

NOTICE OF PROVISIONAL ALLOTMENT OF RIGHTS SHARES WITH WARRANTS

Terms defined in the Abridged Prospectus dated 30 October 2019 ("Abridged Prospectus") shall have the same meanings when used in this Notice of Provisional Allotment ("NPA") unless otherwise stated. The Provisional Allotment (as defined herein) as contained in this NPA are prescribed securities pursuant to Section 14(5) of the SICDA and amendments or any re-enactment made thereto from time to time, and therefore, the SICDA (including all amendments thereof) and the Rules of Bursa Depository shall apply in respect of dealings in the Provisional Allotment (as defined herein).



LOTUS KFM BERHAD

(formerly known as KUANTAN FLOUR MILLS BERHAD)
(Company No. 119598-P)
(Incorporated in Malaysia under the Companies Act 2016)

RENOUNCEABLE RIGHTS ISSUE OF 477,595,420 NEW ORDINARY SHARES IN LOTUS KFM BERHAD (formerly known as KUANTAN FLOUR MILLS BERHAD) ("KFM" OR THE "COMPANY") ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE ON THE BASIS OF FIVE (5) RIGHTS SHARES FOR EVERY ONE (1) EXISTING ORDINARY SHARE IN KFM HELD BY THE ENTITLED SHAREHOLDERS AS AT 5.00 P.M. ON 30 OCTOBER 2019 TOGETHER WITH 238,797,710 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF ONE (1) WARRANT FOR EVERY TWO (2) RIGHTS SHARES SUBSCRIBED FOR ("RIGHTS ISSUE")

Principal Adviser, Managing Underwriter
and Joint Underwriter



INVESTMENT BANK BERHAD (20657-W)



Mercury Securities Sdn Bhd

(Company No. 113193-W)
(A Participating Organisation of Bursa Malaysia Securities Berhad)



JF APEX SECURITIES BERHAD (47680-X)
A Participating Organisation of Bursa Malaysia Securities Berhad



INTER-PACIFIC SECURITIES SDN. BHD.
(17784-I)
A Participating Organisation of Bursa Malaysia Securities Berhad
A Trading Participant of Bursa Malaysia Derivatives Berhad

Joint Underwriters

To: The Entitled Shareholders of KFM

Dear Sir/Madam,

Our Board of Directors ("Board") has provisionally allotted to you, in accordance with the resolution passed at the Extraordinary General Meeting of our Company convened on 27 May 2019, and the approval of Bursa Malaysia Securities Berhad (635998-W) ("Bursa Securities") via its letter dated 11 January 2019, the number of Rights Shares with Warrants as indicated below ("Provisional Allotment").

We wish to advise you that the following Provisional Allotment have been confirmed by Bursa Depository and upon acceptance, the Rights Shares with Warrants will be credited into your Central Depository System ("CDS") Account(s), subject to the terms and conditions stated in the Abridged Prospectus and the Rights Subscription Form ("RSF") issued by our Company.

The Provisional Allotment is allotted subject to the terms and conditions stated in the Abridged Prospectus. Bursa Securities has already prescribed our securities listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Provisional Allotment is prescribed securities and as such, all dealings in the Provisional Allotment will be by book entries through CDS Accounts and will be governed by the SICDA (including all amendments thereof) and the Rules of Bursa Depository.

ALL RIGHTS SHARES WITH WARRANTS TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WILL BE ALLOTTED BY WAY OF CREDITING THE RIGHTS SHARES AND THE WARRANTS INTO THE CDS ACCOUNTS OF THE ENTITLED SHAREHOLDERS AND/OR THEIR RENOUNCEE(S)/TRANSFeree(S) (IF APPLICABLE). NO PHYSICAL SHARE AND WARRANT CERTIFICATES WILL BE ISSUED.

