

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 with Warrants 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 with Warrants 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 with Warrants. 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 with Warrants was obtained at our EGM held on 27 May 2022. Approval has been obtained from Bursa Securities via its letter dated 4 April 2022 for the admission of the Warrants to the Official List of Bursa Securities, the listing and quotation of the Rights Shares and Warrants pursuant to the Rights Issue with Warrants on the Main Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue with Warrants, and shall not be taken as an indication of the merits of the Rights Issue with Warrants. 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, 1 August 2022. 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 with Warrants 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 with Warrants 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 10.11 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 with Warrants 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 164,417,645 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 3 EXISTING REX SHARES HELD, TOGETHER WITH 54,805,881 FREE DETACHABLE WARRANTS IN REX ("WARRANT(S)") ON THE BASIS OF 1 WARRANT FOR EVERY 3 RIGHTS SHARES SUBSCRIBED FOR, AS AT 5.00 P.M. ON MONDAY, 1 AUGUST 2022 ("RIGHTS ISSUE WITH WARRANTS")

Principal Adviser and Joint Underwriter

UOBKayHian

UOB Kay Hian Securities (M) Sdn Bhd
Registration No. 199001003423 (194990-K)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Joint Underwriter



AmInvestment Bank

AmInvestment Bank Berhad
Registration No. 197501002220 (23742-V)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME:-

| | |
|--|--|
| Entitlement Date | : Monday, 1 August 2022 at 5.00 p.m. |
| Last date and time for sale of provisional allotment of rights | : Monday, 8 August 2022 at 5.00 p.m. |
| Last date and time for transfer of provisional allotment of rights | : Wednesday, 10 August 2022 at 4.30 p.m. |
| Last date and time for acceptance and payment | : Tuesday, 16 August 2022 at 5.00 p.m. |
| Last date and time for excess application and payment | : Tuesday, 16 August 2022 at 5.00 p.m. |

This Abridged Prospectus is dated 1 August 2022

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 WITH WARRANTS. 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 WITH WARRANTS, 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 WITH WARRANTS.

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 ARE OFFERED TO THE PUBLIC ON THE PREMISE OF FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE WITH WARRANTS, FOR WHICH ANY PERSON SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, IS 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 WITH WARRANTS 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 1 August 2022 in relation to the Rights Issue with Warrants |
| "Act" | : The Companies Act 2016, as amended from time to time and any re-enactment thereof |
| "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, 16 August 2022 at 5.00 p.m., being the last date and time for the acceptance of and payment for the Provisional Rights Shares with Warrants and the application and payment for the Excess Rights Shares with Warrants |
| "CMSA" | : Capital Markets and Services Act 2007 of Malaysia, as amended from time to time including any re-enactment thereof |
| "Code" | : Malaysian Code on Take-overs and Mergers 2016 |
| "Constitution" | : Constitution of our Company |
| "COVID-19" | : Coronavirus disease 2019 |
| "Deed Poll" | : The deed poll dated 18 July 2022 constituting the Warrants, of which each Warrant provides the right to the holder of the Warrants to subscribe for 1 new Rex Share during the 5 year exercise period of the Warrants at the exercise price of RM0.15 per Warrant |
| "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 |
| "EGM" | : Extraordinary General Meeting of our Company held on 27 May 2022 |
| "Entitled Shareholder(s)" | : Our shareholders whose names appear in the Record of Depositors of our Company on the Entitlement Date |

DEFINITIONS (CONT'D)

| | | |
|--------------------------------------|---|--|
| "Entitlement Date" | : | At 5.00 p.m. on Monday, 1 August 2022, 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 with Warrants |
| "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 193,282,504 Rex Shares as at the LPD, the total number of Rights Shares to be subscribed pursuant to the Entitlement Undertakings shall amount to 64,427,501 Rights Shares |
| "EPS/ (LPS)" | : | Earnings per share/ (Loss) per share |
| "Excess Application" | : | Application for Excess Rights Shares with Warrants as set out in Section 10.9 of this Abridged Prospectus |
| "Excess Rights Shares with Warrants" | : | Rights Shares with Warrants which are not taken up or not validly taken up by the Entitled Shareholders and/ or their renounee(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 with Warrants |
| "FPE" | : | Financial period ended |
| "FYE" | : | Financial year ended/ ending |
| "Issue Price" | : | The issue price of the Rights Shares of RM0.10 per Rights Share |
| "Joint Underwriters" | : | UOBKH and AmInvestment Bank Berhad (Registration No. 197501002220 (23742-V)), collectively |
| "Listing Requirements" | : | Main Market Listing Requirements of Bursa Securities, as amended from time to time |
| "LPD" | : | 4 July 2022, being the latest practicable date prior to the registration of this Abridged Prospectus by the SC |
| "LTD" | : | 2 June 2022, being the last market day immediately preceding the Price-Fixing Date |
| "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 |
| "MCO" | : | The Movement Control Order, implemented as a preventive measure by the Government of Malaysia in response to the COVID-19 pandemic |
| "NA" | : | Net assets attributable to the owners of our Company |
| "NPA" | : | Notice of provisional allotment of Rights Shares with Warrants pursuant to the Rights Issue with Warrants |
| "Official List" | : | A list specifying all securities listed on the Main Market of Bursa Securities |

DEFINITIONS (CONT'D)

| | | |
|--|---|--|
| "PAT/ (LAT)" | : | Profit/ (Loss) after taxation |
| "PBT/ (LBT)" | : | Profit/ (Loss) before taxation |
| "Price-Fixing Date" | : | 3 June 2022, being the date on which our Board fixed the Issue Price and the exercise price of the Warrants |
| "Protégé" or the "Independent Market Researcher" | : | Protégé Associates Sdn Bhd (Registration No. 200401037256 (675767-H)) |
| "Provisional Rights Shares with Warrants " | : | Rights Shares with Warrants 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 with Warrants" | : | Renounceable rights issue of 164,417,645 Rights Shares at the issue price of RM0.10 per Rights Share, on the basis of 1 Rights Share for every 3 existing Rex Shares held, together with 54,805,881 Warrants on the basis of 1 Warrant for every 3 Rights Shares subscribed for as at 5.00 p.m. on Monday, 1 August 2022 |
| "Rights Share(s)" | : | 164,417,645 new Rex Shares to be issued at the Issue Price pursuant to the Rights Issue with Warrants |
| "RM" and "sen" | : | Ringgit Malaysia and sen, respectively |
| "RSF" | : | Rights Subscription Form in relation to the Rights Issue with Warrants |
| "Rules" | : | Rules on Take-overs, Mergers and Compulsory Acquisitions |
| "Rules of Bursa Depository" | : | The Rules of Bursa Depository as issued pursuant to the SICDA, as amended 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 of Rex Shares |

DEFINITIONS (CONT'D)

| | | |
|---|---|--|
| "Undertakings" | : | Irrevocable and unconditional undertakings provided by the Undertaking Shareholders vide their letters dated 28 January 2022 as set out in Section 3 of this Abridged Prospectus. Based on the aggregate shareholdings of the Undertaking Shareholders of 193,282,504 Rex Shares as at the LPD, the total number of Rights Shares to be subscribed pursuant to the Undertakings shall amount to 64,427,501 Rights Shares |
| "Undertaking Shareholders" | : | DTSB and DK, who have collectively provided their respective irrevocable and unconditional undertakings as set out in Section 3 of this Abridged Prospectus |
| "Underwriting Agreement" | : | The underwriting agreement dated 18 July 2022 entered into between Rex and the Joint Underwriters to underwrite the balance of 99,990,144 Rights Shares, representing 60.81% of the total Rights Shares |
| "UOBKH" or the "Principal Adviser" or the "Joint Underwriter" | : | UOB Kay Hian Securities (M) Sdn Bhd (Registration No. 199001003423 (194990-K)) |
| "VWAP" | : | Volume weighted average market price |
| "Warrant(s)" | : | 54,805,881 free detachable warrants in Rex with a tenure of 5 years to be issued pursuant to the Rights Issue with Warrants on the basis of 1 Warrant for every 3 Rights Shares subscribed for |

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.

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ADVISERS' DIRECTORY

- COMPANY SECRETARIES** : Chua Siew Chuan
MAICSA 0777689 Practitioner
SSM PC. No. 201908002648
- Yeow Sze Min
MAICSA 7065735 Practitioner
SSM PC. No. 201908003120
- Level 7, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur
- Tel. No.: +603-2084 9000
Fax. No.: +603-2094 9940
- PRINCIPAL ADVISER AND JOINT UNDERWRITER** : UOB Kay Hian Securities (M) Sdn Bhd
- Suite 19-03, 19th Floor
Menara Keck Seng
203 Jalan Bukit Bintang
55100 Kuala Lumpur
- Tel. No.: +603-2147 1900
Fax. No.: +603-2147 1950
- JOINT UNDERWRITER** : AmInvestment Bank Berhad
- Level 21, Bangunan AmBank Group
No. 55, Jalan Raja Chulan
50200 Kuala Lumpur
- Tel. No.: +603-2036 2633
Fax. No.: +603-2070 2170
- DUE DILIGENCE SOLICITORS** : Johan Arafat Hamzah & Mona
- Level 3, Safeguards Business Centre
Lot 6, Jalan 225, Section 51A
46100 Petaling Jaya, Selangor
- Tel. No.: +603-7954 5405
Fax. No.: +603-7954 0405
- SHARE REGISTRAR** : Securities Services (Holdings) Sdn Bhd
- Level 7, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur
- Tel. No.: +603-2084 9000
Fax. No.: +603-2094 9940
- INDEPENDENT MARKET RESEARCHER** : Protégé Associates Sdn Bhd
- Suite C-09-12, Plaza
2, Jalan Kiara, Mont Kiara
50480 Kuala Lumpur
- Tel. No.: +603-6201 9301
Fax. No.: +603-6201 7302
- STOCK EXCHANGE LISTING** : Main Market of Bursa Securities

SUMMARY OF THE RIGHTS ISSUE WITH WARRANTS

THIS SUMMARY OF THE RIGHTS ISSUE WITH WARRANTS 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 and Warrants to be issued pursuant to the Rights Issue with Warrants | <p>: The Rights Issue with Warrants entails an issuance of 164,417,645 Rights Shares on the basis of 1 Rights Share for every 3 Rex Shares held, together with 54,805,881 Warrants on the basis of 1 Warrant for every 3 Rights Shares subscribed for by the Entitled Shareholders on the Entitlement Date.</p> <p>The Rights Shares with Warrants 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 with Warrants in a fair and equitable manner in accordance with the procedures set out in Section 10.9 of this Abridged Prospectus.</p> <p>Further details are set out in Section 2.1 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 2.2 of this Abridged Prospectus.</p> |
| Exercise price of the Warrants | <p>: RM0.15 per Warrant</p> <p>Further details are set out in Section 2.3 of this Abridged Prospectus.</p> |
| Shareholders' undertakings and underwriting arrangement | <p>: The Undertaking Shareholders undertake that:-</p> <p>In order to meet the full subscription level, the Undertaking Shareholders had vide letters dated 28 January 2022 provided their irrevocable and unconditional undertaking to subscribe for their respective full entitlement to the Rights Shares based on their shareholdings as at the Entitlement Date. Based on the aggregate shareholdings of the Undertaking Shareholders of 193,282,504 Rex Shares as at the LPD, the total number of Rights Shares to be subscribed pursuant to the Undertakings shall amount to 64,427,501 Rights Shares, representing 39.19% of the total Rights Shares.</p> <p>The Joint Underwriters have entered into an Underwriting Agreement with our Company dated 18 July 2022 to underwrite the balance of 99,990,144 Rights Shares, representing 60.81% of the total Rights Shares.</p> <p>Further details are set out in Section 3 of this Abridged Prospectus.</p> |
| Utilisation of proceeds and timeframe for utilisation | <p>: The gross proceeds to be raised from the Rights Issue with Warrants will be utilised in the following manner:-</p> |

| Details of utilisation | Timeframe for utilisation from completion of the Rights Issue with Warrants | Amount of proceeds RM'000 |
|-------------------------------|--|--------------------------------------|
| Business expansion | Within 18 months | 10,000 |
| Working capital | Within 12 months | 5,882 |
| Estimated expenses | Upon completion | 560 |
| Total | | 16,442 |

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

SUMMARY OF THE RIGHTS ISSUE WITH WARRANTS (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 with Warrants;</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 with Warrants:-</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 application for the Rights Issue with Warrants and Excess Rights Shares with Warrants | <p>: Acceptance of and payment for the Provisional Rights Shares with Warrants and application for the Excess Rights Shares with Warrants 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 with Warrants and the application and payment for the Excess Rights Shares with Warrants is on Tuesday, 16 August 2022 at 5.00 p.m.</p> <p>The Rights Issue with Warrants is renounceable in full or in part. Accordingly, the Entitled Shareholders may subscribe for and/ or renounce their respective entitlements under the Rights Issue with Warrants 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 126, Jalan Perindustrian Bukit Minyak 5
Seberang Perai Tengah
14100 Simpang Ampat
Penang

1 August 2022

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 164,417,645 RIGHTS SHARES AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 3 EXISTING REX SHARES HELD, TOGETHER WITH 54,805,881 WARRANTS ON THE BASIS OF 1 WARRANT FOR EVERY 3 RIGHTS SHARES SUBSCRIBED FOR, AS AT 5.00 P.M. ON MONDAY, 1 AUGUST 2022

1. INTRODUCTION

On 28 January 2022, UOBKH had, on behalf of our Board, announced that we proposed to undertake the Rights Issue with Warrants.

On 4 April 2022, UOBKH had, on behalf of our Board, announced that Bursa Securities had, vide its letter dated 4 April 2022, resolved to approve the following:-

- (i) admission of the Warrants to the official list of Bursa Securities;
- (ii) listing and quotation for 164,417,645 Rights Shares and 54,805,881 Warrants pursuant to the Rights Issue with Warrants on the Main Market of Bursa Securities; and
- (iii) listing and quotation for 54,805,881 new Rex Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities,

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 with Warrants; | To be complied with in the course of implementation of the Rights Issue with Warrants |

| Conditions | Status of compliance |
|---|---|
| (ii) Rex and UOBKH to inform Bursa Securities upon the completion of the Rights Issue with Warrants; | To be complied with upon completion of the Rights Issue with Warrants |
| (iii) Rex to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue with Warrants is completed; and | To be complied with upon completion of the Rights Issue with Warrants |
| (iv) Rex to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detailed computation of the listing fees payable. | Our Board will ensure compliance |

On 27 May 2022, our shareholders had approved the Rights Issue with Warrants at our EGM.

On 3 June 2022, UOBKH had, on behalf of our Board, announced that our Board had on even date resolved to fix the issue price of the Rights Shares at RM0.10 per Rights Share and the exercise price of the Warrants at RM0.15 per Warrant. The Issue Price and exercise price of the Warrants was determined and fixed by our Board after taking into consideration the basis and justifications as set out in **Sections 2.2 and 2.3** of this Abridged Prospectus, respectively.

On 18 July 2022, UOBKH had, on behalf of our Board, announced the Entitlement Date and other relevant dates pertaining to the Rights Issue with Warrants.

The admission of the Warrants to the Official List and the listing of and quotation for the Rights Shares and Warrants to be issued pursuant to the Rights Issue with Warrants 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 with Warrants and if given or made, such information or representation must not be relied upon as having been authorised by us or UOBKH.

YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENT OF THIS ABRIDGED PROSPECTUS. 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 WITH WARRANTS

2.1 Basis and number of Rights Shares and Warrants to be issued

The Rights Issue with Warrants entails an issuance of 164,417,645 Rights Shares at the Issue Price on the basis of 1 Rights Share for every 3 Rex Shares held, together with 54,805,881 Warrants on the basis of 1 Warrant for every 3 Rights Shares subscribed for by the Entitled Shareholders on the Entitlement Date at the Issue Price.

As at the LPD, our Company has an issued share capital of RM97,903,444 comprising 493,252,936 Rex Shares.

