Account number. The payment must be made in the exact amount. Any excess or insufficient payment and other than in the manner stated in this AP may be rejected at the absolute discretion of the Board. Cheques or other modes of payment not prescribed herein are not acceptable, except with the approval of our Board.

The Board reserves the right to allocate the Excess Rights Shares, if any, in a fair and equitable manner, in the following priority:

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

After the above sequence of allocations is completed, any balance of Excess Rights Shares will be allocated again through steps (ii)-(iv) above until all Excess Rights Shares are fully allocated.

Nevertheless, the Board reserves the right to allot any Excess Rights Shares applied for under Part I (B) of the RSF in such manner as they in their absolute discretion deems fit and expedient and in the best interest of the Company subject always to such allocation being made on a fair and equitable basis, and that the intention of the Board as set out above is achieved. The Board also reserves the right not to accept or to accept any application for Excess Rights Shares, in full or in part, without assigning any reason thereof.

NO ACKNOWLEDGEMENT WILL BE ISSUED BY THE COMPANY OR THE SHARE REGISTRAR FOR THE RECEIPT OF THE RSF OR THE APPLICATION MONIES IN RESPECT OF THE ACCEPTANCE OF THE EXCESS RIGHTS SHARES. PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY THE SHARE REGISTRAR. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, THE EXCESS RIGHTS SHARES SHALL BE CREDITED INTO YOUR CDS ACCOUNT AND NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS STATED IN THE RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE AND TIME FOR APPLICATION AND PAYMENT FOR THE EXCESS RIGHTS SHARES OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

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

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES LODGED WITH THE SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN. IN RESPECT OF UNSUCCESSFUL OR PARTIALLY ACCEPTED APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS STATED IN THE RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE AND TIME FOR APPLICATION AND PAYMENT FOR THE EXCESS RIGHTS SHARES.

9.4 Acceptance by renounee(s)/ transferee(s)

As a renounee/ transferee, the procedures for acceptance, selling or transferring of the Provisional Allotments, applying for the Excess Rights Shares and/or payment is the same as that which is applicable to Entitled Shareholders as described in Sections 9.1 to 9.3 of this AP. Renounees may obtain a copy of this AP and the RSF from all Malaysian stockbroking companies, Bursa Securities' website (www.bursamalaysia.com), the Registered Office or the Share Registrar.

9.5 Form of issuance

Bursa Securities has prescribed ABB Shares listed on the Main Market to be deposited with Bursa Depository. Accordingly, the Rights Shares are prescribed securities and as such, the SICDA and the Rules of Bursa Depository shall apply to the dealings in the Rights Shares.

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 certificates shall be issued to you under the Rights Issue. Instead, the Rights Shares will be credited directly into your CDS Account.

Your subscription for the Rights Shares/application for the Excess Rights Shares shall mean that you consent to receiving such Rights Shares/Excess Rights Shares (if successful) as deposited securities which will be credited directly into your CDS Account. No physical share certificates will be issued.

9.6 Foreign Addressed Shareholders

The Documents have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) for subscription of any jurisdiction other than Malaysia.

The Documents are not intended to be (and will not be) issued, circulated or distributed and the Rights Issue will not be made or offered or deemed to be made or offered for purchase or subscription, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue to which this AP relates is only available to Entitled Shareholders receiving the Documents electronically or otherwise within 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, such 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 aforesaid 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 only to the extent that it would be lawful to do so.

IPS, our Share Registrar, our Company, our Directors, officers and advisers (collectively, the “**Parties**”) would not, in connection with the Rights Issue, be in breach of the laws of any jurisdiction to which the Foreign Entitled Shareholders and/ or their renounee(s)/transferee(s) (if applicable) are or may be subject to. Foreign Entitled Shareholders and/ or their renounee(s)/transferee(s) (if applicable) shall solely be responsible to seek advice as to the laws of the 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 renounee(s)/transferee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

The Foreign Entitled Shareholders and/ or their renounee(s)/transferee(s) (if applicable) will be responsible for payment of any issue, transfer or other taxes or other requisite payments due in such jurisdiction and we 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 such issue, transfer or other taxes or other requisite payments. They will have no claims whatsoever against the Parties in respect of their rights and entitlements under the Rights Issue. 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.

By signing any of the forms accompanying the Documents, the Foreign Entitled Shareholders and/ or their renounee(s) /transferee(s) (if applicable) are deemed to have represented, acknowledged 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, be in breach of the laws of any jurisdiction to which the Foreign Entitled Shareholders and/ or renounee(s)/transferee(s) (if applicable) are or may be subject to;
- (ii) Foreign Entitled Shareholders and/ or renounee(s)/transferee(s) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation of the Provisional Allotment;
- (iii) Foreign Entitled Shareholders and/ or renounee(s)/transferee(s) are not a nominee or agent of a person in respect of whom the Parties would, by acting on the acceptance or renunciation of the Provisional Allotment, be in breach of the laws of any jurisdiction to which that person is or may be subject to;
- (iv) Foreign Entitled Shareholders and/ or renounee(s)/transferee(s) are aware that the Rights Shares can only be transferred, sold or otherwise disposed, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) Foreign Entitled Shareholders and/ or renounee(s)/transferee(s) have respectively received a copy of this AP and have had access to such financial and other information and have been afforded the opportunity to pose such questions to the Parties and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares; and
- (vi) Foreign Entitled Shareholders and/ or renounee(s)/transferee(s) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares.

Persons receiving the Documents (including without limitation to custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction where to do so would or might contravene local securities, exchange control or relevant laws or regulations.

No person in any territory outside of Malaysia receiving this AP and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for or acquire any Rights Shares unless such offer, invitation or solicitation could lawfully be made without compliance with any registration or other regulatory requirements in such territory.

WE RESERVE THE RIGHT, IN OUR ABSOLUTE DISCRETION, TO TREAT ANY ACCEPTANCE OF THE RIGHTS SHARES AS INVALID IF WE BELIEVE THAT SUCH ACCEPTANCE MAY VIOLATE ANY APPLICABLE LEGAL OR REGULATORY REQUIREMENTS. THE PROVISIONAL ALLOTMENT RELATING TO ANY ACCEPTANCE WHICH IS TREATED AS INVALID WILL BE INCLUDED IN THE POOL OF EXCESS RIGHTS SHARES AVAILABLE FOR EXCESS APPLICATION BY THE OTHER ENTITLED SHAREHOLDERS AND OF THEIR RENOUNCEE(S)/ TRANSFEREE(S). YOU AND/OR YOUR RENOUNCEE(S)/TRANSFEREE(S) (IF APPLICABLE) WILL ALSO HAVE NO CLAIMS WHATSOEVER AGAINST THE PARTIES IN RESPECT OF YOUR, AND/OR YOUR RENOUNCEE(S)/TRANSFEREE(S)'S ENTITLEMENT UNDER THE RIGHTS ISSUE OR TO ANY NET PROCEEDS THEREOF.

10. TERMS AND CONDITIONS

The issuance of the Rights Shares pursuant to the Rights Issue is governed by the terms and conditions set out in the Documents.

11. FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board
ASIA BRANDS BERHAD

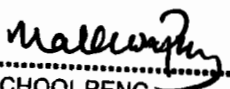


NG CHIN HUAT
Group Managing Director

APPENDIX I – CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE RIGHTS ISSUE AND THE PRIVATE PLACEMENT PASSED AT THE EGM HELD ON 27 SEPTEMBER 2018

CERTIFIED TRUE COPY

ASIA BRANDS BERHAD
(Company No. 22414-V)
(Incorporated in Malaysia)


MAK CHOOI PENG
SECRETARY
MAICSA 7017931 18 OCT 2018

Certified Extract of the Minutes of the Extraordinary General Meeting held at Conference Room of the Company at Lot 10449, Jalan Nenas, Batu 4½, Kampung Jawa, 41000 Klang, Selangor Darul Ehsan on Thursday, 27 September 2018 at 9:40 a.m.

