

All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.

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

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS ABRIDGED PROSPECTUS. 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 at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur (Tel. No. +603 -2084 9000).

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

The approval from our shareholders for the Rights Issue was obtained at our EGM held on 9 September 2020. Approval has been obtained from Bursa Securities via its letter dated 23 June 2020 for the listing and quotation of the Rights Shares pursuant to the Rights Issue on the Main Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue, and shall not be taken as an indication of the merits of the Rights Issue. Bursa Securities does not take any responsibility for the correctness of statements made or opinions expressed in this Abridged Prospectus. The listing and quotation of all the said new securities will commence after, amongst others, the receipt of confirmation from Bursa Depository that all the CDS Accounts of our successful Entitled Shareholders and/ or their renounee(s) and/ or transferee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

The Documents are only despatched to the Entitled Shareholders whose names appear in our Record of Depositors and who have provided our Share Registrar with a registered address in Malaysia not later than 5.00 p.m. on Monday, 16 November 2020. The Documents are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue complies with the laws of any countries or jurisdiction other than the laws of Malaysia. Entitled Shareholders and/ or their renounee(s) and/ or transferee(s) (if applicable) who are residents in countries or jurisdiction other than Malaysia should therefore immediately consult their legal advisers and/ or other professional advisers as to whether the acceptance and/ or renunciation (as the case may be) of all or any part of their entitlements to the Rights Shares would result in a contravention of any laws of such countries or jurisdictions. Such Entitled Shareholders and/ or their renounee(s) and/ or transferee(s) (if applicable) should note the additional terms and restrictions as set out in Section 10.10 of this Abridged Prospectus. Neither we, UOBKH nor any other professional advisers shall accept any responsibility or liability in the event that any acceptance and/ or renunciation (as the case may be) of the entitlements to the Rights Shares made by the Entitled Shareholders and/ or their renounee(s) and/ or transferee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions.

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

FOR INFORMATION CONCERNING RISK FACTORS WHICH YOU SHOULD CONSIDER, PLEASE REFER TO SECTION 6 OF THIS ABRIDGED PROSPECTUS.



REX INDUSTRY BERHAD

(Registration No. 199301027926 (282664-K))
(Incorporated in Malaysia)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 246,626,468 NEW ORDINARY SHARES IN REX INDUSTRY BERHAD ("REX" OR THE "COMPANY") ("REX SHARE(S)" OR "SHARE(S)") ("RIGHTS SHARE(S)") AT THE ISSUE PRICE OF RM0.10 PER RIGHTS SHARE, ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 1 EXISTING REX SHARE HELD AS AT 5.00 P.M. ON MONDAY, 16 NOVEMBER 2020 ("RIGHTS ISSUE")

Principal Adviser

UOBKayHian

UOB Kay Hian Securities (M) Sdn Bhd

Registration No. 199001003423 (194990-K)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME:-

Entitlement Date	: Monday, 16 November 2020 at 5.00 p.m.
Last date and time for sale of provisional allotment of rights	: Monday, 23 November 2020 at 5.00 p.m.
Last date and time for transfer of provisional allotment of rights	: Wednesday, 25 November 2020 at 4.30 p.m.
Last date and time for acceptance and payment	: Tuesday, 1 December 2020 at 5.00 p.m.
Last date and time for excess application and payment	: Tuesday, 1 December 2020 at 5.00 p.m.

This Abridged Prospectus is dated 16 November 2020

All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.

RESPONSIBILITY STATEMENTS

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

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

OTHER STATEMENTS

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

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

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

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

"Abridged Prospectus"	: This abridged prospectus dated 16 November 2020 in relation to the Rights Issue
"Act"	: The Companies Act 2016, as amended from time to time and all regulations made thereunder and any re-enactment thereof
"Additional Undertaking"	: The undertaking provided by one of the Undertaking Shareholders, namely DTSB, to subscribe for additional Rights Shares of up to 105,000,000 Rights Shares not taken up by the other Entitled Shareholders and/ or their renounee(s) and/ or transferee(s) (if applicable) by way of Excess Application
"Announcement LPD"	: 8 May 2020, being the latest practicable date prior to the announcement of the Rights Issue
"Board"	: Our Board of Directors
"Bursa Depository"	: Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
"Bursa Securities"	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
"CDS"	: Central Depository System
"CDS Account"	: A securities account established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of deposits of securities and for dealings in such securities by the depositor
"Closing Date"	: Tuesday, 1 December 2020 at 5.00 p.m., being the last date and time for the acceptance of and payment for the Provisional Rights Shares and the application and payment for the Excess Rights Shares
"CMSA"	: Capital Markets and Services Act 2007 of Malaysia, as amended from time to time and all regulations made thereunder and any re-enactment thereof
"Constitution"	: Constitution of our Company
"Corporate Exercises"	: The Rights Issue and the Exemption, collectively
"COVID-19"	: Coronavirus disease 2019
"Director(s)"	: The director(s) of our Company and shall have the meaning given in Section 2(1) of the CMSA
"DK"	: Darmendran Kunaretnam, a Director and substantial shareholder of our Company
"Documents"	: This Abridged Prospectus together with the NPA and RSF, collectively
"DTSB"	: Daiman Taipan Sdn Bhd (Registration No. 201501003374 (1128706-X)), a substantial shareholder of our Company

DEFINITIONS (CONT'D)

"EGM"	:	Extraordinary General Meeting of our Company held on 9 September 2020
"Entitled Shareholder(s)"	:	Our shareholders whose names appear in the Record of Depositors of our Company on the Entitlement Date
"Entitlement Date"	:	At 5.00 p.m. on Monday, 16 November 2020, being the time and date on which the names of our shareholders must appear in the Record of Depositors in order to be entitled to participate in the Rights Issue
"Entitlement Undertakings"	:	The undertakings provided by the Undertaking Shareholders to subscribe in full for their respective entitlements based on their shareholdings as at the Entitlement Date. Based on the aggregate shareholdings of the Undertaking Shareholders of 87,040,552 Rex Shares as at the LPD, the total number of Rights Shares to be subscribed pursuant to the Entitlement Undertakings shall amount to 87,040,552 Rights Shares. For avoidance of doubt, the Entitlement Undertakings does not include the Additional Undertaking
"EPS/ (LPS)"	:	Earnings per share/ (Loss) per share
"Exemption"	:	Exemption granted by the SC to DTSB, DK and their PACs on 13 October 2020 from the obligation to undertake the Mandatory Offer pursuant to the Rights Issue under Paragraph 4.08(1)(b) of the Rules
"Excess Application"	:	Application for Excess Rights Shares as set out in Section 10.8 of this Abridged Prospectus
"Excess Rights Shares"	:	Rights Shares which are not taken up or not validly taken up by the Entitled Shareholders and/ or their renouncee(s) and/ or transferee(s) (if applicable) by the Closing Date
"Foreign Entitled Shareholder(s)"	:	Entitled Shareholder(s) who have not provided an address in Malaysia for the service of documents to be issued for the purposes of the Rights Issue
"FPE"	:	Financial period ended/ ending
"FYE"	:	Financial year ended/ ending
"Issue Price"	:	The issue price of the Rights Shares of RM0.10 per Rights Share
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	26 October 2020 being the latest practicable date prior to the registration of this Abridged Prospectus by the SC
"Mandatory Offer"	:	The obligation of DTSB, DK and their PACs under Paragraph 4.01 of the Rules to undertake a mandatory take-over offer to acquire all the remaining Rex Shares not already owned by them upon completion of the Rights Issue in view of the Undertakings
"Market Day(s)"	:	Any day from Mondays to Fridays (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for the trading of securities

DEFINITIONS (CONT'D)

"Maximum Scenario"	:	Assuming all the Entitled Shareholders and/ or their renounee(s) and/ or transferee(s) (if applicable) fully subscribe for their respective entitlements under the Rights Issue
"MCO"	:	The Movement Control Order, implemented as a preventive measure by the federal government of Malaysia in response to the COVID-19 pandemic in the country on 18 March 2020
"Minimum Scenario"	:	Assuming the Rights Issue is undertaken on a Minimum Subscription Level basis (i.e. only the Undertaking Shareholders subscribe for the Rights Shares pursuant to the Undertakings and none of the other Entitled Shareholders subscribe for their respective entitlements under the Rights Issue)
"Minimum Subscription Level"	:	A minimum level of subscription which entails a minimum issuance of 192,040,552 Rights Shares, comprising the Entitlement Undertakings as well as Additional Undertaking, to raise a minimum gross proceeds of RM19,204,055
"NA"	:	Net assets attributable to the owners of our Company
"NPA"	:	Notice of provisional allotment of Rights Shares pursuant to the Rights Issue
"Official List"	:	A list specifying all securities listed on the Main Market of Bursa Securities
"PACs"	:	Persons acting in concert with DTSB and DK pursuant to Section 216(3) of the CMSA as at the LPD, namely Chee Cheng Chun and Leong Kwai Ying
"PAT/ (LAT)"	:	Profit/ (Loss) after taxation
"PBT/ (LBT)"	:	Profit/ (Loss) before taxation
"Provisional Rights Shares"	:	Rights Shares provisionally allotted to the Entitled Shareholders
"Record of Depositors"	:	A record of security holders provided by Bursa Depository to our Company under Chapter 24.0 of the Rules of Bursa Depository
"Rex" or our "Company"	:	Rex Industry Berhad (Registration No. 199301027926 (282664-K))
"Rex Group" or our "Group"	:	Rex and its subsidiary companies, collectively
"Rex Share(s)" or "Share(s)"	:	Ordinary share(s) in Rex
"Rights Issue"	:	Renounceable rights issue of up to 246,626,468 Rights Shares at the issue price of RM0.10 per Rights Share, on the basis of 1 Rights Share for every 1 existing Rex Share held as at 5.00 p.m. on Monday, 16 November 2020
"Rights Share(s)"	:	Up to 246,626,468 new Rex Shares to be issued at the Issue Price pursuant to the Rights Issue

DEFINITIONS (CONT'D)

"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"RSF"	:	Rights Subscription Form in relation to the Rights Issue
"Rules"	:	Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the SC, including any amendments thereof as may be made from time to time
"Rules of Bursa Depository"	:	The Rules of Bursa Depository as issued pursuant to the SICDA, including any amendments thereof as may be made from time to time
"SC"	:	Securities Commission Malaysia
"Share Registrar"	:	Securities Services (Holdings) Sdn Bhd (Registration No. 197701005827 (36869-T))
"SICDA"	:	Securities Industry (Central Depository) Act 1991, as amended from time to time and all regulations made thereunder and any re-enactment thereof
"TERP"	:	Theoretical ex-rights price
"Undertakings"	:	Irrevocable and unconditional undertakings provided by the Undertaking Shareholders vide their letters dated 19 May 2020 to:- <ol style="list-style-type: none"> i. subscribe for their Entitlement Undertakings; and ii. apply for the Additional Undertaking
"Undertaking Shareholders"	:	DTSB and DK, who have collectively provided their respective irrevocable and unconditional undertakings for the purpose of meeting the Minimum Subscription Level
"UOBKH" or the "Principal Adviser"	:	UOB Kay Hian Securities (M) Sdn Bhd (Registration No. 199001003423 (194990-K))
"USD"	:	United States Dollar
"VWAP"	:	Volume weighted average market price

All references to "our Company" in this Abridged Prospectus are to Rex and all references to "our Group" are to our Company and subsidiary collectively. All references to "we", "us", "our" and "ourselves" are to our Company, and where the context requires otherwise, shall include our subsidiaries. All references to "you" and "your" in this Abridged Prospectus are made to the Entitled Shareholders and/ or, where the context otherwise requires, their renounee(s) and/ or transferee(s) (if applicable).

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

Unless otherwise stated and wherever applicable, the amounts represented in this Abridged Prospectus have been rounded to the nearest whole cent, for ease of reference.

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

TABLE OF CONTENTS

	Page
ADVISERS' DIRECTORY	vii
SUMMARY OF THE RIGHTS ISSUE	viii
LETTER TO THE ENTITLED SHAREHOLDERS CONTAINING:-	
1. INTRODUCTION	1
2. DETAILS OF THE RIGHTS ISSUE	2
2.1 Basis and justifications of arriving at the Issue Price	3
2.2 Ranking of the Rights Shares	4
3. IRREVOCABLE AND UNCONDITIONAL UNDERTAKINGS	4
4. UTILISATION OF PROCEEDS	6
5. RATIONALE AND JUSTIFICATION FOR THE RIGHTS ISSUE	10
6. RISK FACTORS	10
6.1 Risks relating to our Group	10
6.2 Risks relating to the food and beverages industry	13
6.3 Risks relating to the Rights Issue	15
6.4 Forward-looking statements	15
7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS OF OUR GROUP	16
7.1 Overview and outlook of the Malaysian economy	16
7.2 Overview and outlook of the food and beverages industry in Malaysia	18
7.3 Future prospects of our Group	19
8. FINANCIAL EFFECTS OF THE RIGHTS ISSUE	22
8.1 Issued share capital	22
8.2 NA and gearing level	22
8.3 Earnings and EPS	23
8.4 Substantial shareholdings structure	24
8.5 Convertible securities	24
9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES, MATERIAL COMMITMENTS AND MATERIAL TRANSACTIONS	24
9.1 Working capital	24
9.2 Borrowings	25
9.3 Contingent liabilities	26
9.4 Material commitments	26
9.5 Material transactions	26

TABLE OF CONTENTS (CONT'D)

	Page
10. INSTRUCTIONS FOR ACCEPTANCE, SALE OR TRANSFER, EXCESS APPLICATION AND PAYMENT	26
10.1 General	26
10.2 NPA	26
10.3 Last date and time for acceptance and payment	26
10.4 Procedure for full acceptance and payment	26
10.5 Procedure for part acceptance by Entitled Shareholders	29
10.6 Procedure for sale or transfer of the Provisional Rights Shares	29
10.7 Procedure for acceptance by renouncee(s)/ transferee(s)	29
10.8 Procedure for application of Excess Rights Shares	30
10.9 Form of issuance	31
10.10 Laws of foreign jurisdiction	32
11. TERMS AND CONDITIONS	33
12. FURTHER INFORMATION	34
APPENDICES	
I. INFORMATION ON OUR COMPANY	35
II. ADDITIONAL INFORMATION	43

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

ADVISERS' DIRECTORY

- COMPANY SECRETARIES** : Yeow Sze Min
MAICSA 7065735 Practitioner/ SSM PC. No.
201908003120
Chua Siew Chuan
MAICSA 0777689 Practitioner/ SSM PC. No.
201908002648
- Level 7, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur
- Tel. No.: 03-2084 9000
Fax. No.: 03-2094 9940
- PRINCIPAL ADVISER** : UOB Kay Hian Securities (M) Sdn Bhd
- Suite 19-03, 19th Floor
Menara Keck Seng
203 Jalan Bukit Bintang
55100 Kuala Lumpur
- Tel. No.: 03-2147 1900
Fax. No.: 03-2147 1950
- DUE DILIGENCE SOLICITORS** : Johan Arafat Hamzah & Mona
- Level 3, Safeguards Business Centre
Lot 6, Jalan 225, Section 51A
46100 Petaling Jaya, Selangor
- Tel. No.: 03-7954 5405
Fax. No.: 03-7954 0405
- SHARE REGISTRAR** : Securities Services (Holdings) Sdn Bhd
- Level 7, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur
- Tel. No.: 03-2084 9000
Fax. No.: 03-2094 9940
- STOCK EXCHANGE LISTING** : Main Market of Bursa Securities

SUMMARY OF THE RIGHTS ISSUE

THIS SUMMARY OF THE RIGHTS ISSUE ONLY HIGHLIGHTS THE KEY INFORMATION FROM OTHER PARTS OF THIS ABRIDGED PROSPECTUS. IT DOES NOT CONTAIN ALL INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE WHOLE ABRIDGED PROSPECTUS.