The Rights Issue with Warrants will be undertaken on a full subscription basis, after taking into consideration the total funds our Company intends to raise from the Rights Issue with Warrants amounting to RM16.44 million based on the Issue Price, which would entail a full subscription of 164,417,645 Rights Shares together with 54,805,881 Warrants, which will be channelled towards the proposed utilisation as set out in **Section 4** of this Abridged Prospectus.

In order to meet the full subscription level, the Undertaking Shareholders had vide letters dated 28 January 2022 provided their irrevocable and unconditional undertaking to subscribe for their respective full entitlement to the Rights Shares based on their shareholdings as at the Entitlement Date and an underwriting arrangement entered into between our Company and the Joint Underwriters for the remaining Rights Shares. Further details of the Undertakings and the underwriting arrangement are set out in **Section 3** of this Abridged Prospectus.

The Warrants will be immediately detached from the Rights Shares upon issuance and will be traded separately. The Warrants will be issued in registered form and constituted by the Deed Poll to be executed by our Company constituting the Warrants, as may be supplemented from time to time.

The Rights Issue with Warrants is renounceable in full or in part. Accordingly, the Entitled Shareholders who renounce all or any part of their entitlements to the Rights Shares provisionally allotted to them under the Rights Issue with Warrants will simultaneously relinquish any accompanying entitlement to the Warrants. For avoidance of doubt, the Rights Shares and the Warrants are not separately renounceable.

In determining the entitlements of the Entitled Shareholders under the Rights Issue with Warrants, fractional entitlements, if any, will be disregarded and dealt with in such 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 together with Warrants 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/ or transferee(s). Our Board intends to allocate the Excess Rights Shares with Warrants in a fair and equitable manner in accordance with the procedures set out in **Section 10.9** of this Abridged Prospectus.

2.2 Basis of determining and justifications for 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 funding requirements of our Group as set out in **Section 4** of this Abridged Prospectus; and
- (ii) the market conditions and market prices of Rex Shares. The issue price of RM0.10 per Rights Share represents a discount of approximately 43.88% to the TERP of RM0.1782 per Rex Share computed based on the 5-day VWAP of Rex Shares up to and including the LTD of RM0.2074.

In addition, the issue price also represents the following discount to the respective TERPs based on the respective VWAPs of Rex Shares as follows:-

| Up to and including the LTD | VWAP RM | TERP RM | Discount to the TERP | |
|-----------------------------|------------|------------|-------------------------|-------|
| | | | RM | % |
| 5-day VWAP/ TERP | 0.2074 | 0.1782 | 0.0782 | 43.88 |
| 1-month VWAP/ TERP | 0.2065 | 0.1776 | 0.0776 | 43.69 |
| 3-month VWAP/ TERP | 0.2083 | 0.1788 | 0.0788 | 44.07 |
| 6-month VWAP/ TERP | 0.2174 | 0.1851 | 0.0851 | 45.98 |
| 12-month VWAP/ TERP | 0.2469 | 0.2055 | 0.1055 | 51.34 |

(Source: Bloomberg Finance Singapore L.P.)

- (iii) the rationale for the Rights Issue with Warrants as further discussed in **Section 5** of this Abridged Prospectus.

2.3 Basis of determining and justifications for the exercise price of the Warrants

The Warrants attached to the Rights Shares will be issued at no cost to the Entitled Shareholders and/ or their renounee(s) who subscribe for the Rights Shares.

The exercise price of RM0.15 per Warrant was determined by our Board after taking into consideration, amongst others, the following:-

- (i) the Warrants will be issued at no cost to the Entitled Shareholders and/ or their renounee(s) who successfully subscribe for the Rights Shares;
- (ii) the historical trading prices of Rex Shares for the past 12 months; and
- (iii) our Board's intention to fix the exercise price of the Warrants subject to a discount range of nil to 20% to the 5-day VWAP of Rex Shares up to and including the LTD. The abovementioned range of discount will allow our Board to fix the exercise price of the Warrants to incentivise warrant holders to exercise the Warrants and increase their equity participation in our Company, while also allowing our Board the necessary flexibility to accommodate for potential fluctuations in prevailing market conditions and prices. Further, this discount was determined after taking into consideration the prospects and future plans of our Group as well as future funding requirements, and thus the need to fix an exercise price which makes the Warrants sufficiently attractive to encourage our shareholders to exercise the Warrants.

The exercise price of RM0.15 per Warrant represents a discount of 15.82% to the TERP of RM0.1782 per Rex Share, calculated based on the 5-day VWAP of Rex Shares up to and including the LTD of RM0.2074.

2.4 Ranking of the Rights Shares and new Rex Shares to be issued arising from the exercise of the Warrants

The Rights Shares shall, upon allotment and issuance, rank equally in all respects 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 forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the Rights Shares.

The new Rex Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank equally in all respects with the existing Rex Shares, save and except that the new Rex Shares to be issued arising from the exercise of the Warrants shall not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of such new Rex Shares.

2.5 Salient terms of the Warrants

| Terms | Details |
|--------------|--|
| Issue size | : 54,805,881 Warrants to subscribe for 54,805,881 new Rex Shares. |
| Issue price | : The Warrants will be issued at no cost to the Entitled Shareholders. |
| Form | : The Warrants will be issued in registered form and will be constituted by the Deed Poll. |

| Terms | Details |
|---|--|
| Board lot | : The Warrants are tradeable upon listing in board lots of 100 units carrying rights to subscribe for 100 new Rex Shares at any time during the exercise period or such denomination as permitted by Bursa Securities. |
| Exercise price | : The basis of determining the exercise price of the Warrants is set out in Section 2.3 of this Abridged Prospectus. The exercise price and the number of outstanding Warrants shall however be subject to the adjustments in accordance with the terms and provisions of the Deed Poll during the exercise period. |
| Exercise period | : Five (5) years commencing on and including the date of issuance of the Warrants and ending at 5.00 p.m. on the day falling immediately before the fifth (5th) anniversary of the date of issuance, or if such day is not a Market Day, then it shall be the Market Day immediately preceding the said non-Market Day. Any Warrants not exercised during the exercise period will thereafter lapse and cease to be valid. |
| Rights of Warrant holders | : The holder of Warrants shall not be entitled to any voting rights or to participate in any dividends, rights, allotments and/ or other forms of distributions other than on winding-up, compromise or arrangement of our Company and/ or offer of further securities in our Company until and unless such holders of the Warrants becomes a shareholder of Rex by exercising their Warrants into new Rex Shares or unless otherwise resolved by Rex in a general meeting. |
| Ranking of new Rex Shares | : The new Rex Shares to be issued pursuant to the exercise of the Warrants will, upon allotment and issuance, rank equally in all respects with the existing Rex Shares, save and except that the new Rex Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution where the entitlement date precedes the relevant date of allotment and issuance of the new Rex Shares. |
| Listing of the Warrants | : The Warrants and new Rex Shares to be issued from the exercise of the Warrants will be listed on the Main Market of Bursa Securities. |
| Adjustment in the exercise price and/ or number of Warrants | : The exercise price and/ or the number of Warrants held by each Warrant holder may from time to time be adjusted in accordance with the provisions of the Deed Poll by the Directors in consultation with an approved adviser appointed by our Company and certified by the auditors in the event of any alteration in the share capital of our Company at any time during the tenure of the Warrants, whether by way of, amongst others, rights issue, bonus issue, consolidation of shares, subdivision of shares or capital distribution, in accordance with the provisions as set out in the Deed Poll. |
| Transferability | : The Warrants shall be transferable in the manner in accordance with the Deed Poll subject always to the provisions of the Securities Industries (Central Depositories) Act, 1991, as amended and revised from time to time and the Rules of Bursa Depository and any appendices. |

| Terms | Details |
|--|--|
| Rights in the event of winding-up, liquidation, compromise and/ or arrangement | <p>Where a resolution has been passed for a members' voluntary winding up of our Company, or where there is a scheme of compromise or arrangement under Section 366 of the Act (whether or not for the purpose of or in connection with the amalgamation of our Company with one or more companies) then:-</p> <p>(i) if such winding up, compromise or arrangement has been approved by the Warrant holders by way of a special resolution, the terms of such winding up, compromise or arrangement shall be binding on all the Warrant holders; and</p> <p>(ii) in any other case, every Warrant holder shall be entitled upon and subject to the conditions of the Deed Poll at any time within 6 weeks after the passing of such resolution for a members' voluntary winding up of our Company or within 6 weeks after the granting of the court order approving the compromise or arrangement (but in both cases, not later than the end of the exercise period), by irrevocable surrender on a Market Day of his/ her Warrants to our Company with the exercise form(s) duly completed, together with payment of the relevant exercise price and otherwise in accordance with the Deed Poll, to elect to be treated as if he/ she had immediately prior to the commencement of such winding up, compromise or arrangement, exercised the exercise rights represented by such Warrants to the extent specified in the exercise form and be entitled to receive out of the assets of our Company which would be available in liquidation if he/ she had on such date been the holder of the new Shares to which he/ she would have become entitled pursuant to such exercise and the liquidator of our Company shall give effect to such election accordingly.</p> <p>If our Company is wound up by way of members' voluntary winding up or an order has been granted for such compromise or arrangement, all exercise rights which have not been exercised within 6 weeks after the passing of such a resolution or of the court order, shall lapse and the Warrants will cease to be valid for any purpose.</p> <p>If our Company is wound up (other than by way of a members' voluntary winding up), all exercise rights which have not been exercised prior to the date of commencement of the winding up shall lapse and the Warrants will cease to be valid for any purpose.</p> |
| Modifications | <p>Our Company may, from time to time, subject to the terms and conditions of the Deed Poll, without the consent or sanction of the warrant holders, modify, amend or add to the Deed Poll, if such modification, amendment or addition made does not materially prejudice the interests of the Warrant holders or is made to correct a manifest error or to comply with the prevailing laws of Malaysia.</p> <p>Save for the above, any modification, amendment, deletion or addition to the Deed Poll shall require the approval of the holders of Warrants sanctioned by special resolution and may be effected only by the Deed Poll, executed by our Company and expressed to be supplemental hereto and subject to the approval of the relevant authorities, if necessary.</p> |
| Governing Laws | Laws of Malaysia. |

2.6 Other fund raising exercises in the past 12 months

Our Company has not undertaken any other fund raising exercises in the past 12 months prior to the date of this Abridged Prospectus.

3. IRREVOCABLE AND UNCONDITIONAL UNDERTAKINGS AND UNDERTAKING ARRANGEMENT

Our Board has determined to undertake the Rights Issue with Warrants on the full subscription basis after taking into consideration the amount of funds of approximately RM16.44 million that our Company intends to raise from the Rights Issue with Warrants which will be channelled towards the proposed utilisation as set out in **Section 4** of this Abridged Prospectus.

3.1 Undertakings

The Undertaking Shareholders had on 28 January 2022, provided their Undertakings to subscribe in full for their respective entitlements based on their shareholdings as at the Entitlement Date.

The details of the Undertakings are set out below:-

| Undertaking Shareholders | Direct shareholdings as at the LPD | | Undertakings ^{*2} | Direct shareholdings after the Rights Issue with Warrants | | Undertaking amount in RM value | Entitlement No. of Warrants |
|--------------------------|------------------------------------|-----------------|----------------------------|---|-----------------|--------------------------------|-----------------------------|
| | No. of Shares | % ^{*1} | | No. of Shares | % ^{*3} | | |
| DTSB | 130,732,800 | 26.5 | 43,577,600 | 174,310,400 | 26.5 | 4,357,760 | 14,525,866 |
| DK | 62,549,704 | 12.7 | 20,849,901 | 83,399,605 | 12.7 | 2,084,990 | 6,949,966 |
| Total | 193,282,504 | 39.2 | 64,427,501 | 257,710,005 | 39.2 | 6,442,750^{*4} | 21,475,832 |

Notes:-

- *1 Based on the total issued share capital of Rex as at the LPD amounting to 493,252,936 Rex Shares
- *2 Based on 64,427,501 Rights Shares available to be issued pursuant to the Undertakings
- *3 Computed based on the enlarged issued share capital of Rex amounting to 657,670,581 Rex Shares after the Rights Issue with Warrants
- *4 Computed based on the issue price of RM0.10 per Rights Share

The Undertaking Shareholders had respectively confirmed, vide their respective letters dated 28 January 2022, that they have sufficient financial resources to take up their respective entitlements as specified in the Undertakings and such confirmations have been verified by UOBKH, being the Adviser for the Rights Issue with Warrants. Further, UOBKH had undertaken the following steps to verify the financial resources of the Undertaking Shareholders to subscribe for their respective entitlements:-

- (i) UOBKH had verified the credit facilities granted by a local licensed financial institution for the full undertaking by one of the Undertaking Shareholders, namely DTSB; and
- (ii) UOBKH had verified the bank statements and the fixed deposits earmarked by one of the other Undertaking Shareholders, namely DK to ensure sufficiency of financial resources to subscribe to his entitlement.

As the Rights Issue with Warrants is being undertaken on the full subscription basis, whereby the remaining Rights Shares not undertaken by the Undertaking Shareholders will be underwritten by the Joint Underwriters. As such, the Undertaking Shareholders' voting shares or voting rights will remain the same in terms of percentage (i.e. DTSB (26.5%) and DK (12.7%)) after the completion of the Rights Issue with Warrants. Accordingly, the Rights Issue with Warrants is not expected to give rise to any mandatory general offer obligation pursuant to the Rules on Take-overs, Mergers and Compulsory Acquisitions.

Pursuant to Paragraph 8.02(1) of the Listing Requirements, our Company must ensure that at least 25% of the total listed Rex Shares are in the hands of public shareholders. For information purposes, 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 with Warrants in view that the Rights Issue with Warrants is being undertaken on the full subscription basis.

3.2 Underwriting arrangement

We had on 18 July 2022 entered into the Underwriting Agreement with the Joint Underwriters to underwrite 99,990,144 Rights Shares ("**Underwritten Rights Shares**"), representing approximately 60.8% of the total Rights Shares available for subscription pursuant to the Rights Issue with Warrants at the Issue Price. The total value of the Underwritten Rights Shares amounts to approximately RM10.00 million.

The underwriting commission of the Joint Underwriters is 2.00% of the value of the Underwritten Rights Shares and all relevant costs in relation to the underwriting will be borne by us.

For the avoidance of doubt, the underwritten Rights Shares do not include any of the Undertaking Shareholders' entitlements under the Rights Issue as set out in **Section 3.1** of this Abridged Prospectus, for which the Undertakings have been obtained.

As the Rights Issue with Warrants will be implemented based on the Undertakings and the underwriting arrangement, the Rights Issue with Warrants is not expected to give rise to any mandatory general offer obligation pursuant to the Rules.

4. UTILISATION OF PROCEEDS

Based on the issue price of RM0.10 per Rights Share, the gross proceeds to be raised from the Rights Issue with Warrants will be utilised in the following manner:-

| Details of utilisation | Timeframe for utilisation from completion of the Rights Issue with Warrants | Amount of proceeds RM'000 |
|----------------------------------|--|------------------------------|
| Business expansion ^{*1} | Within 18 months | 10,000 |
| Working capital ^{*2} | Within 12 months | 5,882 |
| Estimated expenses ^{*3} | Upon completion | 560 |
| Total | | 16,442 |

Notes:-

*1 In the past, our Group mainly focused on canned products where it had been a major contributor to our Group's revenue. Since 2016, we have made considerable efforts to gradually enhance our product mix and product range towards improving the beverage and biscuit production lines so as to further expand our product offerings and eventually improving our revenue. Our Group had introduced cream biscuits under the name of MOMBO in 2016, new drink products such as Rexberry in 2016 as well as Rexcoco Chocolate Malt and Rex Energy in 2017.

Currently, our Group owns and operates a food and beverage production facility in Seberang Perai, Penang, a beverage production facility in Batu Pahat, Johor and rents a biscuit factory in Kuching, Sarawak. In view of the increasing consumer demand for beverage products with smaller serving sizes, our Group intends to install additional beverage production lines to expand our offering of beverages with smaller sized servings to such target market.