ORDINARY RESOLUTION 1

- **PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 116,323,800 NEW ORDINARY SHARES OF ABB (“ABB SHARE(S)”) (“RIGHTS SHARE(S)”) AT AN ISSUE PRICE OF RM0.35 PER RIGHTS SHARE (“RIGHTS ISSUE PRICE”) ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING ABB SHARE HELD BY THE ENTITLED SHAREHOLDERS OF ABB ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER WITH A MINIMUM SUBSCRIPTION LEVEL OF 86,130,321 RIGHTS SHARES (“MINIMUM SUBSCRIPTION”) (“PROPOSED RIGHTS ISSUE”)**

The Meeting noted the poll result for Ordinary Resolution 1 as follows:-

Resolution 1	Vote in Favour		Vote Against		Results
	No. of shares	%	No. of shares	%	
Ordinary Resolution	39,434,177	99.99	3,420	0.01	Carried

The Meeting (on a poll) **RESOLVED** that the following Ordinary Resolution 1 be approved:-

ORDINARY RESOLUTION 1

- **PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 116,323,800 NEW ORDINARY SHARES OF ABB (“ABB SHARE(S)”) (“RIGHTS SHARE(S)”) AT AN ISSUE PRICE OF RM0.35 PER RIGHTS SHARE (“RIGHTS ISSUE PRICE”) ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING ABB SHARE HELD BY THE ENTITLED SHAREHOLDERS OF ABB ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER WITH A MINIMUM SUBSCRIPTION LEVEL OF 86,130,321 RIGHTS SHARES (“MINIMUM SUBSCRIPTION”) (“PROPOSED RIGHTS ISSUE”)**

“THAT, subject to the passing of Ordinary Resolution 2, and subject to the approval of the relevant authorities and/or parties being obtained (where required), approved be and is hereby given to the Board of Directors of the Company (“Board”) to provisionally issue and allot by way of a renounceable rights issue of up to 116,323,800 Rights Shares at the Rights Issue Price on the basis of one (1) Rights Share for every one (1) existing ABB Share held by the entitled shareholders of ABB on an entitlement date to be determined and announced later with a minimum subscription level of 86,130,321 Rights Shares;

..2/-

APPENDIX I – CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE RIGHTS ISSUE AND THE PRIVATE PLACEMENT PASSED AT THE EGM HELD ON 27 SEPTEMBER 2018 (CONT'D)

ASIA BRANDS BERHAD

(Company No. 22414-V)

(Incorporated in Malaysia)

(Certified Extract of the Minutes of the Extraordinary General Meeting held on 27 September 2018 – cont'd)

THAT the Board be and is hereby empowered and authorised to deal with any fractional entitlements of the Rights Shares that may arise from the Proposed Rights Issue in such manner and on such terms and conditions as the Board shall in its absolute discretion, deem fit, necessary and/or expedient or in the best interests of the Company (including, without limitation, to disregard such fractional entitlements);

THAT the Rights Shares shall, upon issuance and allotment, rank pari passu in all respects with the then existing ABB Shares, save and except that the Rights Shares shall not be entitled to any dividends, rights, allotments and/or distributions that may be declared, made or paid for which, the entitlement date of which is prior to the date of allotment of such Rights Shares;

THAT any Rights Shares which are not validly taken up or which are not allotted for any reason whatsoever shall first be made available for excess shares applications in such manner as the Board shall determine in a fair and equitable manner, and on such basis as the Board may deem fit or expedient or in the best interest of the Company;

THAT the Board be and are hereby authorised to utilise the proceeds to be derived from the Proposed Rights Issue in the manner as set out in Section 2.1.6 of the circular to shareholders of the Company dated 12 September 2018 and the Board be authorised to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient or in the best interests of the Company, subject (where required) to the approval of the relevant authorities;

AND THAT the Board be and is hereby authorised to do all acts, deeds, things and execute all necessary documents as the Board may consider necessary and expedient, and to take all such necessary steps to give effect to the Proposed Rights Issue with full powers to consent to and to adopt such conditions, variations, modifications, and/or amendments in any manner as may be required or imposed by the relevant authorities in respect of the Proposed Rights Issue or as the Board may deem necessary or expedient, and to deal with all matters relating thereto and to take such steps and do all acts and things in any manner as the Board may deem necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue in the best interests of the Company.”

APPENDIX I – CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE RIGHTS ISSUE AND THE PRIVATE PLACEMENT PASSED AT THE EGM HELD ON 27 SEPTEMBER 2018 (CONT'D)

ASIA BRANDS BERHAD
(Company No. 22414-V)
(Incorporated in Malaysia)

(Certified Extract of the Minutes of the Extraordinary General Meeting held on 27 September 2018 - cont'd)

ORDINARY RESOLUTION 2

- **PROPOSED PRIVATE PLACEMENT OF UP TO 46,529,520 ABB SHARES (“PLACEMENT SHARE(S)”) REPRESENTING UP TO 22.98% OF THE ENLARGED ISSUED ABB SHARES UPON COMPLETION AND ASSUMING MINIMUM SUBSCRIPTION OF THE PROPOSED RIGHTS ISSUE (“PROPOSED PRIVATE PLACEMENT”)**

The Meeting noted the poll result for Ordinary Resolution 2 as follows:-

Resolution 2	Vote in Favour		Vote Against		Results
	No. of shares	%	No. of shares	%	
Ordinary Resolution	39,434,177	99.99	3,420	0.01	Carried

The Meeting (on a poll) **RESOLVED** that the following Ordinary Resolution 2 be approved:-

ORDINARY RESOLUTION 2

- **PROPOSED PRIVATE PLACEMENT OF UP TO 46,529,520 ABB SHARES (“PLACEMENT SHARE(S)”) REPRESENTING UP TO 22.98% OF THE ENLARGED ISSUED ABB SHARES UPON COMPLETION AND ASSUMING MINIMUM SUBSCRIPTION OF THE PROPOSED RIGHTS ISSUE (“PROPOSED PRIVATE PLACEMENT”)**

“THAT the approval of the relevant authority and/or parties being obtained (where required) approval be and is hereby given to the Board to issue and allot up to 46,529,520 Placement Shares representing approximately up to 22.98% of the enlarged issued ABB Shares upon completion and assuming Minimum Subscription of the Proposed Rights Issue at an issue price to be determined later;

THAT the issue price(s) of the Placement Shares be fixed at a discount of not more than 10% of the one (1)-day volume weighted average market price of ABB Shares immediately preceding the price fixing date(s);

THAT the Board be and are hereby authorised to utilise the proceeds to be derived from the Proposed Private Placement in the manner as set out in Section 2.2.5 of the circular to shareholders of the Company dated 12 September 2018 and the Board be authorised to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient or in the best interests of the Company, subject (where required) to the approval of the relevant authorities;

...4/-

APPENDIX I – CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE RIGHTS ISSUE AND THE PRIVATE PLACEMENT PASSED AT THE EGM HELD ON 27 SEPTEMBER 2018 (CONT'D)

ASIA BRANDS BERHAD

(Company No. 22414-V)
(Incorporated in Malaysia)

(Certified Extract of the Minutes of the Extraordinary General Meeting held on 27 September 2018 – cont'd)

THAT the Placement Shares shall, upon issuance and allotment, rank pari passu in all respects with the existing ABB Shares, save and except that the Placement Shares shall not be entitled to any dividends, rights, allotments and/or distributions that may be declared, made or paid for which, the entitlement date of which is prior to the date of allotment of such Placement Shares;

AND THAT the Board be and is hereby authorised to do all acts, deeds, things and execute all necessary documents as the Board may consider necessary and expedient, and to take all such necessary steps to give effect to the Proposed Private Placement with full powers to consent to and to adopt such conditions, variations, modifications, and/or amendments in any manner as may be required or imposed by the relevant authorities in respect of the Proposed Private Placement or as the Board may deem necessary or expedient, and to deal with all matters relating thereto and to take such steps and do all acts and things in any manner as the Board may deem necessary or expedient to implement, finalise and give full effect to the Proposed Private Placement in the best interests of the Company."