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

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, to the Entitled Shareholders who have applied for Excess Rights Shares, on a pro-rata basis and in board lots, calculated based on their respective shareholdings as per their CDS Account(s) in our Company and our Register of Members (in respect of the Placement Investor only) on the Entitlement Date;
- (iii) thirdly, to the Entitled Shareholders who have applied for Excess Rights Shares, on a pro-rata basis and in board lots, calculated based on the quantum of Excess Rights Shares applied for; and
- (iv) lastly, to the transferee(s)/renounee(s) who have applied for Excess Rights Shares, on a pro-rata basis and in board lots, based on the quantum of Excess Rights Shares applied for.

In the event of any balance of Excess Rights Shares after steps (i), (ii), (iii) and (iv) are carried out, steps (ii), (iii) and (iv) will be repeated in the same sequence again to allocate the balance Excess Rights Shares until such balance is exhausted.

In the event of an under subscription by the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable), even after all the application for the Excess Rights Shares have been taken into consideration, the remaining unsubscribed Rights Shares will be subscribed by the Joint Underwriters in accordance with the terms and conditions as set out in the Underwriting Agreement.

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

NAME, ADDRESS AND CDS ACCOUNT NUMBER OF ENTITLED SHAREHOLDER			

NUMBER OF ORDINARY SHARES HELD AT 5.00 P.M. ON 30 OCTOBER 2019	NUMBER OF RIGHTS SHARES PROVISIONALLY ALLOTTED TO YOU	NUMBER OF WARRANTS ATTACHED TO THE RIGHTS SHARES PROVISIONALLY ALLOTTED TO YOU	AMOUNT PAYABLE IN FULL UPON ACCEPTANCE AT RM0.10 PER RIGHTS SHARE (RM)

IMPORTANT RELEVANT DATES AND TIMES	
Entitlement Date	: Wednesday, 30 October 2019 at 5.00 p.m.
Last date and time for:	
Sale of Provisional Allotments	: Wednesday, 6 November 2019 at 5.00 p.m.
Transfer of Provisional Allotments	: Friday, 8 November 2019 at 4.30 p.m.
Acceptance and Payment	: Thursday, 14 November 2019 at 5.00 p.m.
Excess application and payment	: Thursday, 14 November 2019 at 5.00 p.m.

By Order of the Board
TEA SOR HUA (MACS 01324)
Company Secretary

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

THIS NOTICE OF PROVISIONAL ALLOTMENT IS DATED 30 OCTOBER 2019

THIS RSF IS NOT A TRANSFERABLE OR NEGOTIABLE INSTRUMENT.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, PLEASE CONSULT A PROFESSIONAL ADVISER IMMEDIATELY. All enquiries concerning the Rights Issue should be addressed to our Share Registrar, Securities Services (Holdings) Sdn Bhd, Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan (Tel: +603 - 2084 9000). **YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE ABRIDGED PROSPECTUS TO WHICH THIS RSF RELATES TO BEFORE COMPLETING THIS RSF. IN ACCORDANCE WITH THE CAPITAL MARKETS AND SERVICES ACT 2007, THIS RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THE ABRIDGED PROSPECTUS.**

The Abridged Prospectus, together with the NPA and RSF (collectively, the "Documents"), will only be despatched to our Entitled Shareholders whose names appear in our Record of Depositors and our Register of Members (in respect of the Placement Investor only) at 5.00 p.m. on 30 October 2019 ("Entitled Shareholders") at their registered address in Malaysia or who have provided our Share Registrar with a registered address in Malaysia in writing by 5.00 p.m. on 30 October 2019. The Documents are not intended to (and will not be made to) comply with the laws of any countries or jurisdictions other than Malaysia and are not intended to be (and will not be) issued, circulated or distributed in any countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled Shareholders and/or their renounees/transferees (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal adviser and/or other professional adviser as to whether the acceptance or renunciation (as the case may be) of their entitlements to the Rights Issue, application for Excess Rights Shares, or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue would result in the contravention of any law of such countries or jurisdictions. We, KAF Investment Bank Berhad and/or the advisers shall not accept any responsibility or liability in the event that any acceptance and/or renunciation (as the case may be) of entitlements, application for Excess Rights Shares or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue made by any Entitled Shareholders and/or their renounees/transferees (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which the said Entitled Shareholders and/or their renounees/transferees (if applicable) are residents.