For clarification purposes, our Group's existing beverage production lines already allow us to produce beverage products with various serving sizes ranging from 200 millilitres to 1 litre per unit. The main purpose for the installation of new production lines is to cater for the higher production volume of Rexcoco chocolate malt, coconut milk and fruit flavoured drinks with serving size of between 200 millilitres to 1.0 litres per unit, in line with the increase in market demand for these drink products.

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 2022 are as follows:-

| | Maximum capacity (cartons) | Actual production output (cartons) | Utilisation rate % |
|-------------------------|---------------------------------------|---|-----------------------------------|
| FYE 30 June 2020 | 4,107,600 | 2,356,562 | 57.4 |
| FYE 30 June 2021 | 4,083,600 | 2,459,530 | 60.2 |
| FYE 30 June 2022 | 4,083,600 | 2,714,821 | 66.5 |

Based on the table above, the production utilisation rate of our manufacturing plant was 57.4%, 60.2% and 66.5% for the past 3 financial years up to the FYE 30 June 2022, respectively. For clarification purposes, the production utilisation rate recorded in the FYE 30 June 2022 of 57.4% 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 outbreak of COVID-19. The higher production utilisation rate recorded in the FYE 30 June 2021 and in the latest FYE 30 June 2022 as compared to the FYE 30 June 2020 was mainly due to increase in market demand for our beverage products. Notwithstanding that the production utilisation rate of our manufacturing plant was 66.5% for the FYE 30 June 2022, our Board is of the view that the installation of additional beverage production lines is timely after taking into consideration the increasing utilisation rate of our Group's existing production line and the increasing market demand for our beverage products particularly Rexcoco chocolate malt, coconut milk and fruit flavoured drinks, which is in line with the expected positive growth in the food and beverage industry as highlighted in **Section 7.2** of this Abridged Prospectus.

Accordingly, our Board has earmarked a total of approximately RM10.0 million to install additional beverage production lines with an estimated cost of RM10.0 million that caters for the production of Rexcoco chocolate malt, coconut milk and fruit flavoured drinks with serving size of between 200 millilitres to 1.0 litres per unit. The new additional beverage production lines are expected to increase our production capacity by 3,432,000 carton per year with an estimated output of 2,745,600 carton per year. Pursuant to the installation of the aforementioned new beverage production lines, the production capacity for both the food and beverage segment is expected to increase from 4,083,600 cartons per year to 7,515,600 cartons per year whilst the production output for both the food and beverage segment is expected to increase from 2,714,821 cartons per year to 5,460,421 cartons per year (based on actual production output for FYE 30 June 2022).

Further breakdown on the intended utilisation of the RM10.0 million to install additional beverage production lines is set out below:-

| Business expansion capital requirements | Indicative percentage allocation (%) | RM'000 |
|--|---|---------------|
| 1 unit of filling line for beverage production of 200 millilitres /250 millilitres | 40.0 | 4,000 |
| 1 unit of filling line for beverage production of 1 litre | 40.0 | 4,000 |
| Installation and renovation costs for the production lines | 20.0 | 2,000 |
| Total | 100.0 | 10,000 |

For information purposes, the indicative breakdown on the utilisation of the RM10.0 million as highlighted above is based on the indicative quotation by our suppliers for the production lines. The production lines shall include, amongst others, beverage filling machineries, heat preservation tank, water tank, acid tank, alkali tank, sterilisation machine, homogeniser, steam boiler, cooling tower, air compressor, polyurethane panel and other utility system.

For information purpose, our Group is in the midst of deliberating on the location of the factory to install the additional beverage production lines, which could take place at our existing production facility in Batu Pahat, Johor, or to rent/ acquire a new factory at a different location in Malaysia to be identified. We are conducting feasibility studies to assess the most ideal location install the additional beverage production lines and accordingly, the additional financial commitment required for the factory has yet to be determined at this juncture. In the event our Group decides to acquire a new factory to install the additional production lines, we shall make the necessary announcements in accordance with the Listing Requirements as and when the acquisition materialises. If the nature of the transaction requires shareholders' approval pursuant to the Listing Requirements, we will seek the necessary approval from our shareholders. The actual capital requirements for the renting/ acquisition of a new factory is subject to our Group's operational requirements at the time of utilisation and as such can only be determined at a later stage. Accordingly, the funds for the renting/ acquisition of a new factory will be financed through our Group's internally generated funds and/ or bank borrowings, the exact breakdown of which can only be determined at a later stage.

In the event of a surplus/ deficit in the allocated amounts for the aforesaid business expansion, such variance will be adjusted to/ from the proceeds allocated for the working capital requirements, depending on the respective funding requirements at that point of utilisation. Pursuant to Paragraph 9.19(32) of the Listing Requirements, our Company is required to make an immediate announcement in the event of any change to the use of proceeds raised from the Rights Issue with Warrant that deviates by 5% or more from the total proceeds raised from the Rights Issue with Warrants. Further, pursuant to Paragraph 8.22 of the Listing Requirements, our Company is required to seek our shareholders' approval if our Company proposes to make a material change (i.e. 25% or more of the total proceeds raised) to the use of proceeds raised from the Rights Issue with Warrants. Accordingly, our Company will observe and comply at all times with the aforementioned provisions in the Listing Requirements upon the completion of the Rights Issue with Warrants.

- *2 Our Group's existing business segment of manufacturing and distribution of canned food, drinks and biscuits has been the sole contributor of our Group's revenue as set out below:-

| | <----- Audited -----> | | | <--Unaudited--> |
|------------|-------------------------------|-------------------------------|-------------------------------|--|
| | FYE 30 June 2019 RM'000 | FYE 30 June 2020 RM'000 | FYE 30 June 2021 RM'000 | 9-month FPE 31 March 2022 RM'000 |
| Revenue | 136,608 | 149,245 | 160,539 | 120,209 |
| PBT/ (LBT) | (14,317) | (8,396) | 3,912 | 2,676 |

As set out in the table above, our revenue and profitability growth had been on an upward trend over the past 3 financial years up to the FYE 30 June 2021. This is in line with our Board's expansion plans of introducing new products as highlighted in Note 1 above. Our Board anticipates that as our Group continues to grow the said business segment, it will face increasing working capital requirements of its enlarged operations which generally comprise the purchase cost of raw materials, sales and marketing expenses for the food and beverage products as well as other operating expenses.

As such, to support the organic growth of our Group's existing business segment, our Board has earmarked up to approximately RM5.88 million to fund its working capital requirements, an indicative breakdown of which is as follows:-

| Working capital requirements | Notes | Indicative percentage allocation (%) | RM'000 |
|---|-------|---|--------------|
| Purchase cost of raw materials | (a) | 60.0 | 3,529 |
| Sales and marketing expenses for the food and beverage products | (b) | 30.0 | 1,765 |
| Other operating expenses | (c) | 10.0 | 588 |
| Total | | 100.0 | 5,882 |

Notes:-

- (a) our Group has earmarked 60% of the proceeds to be raised for the purchase cost of raw materials which may include, amongst others, purchase costs of raw materials (including but not limited to chicken meat, squid, sweeteners, empty cans and paper rolls for beverages). For information purpose, the purchase of raw materials is currently financed via bankers' acceptance. As such, the proceeds raised from the Rights Issue with Warrants is anticipated to reduce our Group's reliance on banker's acceptance;
- (b) our Group has earmarked 30% of the proceeds to be raised for the sales and marketing expenses of its food and beverage products (including but not limited to transport expenses, digital/ social media advertisements, exhibition booths/ stands and roadshows for marketing and promoting our Group's food and beverage products); and
- (c) other operating expenses (including but not limited to travelling and accommodation expenses and payment of utilities).

The actual breakdown for the utilisation for working capital is subject to our Group's operational requirements at the time of utilisation and as such can only be determined at a later stage. Accordingly, our Board shall have the discretion to allocate funds for our Group's working capital, depending on the actual working capital requirements at the time of utilisation.

- *3 The proceeds earmarked for estimated expenses in relation to the Rights Issue with Warrants will be utilised as set out below:-

| | RM'000 |
|---|---------------|
| Professional fees (including all advisory fees) | 419 |
| Regulatory fees | 100 |
| Other incidental expenses in relation to the Rights Issue with Warrants | 41 |
| Total | 560 |

Any variation in the actual amount of the expenses will be adjusted in the portion of the proceeds to be utilised for working capital of our Group

Pending the utilisation of proceeds from the Rights Issue with Warrants for the above purposes, the proceeds would be placed as deposits with licensed financial institutions or short-term money market instruments. Any interest income earned from such deposits or instruments will be used as working capital of our Group.

The gross proceeds to be raised from the exercise of the Warrants is dependent on the total number of Warrants exercised during the tenure of the Warrants. As such, the exact amount to be raised and timeframe for utilisation of the proceeds from the exercise of the Warrants is not determinable at this juncture. For illustrative purposes only, the gross proceeds to be raised upon the full exercise of the Warrants based on the exercise price of RM0.15 per Warrant is set out below:-

| | |
|--|------------|
| No. of Warrants | 54,805,881 |
| Total gross proceeds raised assuming all the Warrants are exercised (RM) | 8,220,882 |

Such gross proceeds to be raised from the exercise of Warrants will be utilised as additional working capital to finance our Group's day to day operations. The proceeds may be utilised to finance, amongst others, employee salaries, raw material costs as well as general expenses such as utilities and office expenses, the breakdown of which has not been determined at this juncture.

5. RATIONALE AND JUSTIFICATION FOR THE RIGHTS ISSUE WITH WARRANTS

Our Board is of the view that the Rights Issue with Warrants 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 with Warrants 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) the Rights Issue with Warrants 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 with Warrants 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 with Warrants;
- (iv) the Rights Issue with Warrants 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 with Warrants 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.

The Warrants have been attached to the Rights Shares to provide the Entitled Shareholders with additional incentive to subscribe for the Rights Shares. The Warrants will potentially allow the Entitled Shareholders who subscribe for the Rights Shares to benefit from the possible capital appreciation of the Warrants and increase their equity participation in our Company at a predetermined price over the tenure of the Warrants. We would also be able to raise additional proceeds as and when the Warrants are exercised.

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 with Warrants.

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.

Our Group has developed standardised procedures in selecting suppliers for our raw materials. We usually select our suppliers from our internal list of approved suppliers. We generally assess the overall performances of potential suppliers, including product quality and timeliness of delivery, to be included in our list of approved suppliers on an annual basis to ensure that we have maintained a reasonably diversified base of reliable suppliers which offer competitive prices. In order to ensure the quality of the raw materials, our Group generally sources raw materials from 3 approved suppliers to make comparison on the quality of the raw materials prior to placing an order with the selected supplier.

Notwithstanding the above, 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.

Our Group has experienced shortages in supply of seafood during the past 3 financial years up to the FYE 30 June 2021. Based on our audited consolidated financial statements for the past 3 financial years up to the FYE 30 June 2021, the raw materials and consumables increased by 10.32% (FYE 30 June 2019 to FYE 30 June 2020) and 3.3% (FYE 30 June 2020 to FYE 30 June 2021). 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. The shortages in supply of seafood was mainly due to the COVID-19 pandemic which resulted in global disruption to manufacturing and supply chains. This included the transport of seafood of which transshipment of containers was reduced and, as a result, fewer containers were moved. The employment shortages, port congestion, lack of product and transportation issues had also further contributed to the aforesaid shortages.

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.

Our Group has established long term business relationship with a number of our customers, and believe these relationships are beneficial to our long term prospects. In terms of our Group's business arrangement with our customers, we will enter into a trade term contract with our customers to agree upon certain commercial terms for the sale of our food and beverage products (e.g. sales rebate, advertising and promotion rebates, distribution centre charges, ullage (spoilt stock) allowances, etc). By the nature of our business, we do not have long term contract/ purchase agreement with our customers. Rather, the purchases from our customers are made based on purchase orders made by them to us as and when they require our products.

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 150 days while our trade receivables turnover period for the past 3 financial years up to the FYE 30 June 2021 was 77, 73 and 70 days, which was within our normal credit terms.

Our provision for credit loss on trade receivables was RM0.90 million, RM1.36 million and nil for the FYE 30 June 2019, 2020 and 2021, respectively. 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 such as Indonesia and United States of America ("**USA**") 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 are United States Dollar ("**USD**"), Indonesian Rupiah ("**IDR**"), Singapore Dollar ("**SGD**") and Euro. 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.

A summary of our Group's sales in local and foreign currencies for the past 3 financial years up to the FYE 30 June 2021 are as follows:-

| | FYE 30 June 2019 | | FYE 30 June 2020 | | FYE 30 June 2021 | |
|--------------|---------------------|--------------|---------------------|--------------|---------------------|--------------|
| | RM'000 | % | RM'000 | % | RM'000 | % |
| RM | 58,397 | 42.8 | 53,679 | 36.0 | 55,568 | 34.6 |
| USD | 74,387 | 54.4 | 90,512 | 60.6 | 100,389 | 62.5 |
| SGD | 2,360 | 1.7 | 3,264 | 2.2 | 2,578 | 1.6 |
| IDR | 1,465 | 1.1 | 1,790 | 1.2 | 2,005 | 1.3 |
| Total | 136,609 | 100.0 | 149,245 | 100.0 | 160,540 | 100.0 |

A summary of our Group's purchases in local and foreign currencies for the past 3 financial years up to the FYE 30 June 2021 are as follows:-

| | FYE 30 June 2019 | | FYE 30 June 2020 | | FYE 30 June 2021 | |
|--------------|---------------------|--------------|---------------------|--------------|---------------------|--------------|
| | RM'000 | % | RM'000 | % | RM'000 | % |
| RM | 23,712 | 27.9 | 20,487 | 21.6 | 18,979 | 44.0 |
| USD | 33,853 | 39.9 | 38,115 | 40.2 | 45,923 | 37.8 |
| IDR | 27,191 | 32.0 | 35,935 | 37.9 | 39,412 | 18.2 |
| Euro | 198 | 0.2 | 232 | 0.3 | - | - |
| Total | 84,954 | 100.0 | 94,769 | 100.0 | 104,314 | 100.0 |

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, IDR, SGD and/ or Euro, the occurrence of which may affect the financial performance and position of our Group.

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.

As at the LPD, our Group has all valid licenses to carry out our business operations. Examples of licenses, certification and permits we have received include the following:-

- (i) All approvals/ licenses required for the manufacturing and trading of canned processed food and beverages;
- (ii) Certificate of Authentication Halal from the Department of Islamic Development Malaysia;
- (iii) Halal Certificate from the Indonesian Council of Ulama;
- (iv) Certificate of membership of the Federation of Malaysian Manufacturers;

- (v) Hazard Analysis and Critical Control Point (HACCP) Certificate from the Ministry of Health Malaysia; and
- (vi) Food Facility Registration and Acidified/ Low-Acid Canned Foods Registration with the United States Food and Drug Administration.

For the past 3 financial years up to the FYE 30 June 2021, our Group has not experienced any difficulties in renewing any of the licenses that is required to carry out our business operations. 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.

6.2.2 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.

6.2.3 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. As at the LPD, our Group has not experienced any food contamination and deterioration on our products.

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.

6.2.4 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. As at the LPD, our Group has not faced any products liabilities claims, lawsuit or negative publicity.

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.

6.2.5 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 with Warrants

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.

Shareholders should also consider carefully that each Warrant derives its value from giving its holder the right to subscribe for new Rex Shares at a predetermined exercise price over the exercise period. The Warrants have a finite lifespan during which tenure the holders can exercise the subscription rights comprised in the Warrant. If the sum of the price of the Warrants as quoted on Bursa Securities and the exercise price of the Warrants is higher than the market price of Rex Shares, the Warrants are deemed to be "out-of-the-money". The value of the Warrants is directly related to the market price of Rex Shares. The higher the quantum by which the market price of Rex Shares exceeds the exercise price of the Warrants, the higher the value of the Warrants will be.