Key information	Summary
Basis of allotment and number of Rights Shares to be issued pursuant to the Rights Issue	<p>The Rights Issue entails an issuance of up to 246,626,468 Rights Shares at an issue price of RM0.10 per Rights Share, on the basis of 1 Rights Share for every 1 Rex Share held by the Entitled Shareholders on the Entitlement Date.</p> <p>The Rights Shares which are not taken up or validly taken up shall be made available for Excess Application. Our Board intends to allocate the Excess Rights Shares in a fair and equitable manner in accordance with the procedures set out in Section 10.8 of this Abridged Prospectus.</p> <p>Further details are set out in Section 2 of this Abridged Prospectus.</p>
Issue price of the Rights Shares	<p>RM0.10 per Rights Share</p> <p>Further details are set out in Section 2.1 of this Abridged Prospectus.</p>
Shareholders' undertakings	<p>In order to meet the Minimum Subscription Level, the Undertaking Shareholders had on 19 May 2020, provided their respective irrevocable and unconditional undertakings as follows:-</p> <ol style="list-style-type: none"> i. Entitlement Undertakings, in which the Undertaking Shareholders will subscribe in full for their respective entitlements based on their shareholdings as at the Entitlement Date; and ii. Additional Undertaking, in which one of the Undertaking Shareholders, namely DTSB, will subscribe for additional Rights Shares of up to 105,000,000 Rights Shares not taken up by the other Entitled Shareholders and/ or their renounee(s) by way of Excess Application, <p>such that the aggregate subscription proceeds arising from the subscription of Rights Shares amount to RM19,204,055.</p> <p>As the Rights Issue will be undertaken on a Minimum Subscription Level basis, we will not procure any underwriting arrangement for the remaining Rights Shares not subscribed for by the other Entitled Shareholders and/ or their renounee(s) pursuant to the Rights Issue.</p> <p>Further details are set out in Section 3 of this Abridged Prospectus.</p>
Utilisation of proceeds	<p>The gross proceeds to be raised from the Rights Issue will be utilised in the following manner:-</p>

Details of utilisation	Timeframe for utilisation from completion of the Rights Issue	Amount of proceeds	
		Minimum Scenario RM'000	Maximum Scenario RM'000
Repayment of bank borrowings	Within 3 months	11,000	11,000
Working capital	Within 12 months	5,674	11,133
Upgrade of machineries	Within 6 months	2,000	2,000
Estimated expenses	Upon completion	530	530
Total		19,204	24,663

Further details are set out in **Section 4** of this Abridged Prospectus.

SUMMARY OF THE RIGHTS ISSUE (CONT'D)

Key information	Summary
Rationale	<p>: i. To strengthen our financial position and capital base, by reducing our gearing level and increasing our NA thereby providing greater financial flexibility;</p> <p>ii. To help position our Group on a better financial footing to expand our business in the future and improve our financial performance;</p> <p>iii. To enable the issuance of new Rex Shares without diluting shareholders' equity interest, assuming that all Entitled Shareholders subscribe in full for their respective entitlements under the Rights Issue;</p> <p>iv. To provide all Entitled Shareholders with an opportunity to further participate in the prospects and future growth of our Group on a pro-rata basis; and</p> <p>v. To raise the requisite funds without incurring additional interest expense, as compared to bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing.</p> <p>Further details are set out in Section 5 of this Abridged Prospectus.</p>
Risk factors	<p>: You should consider, amongst others, the following risk factors before subscribing for or investing in the Rights Issue:-</p> <p>i. Our Group's business and performance is dependent on the continuous supply of our raw materials at reasonable prices, our ability to collect payment from customers, the prevailing political, economic and regulatory circumstances in Malaysia and/ or other countries in which our Group has business dealings, the foreign exchange risks arising from our sales and purchases denominated in foreign currencies and the impact of the COVID-19 outbreak on the supply chain of our Group's raw materials and the operations of our production facilities;</p> <p>ii. Our Group's food and beverages business is subject to risks inherent in the competitive food and beverages industry, including licensing, certification and permits risk, risk of competition from existing competitors and new entrants both locally and internationally, food contamination and deterioration, product liability claims from customers and reputation risk and changes in consumer tastes and preferences; and</p> <p>iii. The market price of our Shares is influenced by the prevailing market sentiments, volatility of the equity markets, the outlook of the industries we operate in and our financial performance. Accordingly, there can be no assurance that the market price of the Rights Shares will be at a level that meets the specific investment objectives or targets of any holders of the Rights Shares.</p> <p>Further details are set out in Section 6 of this Abridged Prospectus.</p>
Procedures for acceptance and payment	<p>: Acceptance of and payment for the Provisional Rights Shares and application for the Excess Rights Shares must be made by way of the RSF enclosed together with this Abridged Prospectus and must be completed in accordance with the notes and instructions in the RSF.</p> <p>The last day, date and time for acceptance of and payment for the Provisional Rights Shares and the application and payment for the Excess Rights Shares is on Tuesday, 1 December 2020 at 5.00 p.m.</p> <p>The Rights Issue is renounceable in full or in part. Accordingly, the Entitled Shareholders may subscribe for and/ or renounce their respective entitlements under the Rights Issue in full or in part.</p> <p>Further details are set out in Section 10 of this Abridged Prospectus.</p>



REX INDUSTRY BERHAD
(Registration No. 199301027926 (282664-K))
(Incorporated in Malaysia)

Registered Office

Plot 125, Jalan Perindustrian Bukit Minyak 5
14100 Simpang Ampat
Seberang Perai Tengah
Penang

16 November 2020

Board of Directors

Tan Sri Dato' Mohd Ibrahim bin Mohd Zain (*Chairman/ Independent Non-Executive Director*)
Darmendran Kunaretnam (*Group Managing Director/ Non-Independent Executive Director*)
Chee Cheng Chun (*Non-Independent Non-Executive Director*)
Tai Keat Chai (*Independent Non-Executive Director*)
Adnan bin Ahmad (*Independent Non-Executive Director*)

To: The Entitled Shareholders

Dear Sir/ Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 246,626,468 RIGHTS SHARES AT THE ISSUE PRICE OF RM0.10 PER RIGHTS SHARE, ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 1 EXISTING REX SHARE HELD AS AT 5.00 P.M. ON MONDAY, 16 NOVEMBER 2020

1. INTRODUCTION

On 19 May 2020, UOBKH had, on behalf of our Board, announced that we proposed to undertake the Corporate Exercises.

For shareholders' information, assuming the Rights Issue is undertaken under the Minimum Scenario, the shareholdings of DTSB, DK and their PACs in Rex is expected to collectively increase by more than 2% from 35.3% to 63.6% and as such they will be obliged to undertake a Mandatory Offer pursuant to Paragraph 4.01(b) of the Rules. In this regard, DTSB, DK and their PACs had obtained the approval from the SC on 13 October 2020 for the grant of an exemption to undertake the Mandatory Offer under Paragraph 4.08(1)(b) of the Rules, after obtaining the approval of our non-interested shareholders for the Exemption at our EGM which was held on 9 September 2020.

On 24 June 2020, UOBKH had, on behalf of our Board, announced that Bursa Securities had, vide its letter dated 23 June 2020, had resolved to approve the listing and quotation of up to 246,626,468 Rights Shares to be issued pursuant to the Rights Issue subject to the conditions set out below:-

Conditions	Status of compliance
i. REX and UOBKH must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue;	To be complied with in the course of implementation of the Rights Issue

- | | | |
|------|---|---|
| ii. | REX and UOBKH to inform Bursa Securities upon the completion of the Rights Issue; and | To be complied with upon completion of the Rights Issue |
| iii. | REX and UOBKH to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue is completed. | To be complied with upon completion of the Rights Issue |

On 9 September 2020, our shareholders had approved the Corporate Exercises at our EGM.

Subsequently, the SC had, vide its letter dated 13 October 2020 approved the Exemption.

On 2 November 2020, UOBKH had, on behalf of our Board, announced the Entitlement Date and other relevant dates pertaining to the Rights Issue.

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

No person is authorised to give any information or to make any representation not contained in this Abridged Prospectus 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 UOBKH.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT A PROFESSIONAL ADVISER IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE

The Rights Issue entails an issuance of up to 246,626,468 Rights Shares at an issue price of RM0.10 per Rights Share, on the basis of 1 Rights Share for every 1 Rex Share held by the Entitled Shareholders on the Entitlement Date.

As at the LPD, our Company has an issued share capital of RM73,742,421 comprising 246,626,468 Rex Shares.

The Rights Issue will be undertaken on a Minimum Subscription Level basis, where the Rights Issue would entail a minimum issuance of 192,040,552 Rights Shares to raise a minimum gross proceeds of RM19,204,055. The Minimum Subscription Level is based on the Undertakings provided by the Undertaking Shareholders vide their letter dated 19 May 2020 to subscribe for 87,040,552 Rex Shares pursuant to their Entitlement Undertakings. In addition, one of the Undertaking Shareholders, namely DTSB had also provided an Additional Undertaking to subscribe for additional Rights Shares of up to 105,000,000 Rights Shares not taken up by the other Entitled Shareholders and/ or their renounee(s) by way of Excess Application. However, in the event that all the Entitled Shareholders and/ or their renounee(s) fully subscribe for their respective entitlements under the Rights Issue, the aforesaid Additional Undertaking will not crystallise.

The Rights Issue has been structured on a Minimum Subscription Level basis after taking into consideration the minimum level of funds of RM19,204,055 that our Company wishes to raise from the Rights Issue that will be channeled towards the proposed utilisation as set out in **Section 4** of this Abridged Prospectus. Based on the foregoing, the proceeds raised from the Rights Issue is intended to be utilised for the repayment of bank borrowings, working capital, upgrade of machineries and expenses in relation to the Corporate Exercises.

Notwithstanding the above, assuming all the Entitled Shareholders subscribe in full for their respective entitlements of the Rights Shares, the Rights Issue would entail a maximum issuance of 246,626,468 Rights Shares raising a maximum gross proceeds of RM24,662,647.

The Rights Issue is renounceable in full or in part. Accordingly, the Entitled Shareholders may subscribe for and/ or renounce their respective entitlements under the Rights Issue in full or in part.

The Rights Shares will be provisionally allotted to the Entitled Shareholders. In determining the entitlement of the Entitled Shareholders under the Rights Issue, fractional entitlements, if any, will be disregarded and dealt with in such a manner and on such terms and conditions as our Board in its sole and absolute discretion deem fit or expedient and in the best interests of our Company.

The Rights Shares which are not taken up or validly taken up shall be made available for Excess Application by the other Entitled Shareholders and/ or their renounee(s) and to such other persons as our Board shall determine. Our Board intends to allocate the Excess Rights Shares in a fair and equitable manner in accordance with the procedures set out in **Section 10.8** of this Abridged Prospectus.

2.1 Basis and justifications of arriving at the Issue Price

The issue price of RM0.10 per Rights Share was determined by our Board after taking into consideration, amongst others, the following:-

- i. The prevailing market conditions and current and historical market price of Rex Shares; and
- ii. The resultant TERP of Rex Shares of RM0.1825 computed based on the 5-day VWAP of Rex Shares up to 8 May 2020, being the Announcement LPD, of RM0.2650, whereby the Issue Price represents a discount of approximately 45.21% to the TERP.

Our Board had also taken into account further justifications in determining the discount represented by the Issue Price as follows:-

- i. The historical financial performance of our Group for the past 3 financial years up to the FYE 30 June 2019 and the 9-month FPE 31 March 2020 (i.e. the latest unaudited financial period as at the Announcement LPD), where our Group has been in a loss making position since the FYE 30 June 2018, further details as illustrated in the table below:-

	<-----Audited----->			<-Unaudited->
	FYE 30 June 2017 RM'000	FYE 30 June 2018 RM'000	FYE 30 June 2019 RM'000	9-month FPE 31 March 2020 RM'000
Revenue – Continuing operations	130,175	130,323	136,608	108,318
Revenue – Discontinued operations	9,470	-	-	-
PBT/ (LBT)	2,493	(15,095)	(14,317)	(4,268)

In view that the financial performance of our Group has been lacklustre in the recent years, the Issue Price which represents a deep discount of 45.21% to the TERP was considered reasonable by our Board in terms of the discounted value and discount percentage of the Issue Price as it could possibly entice the Entitled Shareholders and/ or their renounee(s) to subscribe for their respective entitlements. For shareholders' information, our Group had recorded revenue of RM149.25 million and LBT of RM8.40 million for the latest audited FYE 30 June 2020;

- ii. our Group's funding requirements of raising minimum gross proceeds of RM19.20 million under the Minimum Scenario and maximum gross proceeds of RM24.66 million under the Maximum Scenario for purposes set out in **Section 4** of this Abridged Prospectus; and

- iii. the future prospects of our Group as further discussed in **Section 7.3** of this Abridged Prospectus.

2.2 Ranking of the Rights Shares

The Rights Shares shall, upon allotment and issuance, rank *pari-passu* in all aspects with the existing Rex Shares, save and except that the Rights Shares shall not be entitled to any dividends, rights, allotments and/ or any other form of distribution which may be declared, made or paid before the date of allotment and issuance of the Rights Shares.

3. IRREVOCABLE AND UNCONDITIONAL UNDERTAKINGS

Our Company shall undertake the Rights Issue on a Minimum Subscription Level basis. The Minimum Subscription Level was determined by our Board after taking into consideration, the minimum level of funds of RM19.20 million that our Company wishes to raise from the Rights Issue that will be channeled towards the proposed utilisation as set out in **Section 4** of this Abridged Prospectus.

In order to meet the Minimum Subscription Level, the Undertaking Shareholders had on 19 May 2020, provided their respective irrevocable and unconditional undertakings as follows:-

- i. Entitlement Undertakings, in which the Undertaking Shareholders will subscribe in full for their respective entitlements based on their shareholdings as at the Entitlement Date; and
- ii. Additional Undertaking, in which one of the Undertaking Shareholders, namely DTSB, will subscribe for additional Rights Shares of up to 105,000,000 Rights Shares not taken up by the other Entitled Shareholders and/ or their renounee(s) by way of Excess Application.

As at the LPD, the Undertaking Shareholders collectively hold 87,040,552 Rex Shares, representing approximately 35.3% of the issued share capital of Rex.