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

Approval for the Rights Issue has been obtained from our shareholders at our EGM convened on 27 May 2019. Approval has been obtained from Bursa Securities vide its letter dated 11 January 2019 for the admission of the Warrants to the Official List as well as the listing of and quotation for the Rights Shares and Warrants, and the new Shares arising from the exercise of the Warrants on the Main Market of Bursa Securities, which will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of the successful Entitled Shareholders and/or their renounees/transferees (if applicable) have been duly credited with the Rights Shares allotted to them and notices of allotment have been despatched to them. However, such admission, listing and quotation are not an indication that Bursa Securities recommends the Rights Issue and are in no way reflective of the merits of the Rights Issue.

Our 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 contained in the said documentation. Having made all reasonable enquiries and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts, which if omitted, would make any statement in the Documents false or misleading.

Unless otherwise stated, the unit of currency used in this RSF is RM and sen.

INSTRUCTIONS:**(I) LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT**

This RSF is valid for acceptance until 5.00 p.m. on 14 November 2019.

(II) FULL OR PART ACCEPTANCE OF THE RIGHTS SHARES

You and/or your renounees/transferees (if applicable) who wish to accept the Provisional Allotment either in full or in part, please complete Parts I(A) and II of this RSF in accordance with the notes and instructions contained herein and return this RSF, together with the relevant remittance in RM for the full and exact 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 "KFM RIGHTS SHARES ACCOUNT", crossed "A/C PAYEE ONLY" and endorsed on the reverse side with your name in block letters, contact number and CDS Account number so as to be received by our Share Registrar by 5.00 p.m. on 14 November 2019 at Securities Services (Holdings) Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan.

If acceptance of and payment for the Provisional Allotment (whether in full or in part, as the case may be) are not received by our Share Registrar by the Closing Date, you and/or your renounees/transferees (if applicable) will be deemed to have declined the Provisional Allotment and it will be cancelled. Proof of time of postage will not constitute proof of time of receipt by our Share Registrar. Our Board will then have the right to allot such Rights Shares not taken up or not validly taken up to applicants who have applied for Excess Rights Shares in the manner as set out in item (iii) below. The remittance must be made in the full and exact amount payable for the Rights Shares accepted. Applications accompanied by payments other than in the manner stated above or with excess or insufficient remittances may or may not be accepted at the absolute discretion of our Board. No acknowledgment of receipt of this RSF or application money will be issued by our Company or our Share Registrar in respect of the Rights Issue. However, if your application is successful, the Rights Shares and Warrants will be credited into your CDS Account and a notice of allotment will be despatched to you by ordinary post to the address stated in our Record of Depositor and our Register of Members (in respect of the Placement Investor only) at your own risk within 8 market days from the Closing Date or such other period as may be prescribed by Bursa Securities.

Where an application is not accepted or is accepted in part only, the full amount or the balance of the application money, as the case may be, will be refunded without interest and will be despatched to you by ordinary post to the address stated in our Record of Depositors and our Register of Members (in respect of the Placement Investor only) at your own risk within 15 Market Days from the Closing Date.

(III) APPLICATION FOR EXCESS RIGHTS SHARES

If you wish to apply for additional Rights Shares in excess to your entitlement, please complete Part I(B) of this RSF (in addition to Parts I(A) and II) and forward this RSF with a separate remittance in RM for the full and exact amount payable in respect of the Excess Rights Shares applied for, to our Share Registrar. Payment for the Excess Rights Shares Applications for should be made in the same manner as described in note (ii) except that the Banker's Draft(s) or Cashier's Order(s) or Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia must be made payable to "KFM EXCESS RIGHTS SHARES ACCOUNT", crossed "A/C PAYEE ONLY" and endorsed on the reverse side with your name in block letters, contact number, and CDS Account number so as to be received by our Share Registrar by 5.00 p.m. on 14 November 2019.

No acknowledgment of receipt of this RSF or application money will be issued by our Company or our Share Registrar in respect of the Excess Rights Shares Applications. However, if your application is successful, the Rights Shares will be credited into your CDS Account and a notice of allotment will be despatched to you by ordinary post to the address stated in our Record of Depositors and our Register of Members (in respect of the Placement Investor only) at your own risk within 8 Market Days from the Closing Date or such other period as may be prescribed by Bursa Securities.