Our shareholders are reminded, however, that other factors may also affect the market price of the Warrants or the market price of our Shares. Other than the fundamentals of our Group, the future price performance of the Warrants will also depend on various external factors as mentioned above. As the Warrants are a new type of securities issued by our Company, there can also be no assurance that an active market for the Warrants will develop upon their listing on Bursa Securities or if developed, that it will sustain.

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

6.3.2 Delay in or abortion of the Rights Issue with Warrants

The Rights Issue with Warrants 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 with Warrants.

Nevertheless, our Group will endeavour to ensure the successful listing of the Rights Shares and the Warrants. 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 with Warrants. In the event the Rights Issue with Warrants is aborted, our Group will repay without interest all monies received in respect of the accepted application for the subscription of the Rights Shares with Warrants pursuant to the Rights Issue with Warrants 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 with Warrants is aborted/ terminated, and the Rights Shares and the Warrants have been allotted to the shareholders, a return of monies to all holders of the Rights Shares with Warrants 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.

Acquiror of the Provisional Allotments would lose his investment in the event the Rights Issue is terminated.

Where prior to the issuance and allotment of the Rights Shares to the successful Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable):-

- (a) the SC issues a stop order under Section 245(1) of the CMSA, all applications shall be deemed to be withdrawn and cancelled and we shall repay all monies paid in respect of the applications for our Rights Shares within 14 days of the stop order, failing which we shall be liable to return such monies with interest at the rate of 10.0% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(a) of the CMSA; or
- (b) Rights Issue is terminated other than pursuant to a stop order by the SC under Section 245(1) of the CMSA, investors will not receive any Rights Shares, and all monies paid in respect of all applications for our Rights Shares will be refunded free of interest.

In the event that the Rights Shares have been allocated to the successful Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) and:-

- (a) the SC issues a stop order under Section 245(1) of the CMSA, any issue of our Rights Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, we shall be liable to return such monies with interest at the rate of 10.0% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(b) of the CMSA; or
- (b) our Rights Issue is aborted other than pursuant to a stop order by the SC, a return of monies to our shareholders may only be achieved by way of a cancellation of our share capital as provided under the Act and its related rules. Such cancellation can be implemented by the sanction of our shareholders by way of special resolution in a general meeting and supported by either:-
 - (aa) consent by 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, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances, or
 - (bb) a solvency statement from the directors.

There can be no assurance that such monies can be returned within a short period of time or at all under 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 with Warrants 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 and the new Shares to be issued upon the exercise of the Warrants. 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 with Warrants 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 grew by 5.0% in the first quarter of 2022 (4Q 2021: 3.6%). Growth was supported mainly by higher domestic demand as economic activity continued to normalise with the easing of containment measures. The improvement also reflects the recovery in the labour market and continued policy support. In addition, strong external demand, amid the continued upcycle in global technology, provided a further lift to growth. In terms of economic activity, the services and manufacturing sectors continued to drive growth. On a quarter-on-quarter seasonally-adjusted basis, the economy registered an increase of 3.9% (4Q 2021: 4.6%).

Domestic demand expanded by 4.4% (4Q 2021: 1.9%). Growth was supported by higher consumption and improvement in investment activities amid the normalisation of economic activity. On the external front, demand for Malaysia's exports, particularly for electrical and electronic ("**E&E**") products, remained strong.

Private consumption grew at a faster pace of 5.5% (4Q 2021: 3.7%), supported by higher spending on necessities and selected discretionary items such as restaurants and hotels, recreational services and household furnishings. The continued strength in consumer expenditure was primarily driven by the recovery in the labour market with higher wage and employment growth. Policy measures, such as Bantuan Keluarga Malaysia, also provided additional support to consumer spending.

Private investment turned around to register a positive growth of 0.4% (4Q 2021: -2.8%), supported by capital spending in the services and manufacturing sectors. Investments in ICT-related equipment and machinery for manufacturing remained robust, as firms continued to embrace automation and digitalisation. Structures investment registered a smaller contraction, mainly supported by the non-residential segment. This reflects the gradual ramp-up of investment projects amid the reopening of the economy.

Public investment declined at a smaller pace (-0.9%; 4Q 2021: -3.4%), underpinned by the improvement in General Government's fixed assets spending.

(Source: Developments in the Malaysian Economy, Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2022, Bank Negara Malaysia)

The Malaysian economy expanded by 7.1% in the first half of 2021. Growth is expected to continue in the second half of the year, particularly in the fourth quarter, as more economic and social sectors operate at full capacity. The expected growth trajectory aligns with the successful vaccination programme under the National COVID-19 Immunisation Programme ("**PICK**") and various stimulus and assistance packages to support the people and revitalise the economy. Overall economic growth is expected to expand between 3% and 4% in 2021. Continuation of the packages to combat the COVID-19 will have spillover effects and boost the economy in 2022. Hence, with strong economic fundamentals and a diversified structure, the domestic economy is forecast to expand between 5.5% and 6.5% in 2022. Nevertheless, the favourable outlook is predicated on other factors, including the successful containment of the pandemic, effective PICK implementation, and strong global economic prospects.

Against the backdrop of global uncertainties amid the COVID-19 outbreak, domestic demand remains resilient and continue to spearhead growth. After registering a contraction of 5.8% in 2020, domestic demand is projected to rebound to 3.1% in 2021, with private and public sectors' expenditure increasing by 3.5% and 1.6%, respectively. The recovery is driven by robust domestic demand performance in the first half of 2021, which expanded by 5% following low base effect in 2020 due to strict containment measures to curb the COVID-19 pandemic. The ongoing stimulus packages and economic assistance, such as Perlindungan Ekonomi dan Rakyat Malaysia (PERMAI), Strategic Programme to Empower the People and Economy (PEMERKASA), PEMERKASA Plus (PEMERKASA+) and PEMULIH, the gradual reopening of economic sectors and the recovery in external demand are expected to provide a lift to consumer and business sentiments.

Private consumption remained as the significant growth determinant and increased by 4.3% during the first half of 2021 attributable to improvements in disposable income arising from the gradual recovery in the labour market condition, accommodative interest rates, favourable commodity prices as well as ongoing economic stimulus packages and assistance. In the second half of the year, private consumption is projected to increase by 3.9%, following the gradual reopening of economic sectors.

Overall, private consumption in 2021 is expected to expand by 4.1% supported mainly by the continued assistance and stimulus measures, such as wage subsidies, BPR, targeted moratorium, Special COVID-19 Assistance as well as i-Sinar and i-Citra assistance. As at 19 August 2021, RM20.2 billion has been approved for 4.9 million applicants for i-Citra, and RM58.4 billion has been disbursed for 6.6 million applicants for i-Sinar. Furthermore, as at 24 September 2021, RM14.3 billion has been disbursed for the wage subsidy programme, which has benefitted about 3.3 million employees.

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

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

The food and beverages industry in Malaysia entered 2022 on a stronger footing with a good performance registered in 2021. Gross domestic product at constant 2015 prices ("**GDP**") contribution from food processing and beverages manufacturing activities increased by 10.0% from RM22.64 billion in 2020 to RM24.91 billion in 2021. Food and beverage services activities declined in GDP contribution in 2021 with RM28.84 billion recorded as compared to RM31.67 billion registered in 2020, mainly due to the resurgence in the COVID-19 cases during the year. Local food and beverages manufacturers have been navigating various challenges stemming from the lockdown measures and restrictions 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 eased more restrictions and more economic sectors were allowed to open, including food and beverages industry as a result of high population vaccination rate.

The Malaysian Government's announcement on the transition to endemic phase of COVID-19 from 1 April 2022 coupled with the high vaccination rate had led to the further recovery in the food and beverages industry. In the first quarter of 2022 ("**1Q 2022**"), GDP contribution from food processing and beverages manufacturing activities stood at RM7.27 billion, an increase of 17.6% as compared to RM6.18 billion in the preceding quarter ("**1Q 2021**"). The food and beverages services activities on the other hand, registered GDP contribution of RM8.69 billion in 1Q 2022, a 16.8% growth compared to RM7.44 billion in 1Q 2021.

Food and beverages manufacturing activities in Malaysia have remained vibrant with stringent standard operating procedures becoming a norm post COVID-19 pandemic for local food and beverages manufacturers. Malaysia's sales value of own manufactured products (ex-factory) for food and beverages increased 12.9% from RM248.92 billion in 2020 to RM280.98 billion in 2021. In 1Q 2022, the sales value of own manufactured products (ex-factory) for food and beverages amounted to RM67.83 billion. On a closer look, the manufacturing performance of selected segments within the food and beverages industry for the past 2 years is highlighted in Figure 1.

Figure 1: Sales Value of Own Manufactured Products (Ex-factory) of Selected Food and Beverages Manufacturing Industries in Malaysia, 2020-2021

| Industry Description | Sales Value of Own Manufactured Products (Ex-factory) (RM' million) | | |
|---|--|--------|---------|
| | 2020 | 2021 | 1Q 2022 |
| Canning of fish, crustaceans and molluscs as well as processing, curing and preserving of fish, crustacean and molluscs | 5,934 | 5,970 | 1,354 |
| Pineapple canning as well as manufacture of jams, marmalades and table jellies | 347 | 364 | 75 |
| Manufacture of biscuits and cookies | 2,140 | 2,234 | 797 |
| Manufacture of snack products | 2,385 | 2,342 | 692 |
| Manufacture of chocolate and chocolate products as well as manufacture of chocolate confectionery | 10,041 | 12,588 | 3,382 |
| Manufacture of soft drinks | 5,031 | 6,267 | 1,739 |
| Production of natural mineral waters and other bottled waters | 1,082 | 1,321 | 347 |

(Source: Department of Statistics, Malaysia)

In terms of external trade, Malaysia is a net importer of food, beverages and tobacco. In 2021, Malaysia's exports of food, beverages and tobacco totalled RM41.19 billion (2020: RM36.38 billion) while Malaysia's imports of food, beverages and tobacco stood at RM66.28 billion (2020: RM58.10 billion). As such, a trade deficit of RM 25.09 billion was recorded for food, beverages and tobacco in 2021. From January to May 2022, Malaysia exported RM18.33 billion and imported RM31.54 billion worth of food, beverages and tobacco, respectively, and as such a trade deficit of RM13.21 billion recorded during the period.

The local food and beverages industry has also continued to attract the attention of investors. In 2021, 77 (2020: 111) food processing and beverage projects with investments worth RM2.3 billion (2020: RM5.1 billion) were approved by the Malaysian Government. The approved projects involved the production of food ingredients, processed fruits and vegetables, sugar and chocolate confectionaries, processed meat products, beverages, cereals and flour-based products, dairy products, and other food products.

Working-from-home arrangement becoming a norm and stay-at-home becoming a new trend due to the COVID-19, which resulting in at-home consumption surging than dine-outs. This factor is likely to has caused weak performance in the food and beverages services in Malaysia, where revenue generated from food and beverages services in Malaysia decreased 10.0% from RM56.43 billion in 2020 to RM50.80 billion in 2021. In 1Q 2022, revenue generated from food and beverage services in Malaysia was valued at RM15.53 billion.

There is also a rising trend in the distributive trade for food, beverages and tobacco. The wholesale of food, beverages and tobacco in Malaysia increased 6.0% from RM120.62 billion in 2020 to RM127.83 billion in 2021. The retail sale of food, beverages and tobacco in specialised stores in Malaysia increased 5.1% from RM32.75 billion in 2020 to RM34.42 billion in 2021. From January to May 2022, the wholesale of food, beverages and tobacco recorded sales of RM56.01 billion, while the retail sale of food, beverages and tobacco in specialised stores in Malaysia amounted to RM15.89 billion.

The local food and beverage industry is expected to continue relying heavily on imports to fulfil local demand in 2022. The advent of COVID-19 pandemic has triggered the Malaysian Government to take the necessary measures in addressing the food supply chain disruptions issues accounting to heavy reliance on imports as well as food security issue. A specific action plan to strengthen national food security has been developed taking into account issues and challenges along the food supply chain ranging from agricultural inputs to food waste. The National Food Security Policy (DSMN Action Plan) 2021-2025 covering 5 core strategies, 15 strategies and 96 initiatives will ensure the sustainability of the country's food supply at all times, especially in the face of unexpected situations. In addition, the surge in consumer demand for plant-based food products from sources such as bean, nut, oat, and coconut further open up opportunities in high-value food product manufacturing. In 2021, the Malaysia Government has approved 5 plant-based food projects with investments worth RM309.6 million.

Moving forward, the local food and beverages industry is expected to maintain a positive growth in 2022 in parallel with the recovery of the local economy. However, it should be noted that the global food price inflation that arises from global supply chain disruption and labour shortage may weigh down on domestic demand and consumers' future spending on food and beverages.

(Source: Independent Market Researcher's report by Protégé)

7.3 Future prospects of our Group

In the past, our Group mainly focused on canned products where it has been a major contributor to our Group's revenue. Since 2016, we have made considerable efforts to gradually enhance our product mix and product range towards improving the beverage and biscuit production lines so as to further expand our product offerings and our revenue. Our Group had introduced cream biscuits under the name of MOMBO in 2016, new drink products such as Rexberry in 2016 as well as Rexcoco Chocolate Malt and Rex Energy in 2017.

In view of the increasing consumer demand for beverage products with smaller serving sizes, our Group intends to install additional beverage production lines to expand our offering of beverages with smaller sized servings to such target market. Accordingly, part of the proceeds from the Proposed Rights Issue with Warrants has been earmarked for installing additional beverage production lines that caters for the production of beverage serving size of between 200 millilitres to 1.0 litres per unit. The production lines shall include, amongst others, beverage filling machineries, heat preservation tank, water tank, acid tank, alkali tank, sterilisation machine, homogeniser, steam boiler, cooling tower, air compressor, polyurethane panel and other utility system. Furthermore, the allocation of proceeds raised from the Proposed Rights Issue with Warrants for our Group's working capital requirement is expected to enhance our liquidity and cash flow available to fund our raw materials costs as well as allow our Group to intensify promotional efforts for our beverage and biscuits products.

The 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. In this regard, it is undeniable that the pandemic has also affected our Group especially during the MCO period whereby there were disruptions to our Group's operations (i.e. halted/ reduced).

Our Board takes cognisance that the effects of COVID-19 pandemic are still prevalent in the Malaysian economy and the manufacturing industry. There is no assurance that a resurgence of COVID-19 cases and/ or the emergence of new COVID-19 variants will not adversely impact the manufacturing industry in Malaysia and in turn, our Group's operations and financial position. Notwithstanding the above, our Board is in anticipation of a gradual recovery of the Malaysian economy and manufacturing industry, supported by the nationwide COVID-19 vaccination programme and ongoing stimulus packages and economic assistance, such as Perlindungan Ekonomi dan Rakyat Malaysia (PERMAI) and PEMERKASA, and as more economic and social sectors resume operations at full capacity as set out in **Sections 7.1** and **7.2** of this Abridged Prospectus. Notwithstanding the above, our Group has gradually increased the production volume of both food and beverage products with strict standard operating procedures put into place.

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 the operating costs where required. Through this, our Group seek to reassess the monthly expenditure vis-à-vis their 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 Proposed Rights Issue with Warrants 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.