The details of the Undertakings under the Minimum Scenario are set out below:-

Undertaking Shareholders	Direct shareholdings as at the LPD ^{*1}		Entitlement Undertakings ^{*2}		Additional Undertaking ^{*3}		Direct shareholdings after the Rights Issue ^{*4}	
	No. of Rex Shares	%	No. of Rex Shares	%	No. of Rex Shares	%	No. of Rex Shares	%
DTSB	55,765,700	22.6	55,765,700	64.1	105,000,000	100.0	216,531,400	49.3
DK ^{*5}	31,274,852	12.7	31,274,852	35.9	-	-	62,549,704	14.3
Total	87,040,552	35.3	87,040,552	100.0	105,000,000	100.0	279,081,104	63.6

Notes:-

- *1 Based on our total issued share capital as at the LPD amounting to 246,626,468 Rex Shares.
- *2 Based on 87,040,552 Rights Shares available to be issued pursuant to the Entitlement Undertakings.
- *3 Based on 105,000,000 Excess Rights Shares to be issued to DTSB pursuant to the Additional Undertaking.
- *4 Computed based on our enlarged issued share capital amounting to 438,667,020 Rex Shares after the Rights Issue under the Minimum Subscription Level.

*5 As at the LPD, DK has indirect shareholdings of 55,765,700 Rex Shares, deemed interested pursuant to Section 8 of the Act by virtue of his interest in DTSB. Accordingly, after the Rights Issue under the Minimum Scenario, DK will have indirect shareholdings of 216,531,400 Rex Shares via his deemed interest in DTSB as mentioned above.

As the Rights Issue will be undertaken on a Minimum Subscription Level basis, we will not procure any underwriting arrangement for the remaining Rights Shares not subscribed for by the other Entitled Shareholders and/ or their renounee(s) pursuant to the Rights Issue. Each Undertaking Shareholders has respectively confirmed via the undertakings that it/ he has sufficient financial resources to subscribe in full for their respective entitlements for the Rights Shares as specified in the Entitlement Undertakings and Additional Undertaking respectively, and such confirmations have been verified by UOBKH.

Pursuant to Paragraph 8.02(1) of the Listing Requirements, our Company must ensure that at least 25% of the total listed Rex Shares (excluding treasury shares, if any) are in the hands of public shareholders.

As at the LPD, the public shareholding spread of our Company is 63.3%. Upon the implementation of the Rights Issue, based on the assumption that the Rights Shares are subscribed by all the Entitled Shareholders under the Maximum Scenario, the public shareholding spread of our Company will remain the same, which complies with the public shareholding spread requirement as highlighted above.

In the event that the Rights Shares are subscribed on a Minimum Subscription Level basis (i.e. the Undertaking Shareholders subscribe to their full entitlement as well as the Additional Undertaking and no other Entitled Shareholders subscribe for the Rights Shares), the shareholdings of the Undertaking Shareholders (i.e. DTSB and DK) will increase to 49.3% and 14.3%, respectively. This will result in a decrease in the public shareholding spread from 63.3% to 36.4%. Nevertheless, the public shareholding spread of our Company is not expected to fall below 25% of the enlarged issued share capital of our Company after the completion of the Rights Issue.

Further, assuming the Rights Issue is undertaken on a Minimum Subscription Level basis, DTSB, DK and their PACs will be obliged to undertake a Mandatory Offer. In this regard, DTSB, DK and their PACs had obtained the approval from the SC on 13 October 2020 for the grant of an exemption to undertake the Mandatory Offer under Paragraph 4.08(1)(b) of the Rules, after obtaining the approval of our non-interested shareholders for the Exemption at our EGM which was held on 9 September 2020.

Background Information on the Undertaking Shareholders

i. DTSB

DTSB was incorporated in Malaysia under the Act on 23 January 2015 and is principally an investment holding company. As at the LPD, the issued share capital of DTSB is RM100,000 comprising 100,000 ordinary shares.

As at the LPD, the substantial shareholders of DTSB and their respective shareholdings in DTSB are set out below:-

Substantial Shareholders	Nationality	<-----Direct----->		<-----Indirect----->	
		No. of DTSB shares	%^{*1}	No. of DTSB shares	%^{*1}
DK	Malaysian	54,999	54.99	1 ^{*3}	^{*2}
Chee Cheng Chun	Malaysian	45,000	45.00	-	-
Leong Kwai Ying	Malaysian	1	^{*2}	54,999 ^{*3}	54.99

Notes:-

- *1 Computed based on the issued share capital of DTSB of 100,000 DTSB shares.
- *2 Negligible.
- *3 Deemed interested pursuant to the provisions under the Act in relation to interests held by his/ her spouse.

ii. DK

DK, a Malaysian aged 59, is currently the Group Managing Director and Non-Independent Executive Director of Rex. He was appointed to our Board on 3 March 2015.

He graduated from Universiti Kebangsaan Malaysia with a Bachelor of Accounting. He is also a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. He had accumulated 10 years of audit experience as a Group Manager in the Audit Division of an international public accounting firm from 1985 to 1995.

Subsequently in 1996, he joined Gold Bridge Engineering & Construction Berhad ("**Gold Bridge**") as the General Manager of Finance and Corporate Planning Division and assisted in the listing of Gold Bridge on the Main Market of Bursa Securities. He was subsequently appointed as an alternate director in Gold Bridge to Dato' Abd Aziz bin Hj Sheikh Fadzir, who was the then Non-Independent Non-Executive Director of Gold Bridge on 1 February 2009 and subsequently resigned as the alternate director of Gold Bridge on 1 October 2014.

In early 1997, DK joined Safeguards Corporation Berhad ("**Safeguards**") as a director and was involved in the restructuring and listing of Safeguards on the Main Market of Bursa Securities in June 1997. He was later appointed as the Non-Independent Executive Director of Safeguards in August 1997. He later went on and successfully privatised Safeguards in April 2007. He remained on the board of directors of Safeguards in an executive capacity until today.

In May 2008, DK joined Kejuruteraan Samudra Timur Berhad ("**KSTB**") as the Chief Financial Officer. Subsequently, on 26 February 2009, DK was appointed to the board of directors of KTSB as a Non-Executive Director and was then re-designated to Executive Director of KSTB on 24 August 2009. He was the Chief Financial Officer of KSTB before being appointed to the board of directors of KSTB. Subsequently on 27 December 2016, KSTB was officially delisted from the Official List of Bursa Securities. As at the LPD, he is still the director of KSTB. He remained on the board of directors of KSTB in an executive capacity until today.

4. UTILISATION OF PROCEEDS

The Rights Issue is expected to raise gross proceeds of up to approximately RM24.66 million. Our Company intends to utilise the proceeds arising from the Rights Issue in the following manner:-

Proposed Utilisation	Minimum Scenario		Maximum Scenario		Estimated timeframe for the utilisation of the proceeds ^{*1}
	RM'000	%	RM'000	%	
Repayment of bank borrowings ^{*2}	11,000	57.3	11,000	44.6	Within 3 months
Working capital ^{*3}	5,674	29.5	11,133	45.1	Within 12 months
Upgrade of machineries ^{*4}	2,000	10.4	2,000	8.1	Within 6 months
Estimated expenses ^{*5}	530	2.8	530	2.2	Immediate
Total gross proceeds	19,204	100.0	24,663	100.0	

Notes:-

- *1 From the date of completion of the Rights Issue.
- *2 As at the LPD, our Group's outstanding bank borrowings amounted to approximately RM39.39 million, further details of which are set out in the table below:-

Trade Facilities	Outstanding balance as at the LPD RM'000	Weighted average interest rate %	Maturity
Bank overdrafts	3,634	5.43	Up to 120 days from the date of drawdown
Revolving credit	3,000	3.98	Up to 30 days from the date of drawdown
Bankers' acceptances	20,268	4.47	Up to 150 days from the date of drawdown
Term loan	12,491	4.13	Comprises 3 term loans maturing in February 2025, April 2025 and June 2035, respectively
Total	39,393		

Based on the table above, our Group's bankers' acceptances stood at approximately RM20.27 million as at the LPD. The bankers' acceptances is revolving in nature and our Group had drawn down the aforesaid trade facilities within the last 12 months up to the LPD for the purchase of raw materials and consumables used for our Group's canned food and drinks products. Pursuant thereto, our Group intends to utilise approximately RM11.00 million under the Minimum Scenario and the Maximum Scenario for the partial settlement of our Group's bankers' acceptances.

For illustration purposes, upon the repayment of our Group's bankers' acceptances for the amount of approximately RM11.00 million, our Group is expected to enjoy interest savings of approximately RM0.49 million per annum based on the weighted average interest rate of bankers' acceptances of 4.47% per annum. The aforesaid interest savings will only be fully realised assuming our Group does not re-draw the bankers' acceptances after repayment.

Our Group has decided to prioritise the repayment of bankers' acceptances as compared to other borrowings due to the following reasons:-

- i. The bankers' acceptances are generally short term in nature (which has a maturity of up to 120 days) and our Group is required to immediately settle the outstanding bankers' acceptances (in bullet payment) upon their respective maturity date;
- ii. Early settlement of an outstanding term loan is subject to an early repayment charge of approximately 2.97%. This would result in an estimated interest savings of RM0.19 million per annum (inclusive of the early repayment charge), which is lower than the expected interest savings from the repayment of bankers' acceptances of RM0.49 million per annum; and
- iii. The outstanding bank overdrafts and revolving credit are much lower than the bankers' acceptances. Accordingly, the estimated annual interest savings from the repayment of bank overdrafts of RM0.20 million (computed based on the outstanding amount of RM3.63 million and the weighted average interest rate of 5.43%) and revolving credit of RM0.12 million (computed based on the outstanding amount of RM3.00 million and the weighted average interest rate of 3.98%), respectively, are lower than the annual expected interest savings from the repayment of bankers' acceptances of RM0.49 million.

- *3 The proceeds earmarked for working capital will be utilised to finance the day-to-day operations of our Group and is estimated to be utilised in the following manner:-

Details of working capital	Notes	Minimum Scenario RM'000	Maximum Scenario RM'000
Repayment to suppliers	(a)	4,000	8,000
Sales and marketing expenses	(b)	1,000	2,000
Other operating expenses	(c)	674	1,133
		5,674	11,133

- a. Our Group has earmarked approximately RM4.00 million under the Minimum Scenario and RM8.00 million under the Maximum Scenario for the repayment to suppliers for the purchase of raw materials such as chicken meat, squid, sweeteners, empty cans and paper rolls for beverages, etc. For information purposes, our Group's main raw material used for the production of canned food are crabmeat, baby clam, squid and tuna.
- b. Our Group has earmarked approximately RM1.00 million under the Minimum Scenario and RM2.00 million under the Maximum Scenario for our sales and marketing expenses. Our Group intends to increase the promotional activities for the canned food and drinks products so as to enhance the new Rex brand awareness and to pursue the growth of these products to cater for our customers' needs. As such, our Group intends to utilise the aforesaid proceeds to defray the sales and marketing expenses incurred mainly for carriage, transport, selling expenses, exhibitions as well as sales and marketing promotion to support the marketing and promotional activities for our Group's new smaller size beverage products as set out below in this section of the Abridged Prospectus. The said marketing and promotional activities will include, amongst others, exhibition booths/ stands, roadshows and digital media advertising campaigns comprising website and social media advertisements.
- c. Other operating expenses include general expenses such as rental of premises, namely our Group's corporate office located in Kuala Lumpur and our factory located in Kuching, Sarawak, travelling and accommodation expenses and payment of utilities.

The actual amount to be utilised for working capital requirements may differ subject to the operating requirements at the time of utilisation. In the event of a surplus/ deficit in the allocated amounts for the aforesaid working capital requirements, such variance will be adjusted to/ from the proceeds allocated for other working capital requirements, depending on the respective funding requirements at that point of utilisation.

- *4 Our Group has earmarked approximately RM2.00 million under the Minimum Scenario and the Maximum Scenario for the upgrading of the existing beverage filling machineries to improve the beverage production line that caters for a variety of volume/ serving sizes, ranging from 200 millilitres to 1.5 litres per unit. The upgrading of our existing beverage filling machineries will involve the installation of new beverage filling equipment and machinery parts, including, amongst others, compact filling valves and valve manifolds. Should the actual cost of upgrading such machineries exceed RM2.00 million and result in a shortfall in proceeds raised, our Group intends to fund such a shortfall via a combination of internally generated funds and bank borrowings, the breakdown of which is not determinable at this juncture as it is dependent on the quantum of the shortfall, if any. Nevertheless, the estimated cost of RM2.00 million is based on our management's internal estimates after consultation with the vendor of the existing beverage filling machineries to be upgraded.

With consumer demand driving more diversity/ variety of beverage products, the upgrading of our Group's beverage filling machineries will allow our Group to produce more variety of volumes/ sizes of beverage products to meet the demand from the different target market of our Group. Specifically, our Group intends to increase the production of beverage products with smaller serving sizes to cater for the growing popularity of single-serve and ready-to-consume products where such "on-the-go packaging" will meet consumers' demand for convenience and the ever-growing mobility of consumers. The target market of the smaller size beverage products include primary and secondary school students and young adults. The smaller size beverage products will be sold at lower prices by virtue of the smaller packaging size, which may appeal to the abovementioned target market.

As at the latest audited FYE 30 June 2020, our Group's manufacturing plant had a maximum production capacity of 5,187,600 cartons/ year and the upgrading of the existing beverage filling machineries is expected to increase our maximum production capacity to 5,727,600 cartons/ year.

Further, the intended upgrade of our Group's existing beverage filling machineries will enable our Group to fill the liquid products with precision and efficiency while reducing its production downtime or quality issues, which is expected to increase our Group's long term competitive advantage.

For information purposes, a summary of the contribution from our food segment and beverage segment to the overall revenue of our Group for the past 3 financial years up to the FYE 30 June 2020 and the latest unaudited 3-month FPE 30 September 2020 are as follows:

	----- Audited -----						<---Unaudited--->	
	FYE 30 June 2018		FYE 30 June 2019		FYE 30 June 2020		3-month FPE 30 September 2020	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Revenue	130,323	100.0	136,608	100.0	149,245	100.0	44,067	100.0
Food segment	96,878	74.3	105,281	77.1	131,275	88.0	39,511	89.7
Beverage segment	33,445	25.7	31,327	22.9	17,970	12.0	4,556	10.3

Premised on the above, our canned products from the food segment are the major contributor of our Group's revenue and have gained acceptance in the market. Accordingly and as set out in **Section 7.3** of this Abridged Prospectus, our Group intends to strengthen our beverage segment by improving the beverage production line so as to reduce our reliance on the food category. As such, the abovementioned earmarked proceeds for the upgrading of the existing beverage filling machineries are in line with our Group's intention to strengthen our beverage segment.

- *5 The estimated expenses in relation to the Corporate Exercises amount to approximately RM0.53 million. The proceeds earmarked for such expenses shall be utilised in the following manner:-

Details of estimated expenses	RM'000
Professional fees (i.e. Principal Adviser, due diligence solicitors, company secretaries and Share Registrar)	360
Fees payable to the relevant authorities (i.e. Bursa Securities, SC and Companies Commission of Malaysia)	70
Printing, despatch and advertisement costs and miscellaneous expenses	100
Total	530

If the actual expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual expenses are lower than budgeted, the excess will be utilised for working capital purposes.

Pending the utilisation of the proceeds from the Rights Issue for the above purposes, the proceeds are intended to be placed in deposits with financial institutions or short-term money market instruments as our Board may deem fit. The interest derived from the deposits with financial institutions or any gain arising from the short-term money market instruments will be used as additional working capital of our Group.