CERTIFIED TRUE COPY



**DIRECTOR
NG CHIN HUAT**



**SECRETARY
MAK CHOOI PENG
(MAICSA 7017931
PRACTITIONER)**

Dated: 27 September 2018

APPENDIX II – INFORMATION ON ABB**1. HISTORY AND PRINCIPAL ACTIVITIES**

ABB was incorporated in Malaysia on 20 March 1975 under the Companies Act 1965 as a private limited company under the name of Hing Yiap Knitting Industries Sdn. Bhd.. It was eventually converted to a public limited company on 2 December 1995 and assumed the name of Hing Yiap Knitting Industries Berhad. On 21 February 1997, it was subsequently listed on the Second Board of Bursa Securities (now known as the Main Market) under the name Hing Yiap Group Berhad.

The Company had, on 14 December 2012, completed a major acquisition of the entire equity interest in AKSB, Audrey, Mickey Junior Sdn. Bhd., Asia Brands Global Sdn. Bhd., Asia Brands Asset Management Sdn. Bhd. and Asia Brands HR Services Sdn. Bhd. for an aggregate purchase consideration of RM245,000,000 from Asia Brands Corporation Berhad. This acquisition is significant as AKSB and Audrey remain namesake brands of the Company and are key to its two (2) remaining business divisions; the retailing of its baby apparel and its innerwear divisions.

On 6 February 2013, the Company undergone a third name change to assume its current name, ABB.

ABB is principally engaged in the business of investment holding. Through its subsidiaries, ABB is currently engaged in the operations of retailing and distribution of baby apparel with related products as well as lingerie with related products.

2. SHARE CAPITAL**2.1 Issued share capital**

As at the LPD, the issued share capital of ABB is as follows:

	No. of ABB Shares	Total (RM)
Issued share capital	116,323,800	158,000,681

As at the LPD, there is only one (1) class of shares in ABB (i.e. the ABB Shares). All the ABB Shares rank pari passu in terms of voting rights and entitlements to any dividends, rights, allotments and/or distributions which may be declared, made or paid to shareholders.

2.2 Change in the issued share capital

The details of the change in the issued share capital of ABB for the past three (3) financial years preceding the LPD are set out below:

Date of allotment	No. of ABB Shares allotted	Consideration/ Type of issue	Cumulative issued share capital (RM)
14 March 2018	37,206,586	The issuance of 37,206,586 new ABB Shares at a cash issue price of RM0.741 per ABB Share	158,000,681

2.3 Convertible securities

As at the LPD, ABB does not have any convertible securities.

APPENDIX II – INFORMATION ON ABB (CONT'D)

3. SUBSTANTIAL SHAREHOLDERS

The pro forma effects of the Rights Issue and the Private Placement on the substantial shareholders' shareholdings in ABB as at the LPD are as follows:

Minimum Scenario

	(i)				After (i) and the Rights Issue and the Private Placement ⁽ⁱ⁾			
	As at the LPD		Indirect		Direct		Indirect	
	No. of ABB Shares	%	No. of ABB Shares	%	No. of ABB Shares	%	No. of ABB Shares	%
Everest Hectare	38,557,477	33.15	-	-	77,114,954	30.97	-	-
Ng Chin Huat	-	-	(ii)38,557,477	33.15	-	-	(ii)77,114,954	30.97
Yap Su P'ing	-	-	(ii)38,557,477	33.15	-	-	(ii)77,114,954	30.97
NTSCSB	10,366,258	8.91	-	-	20,732,516	8.33	-	-
Trackland	37,206,586	31.99	-	-	74,413,172	29.89	-	-
DSTTP	1,000	*	(iii)37,206,586	31.99	1,000	*	(iii)74,413,172	29.89

Notes:

- * Negligible
- (i) Assuming only Everest Hectare, NTSCSB and Trackland subscribe for their respective entitlements to the Rights Shares in full pursuant to the Undertakings. The Rights Issue and the Private Placement will be implemented concurrently.
- (ii) Deemed interested by virtue of his/ her direct interest in Everest Hectare via Section 8 of the Act.
- (iii) Deemed interested by virtue of his direct interest in Trackland via Section 8 of the Act.

APPENDIX II – INFORMATION ON ABB (CONT'D)**4. DIRECTORS**

As at the LPD, the particulars of the Directors of ABB and their respective shareholdings in ABB are as set out below:

Name	Nationality	Age	Profession	Designation	Address
DSTTP	Malaysian	62	Company Director	Non-Independent Non-Executive Chairman	88, Jalan Setiabakti 9, Bukit Damansara, 50490 Kuala Lumpur, Wilayah Persekutuan.
Ng Chin Huat	Malaysian	48	Company Director	Group Managing Director	17, Jalan Opu Daeng Chelak 9/2, 40100 Shah Alam, Selangor Darul Ehsan.
Kong Sau Kian	Malaysian	54	Company Director	Senior Independent Non-Executive Director	25, Jalan Setia, Nusantara U13/22J, Setia Eco Park, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan.
Lim Kim Meng	Malaysian	47	Company Director	Independent Non-Executive Director	8, Jalan USJ 18/4A, UEP Subang Jaya, 47630 Subang Jaya, Selangor Darul Ehsan.
David Tan Chin Wee	Malaysian	26	Company Director	Non-Independent Non-Executive Director and Alternate Director to DSTTP	88, Jalan Setiabakti 9, Bukit Damansara, 50490 Kuala Lumpur, Wilayah Persekutuan.

APPENDIX II – INFORMATION ON ABB (CONT'D)

Save as disclosed below, none of the Directors hold any ABB Shares as at the LPD. The pro forma effects of the Rights Issue and the Private Placement on the directors' shareholdings in ABB as at the LPD are as follows:

Minimum Scenario

Name of Director	As at the LPD				After (i) and the Rights Issue and the Private Placement ⁽ⁱ⁾			
	Direct		Indirect		Direct		Indirect	
	No. of ABB Shares	%	No. of ABB Shares	%	No. of ABB Shares	%	No. of ABB Shares	%
Ng Chin Huat	-	-	⁽ⁱⁱ⁾ 38,557,477	⁽ⁱⁱ⁾ 33.15	-	-	⁽ⁱⁱ⁾ 77,114,954	⁽ⁱⁱ⁾ 30.97
DSTTP	1,000	*	⁽ⁱⁱⁱ⁾ 37,206,586	⁽ⁱⁱⁱ⁾ 31.99	1,000	*	⁽ⁱⁱⁱ⁾ 74,413,172	⁽ⁱⁱⁱ⁾ 29.89

Notes:

* Negligible

- (i) Assuming only Everest Hectare, NTSCSB and Trackland subscribe for their respective entitlements to the Rights Shares in full pursuant to the Undertakings. The Rights Issue and the Private Placement will be implemented concurrently.
- (ii) Deemed interested by virtue of his direct interest in Everest Hectare via Section 8 of the Act.
- (iii) Deemed interested by virtue of his direct interest in Trackland via Section 8 of the Act.