(Source: Management of Rex)

8. FINANCIAL EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

8.1 Issued share capital

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

| | No. of Rex Shares | RM |
|---|----------------------|--------------------------|
| Issued share capital as at the LPD | 493,252,936 | 97,903,444 |
| Rights Shares to be issued pursuant to the Rights Issue with Warrants | 164,417,645 | 12,298,440 ^{*1} |
| | 657,670,581 | 110,201,884 |
| Shares to be issued arising from the full exercise of Warrants | 54,805,881 | 8,220,882 ^{*2} |
| Reversal of warrant reserve pursuant to the full exercise of Warrants | - | 4,143,325 ^{*3} |
| Enlarged issued share capital | 712,476,462 | 122,566,091 |

Notes:-

*1 Computed based on the issue price of RM0.10 per Rights Share and adjusted for the apportionment of its relative fair value between the share capital account and the warrant reserve account

*2 Computed based on the exercise price of RM0.15 per Warrant

*3 Computed based on the number of Warrants multiplied by the theoretical fair value of RM0.0756 per Warrant based on the trinomial option pricing model as extracted from Bloomberg as at the LTD

8.2 NA and gearing level

For illustration purpose only, the pro forma effects of the Rights Issue with Warrants on the latest unaudited consolidated NA and gearing of our Group as at 31 March 2022 are as follows:-

| | Unaudited as at 31 March 2022 RM'000 | I After the Rights Issue with Warrants* ¹ RM'000 | II After I and assuming full exercise of Warrants* ³ RM'000 |
|---------------------------------|--|---|---|
| Share capital | 97,903 | 110,202 | 122,566 |
| Warrant reserve | - | 4,143 | - |
| Translation reserve | (4,046) | (4,046) | (4,046) |
| Retained earnings | 35,418 | 34,858 ² | 34,858 |
| Shareholders' equity/ NA | 129,275 | 145,157 | 153,378 |
| No. of shares in issue ('000) | 493,253 | 657,671 | 712,476 |
| NA per share (RM) | 0.26 | 0.22 | 0.22 |
| Total borrowings | 26,543 | 26,543 | 26,543 |
| Gearing ratio (times) | 0.21 | 0.18 | 0.17 |

Notes:-

- *1 Computed based on the subscription of 164,417,645 Rights Shares at the issue price of RM0.10 per Rights Share pursuant to the Rights Issue with Warrants and adjusted for the apportionment of its relative fair value between the share capital account and the warrant reserve account, and the recognition of 54,805,881 Warrants at the theoretical fair value of RM0.0756 per Warrant based on the trinomial option pricing model as extracted from Bloomberg as at the LTD
- *2 After deducting the estimated expenses of approximately RM0.56 million in relation to the Rights Issue with Warrants
- *3 Assuming 54,805,881 Warrants are exercised at the exercise price of RM0.15 per Warrant and the corresponding partial reversal of the warrant reverse to share capital amounting to approximately RM4.14 million

8.3 Earnings and EPS

The Rights Issue with Warrants which is expected to be completed in the third quarter of 2022, is not expected to have any material effect on the earnings and EPS of our Group for the FYE 30 June 2022. However, there will be a dilution in the EPS of our Group for the FYE 30 June 2023 due to the increase in the number of Shares in issue arising from the Rights Issue with Warrants. Notwithstanding that, the Rights Issue with Warrants is expected to contribute positively to the future earnings of our Group in the ensuing financial year(s) via the utilisation of the proceeds as set out in **Section 4** of this Abridged Prospectus.

Purely for illustrative purposes only, based on the latest audited consolidated statements of comprehensive income of our Group for the FYE 30 June 2021, the pro forma effects on the basic EPS of our Group as a result of the issuance of the Rights Shares with Warrants is set out below:-

| | Audited as at 30 June 2021 | I After the Rights Issue with Warrants | II After I and assuming full exercise of the Warrants |
|---|-------------------------------|---|---|
| PAT attributable to shareholders of our Company (RM'000) | 2,603 | 2,603 | 2,603 |
| No. of Shares issued ('000) | 493,253 | 657,671 | 712,476 |
| Basic EPS (sen) | 0.53 | 0.40 | 0.37 |

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.

As at the LPD, our Group has a total cash and bank balances of approximately RM5.88 million as well as fixed deposits with licensed banks of approximately RM0.90 million. Further, our Group's total credit facilities (i.e. bank overdrafts, revolving credit and bankers' acceptances) as at the LPD stood at approximately RM26.35 million, out of which the total utilised credit facilities amounted to RM17.29 million whilst the balance credit facilities available for utilisation amounted to approximately RM9.06 million.

Our Board is of the opinion that, after taking into consideration the funds generated from our operations, existing cash and bank balances and the credit facilities available to our Group as well as the proceeds to be raised from the Rights Issue with Warrants 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 RM27.77million. 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} | 4.14 |
| | | 9,233 |
| | | 9,233 |
| Short term borrowings:- | | |
| Term loan | Acquisition of buildings and land ^{*1} | 4.14 |
| | | 1,240 |

| | Purpose of facility | Weighted average interest rate % | Outstanding as at the LPD RM'000 |
|---|--|----------------------------------|----------------------------------|
| Bank overdrafts | To finance the general working capital of our Group such as general administrative expenses, staff costs and logistic expenses | 6.94 | 1,283 |
| Revolving credit | To finance the general working capital of our Group such as general administrative expenses, staff costs and logistic expenses | 4.00 | 3,000 |
| 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 | 4.42 | 8,745 ^{*2} |
| Bankers' acceptances denominated in RM | | | 4,264 |
| | | | 18,532 |
| Total | | | 27,765 |

Notes:-

*1 Such buildings and land comprise the following:-

- (i) a 3-storey shop office in Simpang Ampat, Pulau Pinang that was rented out to third parties who are involved in travel management and hair salon services;
- (ii) a factory in Bandar Puncak Alam, Selangor that was rented out to a third party who is involved in the manufacturing of plastic materials; 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**") that is utilised as our beverage factory and warehouse.

*2 Comprising USD-denominated bankers' acceptances of approximately USD1.99 million, converted based on the exchange rate of USD1:RM4.39 as at the LPD. For avoidance of doubt, all other borrowings of our Group are denominated in RM.

There have been no breach in the terms and conditions associated with the borrowings, default on payments by our Group of either interest and/ or principal sums in respect of any borrowings during the FYE 30 June 2021 and the subsequent financial period up to the LPD.

9.3 Contingent liabilities

Save as disclosed below, 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:-

| Contingent liabilities of our Group as at the LPD | RM'000 |
|--|---------------|
| Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries | 32,949 |
| Total | 32,949 |

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

Save for the Rights Issue with Warrants, 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 2021 and our Group's most recent announced unaudited interim consolidated financial statements for the 9-month FPE 31 March 2022.

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 with Warrants which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. 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 with Warrants, as well as to apply for Excess Rights Shares with Warrants 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 at <https://www.bursamalaysia.com>.

10.2 NPA

The Provisional Rights Shares with Warrants are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in the Provisional Rights Shares with Warrants 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 with Warrants and the Excess Application is on Tuesday, 16 August 2022 at 5.00 p.m., being the Closing Date.

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

10.4 Methods of acceptance and application

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

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

| <u>Method</u> | <u>Category of Entitled Shareholders</u> |
|--------------------------------------|---|
| Electronic Application* ¹ | All Entitled Shareholders |
| NRS | Authorised Nominee who has subscribed for NRS |
| Bursa Anywhere* ² | All Entitled Holders who have registered for Bursa Anywhere |

Notes:-

*1 The following surcharge per Electronic Application via ATM will be charged by the Participating Financial Institutions:-

- Public Bank Berhad – RM4.00; and
- Affin Bank Berhad – RM4.00

The following processing fee per Electronic Application via internet financial services website will be charged by the respective Participating Financial Institutions:-

- Public Bank Berhad (<http://www.pbebank.com>) – RM4.00; and
- Affin Bank Berhad (<https://www.affinbank.com.my>) – RM4.00

*2 A processing fee of RM2.00 per Electronic Application via Bursa Anywhere will be charged.

10.5 Procedure for full acceptance and payment

10.5.1 By way of RSF

Acceptance of and payment for the Provisional Rights Shares with Warrants 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 WITH WARRANTS, EXCESS RIGHTS SHARES WITH WARRANTS 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 WITH WARRANTS 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 with Warrants 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 RSF that is completed, signed and affixed with revenue stamp 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.: +603 - 2084 9000

Fax. No.: +603 - 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 with Warrants standing to the credit of 1 CDS Account. Separate RSF(s) must be used for the acceptance of Provisional Rights Shares with Warrants standing to the credit of more than 1 CDS Account. If successful, the Rights Shares with Warrants 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 with Warrants 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 and Warrants comprises of 100 Rights Shares and 100 Warrants, respectively. Fractions of Rights Shares with Warrants, 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. Successful applicants of the Rights Shares will be given free Warrants on the basis of 1 Warrant for every 3 Rights Shares successfully subscribed.

If acceptance of and payment for the Provisional Rights Shares with Warrants 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 with Warrants, you and/ or your renounee(s) and/ or transferee(s) (if applicable) will be deemed to have declined the Provisional Rights Shares with Warrants 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 with Warrants are not fully taken up by such applicants, our Board will then have the right to allot such Rights Shares with Warrants to the applicants who have applied for the Excess Rights Shares with Warrants in the manner as set out in **Section 10.9** of this Abridged Prospectus. Our Board reserves the right to accept any application in full or in part only without assigning any reasons.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY THE APPROPRIATE REMITTANCE MADE IN RM FOR THE FULL AMOUNT PAYABLE FOR THE RIGHTS SHARES WITH WARRANTS 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 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 WITH WARRANTS. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, THE RIGHTS SHARES WITH WARRANTS 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. THE REFUND WILL BE MADE BY ISSUANCE OF CHEQUE 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 WITH WARRANTS TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WITH WARRANTS WILL BE ALLOTTED BY WAY OF CREDITING SUCH RIGHTS SHARES WITH WARRANTS INTO THE CDS ACCOUNTS OF THE ENTITLED SHAREHOLDERS AND/ OR THEIR RENOUNCEE(S) AND/ OR TRANSFEREE(S) (IF APPLICABLE). NO PHYSICAL SHARE OR WARRANT CERTIFICATES WILL BE ISSUED.

10.5.2 By way of Electronic Application

Only Malaysian individuals who are Entitled Holders may apply for the Rights Issue by way of Electronic Application.

Please read carefully and follow the terms of this Abridged Prospectus, the procedures, terms and conditions for Electronic Application and the procedures set out at the ATMs and internet financial services website of the Participating Financial Institutions before making an Electronic Application.

The procedures for Electronic Applications at the ATMs and internet financial services website of the Participating Financial Institutions are set out on the ATM screens and internet financial services website of the relevant Participating Financial Institutions ("**Steps**"). For illustration purposes, the procedures for Electronic Applications are set out below. Please read carefully the terms of this Abridged Prospectus, the Steps and the Terms and Conditions of Electronic Applications set out in **Section 10.5.2(ii)** of this Abridged Prospectus before making an Electronic Application:

You must have an account with a Participating Financial Institution and an ATM card issued by a Participating Financial Institution or with access to internet financial services with Public Bank Berhad at <http://www.pbepbank.com> or Affin Bank Berhad at <https://www.affinbank.com.my>.

You are advised to read and understand this Abridged Prospectus BEFORE making the application.

You shall apply for the Rights Securities via the ATM or internet financial services website of the Participating Financial Institutions by choosing the Electronic Application option. Mandatory statements required in the application are as set out in Section 10.5.2(ii) of this Abridged Prospectus.

Upon the completion of your Electronic Application transaction via ATM, you will receive a computer-generated transaction slip ("**Transaction Record**"), confirming the details of your Electronic Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Application or any data relating to such an Electronic Application by our Company or our Share Registrar. The Transaction Record is for your record and is not required to be submitted with your application.

For application via internet financial services website, a message from the Participating Financial Institutions pertaining to the payment status will appear on the screen of the website through which the online payment for the Provisional Rights Securities is being made. Subsequently, the Participating Financial Institutions shall confirm that the said application has been completed, via the confirmation screen in respect of your application ("**Confirmation Screen**") on their website. You are advised to print out the Confirmation Screen for your reference and record.

YOU MUST ENSURE THAT YOU USE THE NUMBER OF THE CDS ACCOUNT HELD IN YOUR NAME WHEN MAKING AN ELECTRONIC APPLICATION. IF YOU OPERATE A JOINT BANK ACCOUNT WITH ANY OF THE PARTICIPATING FINANCIAL INSTITUTIONS, YOU MUST ENSURE THAT YOU ENTER THE NUMBER OF THE CDS ACCOUNT HELD IN YOUR NAME WHEN USING AN ATM CARD ISSUED TO YOU IN YOUR NAME. YOUR APPLICATION WILL BE REJECTED IF YOU FAIL TO COMPLY WITH THE FOREGOING.

(i) Participating Financial Institutions

Electronic Applications may be made through an ATM or internet financial services websites of the following Participating Financial Institutions and their branches within Malaysia:-

- Public Bank Berhad; and
- Affin Bank Berhad

(ii) Terms and Conditions of Electronic Applications

The Electronic Application shall be made on, and subject to, the terms of this Abridged Prospectus, as well as the terms and conditions of the Participating Financial Institutions and those appearing therein:-

- (a) You are required to confirm the following statements and undertake that the following information given are true to contract:
- (aa) You have attained 18 years of age as at the Closing Date;
 - (bb) You have read the Abridged Prospectus and understood and agreed with the terms and conditions of the application; and
 - (cc) You give consent to our Company, Bursa Depository, our Share Registrar, the relevant Participating Financial Institutions, their respective agents and any third party involved in facilitating the application/refunds, to disclose information pertaining to yourself and your account with the Participating Financial Institutions and Bursa Depository to the relevant authorities and any person as may be necessary or expedient to facilitate the making of the application/ refund.

Your application will not be successfully completed and cannot be recorded as a completed transaction unless you complete all the steps required by the Participating Financial Institutions. By doing so, you shall have confirmed each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 134(1)(a) of Financial Services Act, 2013 and Section 45(1)(a) of the SICDA, to the disclosures as described above.

- (b) You confirm that you are not applying for the Provisional Rights Securities as a nominee of any other person and that any Electronic Application that you make is made by you as the beneficial owner.
- (c) You must have sufficient funds in your account with the relevant Participating Financial Institutions at the time you make your Electronic Application, failing which your Electronic Application will not be completed. Any Electronic Application, which does not strictly conform to the instructions set out on the ATM or screen of financial services websites of the Participating Financial Institutions through which the Electronic Application is being made, will be rejected.

- (d) You agree and undertake to subscribe for or purchase and to accept the number of Provisional Rights Securities applied for as stated on the Transaction Record in respect of your Electronic Application. Your confirmation (by your action of pressing the predesignated keys (or buttons)) of the number of Provisional Rights Securities applied for shall signify, and shall be treated as, your acceptance of the number of Provisional Rights Securities that may be allotted to you.

Should you encounter any problems in your Electronic Application, please refer to the Participating Financial Institutions.

- (e) By making and completing your Electronic Application, you, if successful, request and authorise our Company to credit the Provisional Rights Securities allotted to you into your CDS Account.
- (f) You acknowledge that your Electronic Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our Share Registrar, the Participating Financial Institutions or Bursa Depository and you irrevocably agree that if:
- (aa) Our Company, our Share Registrar or Bursa Depository does not receive your Electronic Application; or
- (bb) Data relating to your Electronic Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our Share Registrar or Bursa Depository,

you shall be deemed not to have made an Electronic Application and you shall not make any claim whatsoever against our Company, our Share Registrar, the Participating Financial Institutions or Bursa Depository for the Provisional Rights Securities applied for or for any compensation, loss or damage relating to the application for the Provisional Rights Securities.

- (g) All of your particulars, including your nationality and place of residence, in the records of the relevant Participating Financial Institutions at the time you make your Electronic Application shall be true and correct, and our Company, our Share Registrar, the relevant Participating Financial Institutions and Bursa Depository shall be entitled to rely on the accuracy thereof.
- (h) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institutions are correct and identical. Otherwise, your Electronic Application will be rejected. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to your correspondence address last maintained with Bursa Depository.