The actual gross proceeds to be raised from the Rights Issue will depend on the actual number of Rights Shares that will be issued. In the event we do not achieve full subscription of the Rights Issue, we will not be able to raise the amount of RM24.66 million under the Maximum Scenario and in such event, the amount of proceeds raised will be utilised in the following priority:-

- i. Repayment of bank borrowings;
- ii. Upgrade of machineries; and
- iii. Working capital.

5. RATIONALE AND JUSTIFICATION FOR THE RIGHTS ISSUE

Our Board is of the view that the Rights Issue is the most appropriate avenue to raise the necessary funding for our Group as set out in **Section 4** of this Abridged Prospectus after taking into consideration the following:-

- i. the Rights Issue will strengthen the financial position and capital base of our Company, by reducing our gearing level and increasing our NA thereby providing greater financial flexibility, as illustrated in **Section 8.2** of this Abridged Prospectus;
- ii. our Board is of the view that the Rights Issue will help position our Group on a better financial footing to expand our business in the future, in tandem with our strategy to improve our financial performance;
- iii. the Rights Issue will enable the issuance of new Rex Shares without diluting shareholders' equity interest, based on the assumption that all Entitled Shareholders subscribe in full for their respective entitlements under the Rights Issue;
- iv. the Rights Issue will provide all Entitled Shareholders with an opportunity to further participate in the prospects and future growth of our Group on a pro-rata basis; and
- v. the Rights Issue will enable our Company to raise the requisite funds without incurring additional interest expense, as compared to bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing.

6. RISK FACTORS

In addition to other information contained elsewhere in this Abridged Prospectus, you should consider carefully the following risk factors which may have an impact on the future performance of our Group before subscribing for or investing in the Rights Issue.

6.1 Risks relating to our Group

6.1.1 Increase in price or shortage of raw materials

Our Group depends on a continuous supply of raw materials such as crabmeat, baby clam, squid and tuna (which are our Group's main raw material used for the production of canned food) at reasonable prices. The market prices of such raw materials may fluctuate in response to changes in market supply and demand conditions. Any sudden and/ or unexpected shortage of supply (e.g. due to events of force majeure, such as adverse weather conditions or the on-going COVID-19 pandemic, or our suppliers deciding to reduce the quantum of their supply to our Group), may cause our Group to incur higher raw materials costs, which in turn may adversely affect our financial performance. In the event of any significant increase in our raw materials costs wherein we are unable to pass on such increase in costs to our customers or find a cheaper source of raw materials in a timely manner, our profit margins will be negatively impacted. For shareholders' information, as at the LPD, our Group has not entered into any contracts with our raw material suppliers.

For information purposes, based on our audited consolidated financial statements for the past 3 financial years up to the FYE 30 June 2020, the increase in raw materials and consumables had outpaced the increase in our Group's revenue, where raw materials and consumables increased by 13.97% (FYE 30 June 2018 to FYE 30 June 2019) and 10.32% (FYE 30 June 2019 to FYE 30 June 2020) whilst revenue only increased by 4.83% (FYE 30 June 2018 to FYE 30 June 2019) and 9.25% (FYE 30 June 2019 to FYE 30 June 2020). The increase in raw materials and consumables is mainly due to the increase in cost of raw materials as a result of shortages in supply of seafood, particularly tuna, squid and crabmeat.

Further, there can be no assurance that passing on an increase in raw materials costs to our customers (in the form of increased prices of our Group's products) will not weaken the market demand and sales for our Group's products, which in turn would adversely affect our financial performance. There is also no guarantee that upon identifying a cheaper source of raw materials, if any, that such a source would be able to continuously supply our raw materials at competitive prices without significant price fluctuation.

6.1.2 Customer concentration risks and credit risks

Given that our Group only has one business segment which is the manufacturing, export and trading of food and drinks products, our Group's immediate customers mainly comprise of wholesalers/ food retail outlets such as supermarkets and hypermarkets. Accordingly, we have a concentrated customer base which is highly dependent on the performance of the food and beverage industry. Our Group's exposure to losses increases with concentrations of customer base and their associated credit risk which may exist when our customers are involved in similar activities or operate in the same food and beverage industry sector or geographical area, which may affect the ability to meet contractual obligations as a result of changes in economic, political or other conditions.

Generally, the risk of potential bad debts is considered to affect most businesses. We may experience delays in payment from our customers, or in more severe cases, we may not be able to collect payment. In the likelihood or event of payment defaults, we would have to make provisions for doubtful debts or incur bad debts written off, which will have an adverse impact on our profitability.

For information purpose, the normal credit terms of trade receivables of our Group ranges from 30 to 90 days while our trade receivables turnover period for the past 3 financial years up to the FYE 30 June 2020 was 88, 78 and 74 days, which was within our normal credit terms.

There can be no assurance that all our debts would be collected. Our financial performance could be adversely affected in the event of write-offs and/ or provisions for doubtful debts are incurred, to a material extent, in the future.

6.1.3 Political, economic and regulatory risks

The nature of our business is subject to prevailing political, economic and regulatory circumstances in Malaysia and/ or other countries in which our Group has business dealings. Adverse changes in political, economic and regulatory conditions include but are not limited to unfavourable changes in inflation rates, Government policies and regulations in relation to the food and beverages industry (e.g. the tax on sugar sweetened beverages implemented by the Government of Malaysia in July 2019), civil unrest, riots, trade war and political uncertainties.

There is no assurance that any adverse developments in the political, economic and regulatory conditions in Malaysia and/ or other countries, which are beyond our control, will not adversely affect our Group's business and financial performance.

6.1.4 Foreign exchange risks

Our Group's business is exposed to foreign exchange risks as a substantial portion of our sales and purchases are denominated in foreign currencies other than RM. The said foreign currencies giving rise to foreign exchange risks include USD, Singapore Dollar ("**SGD**") and Chinese Renminbi ("**RMB**"). At present, our Group does not have any form of currency hedging arrangements in place with respect to our foreign currency denominated sales and purchases.

Any adverse changes in the relevant exchange rates will negatively impact our Group's financial performance. There can be no assurance that there will not be any significant and/ or volatile fluctuation in USD, SGD and/ or RMB, the occurrence of which may affect the financial performance and position of our Group.

6.1.5 Impact of COVID-19 on the business and operations of our Group

The World Health Organisation had on 11 March 2020 declared the COVID-19 outbreak as a global pandemic. As a measure to contain the outbreak, the Government of Malaysia announced the MCO which is effective from 18 March 2020. Effective 4 May 2020, the MCO has been transitioned into a conditional MCO until 9 June 2020. As announced on 7 June 2020, the conditional MCO ("**CMCO**") has further been transitioned into a recovery MCO ("**RMCO**") which had commenced with effect from 10 June 2020 until 31 August 2020. Subsequently vide an announcement on 28 August 2020, the RMCO was further extended from 31 August 2020 until 31 December 2020. Under the RMCO, more economic sectors and businesses will be allowed to be opened subject to adherence with the necessary strict standard operating procedures to ensure compliance with the rules imposed by the Government of Malaysia ("**SOP**"). However, following the resurgence of COVID-19 infections in Malaysia, the Government of Malaysia had announced that the CMCO would be re-implemented for the states of Selangor, Kuala Lumpur and Putrajaya from 14 October 2020 to 9 November 2020. Subsequently, the Government of Malaysia had announced on 7 November 2020 that the CMCO would be extended until 6 December 2020 and would include all states in Peninsular Malaysia except for Kelantan, Perlis and Pahang. The Government of Malaysia had also implemented the CMCO in Sabah and Labuan from 13 October 2020 and 17 October 2020, respectively, until 6 December 2020.

The outbreak of COVID-19 is an event of force majeure that is beyond the control of our Group. There is no assurance that the COVID-19 outbreak and/ or the RMCO will not have a material adverse impact on the market conditions and/ or the industry in which our Group operates. Further, no assurance can be given that there the COVID-19 outbreak and/ or the RMCO will not have any material adverse impact to the supply chain of our Group's raw materials and the operations of our production facilities. Potential risks arising therefrom may include but not limited to slowdown in customers' demand, disruption in supply chain of our Group's raw materials and products, increased operating costs to comply with the SOP and disruptions to the output of our production facilities as a result of a re-enforcement of the MCO or a breakout of COVID-19 in proximity to our production facilities, any of which may result in an adverse effect on our Group's business and financial conditions.

For shareholders' information, our Group's Malaysian factories had halted production from 18 March 2020 to 27 March 2020 due to the MCO. On 27 March 2020, we had received a letter from the Ministry of International Trade and Industry ("**MITI**"), which authorised our Group to operate our Malaysian factories at 50% of maximum capacity, provided that our Group remained in compliance with the SOP. Subsequently, on 16 April 2020, we had received a letter from the MITI authorising our Group to operate our Malaysian factories at 100% of maximum capacity, provided that our Group remained in compliance with the SOP. For avoidance of doubt, our Group's Indonesian factory has been operating since March without any disruptions or capacity limitations imposed, provided that our Indonesian subsidiary remained in compliance with the standard operating procedures from the Indonesian authorities.

In complying with the abovementioned SOP and standard operating procedures from the Indonesian authorities, our Group has incurred additional costs of approximately RM0.10 million comprising the purchase of personal protective equipment (e.g. face shields, masks, gloves and sanitisers), purchase of sanitisation equipment and chemicals, purchase of thermometers and implementation of sanitisation measures at our factories.

6.2 Risks relating to the food and beverages industry

6.2.1 Licensing, certification and permits risk

We are required to maintain various licenses, certification and permits such as hygiene permits and registration certificates in order to carry out our business of food and beverages production, processing and export. In the event any of these licenses, certification and permits are revoked or not renewed, our business operations would be significantly affected.

Examples of licenses, certification and permits we have received include the following:-

- i. Certificate of Authentication Halal from the Department of Islamic Development Malaysia;
- ii. Halal Certificate from the Indonesian Council of Ulama;
- iii. Certificate of membership of the Federation of Malaysian Manufacturers;
- iv. Hazard Analysis and Critical Control Point (HACCP) Certificate from the Ministry of Health Malaysia; and
- v. Food Facility Registration and Acidified/ Low-Acid Canned Foods Registration with the United States Food and Drug Administration.

There is no assurance that we will be able to meet the standards or requirements necessary to maintain or renew the abovementioned licenses, certification and permits. Should we fail to maintain or renew such licenses, certifications and permits, we may not be able to export our products to or carry out our operations in particular countries, which would adversely affect our business and financial performance. In addition, our customers may lose confidence in our products, which would decrease our sales.

6.2.1 Competition risk

The food and beverages industry is competitive in nature and characterised by low barriers to entry and ever increasing choices for consumers. We face competition from existing competitors and new entrants both locally and internationally, who vary in size and in scope and breadth of the products offered by them. New competitors coming into the market may introduce new food and beverage choices for consumers and place pressure on margins by increasing market supply, while incumbent players may implement aggressive price discounting to defend and gain market share.

Our success is therefore dependent on our capability to continuously introduce products with new or better features and/ or tastes to the market at a competitive price. Nevertheless, there can be no assurance that our Group will be able to sustain our competitiveness against current and future competitors.

6.2.2 Food contamination and deterioration

Food contamination and deterioration are risks inherent to the food and beverages industry and its players. Given the raw materials used in food production are contaminable and perishable in nature, the risk of contamination and/ or deterioration is ever present in our Group's raw materials and products during the production process.

Any contamination and/ or deterioration in our raw materials or products, whether through, amongst others, improper handling, malfunctioning of freezer facilities, distribution delays, outbreak of diseases, illegal tampering, may result in our raw materials and products being unsafe for production and consumption, respectively. This may lead to delays in our production or delivery of products to our customers, additional costs incurred to purchase replacement raw materials and/ or a material adverse impact to our Group's reputation.

6.2.3 Product liability claims from customers and reputation risk

In the event that our consumers become ill after consuming our products due to contamination, deterioration or other reasons, we may be subjected to product liability claims or lawsuits by such customers. Such claims or lawsuits, regardless of outcome, would generate negative publicity for our Group, which in turn could adversely affect our business. In addition, we may incur substantial costs in defending such claims or lawsuits, further adversely affecting our financial performance.

We are dependent on our reputation and the quality of our products for the success of our business and growth. Failure to consistently deliver quality products to develop and maintain our reputation may materially affect our ability to retain existing customers, secure new customers or develop new products or brands. The publication of reports linking health concerns to our products or the type of products we sell may also generate negative publicity towards our Group. Such negative publicity, regardless of its validity, may adversely affect the reputation of our Group's products and consequently reduce customer demand for our products.

6.2.4 Changes in consumer taste and preferences

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

There is no assurance that we may be able to anticipate, identify or react quickly to changes in consumer preferences, dietary habits and/ or tastes, and in turn, maintain or improve the market popularity or demand for our Group's products.

6.3 Risks relating to the Rights Issue

6.3.1 Investment and market risks

The market price of our Shares as traded on Bursa Securities is influenced by, amongst others, the prevailing market sentiments, volatility of the equity markets, the outlook of the industries which we operate in as well as our financial performance. In view of this, there can be no assurance that our Shares will trade at or above the issue price of the Rights Shares upon or subsequent to the listing and quotation of the Rights Shares on the Main Market of Bursa Securities.

Accordingly, there can be no assurance that the market price of the Rights Shares will be at a level that meets the specific investment objectives or targets of any holders of the Rights Shares.

6.3.2 Delay in or abortion 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 the governments' policies as well as other force majeure events, which are beyond the control of our Company and UOBKH, arising prior to or during the implementation of the Rights Issue.

Nevertheless, our Group will endeavour to ensure the successful listing of the Rights Shares. However, there can be no assurance that the above-mentioned events will not occur and cause a delay in or abortion of the Rights Issue. In the event the Rights Issue is aborted, our Group will repay without interest all monies received in respect of the accepted application for the subscription of the Rights Shares pursuant to the Rights Issue and if such monies are not repaid within 14 days after we become liable to repay, we will repay such monies with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC in accordance with Section 243(2) of the CMSA.

In the event that the Rights Issue is aborted/ terminated, and the Rights Shares have been allotted to the shareholders, a return of monies to all holders of the Rights Shares could only be achieved by way of cancellation of share capital as provided under the Act and its related rules. Such cancellation requires the sanction of our shareholders by special resolution in a general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya. There can be no assurance that such monies can be returned within a short period of time or at all in such circumstances.

6.3.3 Potential dilution

The Entitled Shareholders who do not or are not able to subscribe for their entitlement(s) under the Rights Issue will have their proportionate ownership and voting interest in our Company reduced and the percentage of our enlarged issued share capital represented by their shareholding in our Company will also be reduced accordingly as a result of the issuance of the Rights Shares. Consequently, their proportionate entitlement to any dividends, rights, allotments and/ or other distributions that our Company may declare, make or pay after completion of the Rights Issue will correspondingly be diluted.

6.4 Forward-looking statements

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

All forward-looking statements contained in this Abridged Prospectus are based on assumptions made by our Company, unless stated otherwise. Although our 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 the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, inter-alia, the risk factors as set out in this section of the Abridged Prospectus. In view of these uncertainties, the inclusion of any forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS OF OUR GROUP

7.1 Overview and outlook of the Malaysian economy

The Malaysian economy expanded by 3.6% in the fourth quarter of 2019 (3Q 2019: 4.4%), supported by higher private sector spending (7.4%; 3Q 2019: 5.4%). However, growth was affected by a decline in net exports. On the supply side, higher growth in the services and construction sectors was weighed down by supply disruptions in the commodities sector. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 0.6% (3Q 2019: 0.9%). For 2019 as a whole, the economy expanded by 4.3% (2018: 4.7%).