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APPENDIX II – INFORMATION ON ABB (CONT'D)

Maximum Scenario

	(I) As at the LPD		(II) After (I) and the Rights Issue ⁽ⁱ⁾		(II) and the Private Placement	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
	No. of ABB Shares	No. of ABB Shares	No. of ABB Shares	No. of ABB Shares	No. of ABB Shares	No. of ABB Shares
Ng Chin Huat	-	⁽ⁱ⁾ 38,557,477	-	⁽ⁱ⁾ 77,114,954	-	⁽ⁱ⁾ 77,114,954
DSOTP	1,000	⁽ⁱⁱⁱ⁾ 37,206,586	2,000	⁽ⁱⁱⁱ⁾ 74,413,172	2,000	⁽ⁱⁱⁱ⁾ 74,413,172
	%	%	%	%	%	%
	-	33.15	-	33.15	-	27.62
	*	31.99	*	31.99	*	26.65

Notes:

- * Negligible
- (i) Assuming all Entitled Shareholders subscribe for their respective entitlements to the Rights Shares in full.
- (ii) Deemed interested by virtue of his direct interest in Everest Heclare via Section 8 of the Act.
- (iii) Deemed interested by virtue of his direct interest in Trackland via Section 8 of the Act.

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APPENDIX II – INFORMATION ON ABB (CONT'D)**5. SUBSIDIARIES AND ASSOCIATED COMPANIES OF ABB**

As at the LPD, the subsidiary companies of ABB are as follows:

Held directly by ABB

Name of company	Place of incorporation	Date of incorporation	Issued share capital (RM)	Effective equity interest (%)	Principal activities
Diesel Marketing Sdn. Bhd.	Malaysia	28 July 1987	3,000,000	100.0	Dormant
Ubay Marketing Sdn. Bhd.	Malaysia	12 December 2002	2,550,000	100.0	Dormant
Audrey	Malaysia	27 September 1984	2,500,000	100.0	Trading and retailing in lingerie and ladies wear, care and related products through heavy traffic outlets, distributors as well as retailing boutique outlets.
AKSB	Malaysia	31 October 1992	17,000,000	100.0	Trading and retailing in babywear, care and related products through heavy traffic outlets, distributors as well as retailing boutique outlets.
Asia Brands Global Sdn. Bhd.	Malaysia	28 July 1976	2,000,000	100.0	Dormant
Antioni Sdn. Bhd.	Malaysia	6 August 1993	7,500,000	100.0	Dormant
Asia Brands Asset Management Sdn. Bhd.	Malaysia	22 August 1978	4,000,000	100.0	Dormant
Asia Brands HR Services Sdn. Bhd.	Malaysia	10 November 1992	500,000	100.0	Providing share services function including finance, human resources, information technology, administrative and others.
Bumcity Sdn. Bhd.	Malaysia	15 May 2000	2,550,000	100.0	Dormant

APPENDIX II – INFORMATION ON ABB (CONT'D)

Name of company	Place of incorporation	Date of incorporation	Issued share capital (RM)	Effective equity interest (%)	Principal activities
Mickey Junior Sdn. Bhd.	Malaysia	10 June 1993	1,000,000	100.0	Dormant
Generasi Prestasi Sdn. Bhd.	Malaysia	28 December 1993	1,000,000	100.0	Trading and retailing in baby and children wear, care and related products through heavy traffic outlets, distributors as well as retailing boutique outlets and providing sub-licensing.

Held through AKSB

Name of company	Place of incorporation	Date of incorporation	Issued share capital (RM)	Effective equity interest (%)	Principal activities
Baby Palace Sdn. Bhd.	Malaysia	20 May 2011	2	100.0	Trading and retailing in baby and children wear, care and related products through boutique outlets.

Held through Baby Palace Sdn. Bhd.

Name of company	Place of incorporation	Date of incorporation	Issued share capital (RM)	Effective equity interest (%)	Principal activities
Astra Brands Sdn. Bhd.	Malaysia	5 March 2014	100	100.0	Wholesale distribution of baby and infant products.

Held through Audrey

Name of company	Place of incorporation	Date of incorporation	Issued share capital (RM)	Effective equity interest (%)	Principal activities
Generasi Dinasti Sdn. Bhd.	Malaysia	6 March 1996	2	100.0	Providing sub-licensing services

As at the LPD, ABB does not have any associated company.

APPENDIX II – INFORMATION ON ABB (CONT'D)**6. PROFIT AND DIVIDEND RECORD**

A summary of the results based on the audited consolidated financial statements of ABB for the past three (3) financial years up to the FYE 31 March 2018 and the latest unaudited consolidated financial statements for the six (6) months FPE 30 September 2017 and FPE 30 September 2018 are set out below:

	Audited FYE 31 March			Unaudited six (6) months FPE 30 September	
	2016 ⁽ⁱ⁾	2017	2018	2017	2018
	RM'000	RM'000	RM'000	RM'000	RM'000
Continuing operations					
Revenue	173,372	165,551	150,588	79,239	75,262
Cost of sales	(88,035)	(98,521)	(81,435)	(41,319)	(37,924)
GP	85,337	67,030	69,153	37,920	37,338
Other income	826	4,328	4,922	463	290
Selling and distribution expenses	(94,548)	(105,042)	(77,298)	(32,595)	(29,590)
Administrative expenses	(10,213)	(8,943)	(6,816)	(1,196)	(1,553)
Profit/(loss) from operations	(18,598)	(42,627)	(10,039)	4,592	6,485
Finance costs	(7,225)	(7,716)	(7,960)	(4,050)	(3,202)
PBT/(LBT)	(25,823)	(50,343)	(17,999)	542	3,283
Taxation	(97)	11,050	(1,198)	(823)	(897)
Profit/ (Loss) from continuing operations	(25,920)	(39,293)	(19,197)	(281)	2,386
Discontinued operation					
Loss from discontinuing operation, net of tax	(19,303)	(19,201)	-	-	-
Total comprehensive income/(loss)	(45,223)	(58,494)	(19,197)	(281)	2,386
PAT/(LAT) attributable to owners of the Company ⁽ⁱⁱ⁾	(45,223)	(58,494)	(19,197)	(281)	2,386
EBITDA/ (LBITDA)	(9,661)	(35,599)	(5,694)	6,804	7,207
Number of shares in issue ('000)	79,117	79,117	116,324	79,117	116,324
Weighted average no. of shares in issue ('000)	79,117	79,117	80,952	79,117	116,324
NA attributable to owners of the Company	194,658	136,164	144,537	135,883	146,924
Total borrowings	168,923	135,421	102,730	136,644	100,497

APPENDIX II – INFORMATION ON ABB (CONT'D)

	Audited FYE 31 March			Unaudited six (6) months FPE 30 September	
	2016 ⁽ⁱ⁾	2017	2018	2017	2018
	RM'000	RM'000	RM'000	RM'000	RM'000
EPS/(LPS) (sen) ⁽ⁱⁱⁱ⁾					
- from continuing operations	(32.76)	(49.66)	(23.71)	(0.36)	2.05
- from discontinuing operation	(24.40)	(24.27)	-	-	-
GP margin (%)	49.22	40.49	45.92	47.86	49.61
PAT/(LAT) margin (%)	(26.08)	(35.33)	(12.75)	(0.35)	3.17
NA per share (RM) ^(iv)	2.46	1.72	1.24	1.72	1.26
Current ratio (times)	1.03	0.74	0.74	0.73	0.78
Gearing ratio (times)	0.87	0.99	0.71	1.01	0.68
Net dividend	396	-	-	-	-
Net dividend per Share (sen)	0.50	-	-	-	-

(Source: 2017 and 2018 Annual Reports of ABB Group for the FYE 31 March 2016 to FYE 31 March 2018 and the unaudited financial results of ABB Group for the six (6)-months FPE 30 September 2017 and FPE 30 September 2018)

Notes:

- (i) Restated figures as disclosed in the 2017 Annual Report of ABB.
- (ii) ABB Group has no non-controlling interests.
- (iii) Computed by dividing the profit attributable to owners of the Company by the weighted average number of ABB Shares in issue as at the end of the financial year/period.
- (iv) Computed by dividing the NA attributable to owners of the Company by the number of ABB Shares in issue as at the end of the financial year/period.