Where an Excess Rights Shares Application is not accepted or is accepted in part only, the full amount or the balance of the application money, as the case may be, will be refunded without interest and will be despatched to you by ordinary post to the address stated in our Record of Depositors and our Register of Members (in respect of the Placement Investor only) at your own risk within 15 Market Days from the Closing Date.

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

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, to the Entitled Shareholders who have applied for Excess Rights Shares, on a pro-rata basis and in board lots, calculated based on their respective shareholdings as per their CDS Account(s) in our Company and our Register of Members (in respect of the Placement Investor only) on the Entitlement Date;
- (iii) thirdly, to the Entitled Shareholders who have applied for Excess Rights Shares, on a pro-rata basis and in board lots, calculated based on the quantum of Excess Rights Shares applied for; and
- (iv) lastly, to the transferee(s)/renounee(s) who have applied for Excess Rights Shares, on a pro-rata basis and in board lots, based on the quantum of Excess Rights Shares applied for.

In the event of any balance of Excess Rights Shares after steps (i), (ii), (iii) and (iv) are carried out, steps (ii), (iii) and (iv) will be repeated in the same sequence again to allocate the balance Excess Rights Shares until such balance is exhausted.

In the event of an under subscription by the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable), even after all the application for the Excess Rights Shares have been taken into consideration, the remaining unsubscribed Rights Shares will be subscribed by the Joint Underwriters in accordance with the terms and conditions as set out in the Underwriting Agreement.

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

(IV) SALE OR TRANSFER OF PROVISIONAL ALLOTMENTS

Should you wish to sell or transfer all or part of your entitlement to the Provisional Allotment to 1 or more persons, you may do so through your stockbroker during the period up to the last date and time for sale or transfer of the Provisional Allotment without first having to request for a split of the Provisional Allotment standing to the credit of your CDS Account. You may sell such entitlement on Bursa Securities or transfer to such person(s) as may be allowed under the Rules of Bursa Depository both for the period up to the last date and time for transfer of the Provisional Allotment.

In selling or transferring all or part of your Provisional Allotment, you are not required to deliver any document to your stockbroker. However, you are advised to ensure that you have sufficient number of Provisional Allotment standing to the credit of your CDS Account(s) that are available for settlement of the sale or transfer.

Renounees/transferees may obtain a copy of the Abridged Prospectus and this RSF from his/her/their stockbroker, our registered office, our Share Registrar or at Bursa Securities' website (<http://www.bursamalaysia.com>).

If you have sold or transferred only part of the Provisional Allotment, you may still accept the balance of your Provisional Allotment by completing Parts I(A) and II of this RSF and deliver the completed and signed RSF together with the relevant payment to our Share Registrar.

(V) GENERAL INSTRUCTIONS

- (a) All applicants must sign on the front page of this RSF. All corporate bodies must affix their Common Seals.
- (b) A Malaysian Revenue Stamp (NOT POSTAGE STAMP) of RM10.00 must be affixed on the RSF.
- (c) The Rights Shares subscribed by our Entitled Shareholders and/or their renounees/transferees (if applicable) will be credited into their respective CDS accounts as stated in this RSF.
- (d) Any interest or other benefit accruing on or arising from or in connection with any application money shall be for the benefit of our Company and our Company shall not be under any obligation to account for such interest or other benefit to you.
- (e) The contract arising from the acceptance of the Provisional Allotment by you shall be governed by and construed in accordance with the laws of Malaysia, and you shall be deemed to have irrevocably and unconditionally submitted to the exclusive jurisdiction of the courts of Malaysia in respect of any matter in connection with this RSF and the contract arising therefrom.
- (f) Our Board reserves the right to accept or reject any acceptance and/or application if the instructions above are not strictly adhered to or which are illegible.
- (g) Entitled Shareholders and/or their renounees/transferees should note that any RSF and remittances lodged with our Share Registrar shall be irrevocable and shall not be subsequently withdrawn.