(Source: Developments in the Malaysian Economy, Economic and Financial Developments in the Malaysian Economy in the Fourth Quarter of 2019, Bank Negara Malaysia)

The Malaysian economy was confronted by concurrent supply and demand shocks arising from weak external demand conditions and strict containment measures in 2Q 2020. As a result, the economy registered its first contraction since the Global Financial Crisis (2Q 2020: -17.1%; 3Q 2009: -1.1%). On the supply side, this was reflected in negative growth across most sectors. From the expenditure side, domestic demand declined, while exports of goods and services registered a sharper contraction. On a quarter-on-quarter seasonally-adjusted basis, the economy declined by 16.5% (1Q 2020: -2.0%). Weak growth was recorded across most economic sectors amid the imposition of the MCO, followed by the Conditional and Recovery MCO, during 2Q 2020.

Domestic demand declined by 18.7% in 2Q 2020 (1Q 2020: 3.7%), due mainly to weaker private sector expenditure. Spending by the private sector was impacted by lower income, movement restrictions and subdued consumer and business sentiments. While net exports continued to decline, the contribution of the external sector to the economy improved due mainly to the larger contraction in imports vis-a-vis the previous quarter.

Private consumption growth declined by 18.5% in 2Q 2020 (1Q 2020: 6.7%). Household spending was particularly impacted by the strict movement restrictions in the early part of the quarter and income losses amid weak economic conditions. As movement restrictions were gradually relaxed towards the end of the quarter, retail and financing data indicated some improvement in spending, albeit remaining subdued. During this challenging period, stimulus measures such as the disbursement of Bantuan Prihatin Nasional cash transfers, Employees Provident Fund i-Lestari withdrawals and the implementation of the loan moratorium helped to cushion consumption spending. Public consumption continued to expand, albeit at a more moderate pace of 2.3% (1Q 2020: 5.0%). Growth was supported by continued increase in emoluments amid lower spending on supplies and services. Public consumption continued to expand, albeit at a more moderate pace of 2.3% (1Q 2020: 5.0%). Growth was supported by continued increase in emoluments amid lower spending on supplies and services.

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

Against a highly challenging global economic outlook, Malaysia's gross domestic product ("**GDP**") growth is projected to be between -2.0 to 0.5% in 2020. The domestic economy will be impacted by the necessary global and domestic actions taken to contain the COVID-19 outbreak. Of significance, tourism-related sectors are expected to be affected by broad-based travel restrictions and travel risk aversion, while production disruptions in the global supply chain will weigh on the manufacturing sector and exports. The implementation and subsequent extension of the MCO, while critical, will dampen economic activity following the suspension of operations by non-essential service providers and lower operating capacity of manufacturing firms. Beyond the MCO period, reduced social and recreational activities until the pandemic is fully controlled globally and domestically will continue to dampen consumption and investment activity. Apart from the pandemic, the domestic economy will also be affected by the sharp decline and volatile shifts in crude oil prices and continued supply disruption in the commodities sector. Unfavourable weather conditions and maintenance works will weigh on the production of oil palm, crude oil and natural gas.

Given the significant headwinds to growth arising from COVID-19, the Government and Bank Negara Malaysia have introduced large countercyclical policy measures to mitigate the economic impact of the pandemic. Two economic stimulus packages amounting to RM250 billion were introduced to provide immediate relief to affected households and businesses. These packages also include loan guarantees and an automatic 6-month moratorium on loan repayments for individuals and small and medium enterprises. The economic stimulus measures were complemented by two consecutive Overnight Policy Rate reductions early this year and measures to provide additional liquidity in the banking system.

Private consumption is expected to be dampened by weak labour market conditions, mobility restrictions and subdued sentiments. Nonetheless, policy measures introduced in the two economic stimulus packages, including cash transfers to vulnerable households, flexibility to withdraw from Employees Provident Fund savings and the moratorium on loan repayments will increase disposable income and improve cash flow for households. In addition to supporting household spending, these broad-based measures will facilitate a gradual recovery in private consumption as labour market conditions eventually stabilise following the projected improvement in global and domestic economic activities.

Domestic growth prospects are expected to improve towards the end of the year, in line with the projected recovery in global demand and amid continued support from policy measures. Recovering external demand will lift growth in the export-oriented sectors. Consumer sentiments are also expected to gradually improve following the easing of travel restrictions and resumption of tourism activities as risks from the pandemic subside. In addition, the anticipated recovery from supply disruptions in the commodities sector and higher public sector expenditure will support the gradual improvement in the Malaysian economy in the latter part of the year. Public sector spending will be underpinned by the continuation of large-scale transport-related projects by public corporations and the implementation of more small-scale projects worth RM4 billion by the Federal Government.

Overall risks to the domestic growth outlook are tilted to the downside, mainly due to the risk of a prolonged and wider spread of COVID-19 and its effects on the global and domestic economy. Domestic growth also remains susceptible to a recurrence of commodities supply shocks and continued low commodity prices which could pose additional risks to production in the commodities sector, exports and income growth. In addition, heightened financial market volatility due to ongoing external uncertainties may lead to tighter domestic financial market conditions. The baseline growth projection could, however, be lifted by a stronger-than-expected impact from the various stimulus measures by the Federal Government and additional measures implemented by several state governments.

(Source: Executive Summary, Economic and Monetary Review 2019, Bank Negara Malaysia)

7.2 Overview and outlook of the food and beverages industry in Malaysia

The food-processing sector account for about 10% of Malaysia's manufacturing output. Processed food contributed about RM19.4 billion and are exported to more than 200 countries, while import value of processed food is amounted RM20.0 billion in 2018. Advances in processing technology have widened the usage of local raw materials, expanding the range of products and increasing the investment absorbing capacity in the food industry. Malaysia's population of 32.4 million with purchasing power (per capita RM42,937 or USD10,321) income exceeded in 2018. Lifestyle changes have led to an increase in the demand for convenience and health foods.

Exports of processed food recorded a positive growth indicating the increasing acceptance of Malaysia's food products in overseas market. This is contributed mainly by products such as cocoa and cocoa preparations, prepared cereals and flour preparations, processed seafood and dairy products. The Association of Southeast Asian Nations (ASEAN), with a population of over 654 million has a vast market potential to be tapped and Malaysia is poised to become a major exporter of processed food for this region.

(Source: Food Industry August 2019, Malaysian Investment Development Authority)

The food and beverages industry in Malaysia entered 2020 on a stronger footing with good performance registered in 2019. GDP at constant 2015 prices contribution from food processing and beverages manufacturing activities increased 6.0% from RM21.28 billion in 2018 to RM22.56 billion in 2019. The good results were achieved against the backdrop of firm private consumption particularly household spending which was supported by government measures as well as continued income and employment growth. Food and beverages manufacturing activities in Malaysia have remained vibrant. Malaysia has been registering more than RM50 billion annually in sales value of own manufactured products (ex-factory) for food and beverages since 2017. Malaysia's sales value of own manufactured products (ex-factory) for food and beverages increased 7.9% from RM52.35 billion in 2018 to RM56.51 billion in 2019.

However, the local food and beverages industry faces a challenging period in 2020 due to the COVID-19 pandemic with the resulting mobility restrictions, weak labour market conditions, and subdued sentiments hurting private consumption. Local food and beverages manufacturers including manufacturers of canned food and drinks have been navigating various challenges stemming from the COVID-19 pandemic and lockdown measures including but are not limited to dampened consumer sentiments, disruption in supply chain, postponement of orders, maintaining operations at below full capacity with the reduced production hours and workforce and/or additional cost incurred in executing strict health and safety regulations and enhanced sanitisation at the workplace.

The Malaysian Government has also announced various economic stimulus and assistance packages including the recently announced National Economic Revival Recovery Plan (PENJANA) that preserve the rakyat's welfare, support businesses and strengthen the economy. The local food and beverages industry stands to benefit from various measures announced including but not limited to the RM10 billion cash assistance to qualified rakyat that can help to stimulate demand, discount on electricity bill for commercial and industrial sectors in Peninsular Malaysia for 6 months beginning with bills charged for the month of April 2020, the RM1 billion Food Security Fund to ensure sufficient food supply, the Wage Subsidy Programme that can assist employers in retaining their workers as well as various funds that can help small- and medium-sized enterprises such as Special Relief Facility for small- and medium-sized enterprises, All Economic Sectors Facility fund and Micro Credit Scheme.

The local food and beverage industry is expected to continue relying heavily on imports to fulfil local demand in the near future. As a result, there are growing calls for a push for self-sufficiency to minimise vulnerability to external supply shortage and higher prices stemming from unfavourable foreign exchange rates. Although food and beverages services are deemed as essential services, dine-in services were not allowed during the MCO period (13 March 2020 to 3 May 2020) and conditional MCO period (4 May 2020 to 9 June 2020), thus many eateries choose to only do takeaways. With the number of COVID-19 cases gradually reduced, the Government has eased more restrictions under the recovery MCO period (10 June 2020 to 31 August 2020). Eateries are now able to open for business but have to adhere to strict standard operating procedures in handling dine-in customers such as recording a customer's name, hand phone number and temperature. Seating capacity for each eatery is also limited to encourage social distancing between customers and this is likely to be a new norm post-COVID-19 pandemic. With uncertainty still in the severity and length of the COVID-19 pandemic, the food and beverage services segment in Malaysia will likely continue to have challenges for the rest of 2020.

Meanwhile, local manufacturers of food and beverages including manufacturers of canned food and drinks are similarly expected to face a challenging year for the remainder of 2020. Production hours and number of workforce are allowed to return to the pre-COVID-19 level with stringent standard operating procedures such as enhanced sanitisation measures, social distancing among co-workers and temperature screening being put in-place. These are likely to be a new norm post-COVID-19 pandemic leading to increased cost of operations. On the demand side, consumer sentiment is only expected to recover at a pace in tandem with the recovery in the local economy. As such, the local food and beverages industry is expected to make its gradual recovery in 2021.

(Source: Overview and Prospects of the Food and Beverages Industry in Malaysia, Protégé Associates Sdn Bhd)

7.3 Future prospects of our Group

Presently, our Group is principally involved in the manufacturing, export and trading of canned food, drinks and shelf stable convenience food and we operate in 4 principal geographical areas (i.e. Malaysia, United States of America, Europe and Asia). Our food category comprise of canned products and confectioneries whilst our beverage category comprises a variety of drink products.

As highlighted in **Section 4** of this Abridged Prospectus, a summary of the contribution from our food segment and beverage segment to the overall revenue of our Group for the past 3 financial years up to the FYE 30 June 2020 and the latest unaudited 3-month FPE 30 September 2020 are as follows:-

	←----- Audited -----→						←---Unaudited---→	
	FYE 30 June 2018		FYE 30 June 2019		FYE 30 June 2020		3-month FPE 30 September 2020	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Revenue	130,323	100.0	136,608	100.0	149,245	100.0	44,067	100.0
Food segment	96,878	74.3	105,281	77.1	131,275	88.0	39,511	89.7
Beverage segment	33,445	25.7	31,327	22.9	17,970	12.0	4,556	10.3

In the past, our efforts has been focused on our food category where the canned products have been a major contributor to our Group's revenue. In view that our canned products have gained acceptance in the market, our Group intends to strengthen our beverage segment by improving the beverage production line so as to reduce our reliance on the food category. We have expanded our beverage production line via the introduction of new drink products such as Rexberry in 2016 as well as Rexcoco Chocolate Malt and Rex Energy in 2017.

As at the LPD, our beverage line comprises a variety of drink products such as Rexcoco Chocolate Malt, Rex Energy, Rexberry, Soya Milk, Chrys Tea, Lychee Drink, Apple Drink, Ice Lemon Tea and other flavourful fruit drinks. Further to our enhancement on the product mix of our beverage segment, we intend to strengthen the production volume of the aforesaid beverage line to accelerate the growth of their market share.

Accordingly, part of the proceeds from the Rights Issue has been earmarked for the upgrading our existing beverage filling machineries which will allow us to produce beverage products with smaller serving sizes, to cater for the growing popularity of single-serve and ready-to-consume products where such "on-the-go packaging" will fulfil the consumers' demand for convenience and the ever-growing mobility of consumers. As set out in Section 4 of this Abridged Prospectus, our beverage production line is capable of producing a variety of volume/ serving sizes, ranging from 200 millilitres to 1.5 litres per unit. The upgrading of our existing beverage filling machineries will involve the installation of new beverage filling equipment and machinery parts, including, amongst others, compact filling valves and valve manifolds, which is expected to allow our beverage production line to produce additional volume/ serving sizes within the range of 200 to 250 millilitres per unit.

As at the latest audited FYE 30 June 2020, our Group's manufacturing plant had a maximum production capacity of 5,187,600 cartons/ year and the upgrading of the existing beverage filling machineries is expected to increase our maximum production capacity to 5,727,600 cartons/ year.

Further, the intended improvement of our Group's existing beverage filling machineries will enable our Group to fill the liquid products with precision and efficiency while reducing production downtime or quality issues, which is expected to increase our Group's long term competitive advantage. Our Group's current quality issues arise from the existing beverage filling machineries experiencing temporary blockages in the filling of beverages, which have caused spillages that affected the beverage packaging and led to production delays.

For shareholders' information, a summary of the production capacity, production output and utilisation rate of our manufacturing plant for both the food and beverage segment for the past 3 financial years up to the FYE 30 June 2020 are as follows:-

	Maximum capacity (cartons)	Actual production output (cartons)	Utilisation rate %
FYE 30 June 2018	4,107,600	3,375,584	82.2
FYE 30 June 2019	4,377,600	3,259,841	74.5
FYE 30 June 2020	5,187,600	2,266,396	43.7

Based on the table above, the production utilisation rate of our manufacturing plant was 82.2%, 74.5% and 43.7% for the past 3 financial years up to the FYE 30 June 2020, respectively. For clarification purposes, the lower production utilisation rate recorded in the FYE 30 June 2019 of 74.5% as compared to the preceding financial year was mainly due to the installation of additional beverage production line in our manufacturing plant located in Batu Pahat, Johor, resulting in a corresponding increase in our Group's production capacity for the beverage segment in the FYE 30 June 2019. The lower production utilisation rate recorded in the latest FYE 30 June 2020 was mainly due to our management's decision to temporarily reduce the production volume of beverage products in the first half of 2020 in response to the recent outbreak of COVID-19 (as further elaborated in the ensuing paragraphs).

For the avoidance of doubt, in recent years, our Group has gradually increased the production capacity of both food and beverage products with efficient operating procedures and strict quality controls put into place for the purpose of increasing our actual production volume while ensuring product quality. Accordingly, our management is of the view that the lower production utilisation rate recorded in the FYE 30 June 2020 was a temporary setback triggered by the outbreak of COVID-19 and such incidence is not expected to affect our intended plan to upgrade the existing beverage filling machineries to improve the beverage production line that caters for a variety of volume/ serving sizes.