The financial performance in respect of the three (3) financial years from FYE 31 March 2016 to FYE 31 March 2018 and the six (6)-month FPE 30 September 2018 under review are summarised as follows:

FYE 31 March 2016

The revenue of ABB was initially driven by three main operating segments, namely the retailing and distribution of:

- (a) baby apparels with related products;
- (b) innerwear with related products; and
- (c) casualwear and related products.

APPENDIX II – INFORMATION ON ABB (CONT'D)

During the financial year under review, ABB Group had reported a total revenue of RM173.37 million (from its continuing operations) as compared to a revenue of RM332.74 million in the previous financial year representing a decrease of approximately RM159.37 million or 47.90%. This decline in revenue was mainly due to the decrease in sales from ABB Group's baby apparels and innerwear divisions as well as the disposal of its casualwear division in 2017. Similarly, the total LAT of ABB Group for the FYE 31 March 2016 amounted to approximately RM45.22 million as compared to a PAT of RM1.61 million in FYE 31 March 2015.

The poor performance of ABB Group was mainly attributable to poor market sentiment, steep sales discounts offered by competitors and higher cost of goods due to a weakened RM. Furthermore, the management of ABB had also acknowledged that the poor financial performance was due to the mistiming of ABB Group's retail expansion in 2014 resulting in heavy losses compounded by a drastic decrease in consumer spending.

Pursuant thereto, the Group had disposed of its casualwear segment to streamline its business by channeling management time and energy to the remaining two business divisions (baby apparels division and innerwear division). The disposal is explained in further detail below in the comments of the Group's financial performance in FYE 31 March 2017.

FYE 31 March 2017

To address the poor financial performance, ABB Group had, on 6 March 2017, disposed of its entire equity interest in BUMM and its subsidiary companies to Trackland for a total consideration of RM14.40 million satisfied entirely by way of cash. Accordingly, the results of BUMM and its subsidiaries have been classified as discontinued operations in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Comparative consolidated statements of profit or loss and other comprehensive income have been represented to show the discontinued operations separated from continuing operations.

ABB Group recorded a revenue of RM165.55 million from its continuing operations as compared to RM173.37 million representing a decrease of approximately RM7.82 million or 4.51%. The decrease in the revenue was mainly due to the closure of underperforming outlets during the financial year under review. In the FYE 31 March 2017, ABB Group had closed down 43 stand-alone outlets and 119 departmental consignment outlets. The closure of the outlets was implemented as part of the Group's larger business plan to cut losses by disposing of its non-performing outlets in order to improve profitability and margins.

At the same time, ABB Group generated a LAT of RM58.49 million, which represents an increase of approximately RM13.27 million or 29.35% as compared to a LAT of RM45.22 million in the previous financial year.

The major contributing factor to the increased LAT was due to the casualwear division. As a result of the disposal of BUMM and its subsidiaries, the Group wrote off, marked down and impaired inventories amounting to RM20.0 million and provided impairment of bad debts amounting to RM6.20 million. The loss on disposal of investment in a subsidiary and other assets amounted to approximately RM6.70 million.

FYE 31 March 2018

After the disposal of the Group's casualwear division and the streamlining of its business operations, ABB Group registered a revenue of RM150.59 million which is approximately RM14.96 million or 9.04% lower than the revenue of RM165.55 million reported in FYE 31 March 2017. Subsequently, ABB Group had recorded a lower LAT of RM19.20 million in FYE 31 March 2018 as compared to a LAT of RM58.49 million in FYE 31 March 2017, representing a substantial reduction in LAT of approximately RM39.29 million or 67.17%.

APPENDIX II – INFORMATION ON ABB (CONT'D)

The lower losses in FYE 31 March 2018 were attributable to overhead costs saved from the closure of non-performing outlets and streamlining of operating expenses. Further, the Group's lower LAT in FYE 31 March 2018 was due to amongst others, a result of the reversal of impairment loss relating to receivables of approximately RM4.71 million, reversal of inventories written down of approximately RM3.0 million and a lower depreciation expenses of approximately RM4.35 million in FYE 31 March 2018 as compared to the impairment loss relating to receivables of approximately RM11.19 million, inventories written down of approximately RM17.01 million, depreciation expenses of approximately RM7.02 million and one-off losses on disposals of subsidiaries and trademark amounting to approximately RM6.72 million incurred in FYE 31 March 2017. The reversal of impairment loss was due to the collection of written off debts and the sale of inventories, which were previously impaired, during its normal course of business.

Six (6)-month FPE 30 September 2018

During the six-(6) month FPE 30 September 2018, ABB Group had recorded a lower revenue of RM75.26 million as compared to its revenue in the corresponding period in the preceding financial year of RM79.24 million. The marginal decrease is mainly due to lesser revenue generated due to the closure of non-performing outlets in year 2018 as part of ABB's business strategy.

In contrast with the lower revenue reported, ABB Group had registered a PAT of RM2.39 million in the FPE 30 September 2018. This represents a significant improvement of RM2.67 million as compared to the LAT of RM0.28 million generated in the previous FPE 30 September 2017. The Group's higher profits are mainly attributable to the following factors:

- (i) lower cost of sales;
- (ii) lower selling and distributions expenses; and
- (iii) lower finance costs;

resulting from the closure of non-performing outlets, as well as:

- (i) the success of new large format stores implemented by ABB; and
- (ii) lower cost of goods sold due to better inventory management and lower prices obtained from ABB's suppliers,

in the FPE 30 September 2018 as compared to the corresponding period in the preceding financial year under review.

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APPENDIX II – INFORMATION ON ABB (CONT'D)**7. HISTORICAL SHARE PRICES OF ABB**

The monthly lowest and highest market prices of ABB Shares traded on Bursa Securities for the past twelve (12) months up to November 2018, being the last trading month prior to the date of this AP are as follows:

	Highest (RM)	Lowest (RM)
2017		
December	0.95	0.82
2018		
January	0.96	0.87
February	0.88	0.83
March	0.88	0.80
April	0.90	0.79
May	0.88	0.80
June	0.83	0.75
July	0.82	0.69
August	0.75	0.68
September	0.68	0.68
October	0.68	0.68
November	0.67	0.59
Last transacted market price on 12 June 2018, being the last trading day prior to the announcement of the Rights Issue and the Private Placement on 30 June 2018		0.83
Last transacted market price as at the LPD		0.59
Last transacted market price on 7 December 2018, being the market day preceding the ex-date of the Rights Issue		0.56

(Source: Bloomberg)

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APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ABB AS AT 31 MARCH 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS’ LETTER THEREON

Morison AAC
Your Partners In Success

Morison Anuarul Azizan Chew (AF 001977)
Chartered Accountants

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Off Jalan Sultán Azlan Shah (Jalan Ipoh)
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E general@morisonaac.com
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Date: 28 November 2018