- (i) By making and completing an Electronic Application, you agree that:
 - (aa) In consideration of our Company agreeing to allow and accept your application for the Provisional Rights Securities via the Electronic Application facility established by the Participating Financial Institutions at their respective ATMs and financial services websites, your Electronic Application is irrevocable and cannot be subsequently withdrawn;
 - (bb) Our Company, the Participating Financial Institutions, Bursa Depository and our Share Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Application due to a breakdown or failure of transmission or communication facilities or any cause beyond our control;
 - (cc) Notwithstanding the receipt of any payment by or on behalf of our Company, the notice of successful allocation for the Provisional Rights Securities for which your Electronic Application has been successfully completed is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Provisional Rights Securities; and
 - (dd) You agree that in relation to any legal action, proceedings or dispute arising out of or in relation to the Electronic Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (j) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these terms/ instructions.
- (k) Notification on the outcome of your application for the Rights Securities will be despatched to you by ordinary post to the correspondence address as show on Bursa Depository's record at your own risk within the timelines as follows:
 - (aa) Successful application – a notice of allotment will be despatched within 8 Market Days from the Closing Date or such other period as may be prescribed or allowed by Bursa Securities; or
 - (bb) Unsuccessful/ partial successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within 15 Market Days from the Closing Date.

The refund will be credited directly into your bank account from which your Electronic Application was made. Kindly take note if the terms and conditions as stated in Section 10.5.2(ii) of this Abridged Prospectus and the required consent in making your Electronic Application.

If the crediting of the refund into your bank account from which your Electronic Application was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

10.5.3 By way of Bursa Anywhere

Only Entitled Holders who had registered for Bursa Anywhere and subscribed for e-Dividend service could apply for the Rights Issue by way of Bursa Anywhere.

Please read carefully and follow the terms of this Abridged Prospectus, the procedures, notices, terms and conditions for Bursa Anywhere before making an application.

The procedures for submitting an application at Bursa Anywhere are set out on the Bursa Anywhere mobile application screens. Please read carefully the terms of this Abridged Prospectus, the Steps and the Terms and Conditions as set out in **Section 10.5.3(ii)** of this Abridged Prospectus before making an application.

You are advised to read and understand this Abridged Prospectus BEFORE making the application.

Upon completion of your application transaction via Bursa Anywhere, you will receive a push notification from Bursa Anywhere and a message in your Bursa Anywhere account inbox on the request of your Rights Securities subscription. The notification message is only a record of the completed transaction at Bursa Anywhere.

- (i) **Procedures for submitting an application through Bursa Anywhere:-**
- (a) Launch the Bursa Anywhere application on your handphone and login using your username and password.
 - (b) Upon successful login, choose the "My Services" at the bottom of the screen and then select "eRights".
 - (c) Next, select "Submit Application", and you will see a screen that informs you to agree with the Terms & Conditions and Notices that governs your Rights Securities application via Bursa Anywhere.
 - (d) Click on the hyperlink of Terms & Conditions and Notices. You must read and understand the Terms & Conditions and Notices before you click "Agree" to proceed to the next page.
 - (e) Click "Agree" to proceed to a landing page for you to select the Rights Securities that you would like to subscribe to.

- (f) Select the Rights Issue that you want to apply
- (g) You may click on the hyperlink of the "Prospectus" to view the content of the related Abridged Prospectus.
- (h) You are also required to click on the hyperlink to the "Declaration". Read and understand the clauses of the "Declarations".
- (i) Upon the completion of the above, at the bottom of the Rights Issue detail page you are required to swipe the toggle to the right to indicate that you have read and understood the Abridged Prospectus as well as accepted and made the declarations stated in the "Declaration".
- (j) Next, select the CDS account for your Rights Securities subscription and click "NEXT".
- (k) You will come to a page for you to fill up for entitled and excess Rights Securities subscription. You have the options to select either "Entitle only", "Excess only" and "Entitled & Excess" for your Right Securities subscription.
- (l) Select the subscription type, enter the number of units that you would like to subscribe. Click "NEXT" once you complete the required information.
- (m) You will come to a "Preview" page, where it displays the following information of your subscription.
 - units and Ringgit amount of your Rights Securities subscriptions
 - Subscription Fee (charged by Bursa Malaysia)
 - Tax, if applicable
 - Stamp duty, if applicable
- (n) Check the summary information on the "Preview" page. Click "CONFIRM" at the bottom of the same page, if the information is correct.
- (o) Next, you will receive a six-digit SMS TAC verification code via your mobile phone (the mobile number that you registered with Bursa Anywhere).
- (p) You are required to key-in and submit the verification code.
- (q) Upon successful validation of the verification code, you will be led to the Payment Gateway for payment.
- (r) You are required to select the bank for your Rights Securities subscription payment. (IMPORTANT NOTE: You are required to use the bank account that you have registered for Bursa Depository's e-Dividend service. Your subscription will be rejected if another bank account is used for payment. You will be notified if your subscription is rejected. Your subscription monies will be refunded within 3 working days, to your subscription bank account that you have just subscribed.)
- (s) You will be brought to your selected bank login page for payment.

- (t) Once payment is made successfully via your selected bank, you will be brought to the "Thank You" page, which displays your bank transaction details.
- (u) Click "DONE" at the bottom, you will be led back to the My Service landing page.
- (v) You will receive a push notification message in your Bursa Anywhere account inbox
- (w) You can make multiple applications during the subscription period subject to the maximum quantity you are entitled.

(ii) Terms and Conditions of Applications via Bursa Anywhere

- (a) The electronic copy of the Abridged Prospectus is available at the "Prospectus" landing page of "Corporate Announcement" at Bursa Securities' website and can be accessed via the hyperlink in Bursa Anywhere. You have read the Abridged Prospectus prior to making an investment decision and should make the investment decision based on the Abridged Prospectus rather than on advertising or promotional materials. The securities offered are offered by our Company solely on the basis of the information contained in the Abridged Prospectus.
- (b) Our Company has appointed Bursa Depository to provide eRights Services via Bursa Anywhere. Bursa Depository is not responsible for, has not authorised and shall not be deemed to have authorised is not responsible for, has not authorised and shall not be deemed to have authorised the contents of the electronic copy of Abridged Prospectus and therefore, shall not have any liability in respect of the electronic copy of Abridged Prospectus or the application submitted by way of Bursa Anywhere.
- (c) The physical printed copy of the Abridged Prospectus is available upon request from our Company at the location specified in the Abridged Prospectus during the offer period.
- (d) You may also obtain a physical printed copy of the Abridged Prospectus from the participating organisation(s) set out in the respective Abridged Prospectus.
- (e) Payment of subscription to the Rights Issue via Bursa Anywhere is required to be made from your e-Dividend bank account. Failing which, the request of the eRights application will be rejected,
- (f) By submitting an eRights application from Bursa Anywhere, then you confirm that:
 - You have read and understood the contents of the Abridged Prospectus;
 - You have read and agreed to be bound by these terms and conditions and notices for application of Rights Issue and the terms and conditions of Bursa Anywhere;

- You are eligible to apply for the Right Securities in Malaysia or in jurisdictions where the securities offering is intended to be available;
 - You irrevocably consent to the receipt of any cash payment or refund in relation to the eRights application to be made via direct credit into the eDividend bank account; and
 - You agree to give irrevocable consent to Bursa Depository to disclose your information, including bank account information, which are necessary or expedient to the relevant entities involved in facilitating the payment of any cash payments or refunds via direct credit into eDividend bank account in relation to the application.
- (g) Applications shall close at the Closing Date or such later date and time as our Board may decide and announce.
- (h) An application is deemed to be received by Bursa Anywhere only upon its completion, that is, when you have:
- Successfully made full subscription payment via the payment gateway; and
 - Received an email indicating that the application has been submitted to our Company and/or the Share Registrar.
- (i) You are advised to print out and retain a copy of the Transaction Records for record purposes. The Transaction Records are only a record of the completed transactions received at Bursa Anywhere and not a record of the receipt of the application or any data relating to such as application by the Issuer or the Share Registrar. No application or monies can be accepted electronically in respect of the securities offered once the offer closes on the Closing Date.
- (j) Upon your receipt of the Transaction Record, cancellation of the application will not be allowed.
- (k) Bursa Depository shall not be liable for any applications made through any alternative methods of application.
- (l) If Bursa Depository has any reason to believe that the electronic copy of the Abridged Prospectus or processes for collection and handling of applications via Bursa Anywhere have been tampered with, Bursa Depository may reject the application and Bursa Depository shall not be liable for such rejection.
- (m) No securities will be allotted or issued on the basis of the Abridged Prospectus after the Closing Date. Bursa Depository, Bursa Securities and Bursa Malaysia Berhad do not guarantee any allotment of securities as a result of the application via Bursa Anywhere and are not responsible for any non-allotment of Rights Securities or part thereof by our Company pursuant to the application via Bursa Anywhere.

- (n) Any request for any refunds related to the allotment of Rights Securities must be referred to our Company.
- (o) No refund for any subscription fee charged by Bursa Depository and applicable tax (if any), will be made to you if your subscription is rejected by the Share Registrar.
- (p) The electronic copy of Abridged Prospectus made available on the Bursa Securities' website after the Closing Date as described in the terms and conditions is made available solely for informational and archiving purposes.
- (q) Risk of submitting the application from Bursa Anywhere:
 - (aa) By submitting an application from Bursa Anywhere, you agree to assume the risks associated with conducting transactions online, including risks of electrical, electronic, technical and mobile-related faults and breakdowns, faults with mobile applications, problems occurring during data transmission, mobile security threats such as viruses, hackers and crackers, fires, acts of God and other events beyond the control of Bursa Depository, and/ or our Company. You acknowledge that the aforementioned events may result in (i) interruption, transmission blackout or delayed transmission; and/ or (ii) incorrect data transmission due to the public nature of the Internet and agrees to bear such risks. The applicant agrees that neither Bursa Depository, Bursa Securities, Bursa Malaysia Berhad, our Company nor the Share Registrar shall be liable for any delay, failure or inaccuracy in the recording, storage or transmission or delivery of data, breakdown or failure in communication facilities or due to any cause beyond their control.
 - (bb) If, Bursa Depository, our Company and/ or the Share Registrar does not receive your application and/ or the relevant payment, or in the event that any data relating to the application is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever, you shall be deemed not to have made an application. In such an event, you shall have no claim whatsoever against Bursa Depository and/ or Bursa Securities and/ or Company and/ or the Share Registrar, in relation to the purported application.
- (r) Instead of submitting an application via Bursa Anywhere, you may alternatively submit applications through the existing manual paper-based application method as well as other means of application specified in the Abridged Prospectus, such as via ATM or internet facilities of financial institutions offering such services within Malaysia and such other methods as may from time to time be permitted by the SC.
- (s) In the event a supplementary Abridged Prospectus is issued, you are entitled to revise or withdraw your application by contacting the Share Registrar directly. Bursa Depository or Bursa Anywhere will not be able to facilitate any revision or withdrawal of the application in such circumstances.

- (t) Bursa Depository is committed to protecting the security of the applicant's personal information. It uses a variety of security technologies and procedures, to help protect the confidentiality and security of an applicant's personal information provided through Bursa Anywhere, from unauthorised access, use, or disclosure. In addition, Bursa Depository has put in place appropriate measures to minimise the risks of unauthorised access and to maintain the security of the information it collects through Bursa Anywhere.

10.5.4 By way of NRS

Our Company has appointed Bursa Depository to provide NRS to our shareholders who are Authorised Nominees. Only the Entitled Holders who are Authorised Nominees and who have subscribed for NRS with Bursa Depository may apply via NRS.

Please read carefully and follow the terms of this Abridged Prospectus, the procedures, terms and conditions for application via NRS and Bursa Depository's terms and conditions for NRS and user guide for NRS (which are made available to all Authorised Nominees who have subscribed for NRS with Bursa Depository) before making the application

(i) Steps for application via NRS

- (a) If you are an Entitled Holder, and who is an Authorised Nominee who has subscribed for NRS with Bursa Depository, you will not be receiving this Abridged Prospectus, the RSF nor the NPA by post.
- (b) Instead, this Abridged Prospectus and the Rights Securities Entitlement File will be transmitted electronically to you by Bursa Depository through Bursa Depository's existing network facility with the Authorised Nominees in the manner as set out in Bursa Depository's user guide for NRS, on the next business day after the Entitlement Date.
- (c) A notification of the delivery of the Abridged Prospectus and the Rights Securities Entitlement File will also be sent to you via email using the details you have provided to Bursa Depository when you subscribed for NRS with Bursa Depository.
- (d) You are advised to read carefully, understand and follow the terms of this Abridged Prospectus, BEFORE making the application.
- (e) You may accept, on behalf of your client, partially or fully, their respective allocation under the Rights Issue.
- (f) To apply for the Provisional Rights Securities, you will be required to submit your subscription information via Rights Securities Subscription File which is to be prepared based on the format as set out in Bursa Depository's user guide for NRS.
- (g) Once completed, you will need to submit the Rights Securities Subscription File to Bursa Depository at any time daily before 5:00 p.m., but in any event no later than the Closing Date.

- (h) Together with the Rights Securities Subscription File, you will also need to submit a confirmation to Bursa Depository of the following information:
- (aa) Confirmation that you have, prior to making the application via NRS, received and/or had access to the electronic copy of this Abridged Prospectus, the contents of which you have read, understood and agreed;
 - (bb) Consent to the disclosure of your information to facilitate electronic refunds where applicable.
- (i) With regards to payment for the Provisional Rights Securities which you have applied for, you must transfer the amount payable directly to our bank account, the details of which are as follows:
- Bank : MALAYAN BANKING BERHAD
Account Name : REX RIGHTS ACCOUNT
Bank Account No. : 514012459148
- (j) Upon completion of the transfer/payment, you may receive a transaction slip from the transacting financial institution confirming the details of your transfer/payment. The transaction slip is only a record of the completed transaction and not a record of the receipt of the application via NRS or any data relating to such an application by our Company or Bursa Depository. The transaction slip is for your record and is not required to be submitted with your application via NRS.
- (k) You will be notified on the outcome of your application for the Rights Securities electronically within the timelines as stated below. No physical notice of allotment will be mailed to you.
- (aa) Successful application – an electronic notification will be sent to you within 8 Market Days from the Closing Date or such other period as may be prescribed or allowed by Bursa Securities; or
 - (bb) Unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within 15 Market Days from the Closing Date.

The refund will be credited directly into your bank account(s) from which payment of your subscription monies were made. Kindly take note of the terms and conditions as stated in this Abridged Prospectus and the required consent in making the application via NRS.

If the crediting of the refund into your bank account(s) (as provided by you in the Rights Securities Subscription File) from which payment of your subscription monies were made is unsuccessful, the refund will then be made via cheque(s) which will be despatched to you by ordinary post to the correspondence address as shown in Bursa Depository's record at your own risk.

- (l) Upon crediting of the Rights Securities allotted to you into your CDS account(s), you will also receive an electronic confirmation of the crediting from Bursa Depository.
- (m) You should note that all applications made for the Rights Securities submitted under NRS will be irrevocable upon submission of the Rights Securities Subscription File to Bursa Depository and cannot be subsequently withdrawn.