The recent outbreak of COVID-19 has resulted in high uncertainties in the global and domestic economic and financial conditions, and any prolonged impact of the pandemic will only cause greater uncertainties to the global and domestic markets. As set out in Section 6.1.5 of this Abridged Prospectus, our Group's Malaysian factories had halted production due to the MCO from 18 March 2020 to 27 March 2020. Subsequently, our Group's Malaysian factories were allowed to operate at no more than 50% of maximum capacity by the MITI from 27 March 2020 to 15 April 2020 and on 16 April 2020, MITI had authorised our Group to operate our Malaysian factories at 100% of maximum capacity. The abovementioned disruptions to our Group's operations had caused the lower production utilisation rate recorded in the latest FYE 30 June 2020 highlighted above. Furthermore, the prolonged global spread of the pandemic beyond 2020, may have a material impact to our Group's future business, cash flows, financial condition and results of operations as well as disruptions to our Group's production schedules, resulting in a loss of revenue.

Although there are uncertainties and concerns in respect of the global economy, as highlighted in **Section 7.1** of this Abridged Prospectus, Bank Negara Malaysia is expecting the domestic growth prospects to improve towards the end of 2020, in line with the projected recovery in global demand and amid continued support from policy measures, although the downside risk remains.

The outbreak of COVID-19 is an event of force majeure that is beyond the control of our Group. The Government had on, 27 March 2020, announced a Second Economic Stimulus Package 2020 (ESP2) themed Prihatin Rakyat valued at RM250 billion as part of its effort to spur the economy of Malaysia amidst the outbreak of COVID-19. Nevertheless, the success of the aforesaid economic stimulus measures or any future measures which may be introduced by the Government cannot be ascertain at this juncture and the long term impact on our Group's business operations and financial performance remains uncertain in these unprecedented times.

Accordingly, our Board will continue to monitor the status and progress of COVID-19 and shall endeavour, to the extent possible, to review the performance and progress of our Group's operations and financial performance as well as introduce measures to minimise our operating costs where required. Through this, we seek to reassess our monthly expenditure vis-à-vis our financial budget and performance as well as implement certain cost control measures throughout certain divisions or operations to offset any foreseeable potential loss of revenue.

Barring any unforeseen circumstances, after having considered all the relevant aspects including the current business operations and production, the abovementioned prospects and the food and beverage industry outlook, the Rights Issue is expected to place our Group in a better financial footing moving forward as well as deliver greater value to the shareholders of our Company and to facilitate our Group in improving our financial position.

(Source: Management of Rex)

8. FINANCIAL EFFECTS OF THE RIGHTS ISSUE

The pro forma effects of the Rights Issue on our Group's issued share capital, NA, gearing, substantial shareholders' shareholdings and earnings and EPS are as follows:-

8.1 Issued share capital

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

	<-----Minimum Scenario----->		<-----Maximum Scenario----->	
	No. of Rex Shares	RM	No. of Rex Shares	RM
Issued share capital as at the LPD	246,626,468	73,742,421	246,626,468	73,742,421
Rights Shares to be issued pursuant to the Rights Issue	192,040,552	19,204,055 ^{*1}	246,626,468	24,662,647 ^{*1}
Enlarged issued share capital	438,667,020	92,946,476	493,252,936	98,405,068

Note:-

*1 Computed based on the Issue Price of RM0.10 per Rights Share.

8.2 NA and gearing level

For illustration purpose only, the pro forma effects of the Rights Issue on the latest unaudited consolidated NA and gearing of our Group as at 30 September 2020 are as follows:-

Minimum Scenario

	Unaudited as at 30 September 2020 RM'000	After the Rights Issue RM'000
Share capital	73,742	92,946 ^{*1}
Translation reserve	(5,850)	(5,850)
Retained earnings	32,317	31,787 ^{*2}
Shareholders' equity/ NA	100,209	118,883
No. of shares in issue ('000)	246,626	438,667
NA per share (RM)	0.41	0.27
Total borrowings (RM'000)	40,197	29,197 ^{*3}
Gearing ratio (times)	0.40	0.25

Notes:-

*1 Computed based on the Issue Price of RM0.10 per Rights Share.

*2 After deducting the estimated expenses of approximately RM0.53 million in relation to the Corporate Exercises.

*3 Assuming RM11.00 million raised from the Rights Issue will be utilised for repayment of our Group's existing bank borrowings.

Maximum Scenario

	Unaudited as at 30 September 2020 RM'000	After the Rights Issue RM'000
Share capital	73,742	98,405 ^{*1}
Translation reserve	(5,850)	(5,850)
Retained earnings	32,317	31,787 ^{*2}
Shareholders' equity/ NA	100,209	124,342
No. of shares in issue ('000)	246,626	493,252
NA per share (RM)	0.41	0.25
Total borrowings (RM'000)	40,197	29,197 ^{*3}
Gearing ratio (times)	0.40	0.23

Notes:-

- *1 Computed based on the Issue Price of RM0.10 per Rights Share.
- *2 After deducting the estimated expenses of approximately RM0.53 million in relation to the Corporate Exercises.
- *3 Assuming RM11.00 million raised from the Rights Issue will be utilised for repayment of our Group's existing bank borrowings.

8.3 Earnings and EPS

As the Rights Issue is expected to be completed in the 4th quarter of 2020, the Rights Issue is not expected to have any effect on the earnings of our Group for the FYE 30 June 2020. However, there will be a dilutive effect on the EPS of our Group for the FYE 30 June 2021 due to the increase in the number of Rex Shares to be issued pursuant to the Rights Issue. Notwithstanding that, the proceeds from the Rights Issue are expected to contribute positively to the earnings of our Group for the ensuing financial years, when the benefits of the utilisation of proceeds are realised.

For illustrative purposes only, based on the latest audited consolidated statements of comprehensive income of our Group for the FYE 30 June 2020, the pro forma dilution effect on the basic LPS of our Group as a result of the issuance of the Rights Shares is set out below:-

Minimum Scenario

	Audited as at 30 June 2020	After the Rights Issue
LAT attributable to the owners of our Company (RM'000)	(9,465)	(9,465)
No. of Rex Shares ('000)	246,626	438,667
Basic LPS (sen)	(3.84)	(2.16)

Maximum Scenario

	Audited as at 30 June 2020	After the Rights Issue
LAT attributable to the owners of our Company (RM'000)	(9,465)	(9,465)
No. of Rex Shares ('000)	246,626	493,252
Basic LPS (sen)	(3.84)	(1.92)

8.4 Substantial shareholdings structure

The pro forma effects of the Rights Issue on the substantial shareholders' shareholdings of our Company are as follows:-

Minimum Scenario

	Shareholdings as at the LPD				After the Rights Issue			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Rex Shares	% ^{*1}	No. of Rex Shares	% ^{*1}	No. of Rex Shares	% ^{*2}	No. of Rex Shares	% ^{*2}
DTSB	55,765,700	22.6	-	-	216,531,400	49.3	-	-
DK	31,274,852	12.7	55,765,700 ^{*3}	22.6	62,549,704	14.3	216,531,400 ^{*3}	49.3
Chee Cheng Chun	-	-	55,765,700 ^{*3}	22.6	-	-	216,531,400 ^{*3}	49.3

Notes:-

*1 Based on the total issued shares of 246,626,468 of our Company as at the LPD.

*2 Based on the total issued shares of 438,667,020 of our Company after the Rights Issue.

*3 Deemed interested pursuant to Section 8 of the Act by virtue of his interest in DTSB.

Maximum Scenario

	Shareholdings as at the LPD				After the Rights Issue			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Rex Shares	% ^{*1}	No. of Rex Shares	% ^{*1}	No. of Rex Shares	% ^{*2}	No. of Rex Shares	% ^{*2}
DTSB	55,765,700	22.6	-	-	111,531,400	22.6	-	-
DK	31,274,852	12.7	55,765,700 ^{*3}	22.6	62,549,704	12.7	111,531,400 ^{*3}	22.6
Chee Cheng Chun	-	-	55,765,700 ^{*3}	22.6	-	-	111,531,400 ^{*3}	22.6

Notes:-

*1 Based on the total issued shares of 246,626,468 of our Company as at the LPD.

*2 Based on the total issued shares of 493,252,936 of our Company after the Rights Issue.

*3 Deemed interested pursuant to Section 8 of the Act by virtue of his interest in DTSB.

8.5 Convertible securities

As at the LPD, we do not have any existing convertible securities.

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

9.1 Working capital

Our Group's working capital requirements is funded by a combination of internal and external sources of funds. Our internal sources of funds are generated from our operating activities as well as our cash and bank balances, whereas our external sources of funds are derived from credit extended by suppliers and credit facilities from licensed financial institutions.

Our Board is of the opinion that, after taking into consideration the funds generated from our operations, existing cash and bank balances and the banking facilities available to our Group as well as the proceeds to be raised from the Rights Issue as set out in **Section 4** of this Abridged Prospectus, we will have sufficient working capital for a period of 12 months from the date of this Abridged Prospectus.

9.2 Borrowings

As at the LPD, our Group has total outstanding borrowings of approximately RM39.39 million. All of our borrowings are interest-bearing, further details of which are set out as follows:-

Purpose of facility		Weighted average interest rate %	Outstanding as at the LPD RM'000
Long term borrowings:-			
Term loan	Acquisition of buildings and land* ¹	4.13	11.59
			11.59
Short term borrowings:-			
Term loan	Acquisition of buildings and land* ¹	4.13	0.90
Bank overdrafts	To finance the general working capital of our Group such as general administrative expenses, staff costs and logistic expenses	5.43	3.63
Revolving credit	To finance the general working capital of our Group such as general administrative expenses, staff costs and logistic expenses	3.98	3.00
Bankers' acceptances denominated in USD	Purchase of raw materials and consumables used for our Group's canned food and drink products and financing of sales invoice	4.47	8.12 ²
Bankers' acceptances denominated in RM			12.15
			27.80
Total			39.39

Notes:-

- *1 Such buildings and land comprise the following:-
- i. a 3-storey shop office in Simpang Ampat, Pulau Pinang;
 - ii. a factory in Bandar Puncak Alam, Selangor; and
 - iii. a parcel of freehold industrial land identified as Lot 8101, Locality of Sungai Suloh Besar, Mukim of Minyak Beku, District of Batu Pahat, State of Johor Darul Takzim together with an industrial complex comprising 3 industrial buildings with an annexed 2-storey office block and ancillary buildings erected thereon ("**Batu Pahat Property**").
- *2 Comprising USD-denominated bankers' acceptances of approximately USD1.95 million, converted based on the exchange rate of USD1:RM4.165 as at the LPD. For avoidance of doubt, all other borrowings of our Group are denominated in RM.

There have been no default on payments by our Group of either interest and/ or principal sums in respect of any borrowings during the FYE 30 June 2020 and the subsequent financial period up to the LPD.

9.3 Contingent liabilities

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

9.4 Material commitments

As at the LPD, our Board confirms that there are no material commitments for capital expenditure incurred or known to be incurred by our Group that have not been provided for which, upon becoming enforceable, may have a material impact on the financial results/ position of our Group.

9.5 Material transactions

As at the LPD, save for the Rights Issue, there are no material transactions which may have a material effect on the operations, financial position and results of our Group since our Group's latest audited consolidated financial statements for the FYE 30 June 2020 and our Group's most recent announced unaudited interim consolidated financial statements for the 3-month FPE 30 September 2020.

10. INSTRUCTIONS FOR ACCEPTANCE, SALE OR TRANSFER, EXCESS APPLICATION AND PAYMENT

10.1 General

As you are an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Rights Shares 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 Abridged Prospectus, the NPA notifying you of the crediting of such securities into your CDS Account and the RSF to enable you to subscribe for the Provisional Rights Shares, as well as to apply for Excess Rights Shares if you choose to do so.

This Abridged Prospectus and the RSF are also available from our registered office, our Share Registrar or from Bursa Securities' website (<https://www.bursamalaysia.com>).

10.2 NPA

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

10.3 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the Provisional Rights Shares and the Excess Application is the Closing Date.

We shall make an announcement on the outcome of the Rights Issue after the Closing Date.

10.4 Procedure for full acceptance and payment

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

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES, EXCESS RIGHTS SHARES AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/ OR YOUR RENOUNCEE(S) AND/ OR TRANSFEREE(S) (IF APPLICABLE) WISH TO SELL/ TRANSFER ALL OR ANY PART OF YOUR PROVISIONAL RIGHTS SHARES ARE SET OUT IN THIS ABRIDGED PROSPECTUS, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN. IN ACCORDANCE WITH THE CMSA, THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THE ABRIDGED PROSPECTUS.

YOU AND/ OR YOUR RENOUNCEE(S) AND/ OR TRANSFEREE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

If you and/ or your renounee(s) and/ or transferee(s) (if applicable) wish to accept either in full or in part of the Provisional Rights Shares of your entitlement, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF together with the relevant payment must be sent to our Share Registrar using the reply envelope provided (at your own risk) by **ORDINARY POST, COURIER** or **DELIVERY BY HAND** to the address stated below:-

Securities Services (Holdings) Sdn Bhd (Registration No. 197701005827 (36869-T))

Level 7, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur

Tel. No.: 03 - 2084 9000

Fax. No.: 03 - 2094 9940

so as to arrive **not later than the Closing Date**, being the last date and time for acceptance and payment for the Provisional Rights Shares.

If you and/ or your renounee(s) and/ or transferee(s) (if applicable) lose, misplace or for any other reasons require another copy of the RSF, you and/ or your renounee(s) and/ or transferee(s) (if applicable) may obtain additional copies from your stockbroker, our Share Registrar at the address stated above, our registered office or the website of Bursa Securities (<https://www.bursamalaysia.com>).

1 RSF can only be used for acceptance of the Provisional Rights Shares standing to the credit of 1 CDS Account. Separate RSF(s) must be used for the acceptance of Provisional Rights Shares standing to the credit of more than 1 CDS Account. If successful, the Rights Shares subscribed for will be credited into your respective CDS Account(s) as stated in the completed RSF(s).

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

The minimum number of Rights Shares that can be subscribed for or accepted is 1 Rights Share. However, you and/ or your renounee(s) and/ or transferee(s) (if applicable) should take note that a trading board lot for the Rights Shares comprises of 100 Rights Shares, respectively. Fractions of Rights Shares, if any, shall be disregarded, and dealt with in such manner as our Board shall in their absolute discretion deem fit and expedient, and to be in the best interest of our Company.

If acceptance of and payment for the Provisional Rights Shares allotted to you and/ or your renounee(s) and/ or transferee(s) (if applicable) is not received by our Share Registrar by **the Closing Date**, being the last date and time for acceptance of and payment for the Provisional Rights Shares, you and/ or your renounee(s) and/ or transferee(s) (if applicable) will be deemed to have declined the Provisional Rights Shares and it will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar.

In the event that the Provisional Rights Shares are not fully taken up by such applicants, our Board will then have the right to allot such Rights Shares to the applicants who have applied for the Excess Rights Shares in the manner as set out in **Section 10.8** of this Abridged Prospectus. Our Board reserves the right to accept any application in full or in part only without assigning any reasons.

Our Share Registrar will not contact you and/ or your renounee(s) and/ or transferee(s) (where applicable) for acceptances which do not strictly conform to the terms and conditions of the Documents and the notes and instruction contained in the RSF or which are illegible. An announcement on the outcome of the Rights Issue shall be released to Bursa Securities after the Closing Date

EACH COMPLETED RSF MUST BE ACCOMPANIED BY THE APPROPRIATE REMITTANCE MADE IN RM FOR THE FULL AMOUNT PAYABLE FOR THE RIGHTS SHARES ACCEPTED IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY", MADE PAYABLE TO "REX RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME IN BLOCK LETTERS AND CDS ACCOUNT NUMBER SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR BY THE CLOSING DATE.