ASIA BRANDS BERHAD

Lot 10449, Jalan Nenas
Batu 4 ½
Kampung Jawa
41000 Klang
Selangor Darul Ehsan

To: Board of Directors

Dear Sir/ Madam,

ASIA BRANDS BERHAD (“ABB” or the “Company”)

REPORTING ACCOUNTANTS’ LETTER ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ABB TO BE INCLUDED IN THE ABRIDGED PROSPECTUS OF ABB

We have completed our assurance engagement to report on the compilation of pro forma consolidated statements of financial position of ABB as at 31 March 2018, together with the accompanying notes thereto in relation to the following corporate exercises:

- (I) renounceable rights issue of up to 116,323,800 new ordinary shares of ABB (“**ABB Share(s)**”) (“**Rights Share(s)**”) at an issue price of RM0.35 per Rights Share (“**Rights Issue Price**”) on the basis of one (1) Rights Share for every one (1) existing ABB Share held by the entitled shareholders of ABB as at 5.00 p.m. on 12 December 2018 (“**Entitlement Date**”) with a minimum subscription level of 86,130,321 Rights Shares (“**Minimum Subscription**”) (“**Rights Issue**”); and
- (II) private placement of up to 46,529,520 ABB Shares (“**Placement Share(s)**”) representing up to 22.98% of the enlarged issued ABB Shares upon completion and assuming Minimum Subscription of the Rights Issue (“**Private Placement**”).

(The Rights Issue and the Private Placement are collectively referred to as the “**Corporate Exercise**”)

The pro forma consolidated statements of financial position of ABB (“**Pro Forma**”) as set out in Appendix A of this letter (which we have stamped for the purpose of identification), have been compiled by the board of directors of ABB (“**Board**”) for the inclusion in the abridged prospectus of ABB (“**Abridged Prospectus**”) in relation to the Rights Issue.

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APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ABB AS AT 31 MARCH 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS’ LETTER THEREON (CONT’D)

Morison AAC
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ASIA BRANDS BERHAD – (Continued)

Page 2

The applicable criteria on the basis of which the Board has compiled the Pro Forma are described in Notes 2 to 7 of the Pro Forma.

The Pro Forma have been compiled by the Board to illustrate the impact of the Corporate Exercise, as set out in Notes 2 to 7 of the Pro Forma, on the financial position of ABB as at 31 March 2018.

As part of this process, information about the financial position of ABB has been extracted by the Board from the audited consolidated financial statements of ABB for the financial year ended 31 March 2018, on which the audited report was dated 5 July 2018.

Directors’ responsibilities for the Pro Forma

The Board is solely responsible for compiling the Pro Forma on the basis set out in Notes 2 to 7 of the Pro Forma.

Reporting Accountants’ Independence and Quality Control

We have compiled in accordance with the independence and other ethical requirement of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standard Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The Firm applies International Standard on Quality Control 1 (ISQC 1), *Quality Control for Firms that Perform Audits and Reviews of Financial Statements and other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal regulatory requirements.

Our responsibilities

Our responsibility is to express an opinion, as required by Bursa Malaysia Securities Berhad, on whether the Pro Forma has been compiled, in all material respects, by the Board on the basis set out in Notes 2 to 7 of the Pro Forma.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in a Prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires us to plan and perform procedures to obtain reasonable assurance about whether the Board has compiled, in all material respects, the pro forma financial information on the basis set out in Notes 2 to 7 of the Pro Forma.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma. In providing this opinion, we do not accept any responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issues.

APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ABB AS AT 31 MARCH 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**Morison AAC**
Your Partners In Success**ASIA BRANDS BERHAD – (Continued)**

Page 3

Our responsibilities – (Continued)

The purpose of the Pro Forma included in the Abridged Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Further, such information may not reflect the actual or predict the Group's future financial position. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma has been compiled, in all material respects, on the basis set out in Notes 2 to 7 of the Pro Forma involves performing procedures to assess whether the applicable criteria used by the Board in the compilation of the Pro Forma provides a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related Pro Forma adjustments give appropriate effect to those criteria; and
- The Pro Forma reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of ABB, the event or transaction in respect of which the Pro Forma has been compiled, and other relevant engagement circumstances. The engagement also involves evaluating the overall presentation of the Pro Forma.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion,

- (a) the Pro Forma, which has been prepared by the directors of ABB, has been prepared on the basis of assumptions as set out in the accompanying notes using financial statements prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards in Malaysia and in a manner consistent with both the format of the financial statements and the accounting policies adopted by ABB; and
- (b) each material adjustment made to the information used in the preparation of the Pro Forma is appropriate for the purposes of preparing the Pro Forma.

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**APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ABB
AS AT 31 MARCH 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS’ LETTER
THEREON (CONT’D)**

Morison AAC
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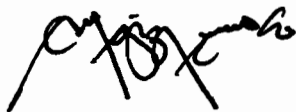
ASIA BRANDS BERHAD – (Continued)

Page 4

Other Matters

This letter is issued solely for the purpose of inclusion in the Abridged Prospectus in connection with the Rights Issue. As such, this letter should not be reproduced, referred to in any other document or used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully



MORISON ANUARUL AZIZAN CHEW
(AF001977)
CHARTERED ACCOUNTANTS



SATHIEA SEELEAN A/L MANICKAM
01729/05/2020(J)
CHARTERED ACCOUNTANT

APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ABB AS AT 31 MARCH 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

APPENDIX A

**ASIA BRANDS BERHAD
PRO FORMA AS AT 31 MARCH 2018
(Page 1 of 2)
MINIMUM SCENARIO**



MINIMUM SCENARIO	Pro Forma (I)	
	Audited statements of financial position of ABB as at 31.3.18	After Rights Issue and Private Placement
	RM	RM

Non-Current Assets

Plant and equipment	7,350,759	7,350,759
Intangible assets	157,704,868	157,704,868
Deferred tax assets	11,915,000	11,915,000
	176,970,627	176,970,627

Current Assets

Inventories	46,072,441	46,072,441
Trade receivables	23,569,807	23,569,807
Other receivables	5,873,580	5,873,580
Tax recoverable	7,252,506	7,252,506
Fixed deposit with licensed bank	5,628	5,628
Cash and bank balances	8,615,482	11,625,854
	91,389,444	94,399,816

Total Assets

	268,360,071	271,370,443
--	-------------	-------------

Equity attributable to owners of the Company

Share capital	158,000,681	211,011,053
Accumulated losses	(13,463,372)	(13,463,372)
	144,537,309	197,547,681

Non-Current Liabilities

Finance lease payable	243,298	243,298
Deferred tax liabilities	7,400	7,400
	250,698	250,698

Current Liabilities

Trade payables	13,798,423	13,798,423
Other payables	6,075,134	6,075,134
Amounts due to holding company	1,200,000	1,200,000
Finance lease payable	34,877	34,877
Islamic medium term notes	90,000,000	40,000,000
Bank borrowings	12,452,000	12,452,000
Tax payables	11,630	11,630
	123,572,064	73,572,064

Total Equity and Liabilities

	268,360,071	271,370,443
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APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ABB AS AT 31 MARCH 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS’ LETTER THEREON (CONT’D)

APPENDIX A

**ASIA BRANDS BERHAD
PRO FORMA AS AT 31 MARCH 2018
(Page 2 of 2)
MINIMUM SCENARIO**



MINIMUM SCENARIO		Pro Forma (I)
	Audited statements of financial position of ABB as at 31.3.18	After Rights Issue and Private Placement
	RM	RM
Number of ABB Shares	116,323,800	248,983,641
Net assets per ABB Share (RM)	1.24	0.79
Borrowings (RM)	102,730,175	52,730,175
Gearing (times)	0.71	0.27

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APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ABB AS AT 31 MARCH 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

APPENDIX A

**ASIA BRANDS BERHAD
PRO FORMA AS AT 31 MARCH 2018
(Page 1 of 2)
MAXIMUM SCENARIO**



MAXIMUM SCENARIO		Pro Forma (I)	Pro Forma (II)
	Audited statements of financial position of ABB as at 31.3.18	After Rights Issue	After (I) and Private Placement
	RM	RM	RM

Non-Current Assets

Plant and equipment	7,350,759	7,350,759	7,350,759
Intangible assets	157,704,868	157,704,868	157,704,868
Deferred tax assets	11,915,000	11,915,000	11,915,000
	176,970,627	176,970,627	176,970,627

Current Assets

Inventories	46,072,441	46,072,441	46,072,441
Trade receivables	23,569,807	23,569,807	23,569,807
Other receivables	5,873,580	5,873,580	5,873,580
Tax recoverable	7,252,506	7,252,506	7,252,506
Fixed deposit with licensed bank	5,628	5,628	5,628
Cash and bank balances	8,615,482	8,928,812	12,193,572
	91,389,444	91,702,774	94,967,534
Total Assets	268,360,071	268,673,401	271,938,161

Equity attributable to owners of the Company

Share capital	158,000,681	198,314,011	221,578,771
Accumulated losses	(13,463,372)	(13,463,372)	(13,463,372)
	144,537,309	184,850,639	208,115,399

Non-Current Liabilities

Finance lease payable	243,298	243,298	243,298
Deferred tax liabilities	7,400	7,400	7,400
	250,698	250,698	250,698

Current Liabilities

Trade payables	13,798,423	13,798,423	13,798,423
Other payables	6,075,134	6,075,134	6,075,134
Amounts due to holding company	1,200,000	1,200,000	1,200,000
Finance lease payable	34,877	34,877	34,877
Islamic medium term notes	90,000,000	50,000,000	30,000,000
Bank borrowings	12,452,000	12,452,000	12,452,000
Tax payables	11,630	11,630	11,630
	123,572,064	83,572,064	63,572,064
Total Equity and Liabilities	268,360,071	268,673,401	271,938,161

APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ABB AS AT 31 MARCH 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS’ LETTER THEREON (CONT’D)

APPENDIX A

**ASIA BRANDS BERHAD
PRO FORMA AS AT 31 MARCH 2018
(Page 2 of 2)
MAXIMUM SCENARIO**



MAXIMUM SCENARIO		Pro Forma (I)	Pro Forma (II)
	Audited statements of financial position of ABB as at 31.3.18	After Rights Issue	After (I) and Private Placement
	RM	RM	RM
Number of ABB Shares	116,323,800	232,647,600	279,177,120
Net assets per ABB Share (RM)	1.24	0.79	0.75
Borrowings (RM)	102,730,175	62,730,175	42,730,175
Gearing (times)	0.71	0.34	0.21

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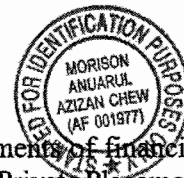
APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ABB AS AT 31 MARCH 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS’ LETTER THEREON (CONT’D)

APPENDIX A

**ASIA BRANDS BERHAD (“ABB” or the “Company”)
NOTES TO PRO FORMA AS AT 31 MARCH 2018**

1. Basis of preparation

The Pro Forma which has been prepared based on the audited consolidated statements of financial position of ABB as at 31 March 2018 has been adjusted for the Rights Issue and the Private Placement as described in Notes 2 to 7 below (which is set out in Section 4). The Pro Forma has been properly compiled on the basis stated using financial statements prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards in Malaysia, and in a manner consistent with both the format of the financial statements and the accounting policies of ABB.



2. Details of the Corporate Exercise

The Company is undertaking the following Corporate Exercise:-

2.1 Rights Issue

The Company undertakes a renounceable rights issue of up to 116,323,800 Rights Shares at the Rights Issue Price on the basis of one (1) Rights Share for every one (1) existing ABB Share held by the entitled shareholders of ABB on the Entitlement Date with a Minimum Subscription.

The Rights Shares will be offered and provisionally allotted to shareholders whose names appear in the Record of Depositors of the Company at the close of business on the Entitlement Date (“**Entitled Shareholders**”).

The Rights Issue will be implemented on the Minimum Subscription level to raise minimum gross proceeds of RM30,145,612.35. The Minimum Subscription level was determined by the Board after taking into consideration the undertakings of Everest Hectare Sdn. Bhd., Ng Tiong Seng Corporation Sdn. Bhd. and Trackland Sdn. Bhd. (“**Undertaking Shareholders**”) and the funding requirements of ABB.

The Rights Issue is renounceable in full or in part. Accordingly, the Entitled Shareholders can subscribe for and/or renounce their entitlements to the Rights Shares in full or in part. Any Rights Shares which are not taken up or validly taken up will be made available for excess application by the Entitled Shareholders and /or their renounee(s). It is the intention of the Board to allocate the excess Rights Shares in a fair and equitable manner and on a basis to be determined by the Board.

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APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ABB AS AT 31 MARCH 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS’ LETTER THEREON (CONT’D)

APPENDIX A

**ASIA BRANDS BERHAD (“ABB” or the “Company”)
NOTES TO PRO FORMA AS AT 31 MARCH 2018**

2. Details of the Corporate Exercise – (Continued)



2.2 Private Placement

The Private Placement will entail the issuance of up to 46,529,520 new Placement Shares representing up to 22.98% of the enlarged issued ABB Shares upon completion and assuming the Minimum Subscription of the Rights Issue at an issue price to be determined and announced at a later date.

For avoidance of doubt, the potential subscribers of the Placement Shares will not be entitled to subscribe for the Rights Shares as the price-fixing date for the Private Placement will only be determined after the Entitlement Date and the Placement Shares will not be allotted before the ex-entitlement date of the Rights Shares.

The actual number of ABB Shares to be issued pursuant to the Private Placement will be determined at a later date.

The details of the places and the number of the Placement Shares to be placed to each placee in accordance with Paragraph 6.15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) will be submitted to Bursa Securities before the listing of the Placement Shares to be issued pursuant to the Private Placement.

3. Scenarios

The Pro Forma which the directors of ABB are solely responsible for the compilation of the Pro Forma as set out in Notes 2 to 7 of the Pro Forma, has been prepared solely for illustrative purposes, to show the effects of the following:-

a) Minimum Scenario

Only the Undertaking Shareholders subscribe for their entitlements to the Rights Shares in full pursuant to the undertakings and assuming the full issuance of 46,529,520 Placement Shares pursuant to the Private Placement. In this scenario, the Placement Shares will be allotted and issued concurrently with the Rights Shares. The Private Placement will be implemented concurrently with the Rights Issue.

b) Maximum Scenario

All the Entitled Shareholders subscribe for their entitlements to the Rights Shares in full pursuant to the Rights Issue and assuming the full issuance of 46,529,520 Placement Shares pursuant to the Private Placement. The Private Placement will be implemented after the completion of the Rights Issue.

APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ABB AS AT 31 MARCH 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS’ LETTER THEREON (CONT’D)

APPENDIX A

**ASIA BRANDS BERHAD (“ABB” or the “Company”)
NOTES TO PRO FORMA AS AT 31 MARCH 2018**

4. The Pro Forma

4.1 Minimum Scenario

4.1.1 Pro Forma I – Rights Issue and Private Placement

Pro Forma I incorporates the effects of the Rights Issue and Private Placement which involve the 86,130,321 Rights Shares to be issued at the Rights Issue Price pursuant to the Rights Share and the entire 46,529,520 Placement Shares to be issued at the indicative issue price of RM0.50 per new ABB Share pursuant to the Private Placement which will be implemented concurrently.