(ii) Terms and Conditions for application via NRS

The application via NRS shall be made on, and subject to, the terms of this Abridged Prospectus, Bursa Depository's terms and conditions for NRS and Bursa Depository's user guide for NRS as well as the terms and conditions appearing herein:

- (a) For purposes of making the electronic refund, you hereby give consent in accordance with the relevant laws of Malaysia, including Section 134(1)(a) of Financial Services Act, 2013 and Section 45(1)(a) of the SICDA, to the disclosure by our Company, Bursa Depository, our Share Registrar, the relevant financial institution, their respective agents and any third party involved in facilitating the payment of refunds to you as the case may be, of information pertaining to yourself and your account with the relevant financial institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the making of refunds or for any other purpose in connection with such payments. You will be required to provide confirmation of your consent in the manner prescribed in Bursa Depository's terms and conditions for NRS.
- (b) You agree and undertake to subscribe for or purchase and to accept the number of Rights Securities applied for as stated on your Rights Securities Subscription File in respect of your application via NRS. Your application shall signify, and shall be treated as, your acceptance of the number of Rights Securities that may be allotted to you.
- (c) You acknowledge that by completing and submitting the Rights Securities Subscription File to Bursa Depository, you, if successful, requests and authorises our Company to credit the Rights Securities allotted to you into the respective CDS Account(s) as indicated in the Rights Securities Subscription File.
- (d) You acknowledge that your application via NRS is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our Share Registrar, the relevant financial institution or Bursa Depository, and irrevocably agree that if:
 - (aa) our Company, our Share Registrar or Bursa Depository does not receive your application via NRS;
or

- (bb) the data relating to your application via NRS is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our Share Registrar or Bursa Depository, you shall be deemed not to have made your application and you shall not make any claim whatsoever against our Company, Bursa Depository, our Share Registrar or the relevant financial institution for the Rights Securities applied for or for any compensation, loss or damage relating to the application for the Rights Securities.
- (e) By completing and submitting the Rights Securities Subscription File to Bursa Depository, you agree that:
 - (aa) In consideration of our Company agreeing to allow and accept your application for the Rights Securities via the NRS facility established by Bursa Depository, your application via NRS is irrevocable and cannot be subsequently withdrawn;
 - (bb) Our Company, the relevant financial institutions, Bursa Depository and our Share Registrar shall not be liable for delays, failures or inaccuracies in the processing of data relating to your application via NRS due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;
 - (cc) Notwithstanding the receipt of any payment by or on behalf of our Company, the electronic notification of allotment in respect of the Rights Securities issued is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Rights Securities; and
 - (dd) You agree that in relation to any legal action, proceedings or dispute arising out of or in relation to with the contract between the parties and/or the application via NRS and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.

Our Share Registrar and Bursa Depository, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.

10.6 Procedure for part acceptance by Entitled Shareholders

You are entitled to accept part of your Provisional Rights Shares with Warrants provided always that the minimum number of Rights Shares with Warrants that can be subscribed for or accepted is 1 Rights Share. Fractions of a Rights Share with Warrant, 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 with Warrants 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 10.5** 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 with Warrants that have not been accepted will be made available to the applicants of the Excess Application.

10.7 Procedure for sale or transfer of the Provisional Rights Shares with Warrants

As the Provisional Rights Shares with Warrants are prescribed securities, you may dispose or transfer all or part of your entitlement to the Provisional Rights Shares with Warrants 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 with Warrants, without first having to request for a split of the Provisional Rights Shares with Warrants standing to the credit of your CDS Account. To dispose or transfer all or part of your entitlement to the Provisional Rights Shares with Warrants, 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 with Warrants, you may still accept the balance of the Provisional Rights Shares with Warrants by completing Parts I(A) and II of the RSF. Please refer to **Sections 10.5 and 10.6** of this Abridged Prospectus for the procedure for acceptance and payment.

In disposing or transferring all or part of your Provisional Rights Shares with Warrants, you need not deliver any document including the RSF, to any stockbroker. However, you must ensure that there is sufficient Provisional Rights Shares with Warrants 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>.

10.8 Procedure for acceptance by renouncee(s)/ transferee(s)

Renouncee(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 **Sections 10.5 and 10.6** of this Abridged Prospectus also applies to renouncee(s) and/ or transferee(s) (if applicable) who wish to accept the Provisional Rights Shares with Warrants.

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.

10.9 Procedure for application of Excess Rights Shares with Warrants

10.9.1 By way of RSF

If you wish to apply for additional Rights Shares with Warrants in excess of your entitlement, you may do so by completing Part I(B) of the RSF (in addition to Parts I(A) and II). The remittance for the Excess Rights Shares with Warrants can combined with the remittance for your entitlements as mentioned in **Section 10.5.1** of this Abridged Prospectus. The completed RSF together with the payment must be received by the Share Registrar no later than **5.00 p.m. Tuesday, 16 August 2022**, being the last time and date for Excess Rights Shares with Warrants applications and payment.

The payment must be made for the exact amount payable for the Excess Rights Shares with Warrants applications. Any excess or insufficient payment may be rejected at the absolute discretion of our Board. Cheques or other mode(s) of payment not prescribed herein are not acceptable.

PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS APPLIED FOR SHOULD BE MADE IN THE SAME MANNER AS DESCRIBED IN SECTION 10.5 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", MADE PAYABLE TO "REX EXCESS RIGHTS ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME IN BLOCK LETTERS, CONTACT NUMBER AND CDS ACCOUNT NUMBER TO BE RECEIVED BY OUR SHARE REGISTRAR. THE COMPLETED RSF TOGETHER WITH THE PAYMENT MUST BE RECEIVED BY THE SHARE REGISTRAR NO LATER THAN AT 5.00 P.M. ON TUESDAY, 16 AUGUST 2022, BEING THE LAST TIME AND DATE FOR EXCESS RIGHTS SHARES WITH WARRANTS APPLICATIONS AND PAYMENT.

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

It is the intention of our Board to allot the Excess Rights Shares with Warrants, 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 with Warrants, 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 with Warrants, on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares with Warrants applied for; and
- (iv) Finally, for allocation to their renounee(s) and/ or transferee(s) (if applicable) who have applied for the Excess Rights Shares with Warrants, on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares with Warrants applied for.

In the event there is any remaining balance of the Excess Rights Shares with Warrants applied for by the Entitled Shareholders and/ or their renounee(s) and/ or transferee(s) (if applicable) who have applied for the Excess Rights Shares with Warrants 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 with Warrants to the Entitled Shareholders and/ or their renounee(s) and/ or transferee(s) (if applicable) who have applied for the Excess Rights Shares with Warrants until such balance is fully allocated.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares with Warrants 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 with Warrants without assigning any reason thereof.

The final basis of allocation of the excess Rights Shares with Warrants will be announced on Bursa Securities together with the result of the total valid acceptances and Excess Applications after the Closing Date of the Rights Issue.

THE PAYMENT MUST BE MADE FOR THE EXACT AMOUNT PAYABLE FOR THE EXCESS RIGHTS SHARES WITH WARRANTS APPLIED FOR. ANY EXCESS OR INSUFFICIENT PAYMENT MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF THE BOARD. 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 WITH WARRANTS. HOWEVER, IF YOUR EXCESS APPLICATION IS SUCCESSFUL, THE RIGHTS SHARES WITH WARRANTS WILL BE CREDITED INTO YOUR CDS ACCOUNT AND A NOTICE OF ALLOTMENT WILL BE DESPACHED 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 WITH WARRANTS 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 WITH WARRANTS 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. THE REFUND WILL BE MADE BY ISSUANCE OF CHEQUE SHALL BE DESPACHED 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.

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

10.9.2 By way of Electronic Application

You and/ or your renounee(s) and/ or transferee(s) (if applicable) may apply for the excess Rights Shares with Warrants in excess of your entitlement via Electronic Application in addition to your Provisional Allotments. If you wish to do so, you may apply for the excess Rights Shares with Warrants by following the same steps as set out in **Section 10.5.2** of this Abridged Prospectus.

The Electronic Application for excess Rights Shares with Warrants will be made on, subject to, the same terms and conditions appearing in **Section 10.5.2** of this Abridged Prospectus.

Any Rights Shares with Warrants which are not taken up or not validly taken up by you and/ or your renounee(s) and/ or transferee(s) (if applicable) shall be made available for excess Rights Shares with Warrants. It is the intention of the Board to allot the excess Rights Shares with Warrants, if any, on a fair and equitable basis and in the priority and basis as detailed in **Section 10.9.1** above.

WHERE AN APPLICATION FOR THE EXCESS RIGHTS SHARES WITH WARRANTS 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. THE REFUND WILL BE CREDITED INTO YOUR BANK ACCOUNT IF YOU HAVE PROVIDED SUCH BANK ACCOUNT INFORMATION TO BURSA DEPOSITORY FOR THE PURPOSE OF CASH DIVIDEND/DISTRIBUTION. IF YOU HAVE NOT PROVIDED SUCH BANK ACCOUNT INFORMATION TO BURSA DEPOSITORY THE REFUND WILL BE BY ISSUANCE OF CHEQUE AND SHALL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR APPLICATION OF AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS.

10.9.3 By way of Bursa Anywhere mobile application

You and/ or your renounee(s) and/ or transferee(s) (if applicable) may apply for the excess Rights Shares with Warrants in excess of your entitlement via Bursa Anywhere Mobile Application in addition to your Provisional Rights Shares. If you wish to do so, you may apply for the Excess Rights Shares with Warrants by following the same steps as set out in **Section 10.5.3** of this Abridged Prospectus.

The application for excess Rights Shares with Warrants will be made on, subject to, the same terms and conditions.

Any Rights Shares with Warrants which are not taken up or not validly taken up by you and/ or your renounee(s) and/ or transferee(s) (if applicable) shall be made available for excess Rights Shares with Warrants. It is the intention of the Board to allot the excess Rights Shares with Warrants, if any, on a fair and equitable basis and in the priority and basis as detailed in **Section 10.9.1** above.

10.9.4 By way of NRS

You and/ or your renounee(s) and/ or transferee(s) (if applicable) may apply for the excess Rights Shares with Warrants in excess of your entitlement via NRS in addition to your Provisional Allotments. If you wish to do so, you may apply for the excess Rights Shares with Warrants by following the same steps as set out in **Section 10.5.4** of this Abridged Prospectus save and except for the amount payable to be directed to "**REX EXCESS RIGHTS ACCOUNT (BANK ACCOUNT NO. 514012459155 WITH MALAYAN BANKING BERHAD)**" for the excess Rights Shares with Warrants applied and also that you should complete the details for excess rights application at the designated fields for excess applications in the Rights Shares with Warrants Subscription File.

The NRS for excess Rights Shares with Warrants will be made on, subject to, the same terms and conditions appearing in **Section 10.5.4** of this Abridged Prospectus.

Any Provisional Allotments which are not taken up or not validly taken up by you and/ or your renounee(s) and/ or transferee(s) (if applicable) shall be made available for excess Rights Shares with Warrants. It is the intention of the Board to allot the excess Rights Shares with Warrants, if any, on a fair and equitable basis and in the priority and basis as detailed in **Section 10.9.1** above.

10.10 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 and Warrants are prescribed securities and as such, the SICDA and the Rules of Bursa Depository shall apply to all dealings in the Rights Shares and Warrants.

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 or warrant certificates shall be issued to you under the Rights Issue with Warrants. Instead, the Rights Shares and Warrants 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 with Warrants 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 with Warrants shall mean that they consent to receive such Rights Shares and Warrants as prescribed or deposited securities which will be credited directly into their CDS Account.

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

The Excess Rights Shares with Warrants, if allotted to the successful applicant who applies for Excess Rights Shares with Warrants, 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 10.9** of this Abridged Prospectus.

10.11 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 with Warrants 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 renounee(s) and/ or transferee(s) (if applicable) who do not have a registered address in Malaysia. However, such Foreign Entitled Shareholders and/ or their renounee(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 with Warrants.

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

The Foreign Entitled Shareholders and/ or their renounee(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 with Warrants 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 with Warrants, be in breach of the laws of any jurisdiction to which the Foreign Entitled Shareholders and/ or their renounee(s) and/ or transferee(s) (if applicable) are or may be subject. Foreign Entitled Shareholders and/ or their renounee(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 renounee(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 renounee(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 renounee(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 with Warrants. Such Foreign Entitled Shareholders and/ or their renounee(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 with Warrants.

By signing the RSF, the Foreign Entitled Shareholders and/ or their renounee(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 with Warrants, 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 with Warrants;
- (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 with Warrants, 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 with Warrants 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 with Warrants; 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 with Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares and the Warrants.

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 with Warrants 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 with Warrants 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 with Warrants 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 RM97,903,444 comprising 493,252,936 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) | 78 | No. 71, Jalan Ampang Hilir 50000 Kuala Lumpur | Malaysian |
| Darmendran Kunaretnam (Group Managing Director/ Non-Independent Executive Director) | 60 | No. 1, Jalan 5/58A, Gasing Indah 46000 Petaling Jaya, Selangor | Malaysian |
| Chee Cheng Chun (Non-Independent Non-Executive Director) | 37 | 31-01, Mont Kiara Damai Jalan Kiara 2 50480 Kuala Lumpur | Malaysian |
| Tai Keat Chai (Independent Non-Executive Director) | 68 | No. 17, Jalan SS20/22 47400 Petaling Jaya, Selangor | Malaysian |
| Adnan bin Ahmad (Independent Non-Executive Director) | 73 | 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 |
|--|------------|-----------|
| 2021 | | |
| August | 0.248 | 0.223 |
| September | 0.253 | 0.228 |
| October | 0.258 | 0.228 |
| November | 0.300 | 0.220 |
| December | 0.240 | 0.220 |
| 2022 | | |
| January | 0.250 | 0.200 |
| February | 0.230 | 0.200 |
| March | 0.200 | 0.185 |
| April | 0.230 | 0.195 |
| May | 0.225 | 0.200 |
| June | 0.215 | 0.190 |
| July | 0.205 | 0.165 |
| Last transacted market price of Rex Shares as at 27 January 2022 (being the last Market Day immediately prior to the announcement of the Rights Issue with Warrants) | | 0.215 |
| Last transacted market price of Rex Shares as at the LPD | | 0.190 |
| Last transacted market price of Rex Shares on 28 July 2022 (being the last Market Day immediately preceding the ex-date for the Rights Issue with Warrants) | | 0.205 |

(Source: Bloomberg Finance Singapore L.P.)

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 with Warrants and Excess Rights Shares with Warrants, no option to subscribe for our Rex Shares has been granted or is entitled to be granted to anyone.

5. MATERIAL CONTRACTS

Save for the Deed Poll and the Underwriting Agreement, 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 2021 and our most recent announced unaudited interim consolidated financial information for the 9-month FPE 31 March 2022 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 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 annual report for the FYE 30 June 2021 | |
| Statements of comprehensive income | 62 |
| Statements of financial position | 63-64 |
| Statements of changes in equity | 65-66 |
| Statements of cash flows | 67-69 |
| Notes to the financial statements | 70-129 |
| Our quarterly report for the 9-month FPE 31 March 2022 | |
| 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 2021 and our most recent announced unaudited interim 9-month FPE 31 March 2022 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 2019 RM'000 | FYE 30 June 2020 RM'000 | FYE 30 June 2021 RM'000 | 9-month FPE 31 March 2021 RM'000 | 9-month FPE 31 March 2022 RM'000 |
| Revenue | 136,608 | 149,245 | 160,539 | 120,949 | 120,209 |
| Changes in manufactured inventories | (4,146) | (5,465) | (5,663) | 2,761 | (5,334) |
| Raw materials and consumables used | (88,446) | (97,575) | (100,791) | (81,665) | (73,309) |
| Staff costs | (22,755) | (22,079) | (20,653) | (16,091) | (14,750) |
| Depreciation | (3,633) | (3,576) | (3,799) | (2,787) | (3,517) |
| Other expenses | (31,233) | (28,719) | (25,986) | (19,552) | (20,678) |
| Other income | 1,193 | 1,823 | 1,796 | 1,034 | 935 |
| Profit/ (Loss) from operations | (12,412) | (6,346) | 5,443 | 4,649 | 3,556 |
| Finance costs | (1,905) | (2,050) | (1,531) | (1,202) | (880) |
| PBT/ (LBT) | (14,317) | (8,396) | 3,912 | 3,447 | 2,676 |
| Income tax credit/ (expense) | 1,020 | (1,069) | (1,309) | (1,035) | (707) |
| PAT/ (LAT) | (13,297) | (9,465) | 2,603 | 2,412 | 1,969 |
| PAT/ (LAT) attributable to:- | | | | | |
| Owners of our Company | (13,297) | (9,465) | 2,603 | 2,412 | 1,969 |
| PAT/ (LAT) margin (%) | (9.73) | (6.34) | 1.62 | 1.99 | 1.64 |
| Weighted average no. of Shares outstanding ('000) | 246,626 | 246,626 | 380,413 | 342,036 | 493,253 |
| Basic earnings/ (loss) per Share (sen) | (5.39) | (3.84) | 0.68 | 0.71 | 0.40 |
| Dividend paid (RM) | - | - | - | - | (987) |

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.

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

For the FYE 30 June 2020, we recorded lower staff costs of RM22.08 million which represents a decrease of RM0.68 million or 2.99% 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. The aforesaid cost cutting measures were undertaken by our management pursuant to the temporary reduction of our Group's production volume for beverage products in the first half of 2020 in response to the outbreak of COVID-19.

We recorded lower other expenses of RM28.72 million for the FYE 30 June 2020 which represents a decrease of RM2.51 million or 8.04% 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 which was in line with the increase in sales volume for these products and the gain in customer traction for these products. In addition, our Group's lower marketing expenses was also partly attributable to the outbreak of COVID-19 where we had reduced our promotional activities at our customers' food retail outlets such as supermarkets and hypermarkets;
- (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. In particular, our Indonesia subsidiary namely P.T. Rex Canning managed to sell canned crab and baby clam products at higher selling prices whilst maintaining the cost of production due to strong market demand for such canned products during the lockdown period given that canned products have a relatively long shelf life; and
- (ii) lower other expenses recorded for the financial year under review as mentioned above.

FYE 30 June 2021 compared to FYE 30 June 2020

For the FYE 30 June 2021, our Group recorded revenue of RM160.54 million which represents an increase of approximately RM11.29 million or 7.56% as compared to the preceding financial year of RM149.25 million. The increase in revenue is mainly attributable to the higher revenue contribution from the Indonesia subsidiary namely P.T. Rex Canning, as a result of an increase in our Group's export sales volume of canned crab and baby clam products to meet the increasing demand of customers from the overseas market. P.T. Rex Canning recorded revenue of RM100.23 million which represents an increase of approximately RM10.75 million or 12.01% as compared to the preceding financial year of RM89.48 million.

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

Our Group recorded PBT of RM3.91 million as compared to the LBT of the preceding financial year of RM8.40 million. The PBT was mainly attributable to the following:-

- (i) absence of provision for credit loss on trade receivables (FYE 30 June 2020: RM1.36 million) and other receivables (FYE 30 June 2020: RM0.17 million) as well as inventory obsolescence (FYE 30 June 2020: RM2.26 million). For the avoidance of doubt, our Group has provided for credit loss on trade receivables during the FYE 30 June 2020 for the amount of RM1.36 million as we were doubtful on the recoverability of these trade receivables which had exceeded our credit period during the pandemic period. In addition, our Group has also made provision for inventory obsolescence during the FYE 30 June 2020 for the amount of RM2.26 million in view of the uncertain utilisation of certain raw materials of beverage products which were close to its expiry date. The provision for credit loss of RM1.36 million was provided for 5 customers where the recoverability for the outstanding receivables due from these customers is uncertain. The aforesaid amount still remains outstanding as at the LPD and we have constantly reminded these customers of the amount due by way of verbal and/ or written reminders. For the avoidance of doubt, we have ceased business dealings with these customers; and
- (ii) higher profit achieved by P.T. Rex Canning as our Indonesia subsidiary managed to sell canned crab and baby clam products at higher selling prices whilst maintaining the cost of production due to strong market demand for such canned products during the lockdown period given that canned products have a relatively long shelf life; and

9-month FPE 31 March 2022 compared to 9-month FPE 31 March 2021

For the 9-month FPE 31 March 2022, our Group recorded revenue of RM120.21 million which represents a decrease of approximately RM0.74 million or 0.61% compared to the preceding financial period of RM120.95 million. The decrease in revenue was mainly due to lower sales from an overseas subsidiary as a result of shortage of freight containers and deferment of shipment in export sales during the 9-month FPE 31 March 2022.

We recorded lower raw materials and consumables used of RM73.31 million for the 9-month FPE 31 March 2022 which represents a decrease of RM8.36 million or 10.24% as compared to RM81.67 million for the 9-month FPE 31 March 2021 as a result of the decrease in our production volume due to lower sales for the overseas market. In view of the lower forecasted sales as a result of shortage of freight containers and deferment of shipment in export sales during the 9-month FPE 31 March 2022, our management had cautiously plan the production schedule and decrease the production volume in order to avoid overstocking on food and beverage finished goods with shelf life concern.

For the 9-month FPE 31 March 2022, we recorded lower staff costs of RM14.75 million which represents a decrease of RM1.34 million or 8.33% as compared to the preceding financial year corresponding period of RM16.09 million. The decrease was mainly attributable to our Indonesian subsidiary incurring lower staff costs which was in line with the decrease in demand for our canned products from the overseas market coupled up with our Malaysian operations recording a decrease in staff costs arising from staff cost cutting measures undertaken, comprising stricter control of employee overtime and workforce optimisation.

We recorded higher other expenses of RM20.68 million for the 9-month FPE 31 March 2022 which represents an increase of RM1.12 million or 5.73% as compared to RM19.56 million for the 9-month FPE 31 March 2021. The increase was mainly due to the higher freight charges in conjunction to the global shortage on freight containers and limited shipping route/ schedule available to meet the delivery to customers on cost, insurance, and freight (CIF) terms, during the 9-month FPE 31 March 2022.

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

Our Group recorded a PBT of RM2.68 million for the 9-month FPE 31 March 2022 which represents a decrease of approximately RM0.77 million or 22.32% as compared to the PBT of the preceding financial period of RM3.45 million. The decrease in PBT was mainly attributable to the abovementioned lower sales recorded from an overseas subsidiary and higher freight charges during the 9-month FPE 31 March 2022.

7.2 Historical financial position

| | <-----Audited-----> | | | <-----Unaudited-----> | |
|---|-------------------------------|-------------------------------|-------------------------------|--|--|
| | FYE 30 June 2019 RM'000 | FYE 30 June 2020 RM'000 | FYE 30 June 2021 RM'000 | 9-month FPE 31 March 2022 RM'000 | 9-month FPE 31 March 2021 RM'000 |
| Non-current assets | 70,575 | 94,281 | 92,076 | 93,517 | 92,441 |
| Current assets | 107,249 | 88,422 | 103,443 | 100,894 | 97,675 |
| Non-current assets classified as held for sale | - | - | - | - | - |
| Total assets | 177,824 | 182,703 | 195,519 | 194,411 | 190,116 |
| Share capital | 73,742 | 73,742 | 97,903 | 97,903 | 98,405 |
| Translation reserve | (728) | (3,380) | (4,936) | (4,048) | (5,073) |
| Retained earnings | 40,658 | 31,529 | 34,437 | 35,420 | 33,439 |
| Total equity attributable to owners of our Company | 113,672 | 101,891 | 127,404 | 129,275 | 126,771 |
| Non-current liabilities | 4,927 | 14,049 | 12,798 | 11,710 | 12,960 |
| Current liabilities | 59,225 | 66,763 | 55,317 | 53,426 | 50,385 |
| Total liabilities | 64,152 | 80,812 | 68,115 | 65,136 | 63,345 |
| Total liabilities and equity | 177,824 | 182,703 | 195,519 | 194,411 | 190,116 |
| Shareholders' funds/ NA | 113,672 | 101,891 | 127,404 | 129,275 | 126,771 |
| NA per Share (RM) | 0.46 | 0.41 | 0.26 | 0.26 | 0.26 |

7.3 Historical cash flows

| | <-----Audited-----> | | | <-----Unaudited-----> | |
|---|-------------------------------|-------------------------------|-------------------------------|--|--|
| | FYE 30 June 2019 RM'000 | FYE 30 June 2020 RM'000 | FYE 30 June 2021 RM'000 | 9-month FPE 31 March 2022 RM'000 | 9-month FPE 31 March 2021 RM'000 |
| Net cash generated from/ (used in) | | | | | |
| Operating activities | (15,126) | 16,903 | (1,387) | 728 | (2,155) |
| Investing activities | (1,361) | (16,626) | (1,641) | (4,550) | 22,941 |
| Financing activities | 5,349 | (6,120) | 13,521 | (2,931) | (11,909) |
| Net increase/(decrease) in cash and cash equivalents | (11,138) | (5,843) | 10,493 | (6,753) | 8,877 |
| Cash and cash equivalents at beginning of the financial year/ period | 20,242 | 9,162 | 3,373 | 13,756 | 3,373 |
| Cash and cash equivalents at end of the financial year/ period | 9,162 | 3,373 | 13,756 | 7,020 | 12,133 |

APPENDIX I - INFORMATION ON OUR COMPANY (CONT'D)**FYE 30 June 2020 compared to FYE 30 June 2019**

Our Group recorded net cash generated from operating activities of RM16.90 million for the FYE 30 June 2020 as compared to net cash used in operating activities of RM15.13 million for the FYE 30 June 2019, mainly attributable to increase in operating profit and increase in working capital as a result of higher collection from our trade receivables.

For information purposes, our Group recorded net cash used in operating activities of RM15.13 million for the FYE 30 June 2019 mainly due to the increase in other receivables during the said financial year as a result of deposits payment made by the Group for the following:-

- (i) RM3,900,000 paid for the purchase of for the purchase of Batu Pahat Property which was completed during the FYE 30 June 2020 upon satisfaction of conditions precedent of the sale and purchase agreement dated 6 March 2019; and
- (ii) RM6,634,000 paid for the purchase of factory equipment (e.g. compressor for chiller, boiler, transformer and parts and components for production lines).

Our Group recorded a net cash used in investing activities of RM16.63 million for the FYE 30 June 2020 which represents an increase of RM15.27 million as compared to a net cash used in investing activities of RM1.36 million for the FYE 30 June 2019, mainly attributable to higher amount spent on purchases of property, plant and equipment (i.e. for the purchase of Batu Pahat Property as well as the purchase of factory equipment).

Our Group recorded a net cash used in financing activities of RM6.12 million for the FYE 30 June 2020 which represents an increase outflow of RM11.47 million as compared to a net cash generated from financing activities of RM5.35 million for the FYE 30 June 2019 mainly attributable to net repayment of loans and borrowings and payment for principal portion of lease liabilities.

FYE 30 June 2021 compared to FYE 30 June 2020

Our Group recorded net cash used in operating activities of RM1.39 million for the FYE 30 June 2021 representing a decrease of RM18.29 million as compared to a net cash generated from operating activities of RM16.9 million for the FYE 30 June 2020 mainly attributable to higher inventories and lower collection from our trade receivables (mainly due to delays in the collection from certain customers, including from 5 of our major customers amounting to RM3.64 million, who were experiencing workforce and operational restrictions arising from the COVID-19 pandemic).

Our Group recorded a net cash used in investing activities of RM1.64 million for the FYE 30 June 2021 representing a decrease of RM14.99 million as compared to a net cash used in investing activities of RM16.63 million for the FYE 30 June 2020 mainly attributable to lower amount spent on purchase of property, plant and equipment.

Our Group recorded a net cash generated from financing activities of RM13.52 million for the FYE 30 June 2021 representing an increase of RM19.64 million as compared to a net cash used in financing activities of RM6.12 million for the FYE 30 June 2020 mainly attributable to gross proceeds raised from the rights issue exercise amounted to approximately RM24.66 million which was completed on 15 December 2020 and partially offset by higher repayment of loans and borrowings.

9-month FPE 31 March 2022 compared to 9-month FPE 31 March 2021

Our Group recorded net cash generated from operating activities of RM0.73 million for the FPE 31 March 2022 representing an increase of RM2.88 million as compared to a net cash used in operating activities of RM2.16 million for the FPE 31 March 2021 mainly attributable to lower repayment to our suppliers.

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

Our Group recorded a net cash used in investing activities of RM4.55 million for the FPE 31 March 2022 representing a decrease of RM27.49 million as compared to a net cash generated from investing activities of RM22.94 million for the FPE 31 March 2021 mainly attributable to higher amount spent on purchase of property, plant and equipment in FPE 31 March 2022 and the absence of the gross proceeds raised from the rights issue exercise amounted to approximately RM24.66 million in FPE 31 March 2021.

For information purposes, our Group had incurred approximately RM4.93 million for the purchase of property, plant and equipment in FPE 31 March 2022 which consists mainly of new machineries and equipment and installation costs for our food and beverage packing (e.g. cans, packaging machines, boiler, cartons, conveyor systems, chillers and other parts and components of machineries).

Our Group recorded a net cash used in financing activities of RM2.93 million for the FPE 31 March 2022 representing a decrease of RM8.98 million as compared to a net cash used in financing activities of RM11.91 million for the FPE 31 March 2021 mainly attributable to lower repayment of loans and borrowings.

8. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

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

| | Shareholdings as at the LPD | | | | I After the Rights Issue with Warrants | | | |
|-----------------|-----------------------------|------|---------------------------|------|---|------|---------------------------|------|
| | <-----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 | 130,732,800 | 26.5 | - | - | 174,310,400 | 26.5 | - | - |
| DK | 62,549,704 | 12.7 | 130,732,800 ^{*4} | 26.5 | 83,399,605 | 12.7 | 174,310,400 ^{*4} | 26.5 |
| Chee Cheng Chun | - | - | 130,732,800 ^{*4} | 26.5 | - | - | 174,310,400 ^{*4} | 26.5 |

| | II After I and assuming full exercise of the Warrants | | | |
|-----------------|--|------|---------------------------|------|
| | <-----Direct-----> | | <-----Indirect-----> | |
| | No. of Rex Shares | %*1 | No. of Rex Shares | %*1 |
| DTSB | 188,836,266 | 26.5 | - | - |
| DK | 90,349,571 | 12.7 | 188,836,266 ^{*4} | 26.5 |
| Chee Cheng Chun | - | - | 188,836,266 ^{*4} | 26.5 |

Notes:-

- *1 Based on the total issued shares of 493,252,936 of our Company as at the LPD.
- *2 Based on the total issued shares of 657,670,581 of our Company after the Rights Issue with Warrants.
- *3 Based on the total issued shares of 712,476,462 of our Company after the full exercise of Warrants.
- *4 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 with Warrants on our Directors' shareholdings of our Company as at the LPD are set out below:-

| Directors | Shareholdings as at the LPD | | | | I After the Rights Issue with Warrants | | | |
|--|-----------------------------|------|----------------------|------|---|------|----------------------|------|
| | <-----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 | 7,061,600 | 1.4 | - | - | 7,061,600 | 1.1 | - | - |
| DK | 62,549,704 | 12.7 | 130,732,800*4 | 26.5 | 83,399,605 | 12.7 | 174,310,400*4 | 26.5 |
| Chee Cheng Chun | - | - | 130,732,800*4 | 26.5 | - | - | 174,310,400*4 | 26.5 |
| Tai Keat Chai | - | - | - | - | - | - | - | - |
| Adnan bin Ahmad | - | - | - | - | - | - | - | - |

| Directors | II After I and assuming full exercise of the Warrants | | | |
|--|--|------|----------------------|------|
| | <-----Direct-----> | | <-----Indirect-----> | |
| | No. of Rex Shares | %*1 | No. of Rex Shares | %*1 |
| Tan Sri Dato' Mohd Ibrahim bin Mohd Zain | 7,061,600 | 1.0 | - | - |
| DK | 90,349,571 | 12.7 | 188,836,266*4 | 26.5 |
| Chee Cheng Chun | - | - | 188,836,266*4 | 26.5 |
| Tai Keat Chai | - | - | - | - |
| Adnan bin Ahmad | - | - | - | - |

Notes:-

- *1 Based on the total issued shares of 493,252,936 of our Company as at the LPD.
- *2 Based on the total issued shares of 657,670,581 of our Company after the Rights Issue with Warrants.
- *3 Based on the total issued shares of 712,476,462 of our Company after the full exercise of Warrants.
- *4 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, Joint Underwriters, 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 126, Jalan Perindustrian Bukit Minyak 5, Seberang Perai Tengah, 14100 Simpang Ampat, 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 28 January 2022 as referred to in **Section 3** of this Abridged Prospectus;
- ii. the Independent Market Researcher Report as referred to in **Section 7** of this Abridged Prospectus;
- iii. letters of consent as referred to in **Section 1** of Appendix II of this Abridged Prospectus; and
- iv. the Deed Poll.

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 with Warrants, 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 with Warrants.