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

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES 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 WILL BE CREDITED INTO YOUR CDS ACCOUNT AND A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 8 MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED OR ALLOWED BY BURSA SECURITIES.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

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

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

10.5 Procedure for part acceptance by Entitled Shareholders

You are entitled to accept part of your Provisional Rights Shares provided always that the minimum number of Rights Shares that can be subscribed for or accepted is 1 Rights Share. Fractions of a Rights Share, if any, shall be disregarded and dealt with in a fair and equitable manner as our Board deems fit and expedient and in the best interests of our Company.

You must complete both Parts I(A) and II of the RSF by specifying the number of Rights Shares which you are accepting and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the manner set out in **Section 10.4** of this Abridged Prospectus.

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

The portion of the Provisional Rights Shares that have not been accepted will be made available to the applicants of the Excess Application.

10.6 Procedure for sale or transfer of the Provisional Rights Shares

As the Provisional Rights Shares are prescribed securities, you may dispose or transfer all or part of your entitlement to the Provisional Rights Shares to 1 or more person(s) through your stockbrokers for the period up to the last date and time for sale or transfer of the Provisional Rights Shares, without first having to request for a split of the Provisional Rights Shares standing to the credit of your CDS Account. To dispose or transfer all or part of your entitlement to the Provisional Rights Shares, you may sell such entitlement on the open market or transfer such entitlement to such persons as may be allowed pursuant to the Rules of Bursa Depository. If you have disposed or transferred only part of the Provisional Rights Shares, you may still accept the balance of the Provisional Rights Shares by completing Parts I(A) and II of the RSF. Please refer to **Section 10.4** and **Section 10.5** of this Abridged Prospectus for the procedure for acceptance and payment.

In disposing or transferring all or part of your Provisional Rights Shares, you need not deliver any document including the RSF, to any stockbroker. However, you must ensure that there is sufficient Provisional Rights Shares standing to the credit of your CDS Account that are available for settlement of the sale or transfer.

Purchasers or transferees of the Provisional Rights Shares may obtain a copy of this Abridged Prospectus and the RSF from their stockbrokers or from our Share Registrar, or at our Registered Office. This Abridged Prospectus and RSF are also available on the website of Bursa Securities (<https://www.bursamalaysia.com>).

10.7 Procedure for acceptance by renounee(s)/ transferee(s)

Renounee(s) and/ or transferee(s) (if applicable) who wish to accept the Provisional Rights Shares must obtain a copy of the RSF from their stockbrokers or our Share Registrar, or at our Registered Office or from Bursa Securities' website at <https://www.bursamalaysia.com>, and complete the RSF and submit the same together with the remittance to our Share Registrar at the above-stated address in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders as set out in **Section 10.4** and **Section 10.5** of this Abridged Prospectus also applies to renounee(s) and/ or transferee(s) (if applicable) who wish to accept the Provisional Rights Shares.

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

10.8 Procedure for application of Excess Rights Shares

You and/ or your renounee(s) and/ or transferee(s) (if applicable) may apply for the Excess Rights Shares in excess of your entitlement by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forward it (together with a **separate remittance made in RM** for the full amount payable in respect of the Excess Rights Shares applied for) to our Share Registrar **not later than the Closing Date**, being the last date and time for application and payment for the Excess Rights Shares.

PAYMENT FOR THE EXCESS RIGHTS SHARES APPLIED FOR SHOULD BE MADE IN THE SAME MANNER AS DESCRIBED IN SECTION 10.4 OF THIS ABRIDGED PROSPECTUS, AND IN THE FORM OF BANKER'S DRAFT(S)/ CASHIER'S ORDER(S)/ MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "REX EXCESS RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME IN BLOCK LETTERS AND CDS ACCOUNT NUMBER SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR BY THE CLOSING DATE.

THE PAYMENT MUST BE MADE FOR THE FULL AND EXACT AMOUNT PAYABLE FOR THE EXCESS RIGHTS SHARES APPLIED FOR ANY EXCESS OR INSUFFICIENT MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.

It is the intention of our Board to allot the Excess Rights Shares, if any, on a fair and equitable basis and 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 lot, calculated based on their respective shareholdings in our Company as per their CDS accounts as at the Entitlement Date;
- iii. Thirdly, for allocation to Entitled Shareholders who have applied for the Excess Rights Shares, on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares applied for; and
- iv. Finally, for allocation to renounee(s) and/ or transferee(s) (if applicable) who have applied for the Excess Rights Shares, on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares applied for.

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

Nevertheless, our Board reserves the right to allot any Excess Rights Shares applied for in such manner as our Board deems fit, expedient and in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis manner, and that the intention of our Board as set out in steps (i)-(iv) above are achieved. Our Board also reserves the rights at its absolute discretion to accept in full or in part any application for the Excess Rights Shares without assigning any reason thereof.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR EXCESS APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS SHARES. HOWEVER, IF YOUR EXCESS 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 AS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 8 MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED OR ALLOWED BY BURSA SECURITIES.

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

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

10.9 Form of issuance

Bursa Securities has already prescribed Rex Shares to be listed on the Main Market of Bursa Securities and 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 all 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.

A notice of allotment will be despatched to you and/ or your renounee(s) and/ or transferee(s) (if applicable) by ordinary post to the address shown in our Record of Depositors provided by Bursa Depository at your own risk within 8 Market Days from the Closing Date or such other period as may be prescribed or allowed by Bursa Securities.

Where the Rights Shares are provisionally allotted to the Entitled Shareholders in respect of their existing Rex Shares standing to the credit in their CDS Account as at the Entitlement Date, the acceptance by the Entitled Shareholders of the Provisional Rights Shares shall mean that they consent to receive such Rights Shares as prescribed or deposited securities which will be credited directly into their CDS Account.

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

The Excess Rights Shares, if allotted to the successful applicant who applies for Excess Rights Shares, will be credited directly as prescribed securities into his or her CDS Account. The allocation will be made on a fair and equitable basis in such manner as our Board in its absolute discretion deems fit and expedient and in the best interest of our Company, as disclosed in **Section 10.8** of this Abridged Prospectus.

10.10 Laws of foreign jurisdiction

This Abridged Prospectus, and the accompanying NPA and RSF 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 foreign jurisdiction. The Rights Issue will not be made or offered for subscription in any foreign jurisdiction.

Accordingly, this Abridged Prospectus, and the accompanying NPA and RSF will not be sent to the Foreign Entitled Shareholders and/ or their renouncee(s) and/ or transferee(s) (if applicable) who do not have a registered address in Malaysia. However, such Foreign Entitled Shareholders and/ or their renouncee(s) and/ or transferee(s) (if applicable) may collect this Abridged Prospectus, and the accompanying NPA and RSF 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 these documents relating to the Rights Issue.

The Foreign Entitled Shareholders and/ or their renouncee(s) and/ or 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. UOBKH, our Share Registrar, our Company, our Directors and officers and other professional advisers 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 renouncee(s) and/ or transferee(s) (if applicable) are or may be subject. Foreign Entitled Shareholders and/ or their renouncee(s) and/ or 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. UOBKH, our Share Registrar, our Company, our Directors and officers and other professional advisers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any Foreign Entitled Shareholders and/ or renouncee(s) and/ or transferee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

The Foreign Entitled Shareholders and/ or their renouncee(s) and/ or 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 renouncee(s) and/ or transferee(s) (if applicable) for any such issue, transfer or other taxes or other requisite payments. They will have no claims whatsoever against us and/ or UOBKH in respect of their rights and entitlements under the Rights Issue. Such Foreign Entitled Shareholders and/ or their renouncee(s) and/ or 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 the RSF, the Foreign Entitled Shareholders and/ or their renouncee(s) and/ or 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) UOBKH, our Share Registrar, our Company, our Directors and officers and other professional advisers that:-

- i. we 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) and/ or transferee(s) (if applicable) are or may be subject to;
- ii. the Foreign Entitled Shareholders and/ or their renounee(s) and/ or transferee(s) (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation of the Provisional Rights Shares;
- iii. the Foreign Entitled Shareholders and/ or their renounee(s) and/ or transferee(s) (if applicable) are not nominees or agents of a person in respect of whom we would, by acting on the acceptance or renunciation of the Provisional Rights Shares, be in breach of the laws of any jurisdiction to which that person is or may be subject to;
- iv. the Foreign Entitled Shareholders and/ or their renounee(s) and/ or transferee(s) (if applicable) are aware that the Rights Shares can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- v. the Foreign Entitled Shareholders and/ or their renounee(s) and/ or transferee(s) (if applicable) have received a copy of this Abridged Prospectus, have access to such financial and other information and have been provided the opportunity to ask such questions to our representatives and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares; and
- vi. the Foreign Entitled Shareholders and/ or their renounee(s) and/ or transferee(s) (if applicable) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the 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 this Abridged Prospectus, and the accompanying NPA and RSF (including without limitation to custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any country or jurisdiction, where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this Abridged Prospectus, and the accompanying NPA and RSF are received by any persons in such country or jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant country or jurisdiction in connection herewith.

Any person who does forward this Abridged Prospectus and the accompanying NPA and RSF to any foreign country or jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section of the Abridged Prospectus and we reserve the right to reject a purported acceptance of the Provisional Rights Shares from any such application by Foreign Entitled Shareholders and/ or their renounee(s) and/ or transferee(s) (if applicable) in any jurisdiction other than Malaysia.

We reserve the right, in our absolute discretion, to treat any acceptance of the Provisional Rights Shares as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements.

11. 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 enclosed herewith.

12. FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of our Board
REX INDUSTRY BERHAD



TAN SRI DATO' MOHD IBRAHIM BIN MOHD ZAIN
Chairman/ Independent Non-Executive Director

APPENDIX I - INFORMATION ON OUR COMPANY

1. SHARE CAPITAL

As at the LPD, our issued share capital is RM73,742,421 comprising 246,626,468 Rex Shares.

2. BOARD OF DIRECTORS

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

Name	Age	Address	Nationality
Tan Sri Dato' Mohd Ibrahim bin Mohd Zain (Chairman/ Independent Non-Executive Director)	77	No. 71, Jalan Ampang Hilir 50000 Kuala Lumpur	Malaysian
Darmendran Kunaretnam (Group Managing Director/ Non-Independent Executive Director)	59	No. 1, Jalan 5/58A, Gasing Indah 46000 Petaling Jaya, Selangor	Malaysian
Chee Cheng Chun (Non-Independent Non-Executive Director)	35	31-01, Mont Kiara Damai Jalan Kiara 2 50480 Kuala Lumpur	Malaysian
Tai Keat Chai (Independent Non-Executive Director)	66	No. 17, Jalan SS20/22 47400 Petaling Jaya, Selangor	Malaysian
Adnan bin Ahmad (Independent Non-Executive Director)	71	122 Jalan SS 19/1 47500 Subang Jaya, Selangor	Malaysian

3. HISTORICAL SHARE PRICES

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

	High RM	Low RM
2019		
November	0.320	0.265
December	0.265	0.265
2020		
January	0.295	0.265
February	0.325	0.260
March	0.265	0.220
April	0.310	0.235
May	0.265	0.240
June	0.300	0.280
July	0.265	0.220
August	0.280	0.220
September	0.250	0.220
October	0.295	0.220

Last transacted market price of Rex Shares as at 18 May 2020 (being the last Market Day immediately prior to the announcement of the Corporate Exercises) RM0.265

Last transacted market price of Rex Shares as at the LPD RM0.250

Last transacted market price of Rex Shares on 12 November 2020 (being the last Market Day immediately preceding the ex-date for the Rights Issue) RM0.250

(Source: Bloomberg)

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

4. OPTION TO SUBSCRIBE FOR REX SHARES

As at the LPD, save for the Provisional Rights Shares and Excess Rights Shares, no option to subscribe for our Rex Shares has been granted or is entitled to be granted to anyone.

5. MATERIAL CONTRACTS

Our Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the 2 years preceding the date of this Abridged Prospectus.

6. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, our Group is not engaged in any material litigation, claims and/ or arbitration, either as plaintiff or defendant, and our Board confirms that there are no other proceedings pending or threatened against our Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of our Group.

7. KEY FINANCIAL INFORMATION

Our audited consolidated financial information for the past 3 financial years up to the FYE 30 June 2020 and our most recent announced unaudited interim consolidated financial information for the 3-month FPE 30 September 2020 together with the relevant notes are disclosed in the following documents which have been published on the website of Bursa Securities at <https://www.bursamalaysia.com>:-

	Pages
Our annual report for the FYE 30 June 2018	
Statements of comprehensive income	57-58
Statements of financial position	59-60
Statements of changes in equity	61-63
Statements of cash flows	64-66
Notes to the financial statements	67-122
Our annual report for the FYE 30 June 2019	
Statements of comprehensive income	63
Statements of financial position	64-65
Statements of changes in equity	66-67
Statements of cash flows	68-70
Notes to the financial statements	71-126
Our annual report for the FYE 30 June 2020	
Statements of comprehensive income	60
Statements of financial position	61-62
Statements of changes in equity	63-64
Statements of cash flows	65-69
Notes to the financial statements	70-129
Our quarterly report for the 3-month FPE 30 September 2020	
Statements of financial position	1
Statements of comprehensive income	2
Statements of changes in equity	3
Statements of cash flows	4-5
Notes to the financial statements	6-11

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

The following table sets out a summary of our Group's key financial information based on past 3 financial years up to the FYE 30 June 2020 and our most recent announced unaudited interim 3-month FPE 30 June 2020 of comprehensive income, statements of financial position and statement of cash flows for the financial years and periods under review:-

7.1 Historical financial performance

	<-----Audited----->			<-----Unaudited----->	
	FYE 30 June 2018 RM'000	FYE 30 June 2019 RM'000	FYE 30 June 2020 RM'000	3-month FPE 30 September 2019 RM'000	3-month FPE 30 September 2020 RM'000
Revenue	130,323	136,608	149,245	38,133	44,067
Changes in manufactured inventories	(6,821)	(4,146)	(5,465)	806	334
Raw materials and consumables used	(77,608)	(88,446)	(97,575)	(26,400)	(29,744)
Staff costs	(22,059)	(22,755)	(21,944)	(6,059)	(6,558)
Depreciation	(3,558)	(3,633)	(3,576)	(875)	(908)
Other expenses	(37,141)	(31,233)	(28,382)	(6,039)	(5,630)
Other income	3,309	1,193	1,351	83	191
Profit/ (Loss) from operations	(13,555)	(12,412)	(6,346)	(351)	1,752
Finance costs	(1,540)	(1,905)	(2,050)	(468)	(441)
PBT/ (LBT)	(15,095)	(14,317)	(8,396)	(819)	1,311
Income tax credit/ (expense)	(58)	1,020	(1,069)	(244)	(522)
PAT/ (LAT)	(15,153)	(13,297)	(9,465)	(1,063)	789
PAT/ (LAT) attributable to:-					
Owners of our Company	(15,153)	(13,297)	(9,465)	(1,063)	789
PAT/ (LAT) margin (%)	(11.63)	(9.73)	(6.34)	(2.79)	1.79
Weighted average no. of Shares outstanding ('000)	188,348	246,626	246,626	246,626	246,626
Basic earnings/ (loss) per Share (sen)	(8.05)	(5.39)	(3.84)	(0.43)	0.32
Dividend paid (RM)	-	-	-	-	-

FYE 30 June 2019 compared to FYE 30 June 2018

For the FYE 30 June 2019, our Group recorded revenue of RM136.61 million which represents an increase of approximately RM6.29 million or 4.83% as compared to the preceding financial year of RM130.32 million. The increase in revenue was mainly attributable to our Indonesian subsidiary that experienced an upsurge in demand of canned products in the overseas market.