The Rights Issue involves the issuance of 86,130,321 Rights Shares at the Rights Issue Price to the Undertaking Shareholders which would give rise to an increase in the issued share capital and cash and bank balances of ABB by RM30,145,612.35.

The proceeds generated will be utilised to pay part of the IMTN and part of the estimated expenses for the Corporate Exercise.

The expected utilisation of the proceeds are as follows:-

Details of utilisation	Minimum Scenario RM'000	Expected timeframe for utilisation of the proceeds from completion of the Rights Issue
i. Repayment of IMTN	30,000	By 18 March 2019
ii. Estimated expenses for the Corporate Exercise	145	Within 6 months
Total	30,145	

Note:-

Under the Minimum Scenario, the remaining estimated expenses for the Corporate Exercise of approximately RM0.255 million will be funded by the Company’s internally-generated funds.

The Private Placement involves the issuance of new Placement Shares at an indicative issue price of RM0.50 per new ABB Share. The issuance of the entire 46,529,520 new Placement Shares from the Private Placement will give rise to the increase of RM23,264,760 of cash proceeds, of which RM20 million will be utilised to pay part of the Islamic medium term notes (“IMTN”) and the remaining balance for working capital purposes.

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APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ABB AS AT 31 MARCH 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS’ LETTER THEREON (CONT’D)

APPENDIX A

**ASIA BRANDS BERHAD (“ABB” or the “Company”)
NOTES TO PRO FORMA AS AT 31 MARCH 2018**

4. The Pro Forma - (Continued)

4.1 Minimum Scenario - (Continued)

4.1.1 Pro Forma I – Rights Issue and Private Placement - (Continued)

The expected utilisation of the proceeds are as follows:-

Details of utilisation	Minimum Scenario RM'000	Expected time frame for utilisation of the proceeds from completion of the Private Placement
i. Repayment of IMTN	20,000	By 16 March 2020
ii. Working capital	3,265	Within 6 months
Total	23,265	

4.2 Maximum Scenario

4.2.1 Pro Forma I – Rights Issue

Pro Forma I incorporates the effects of the Rights Issue which involves the issuance of 116,323,800 Rights Shares at the Rights Issue Price which would give rise to an increase in the issued share capital and cash and bank balances of ABB by RM40,713,330.

The proceeds generated will be utilised to pay the IMTN and the estimated expenses for the Corporate Exercise.

The expected utilisation of the proceeds are as follows:-

Details of utilisation	Maximum Scenario RM'000	Expected timeframe for utilisation of the proceeds from completion of the Rights Issue
i. Repayment of IMTN	40,000	By 18 March 2019
ii. Estimated expenses for the Corporate Exercise	400	Within 6 months
iii. Working capital	313	Within 6 months
Total	40,713	



APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ABB AS AT 31 MARCH 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS’ LETTER THEREON (CONT’D)

APPENDIX A

**ASIA BRANDS BERHAD (“ABB” or the “Company”)
NOTES TO PRO FORMA AS AT 31 MARCH 2018**



4. The Pro Forma – (Continued)

4.2 Maximum Scenario - (Continued)

4.2.2 Pro Forma II – Private Placement

Pro Forma II incorporates the effects of Pro Forma I and the Private Placement which involve the issuance of new Placement Shares at an indicative issue price of RM0.50 per new ABB share.

The issuance of the entire 46,529,520 Placement Shares from the Private Placement will give rise to the increase of RM23,264,760 of cash proceeds, of which RM20 million will be utilised to pay part of the IMTN and the remaining balance for working capital purposes.

The expected utilisation of the proceeds is as follows:-

Details of utilisation	Maximum Scenario RM'000	Expected timeframe for utilisation of the proceeds from completion of the Private Placement
i. Repayment of IMTN	20,000	By 16 March 2020
ii. Working capital	3,265	Within 6 months
Total	23,265	

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APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ABB AS AT 31 MARCH 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS’ LETTER THEREON (CONT’D)

APPENDIX A

**ASIA BRANDS BERHAD (“ABB” or the “Company”)
NOTES TO PRO FORMA AS AT 31 MARCH 2018**

5. Cash and Bank Balance

The movement in cash and bank balances of ABB are as follows:-



Minimum Scenario	RM
Audited as at 31 March 2018	8,615,482
Proceeds from the Rights Issue and Private Placement	53,410,372
Estimated expenses related to the Corporate Exercise	(400,000)
Payment of the IMTN	<u>(50,000,000)</u>
As per Pro Forma I	<u>11,625,854</u>
Maximum Scenario	
Audited as at 31 March 2018	8,615,482
Proceeds from the Rights Issue	40,713,330
Estimated expenses related to the Corporate Exercise	(400,000)
Payment of the IMTN	<u>(40,000,000)</u>
As per Pro Forma I	8,928,812
Proceeds from the Private Placement	23,264,760
Payment of the IMTN	<u>(20,000,000)</u>
As per Pro Forma II	<u>12,193,572</u>

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APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ABB AS AT 31 MARCH 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS’ LETTER THEREON (CONT’D)

APPENDIX A

**ASIA BRANDS BERHAD (“ABB” or the “Company”)
NOTES TO PRO FORMA AS AT 31 MARCH 2018**

6. Share Capital

The movement in the share capital of ABB are as follows:-



Minimum Scenario	No of ordinary shares of ABB	RM
Audited as at 31 March 2018	116,323,800	158,000,681
Proceeds from the Rights Issue and Private Placement ⁽¹⁾	132,659,841	53,410,372
Estimated expenses related to the Corporate Exercise	-	(400,000)
As per Pro Forma I	<u>248,983,641</u>	<u>211,011,053</u>

Maximum Scenario	No of ordinary shares of ABB	RM
Audited as at 31 March 2018	116,323,800	158,000,681
Proceeds from the Rights Issue	116,323,800	40,713,330
Estimated expenses related to the Corporate Exercise	-	(400,000)
As per Pro Forma I	<u>232,647,600</u>	<u>198,314,011</u>
Proceeds from the Private Placement	46,529,520	23,264,760.
As per Pro Forma II	<u>279,177,120</u>	<u>221,578,771</u>

Note:

- (1) After taking into consideration the 86,130,321 Rights Shares to be issued at the Rights Issue Price pursuant to the Rights Issue and the 46,529,520 Placement Shares to be issued at an indicative issue price of RM0.50 per new ABB Share pursuant to the Private Placement. The Rights Issue and the Private Placement will be implemented concurrently.

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APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ABB AS AT 31 MARCH 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS’ LETTER THEREON (CONT’D)

APPENDIX A

**ASIA BRANDS BERHAD (“ABB” or the “Company”)
NOTES TO PRO FORMA AS AT 31 MARCH 2018**

7. Islamic Medium Term Notes (“IMTN”)

The movement in IMTN of ABB are as follows:-



Minimum Scenario	RM
Audited as at 31 March 2018	90,000,000
Part payment from the proceeds arising from the Private Placement	(20,000,000)
Part payment from the proceeds arising from the Rights Issue	(30,000,000)
As per Pro Forma II	<u>40,000,000</u>
Maximum Scenario	RM
Audited as at 31 March 2018	90,000,000
Part payment from the proceeds arising from the Rights Issue	(40,000,000)
As per Pro Forma I	50,000,000
Part payment from the proceeds arising from the Private Placement	(20,000,000)
As per Pro Forma II	<u>30,000,000</u>

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