We recorded higher raw materials and consumables used of RM88.45 million for the FYE 30 June 2019 which represents an increase of RM10.84 million or 13.97% as compared to RM77.61 million for the FYE 30 June 2018, in line with the increase in revenue recorded by our Group for the financial year under review. In addition, the increase in raw materials and consumables used was also due to an increase in our raw materials and packaging costs, as a result of the increase in our production volume of tuna (for local market) and crabmeat (for overseas market) to cater for the upsurge in demand for the aforesaid canned products.

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

For the FYE 30 June 2019, we recorded higher staff costs of RM22.76 million which represents an increase of RM0.70 million or 3.17% as compared to the preceding financial year of RM22.06 million. The increase was primarily attributable to higher salaries, wages, allowances and overtime paid by our Group of RM20.23 million, which represents an increase of RM0.38 million as compared to RM19.85 million for the preceding financial year, in line with our Group's increase in volume of sales, particularly for canned products in overseas market.

We recorded lower other expenses of RM31.23 million for the FYE 30 June 2019 which represents a decrease of RM5.91 million or 15.91% as compared to RM37.14 million for the FYE 30 June 2018. The decrease was mainly due to lower marketing expenditure incurred in the FYE 30 June 2019 of RM2.76 million as certain of our core canned products have gained market acceptance and we had also recognised lower maintenance and repair costs of RM0.86 million as a result of lower incidence of machinery breakdown during the financial year under review.

Our Group recorded lower LBT of RM14.32 million for the FYE 30 June 2019 which represents a decrease of RM0.78 million or 5.17% as compared to RM15.10 million for the FYE 30 June 2018. The decrease in LBT was mainly attributable to the following:-

- i. better margins achieved from increased sales of canned products to the overseas market as compared to the preceding financial year; and
- ii. lower other expenses recorded for the financial year under review as mentioned above.

FYE 30 June 2020 compared to FYE 30 June 2019

For the FYE 30 June 2020, our Group recorded revenue of RM149.25 million which represents an increase of approximately RM12.64 million or 9.25% as compared to the preceding financial year of RM136.61 million. The increase in revenue was mainly due to higher sale of canned products as a result of increased demand in the overseas market.

We recorded higher raw materials and consumables used of RM97.58 million for the FYE 30 June 2020 which represents an increase of RM9.13 million or 10.32% as compared to RM88.45 million for the FYE 30 June 2019, in line with the revenue growth posted by our Group for the financial year under review. Further, the increase in raw materials and consumables used was also due to an increase in our raw materials and packaging costs, as a result of the increase in our production volume of squid (for local market) and baby clam (for overseas market) to cater for the upsurge in demand for the aforesaid canned products.

For the FYE 30 June 2020, we recorded lower staff costs of RM21.94 million which represents a decrease of RM0.82 million or 3.60% as compared to the preceding financial year of RM22.76 million. The decrease was primarily attributable to staff cost cutting measures undertaken by our Group, comprising stricter control of employee overtime and workforce optimisation, following our management's decision to temporarily reduce the production volume of beverage products in the first half of 2020 in response to the recent outbreak of COVID-19.

We recorded lower other expenses of RM28.38 million for the FYE 30 June 2020 which represents a decrease of RM2.85 million or 9.13% as compared to RM31.23 million for the FYE 30 June 2019. The decrease was mainly due to the following:-

- i. a reduction in our Group's marketing expenses of RM1.97 million from RM2.76 million to RM0.79 million, following market acceptance of some of our canned products, such as tuna, squid and sardines, during the financial year under review;

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

- ii. lower rental of premises of RM0.57 million for the FYE 31 June 2020, which represents a decrease of RM0.50 million or 46.73% as compared to RM1.07 million for the FYE 31 June 2019, primarily due to the acquisition of the Batu Pahat Property for a total consideration of RM13,000,000 satisfied entirely by cash ("**Acquisition**"), which was completed in December 2019. For avoidance of doubt, 1 of the 3 industrial buildings located on the Batu Pahat Property had been rented by our Group prior to the Acquisition; and
- iii. cost savings of RM0.71 million arising from our Group retrofitting our production facilities to utilise cheaper natural gas as opposed to fuel oil.

Our Group recorded lower LBT of RM8.40 million for the FYE 30 June 2020 which represents a decrease of RM5.92 million or 41.34% as compared to RM14.32 million for the FYE 30 June 2019. The decrease in LBT was mainly attributable to the following:-

- i. better margins achieved from increased sales of canned products to the overseas market as compared to the preceding financial year; and
- ii. lower other expenses recorded for the financial year under review as mentioned above.

3-month FPE 30 September 2020 compared to 3-month FPE 30 September 2019

For the 3-month FPE 30 September 2020, our Group recorded revenue of RM44.07 million which represents an increase of approximately RM5.94 million or 15.58% as compared to the preceding financial year corresponding period of RM38.13 million. The increase in revenue was mainly due to higher revenue contribution from our Indonesian subsidiary of RM28.32 million which represents an increase of RM5.08 million or 21.86% as compared to RM23.24 million for the 3-month FPE 30 September 2019, as a result of an increase in our Group's sales volume of canned products to the overseas market.

We recorded higher raw materials and consumables used of RM29.74 million for the 3-month FPE 30 September 2020 which represents an increase of RM3.34 million or 12.65% as compared to RM26.40 million for the 3-month FPE 30 September 2019, in line with the revenue growth posted by our Group for the financial year under review. Further, the increase in raw materials and consumables used was also due an increase in our raw materials and packaging costs, as a result of the increase in our production volume of baby clam (for overseas market) to cater for the upsurge in demand for the aforesaid canned products.

For the 3-month FPE 30 September 2020, we recorded higher staff costs of RM6.56 million which represents an increase of RM0.50 million or 8.25% as compared to the preceding financial year corresponding period of RM6.06 million. The increase was mainly attributable to our Indonesian subsidiary incurring higher staff costs of RM0.70 million to meet the growth in demand for our canned products from the overseas market and additional staff pension fund payments of RM0.34 million. This was partially offset by our Malaysian operations recording a decrease in staff costs of RM0.54 million arising from staff cost cutting measures undertaken, comprising stricter control of employee overtime and workforce optimisation, following our management's decision to temporarily reduce the production volume of beverage products in the first half of 2020 in response to the recent outbreak of COVID-19.

We recorded lower other expenses of RM5.63 million for the 3-month FPE 30 September 2020 which represents a decrease of RM0.41 million or 6.79% as compared to RM6.04 million for the 3-month FPE 30 September 2019. The decrease was mainly due to the absence of a fair value loss on our investment in quoted shares of a company listed on Bursa Securities of RM0.38 million which was recognised in the 3-month FPE 30 September 2019.

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

Our Group recorded PBT of RM1.31 million for the 3-month FPE 30 September 2020 as compared to the LBT of RM0.82 million incurred in the preceding financial year corresponding period. Our Group's PBT was primarily due to the higher PBT from our Indonesian subsidiary of RM1.27 million for the 3-month FPE 30 September 2020 which represents an increase of RM0.37 million or 41.11% as compared to RM0.90 million for the 3-month FPE 30 September 2019. The higher PBT from our Indonesian subsidiary was attributable to the aforementioned increase in our Group's sales volume of canned products to the overseas market.

7.2 Historical financial position

	<-----Audited----->			<-----Unaudited----->	
	FYE 30 June 2018 RM'000	FYE 30 June 2019 RM'000	FYE 30 June 2020 RM'000	3-month FPE 30 September 2019 RM'000	3-month FPE 30 September 2020 RM'000
Non-current assets	72,467	70,575	94,281	70,515	92,230
Current assets	106,305	107,249	88,422	105,031	86,728
Non-current assets classified as held for sale	467	-	-	-	-
Total assets	179,239	177,824	182,703	175,546	178,958
Share capital	73,742	73,742	73,742	73,742	73,742
Translation reserve	(1,670)	(728)	(3,380)	(851)	(5,850)
Retained earnings	54,350	40,658	31,529	39,595	32,317
Total equity attributable to owners of our Company	126,422	113,672	101,891	112,486	100,209
Non-current liabilities	7,142	4,927	14,049	4,739	13,980
Current liabilities	45,675	59,225	66,763	58,321	64,769
Total liabilities	52,817	64,152	80,812	63,060	78,749
Total liabilities and equity	179,239	177,824	182,703	175,546	178,958
Shareholders' funds/ NA	126,422	113,672	101,891	112,486	100,209
NA per Share (RM)	0.67	0.46	0.41	0.46	0.41

7.3 Historical cash flows

	<-----Audited----->			<-----Unaudited----->	
	FYE 30 June 2018 RM'000	FYE 30 June 2019 RM'000	FYE 30 June 2020 RM'000	3-month FPE 30 September 2019 RM'000	3-month FPE 30 September 2020 RM'000
Net cash generated from/ (used in)					
Operating activities	472	(15,068)	16,957	3,429	1,957
Investing activities	(5,488)	(1,361)	(16,626)	(986)	627
Financing activities	9,845	5,349	(6,120)	(1,408)	(1,711)
Net increase/(decrease) in cash and cash equivalents	4,829	(11,080)	(5,789)	1,035	873
Cash and cash equivalents at beginning of the financial year/ period	15,413	20,242	9,162	9,162	3,373
Cash and cash equivalents at end of the financial year/ period	20,242	9,162	3,373	10,197	4,246

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

8. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The pro forma effects of the Rights Issue on the substantial shareholders' shareholdings of our Company as at the LPD are set out below:-

Minimum Scenario

	Shareholdings as at the LPD				After the Rights Issue			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Rex Shares	% ^{*1}	No. of Rex Shares	% ^{*1}	No. of Rex Shares	% ^{*2}	No. of Rex Shares	% ^{*2}
DTSB	55,765,700	22.6	-	-	216,531,400	49.3	-	-
DK	31,274,852	12.7	55,765,700 ^{*3}	22.6	62,549,704	14.3	216,531,400 ^{*3}	49.3
Chee Cheng Chun	-	-	55,765,700 ^{*3}	22.6	-	-	216,531,400 ^{*3}	49.3

Notes:-

- *1 Based on the total issued shares of 246,626,468 of our Company as at the LPD.
- *2 Based on the total issued shares of 438,667,020 of our Company after the Rights Issue.
- *3 Deemed interested pursuant to Section 8 of the Act by virtue of his interest in DTSB.

Maximum Scenario

	Shareholdings as at the LPD				After the Rights Issue			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Rex Shares	% ^{*1}	No. of Rex Shares	% ^{*1}	No. of Rex Shares	% ^{*2}	No. of Rex Shares	% ^{*2}
DTSB	55,765,700	22.6	-	-	111,531,400	22.6	-	-
DK	31,274,852	12.7	55,765,700 ^{*3}	22.6	62,549,704	12.7	111,531,400 ^{*3}	22.6
Chee Cheng Chun	-	-	55,765,700 ^{*3}	22.6	-	-	111,531,400 ^{*3}	22.6

Notes:-

- *1 Based on the total issued shares of 246,626,468 of our Company as at the LPD.
- *2 Based on the total issued shares of 493,252,936 of our Company after the Rights Issue.
- *3 Deemed interested pursuant to Section 8 of the Act by virtue of his interest in DTSB.

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

9. DIRECTORS' SHAREHOLDINGS

The pro forma effects of the Rights Issue on our Directors' shareholdings of our Company as at the LPD are set out below:-

Minimum Scenario

Directors	Shareholdings as at the LPD				After the Rights Issue			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Rex Shares	% ^{*1}	No. of Rex Shares	% ^{*1}	No. of Rex Shares	% ^{*2}	No. of Rex Shares	% ^{*2}
Tan Sri Dato' Mohd Ibrahim bin Mohd Zain	3,530,800	1.4	-	-	3,530,800	0.8	-	-
DK	31,274,852	12.7	55,765,700 ^{*3}	22.6	62,549,704	14.3	216,531,400 ^{*3}	49.3
Chee Cheng Chun	-	-	55,765,700 ^{*3}	22.6	-	-	216,531,400 ^{*3}	49.3
Tai Keat Chai	-	-	-	-	-	-	-	-
Adnan bin Ahmad	-	-	-	-	-	-	-	-

Notes:-

- *1 Based on the total issued shares of 246,626,468 of our Company as at the LPD.
- *2 Based on the total issued shares of 438,667,020 of our Company after the Rights Issue.
- *3 Deemed interested pursuant to Section 8 of the Act by virtue of his interest in DTSB.

Maximum Scenario

Directors	Shareholdings as at the LPD				After the Rights Issue			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Rex Shares	% ^{*1}	No. of Rex Shares	% ^{*1}	No. of Rex Shares	% ^{*2}	No. of Rex Shares	% ^{*2}
Tan Sri Dato' Mohd Ibrahim bin Mohd Zain	3,530,800	1.4	-	-	7,061,600	1.4	-	-
DK	31,274,852	12.7	55,765,700 ^{*3}	22.6	62,549,704	12.7	111,531,400 ^{*3}	22.6
Chee Cheng Chun	-	-	55,765,700 ^{*3}	22.6	-	-	111,531,400 ^{*3}	22.6
Tai Keat Chai	-	-	-	-	-	-	-	-
Adnan bin Ahmad	-	-	-	-	-	-	-	-

Notes:-

- *1 Based on the total issued shares of 246,626,468 of our Company as at the LPD.
- *2 Based on the total issued shares of 493,252,936 of our Company after the Rights Issue.
- *3 Deemed interested pursuant to Section 8 of the Act by virtue of his interest in DTSB.

APPENDIX II - ADDITIONAL INFORMATION

1. CONSENTS

Our Principal Adviser, company secretaries, the due diligence solicitors, our Share Registrar, Protégé Associates Sdn Bhd and Bloomberg Finance Singapore L.P. have given and have not subsequently withdrawn their written consents for the inclusion in this Abridged Prospectus of their name and all reference thereto in the form and context in which they appear in this Abridged Prospectus.

2. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at Plot 125, Jalan Perindustrian Bukit Minyak 5, 14100 Simpang Ampat, Seberang Perai Tengah, Penang during normal business hours from Mondays to Fridays (except public holidays) for a period of 6 months from the date of this Abridged Prospectus:-

- i. the irrevocable and unconditional undertaking letters dated 19 May 2020 as referred to in **Section 3** of this Abridged Prospectus; and
- ii. letters of consent as referred to in **Section 1** of Appendix II of this Abridged Prospectus.

3. RESPONSIBILITY STATEMENT

Our Board has seen and approved this Abridged Prospectus together with the accompanying NPA and RSF. They collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, they confirmed that there is no false or misleading statement or other facts which if omitted, would make any statement in the Documents false or misleading.

UOBKH, being the Principal Adviser for the Rights Issue, acknowledges that, based on all available information and to the best of their knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK