

THIS CIRCULAR TO SHAREHOLDERS OF BCM ALLIANCE BERHAD ("BCM" OR THE "COMPANY") IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately. This Circular has been reviewed and approved by Mercury Securities Sdn Bhd, being the Principal Adviser for the Proposed Rights Issue with Warrants (as defined herein).

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, valuation certificate and report if any, makes no representation as to its accuracy or completeness, and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



BCM ALLIANCE BERHAD

Registration No. 201501009903 (1135238-U)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:-

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,220,467,629 NEW ORDINARY SHARES IN THE COMPANY ("BCM SHARES" OR "SHARES") ("RIGHTS SHARES") TOGETHER WITH UP TO 1,017,056,357 FREE DETACHABLE WARRANTS IN THE COMPANY ("WARRANTS") ON THE BASIS OF 6 RIGHTS SHARES TOGETHER WITH 5 FREE WARRANTS FOR EVERY 4 EXISTING SHARES HELD BY THE ENTITLED SHAREHOLDERS OF THE COMPANY ON AN ENTITLEMENT DATE TO BE DETERMINED ("PROPOSED RIGHTS ISSUE WITH WARRANTS")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



MERCURY SECURITIES SDN BHD

[Registration No. 198401000672 (113193-W)]
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting of the Company ("**EGM**") will be conducted on a fully virtual basis through live streaming and online remote voting at <https://rebrand.ly/BCM-EGM> as provided by Mlabs Research Sdn Bhd in Malaysia.

If you decide to appoint a proxy or proxies for the EGM, you must complete, sign and return the Form of Proxy and deposit it at the Share Registrar's office at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan or email to admin.registrar@boardroom.com.my or fax to +603 7890 1032 on or before the date and time indicated below or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently decide to do so and in such an event, your Form of Proxy shall be deemed to have been revoked.

Last day, date and time for lodging the Form of Proxy : Tuesday, 22 June 2021 at 9.00 a.m.
Day, date and time of the EGM : Thursday, 24 June 2021 at 9.00 a.m.

This Circular is dated 3 June 2021

DEFINITIONS

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

Act	- Companies Act, 2016 of Malaysia, as amended from time to time and any re-enactment thereof
AGM	- Annual general meeting
Base Case Scenario	- Assuming that none of the ESOS Options which may be granted pursuant to the maximum allowable amount under the ESOS as at the LPD are granted and exercised into new Shares prior to the Entitlement Date and all the Entitled Shareholders and/or their renouncee(s) fully subscribe for their respective entitlements of the Rights Shares with Warrants
BCM or the Company	- BCM Alliance Berhad
BCM Group or the Group	- Collectively, the Company and its subsidiaries
BCM Shares or Shares	- Ordinary shares in the Company
BNM	- Bank Negara Malaysia
Board	- Board of Directors of the Company
Bursa Depository	- Bursa Malaysia Depository Sdn Bhd
Bursa Securities	- Bursa Malaysia Securities Berhad
By-Laws	- By-laws governing the ESOS
Circular	- This circular to Shareholders in relation to the Proposed Rights Issue with Warrants
Code	- Malaysian Code on Take-Overs and Mergers, 2016 as amended from time to time
COVID-19	- Coronavirus disease 2019
Deed Poll	- Deed poll constituting the Warrants and governing the rights of Warrant holders to be executed by the Company
Directors	- Directors of the Company
EGM	- Extraordinary general meeting
Entitled Shareholders	- Shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date in order to be entitled to participate in the Proposed Rights Issue with Warrants
Entitlement Date	- A date to be determined by the Board and announced later, on which the names of Shareholders must appear in the Record of Depositors of the Company as at the close of business on that date in order to be entitled to participate in the Proposed Rights Issue with Warrants
EPS	- Earnings per Share
ESOS	- Existing employees' share option scheme of the Company which took effect on 25 March 2021 for a period of 5 years

DEFINITIONS (CONT'D)

ESOS Options	- Options granted under the ESOS pursuant to the By-Laws where each option holder can subscribe for 1 new Share for every 1 ESOS Option held
Foreign-Addressed Shareholders	- Shareholders who have not provided an address in Malaysia for the service of documents which will be issued in connection with the Proposed Rights Issue with Warrants
FYE	- Financial years ended / ending, as the case may be
GP	- Gross profit
IMR Report	- Independent market research report dated 5 May 2021 prepared by SMITH ZANDER
Listing Requirements	- ACE Market Listing Requirements of Bursa Securities including any amendments made thereto from time to time
LPD	- 25 May 2021, being the latest practicable date prior to the printing of this Circular
Market Days	- Any day on which Bursa Securities is open for trading in securities
Maximum Scenario	- Assuming that all the ESOS Options which may be granted pursuant to the maximum allowable amount under the ESOS as at the LPD are granted and exercised into new Shares prior to the Entitlement Date and all the Entitled Shareholders and/or their renouncee(s) fully subscribe for their respective entitlements of the Rights Shares with Warrants
MCO	- Movement Control Order
Mercury Securities or the Principal Adviser	- Mercury Securities Sdn Bhd
MFRS	- Malaysian Financial Reporting Standards
Minimum Scenario	- Assuming that none of the ESOS Options which may be granted pursuant to the maximum allowable amount under the ESOS as at the LPD are granted and exercised into new Shares prior to the Entitlement Date and the Proposed Rights Issue with Warrants is undertaken on the Minimum Subscription Level
Minimum Subscription Level	- Minimum subscription level to raise minimum proceeds of RM10.00 million, which if based on an illustrative issue price of RM0.06 per Rights Share, shall entail the subscription of an aggregate of 166,666,668 Rights Shares together with 138,888,890 Warrants
NA	- Net assets
Official List	- Official list of the ACE Market of Bursa Securities
PAT	- Profit after taxation
PBT	- Profit before taxation
Private Placement 2021 – 30%	- Private placement exercise previously undertaken by the Company which involved the issuance of 144,433,636 new Shares (representing 30% of the then existing total number of issued Shares), raised a total of RM32.09 million and was completed on 25 March 2021

DEFINITIONS (CONT'D)

Proposed Rights Issue with Warrants	- Proposed renounceable rights issue of up to 1,220,467,629 Rights Shares together with up to 1,017,056,357 free detachable Warrants on the basis of 6 Rights Shares together with 5 free Warrants for every 4 existing Shares held by the Entitled Shareholders on the Entitlement Date
Record of Depositors	- A record of securities holders provided by Bursa Depository under the Rules of Bursa Depository
Rights Shares	- New Shares to be allotted and issued pursuant to the Proposed Rights Issue with Warrants
RM and sen	- Ringgit Malaysia and sen respectively
Rules of Bursa Depository	- Rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991 as amended from time to time
Rules on Take-Overs, Mergers and Compulsory Acquisitions	- Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the SC pursuant to Section 377 of the Capital Markets and Services Act, 2007 as amended from time to time
SC	- Securities Commission Malaysia
Shareholders	- Registered holders of the Shares
SMITH ZANDER	- Smith Zander International Sdn Bhd, an independent market researcher
Special Issue	- Share issuance exercise previously undertaken by the Company which involved the issuance of 60,197,000 new Shares (representing 14.29% of the then existing total number of issued Shares), raised a total of RM15.65 million and was completed on 11 December 2020
TEAP	- Theoretical ex-all price
Undertakings	- The written undertakings from the Undertaking Shareholders dated 5 May 2021, details of which are set out in Section 2.3 of this Circular
Undertaking Shareholders	- Hoo Swee Guan (Executive Director of the Company) and Ho Kee Wee (Executive Director of the Company)
VWAP	- Volume-weighted average market price
Warrants	- Free detachable warrants in the Company to be allotted and issued pursuant to the Proposed Rights Issue with Warrants

In this Circular, words referring to the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations, unless otherwise specified. All references to “you” in this Circular are to the Shareholders.

Any reference in this Circular 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 Circular shall be a reference to Malaysian time, unless otherwise stated. Any discrepancies in the tables between amounts stated and the totals in this Circular are due to rounding.

DEFINITIONS (CONT'D)

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

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EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposed Rights Issue with Warrants. Shareholders are advised to read the Circular in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposed Rights Issue with Warrants before voting at the EGM.

Key information	Description	Reference to Circular																														
Summary of the Proposed Rights Issue with Warrants	The Proposed Rights Issue with Warrants involves the issuance of up to 1,220,467,629 Rights Shares together with up to 1,017,056,357 free detachable Warrants, and is to be implemented on a renounceable basis of 6 Rights Shares together with 5 free Warrants for every 4 existing Shares held by the Entitled Shareholders on an Entitlement Date to be determined.	Section 2																														
Shareholders' Undertakings	<p>Undertaking Shareholders : (i) Hoo Swee Guan (Executive Director the Company): RM5.00 million (ii) Ho Kee Wee (Executive Director of the Company): RM5.00 million</p> <p>Minimum Rights Shares to : 166,666,668 Rights Shares (representing be subscribed for pursuant 17.75% of the total number of 938,821,254 to the Undertakings Rights Shares available for subscription under the Base Case Scenario)</p>	Section 2.3																														
Utilisation of proceeds	<p>Based on an illustrative issue price of RM0.06 per Rights Share, the gross proceeds to be raised from the Proposed Rights Issue with Warrants are intended to be utilised in the following manner:-</p> <table><tr><th colspan="2"></th><th>Minimum Scenario</th><th>Base Case Scenario</th><th>Maximum Scenario</th></tr><tr><th colspan="2"></th><th>RM'000</th><th>RM'000</th><th>RM'000</th></tr><tr><td>(i)</td><td>Investment in the business of providing on-demand laundry services</td><td>10,000</td><td>42,000</td><td>42,000</td></tr><tr><td>(ii)</td><td>Working capital</td><td>-</td><td>13,699</td><td>30,598</td></tr><tr><td>(iii)</td><td>Estimated expenses for the Proposed Rights Issue with Warrants</td><td>-</td><td>630</td><td>630</td></tr><tr><td colspan="2">Total</td><td>10,000</td><td>56,329</td><td>73,228</td></tr></table>			Minimum Scenario	Base Case Scenario	Maximum Scenario			RM'000	RM'000	RM'000	(i)	Investment in the business of providing on-demand laundry services	10,000	42,000	42,000	(ii)	Working capital	-	13,699	30,598	(iii)	Estimated expenses for the Proposed Rights Issue with Warrants	-	630	630	Total		10,000	56,329	73,228	Section 3
		Minimum Scenario	Base Case Scenario	Maximum Scenario																												
		RM'000	RM'000	RM'000																												
(i)	Investment in the business of providing on-demand laundry services	10,000	42,000	42,000																												
(ii)	Working capital	-	13,699	30,598																												
(iii)	Estimated expenses for the Proposed Rights Issue with Warrants	-	630	630																												
Total		10,000	56,329	73,228																												
Rationale for the Proposed Rights Issue with Warrants	<p>The Board is of the opinion that the Proposed Rights Issue with Warrants is the most suitable means of fund raising for the Company for the following reasons:-</p> <p>(i) it will involve the issuance of new Shares without diluting the Entitled Shareholders' shareholdings provided that they subscribe in full for their respective entitlements under the Proposed Rights Issue with Warrants and exercise their Warrants subsequently;</p> <p>(ii) it provides an opportunity for the Entitled Shareholders to participate in the equity offering of the Company on a pro-rata basis; and</p> <p>(iii) it will enable the Company to raise the requisite funds without incurring additional interest expense from bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing costs.</p> <p>The free Warrants which are attached to the Rights Shares are intended to provide an added incentive to Entitled Shareholders to subscribe for the Rights Shares.</p>	Section 4																														

EXECUTIVE SUMMARY (CONT'D)

Key information	Description	Reference to Circular
Approvals required	<p>The Proposed Rights Issue with Warrants is subject to the following approvals being obtained:-</p> <p>(i) Bursa Securities, the approval of which was obtained on 24 May 2021 for the admission of the Warrants to the Official List as well as the listing and quotation of the Rights Shares, Warrants and new Shares to be issued arising from the exercise of the Warrants;</p> <p>(ii) Shareholders at the forthcoming EGM; and</p> <p>(iii) any other relevant authorities and/or parties, if required.</p>	Section 8
Interests of Directors, major Shareholders, chief executive of the Company and/or persons connected to them	<p>None of the Directors and/or major Shareholders, chief executive of the Company and/or persons connected to them have any interest, direct or indirect, in the Proposed Rights Issue with Warrants apart from their respective entitlements under the Proposed Rights Issue with Warrants (including the right to apply for additional Rights Shares via excess Rights Shares applications), if any, to which all other Shareholders are similarly entitled to.</p>	Section 11
Board's recommendation	<p>The Board recommends that you vote in favour of the resolution pertaining to the Proposed Rights Issue with Warrants to be tabled at the forthcoming EGM, the details of which are set out in the cover page of this Circular and the Notice of EGM as enclosed.</p>	Section 12

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BCM ALLIANCE BERHAD

[Registration No. 201501009903 (1135238-U)]
(Incorporated in Malaysia)

Registered office

Level 5, Block B, Dataran PHB
Saujana Resort, Section U2
40150 Shah Alam
Selangor, Malaysia

3 June 2021

Board of Directors

Datuk Chin Goo Chai (Independent Non-Executive Chairman)
Liaw Chong Lin (Managing Director)
Hoo Swee Guan (Executive Director)
Ho Kee Wee (Executive Director)
Datin Latiffah Binti Endot (Independent Non-Executive Director)
Ng Kok Wah (Independent Non-Executive Director)
Yap Kim Choy (Independent Non-Executive Director)
Khor Ben Jin (Independent Non-Executive Director)

To: The Shareholders

Dear Sir / Madam,

PROPOSED RIGHTS ISSUE WITH WARRANTS

1. INTRODUCTION

On 5 May 2021, Mercury Securities had, on behalf of the Board, announced that the Company proposes to undertake the Proposed Rights Issue with Warrants.

On 24 May 2021, Mercury Securities had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 24 May 2021, granted its approval for the following:-

- (i) admission of the Warrants to the Official List;
- (ii) listing and quotation of the Rights Shares and Warrants; and
- (iii) listing and quotation of the new Shares to be issued arising from the exercise of the Warrants.

The approval of Bursa Securities is subject to the conditions as set out in Section 8 of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH RELEVANT INFORMATION ON THE PROPOSED RIGHTS ISSUE WITH WARRANTS AND TO SET OUT THE VIEWS AND RECOMMENDATION OF THE BOARD AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED RIGHTS ISSUE WITH WARRANTS WHICH WILL BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY. THE NOTICE OF THE EGM AND THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH APPENDICES BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED RIGHTS ISSUE WITH WARRANTS AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED RIGHTS ISSUE WITH WARRANTS

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

The Proposed Rights Issue with Warrants involves the issuance of up to 1,220,467,629 Rights Shares together with up to 1,017,056,357 free Warrants and is to be implemented on a renounceable basis of 6 Rights Shares together with 5 free Warrants for every 4 existing Shares held by the Entitled Shareholders on the Entitlement Date at an issue price to be determined and announced by the Board at a later date.

The basis of 6 Rights Shares together with 5 free Warrants for every 4 existing Shares was arrived at after taking into consideration, amongst others, the following:-

- (i) the amount of proceeds to be raised from the subscription of the Rights Shares which is to be channelled towards the purposes as set out in Section 3 of this Circular. The proceeds to be raised are subject to the final issue price of the Rights Shares, further details of which are set out in Section 2.4.1 of this Circular; and
- (ii) Rule 6.51 of the Listing Requirements which states that the number of new Shares which will arise from the exercise or conversion of all outstanding convertible equity securities (i.e. warrants and convertible preference shares) does not exceed 50% of the total number of issued shares of the Company (excluding treasury shares and before the exercise of the convertible equity securities) at all times.

The actual number of Rights Shares and Warrants to be issued will depend on the total number of issued Shares held by the Entitled Shareholders on the Entitlement Date after taking into consideration any new Shares that may be issued arising from the exercise of any convertible securities as well as the eventual subscription level for the Proposed Rights Issue with Warrants.

As at the LPD, the Company has 625,880,836 Shares in issue as well as up to 187,764,250 ESOS Options which may be granted pursuant to the maximum allowable amount under the ESOS.

Based on the enlarged issued share capital of 813,645,086 Shares (assuming all ESOS Options have been granted and exercised), the Proposed Rights Issue with Warrants would entail the issuance of up to 1,220,467,629 Rights Shares together with up to 1,017,056,357 Warrants (assuming all Entitled Shareholders fully subscribe to their entitlements of the Rights Shares with Warrants).

The total number of Rights Shares and Warrants was arrived at based on the following:-

	Minimum Scenario	Base Case Scenario	Maximum Scenario
	No. of Shares	No. of Shares	No. of Shares
Total number of Shares as at the LPD	625,880,836	625,880,836	625,880,836
New Shares to be issued assuming full granting and exercise of the ESOS Options	-	-	187,764,250
Enlarged issued share capital after full granting and exercise of the ESOS Options	625,880,836	625,880,836	813,645,086
New Shares to be issued pursuant to the Proposed Rights Issue with Warrants	⁽¹⁾ 166,666,668	938,821,254	1,220,467,629
New Shares to be issued assuming full exercise of the Warrants	138,888,890	782,351,045	1,017,056,357
Enlarged total number of issued Shares	931,436,394	2,347,053,135	3,051,169,072

Note:-

(1) Based on the Minimum Subscription Level, further details of which are set out in Section 2.3 of this Circular.

The Rights Shares and Warrants will be provisionally allotted and issued to the Entitled Shareholders. The Entitlement Date shall be determined by the Board after obtaining all approvals for the Proposed Rights Issue with Warrants.

The Warrants are attached to the Rights Shares without any cost and will be issued only to the Entitled Shareholders and/or their renounee(s) who subscribe for the Rights Shares. Each Warrant will entitle its holder to subscribe for 1 new Share at an exercise price to be determined by the Board at a later date. 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.

The entitlements for the Rights Shares together with the Warrants are renounceable in full or in part. Accordingly, the Entitled Shareholders may fully or partially renounce their entitlements under the Proposed Rights Issue with Warrants.

However, the Rights Shares and Warrants cannot be renounced separately and only the Entitled Shareholders who subscribe for the Rights Shares will be entitled to the Warrants. As such, the Entitled Shareholders who renounce all of their Rights Share entitlements shall be deemed to have renounced all the accompanying entitlements to the Warrants to be issued together with the Rights Shares. If the Entitled Shareholders accept only part of their Rights Share entitlements, they shall be entitled to the Warrants in proportion to their acceptance of their Rights Share entitlements.

Any Rights Shares which are not validly taken up shall be offered to other Entitled Shareholders and/or their renounee(s) under excess shares applications. It is the intention of the Board to reduce the incidence of odd lots and to allocate excess Rights Shares in a fair and equitable manner and on a basis to be determined by the Board later.

Fractional entitlements arising from the Proposed Rights Issue with Warrants, if any, shall be disregarded and/or dealt with by the Board in such manner and on such terms and conditions as the Board in its absolute discretion may deem fit or expedient and in the best interests of the Company.

2.2 Indicative salient terms of the Warrants

Issuer	: BCM
Issue size	: Up to 1,017,056,357 Warrants
Form and detachability	: The Warrants will be issued in registered form and constituted by the Deed Poll. The Warrants which are to be issued with the Rights Shares will immediately be detached from the Rights Shares upon allotment and issuance and will be traded separately on Bursa Securities.
Board lot	: For the purpose of trading on Bursa Securities, a board lot of Warrants shall be 100 units of Warrants, or such other number of units as may be prescribed by Bursa Securities.
Tenure of the Warrants	: 3 years commencing on and including the date of issuance of the Warrants.
Exercise Period	: The Warrants may be exercised at any time within a period of 3 years commencing from and including the date of issuance of the Warrants to the close of business at 5.00 p.m. (Malaysia time) on the Market Day immediately preceding the date which is the 3 rd anniversary from the date of issuance of the Warrants (“ Exercise Period ”). Any Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.
Exercise Price	<p>: The exercise price of the Warrants (“Exercise Price”) shall be determined by the Board at a later date after obtaining the relevant approvals but prior to the announcement of the Entitlement Date.</p> <p>The Exercise Price and/or the number of Warrants in issue during the Exercise Period shall however be subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll.</p>
Subscription rights	: Each Warrant shall entitle its registered holder to subscribe for 1 new Share at any time during the Exercise Period at the Exercise Price, subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll.
Mode of exercise	: The holders of the Warrants are required to lodge a subscription form with the Company’s share registrar, duly completed, signed and stamped together with payment by way of banker’s draft or cashier’s order drawn on a bank operating in Malaysia or money order or postal order issued by a post office in Malaysia or by way of internet bank transfer for the electronic submission of subscription form via email to admin.registrar@boardroom.com.my or fax to +603 7890 1032 for the aggregate of the Exercise Price payable when exercising their Warrants to subscribe for new Shares. The payment of such fee must be made in Ringgit Malaysia.

- Adjustments to the Exercise Price and/or the number of Warrants : Subject to the provisions of the Deed Poll, the Exercise Price and/or the number of unexercised Warrants in issue may be subject to adjustments by the Board in consultation with an approved adviser appointed by the Company or the auditors in the event of any alteration in the share capital of the 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 reduction of capital, in accordance with the provisions of the Deed Poll.
- Rights of the Warrant holders : The Warrants do not confer on their holders any voting rights or any right to participate in any form of distribution and/or offer of further securities in the Company until and unless such holders of Warrants exercise their Warrants for new Shares in accordance with the provisions of the Deed Poll and such new Shares have been allotted and issued to such holders.
- Ranking of the new Shares to be issued pursuant to the exercise of the Warrants : The new Shares to be issued pursuant to the exercise of the Warrants in accordance with the provisions of the Deed Poll shall, upon allotment, issuance and full payment of the Exercise Price of the Warrants, rank equally in all respects with the then existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment and issuance of such new Shares arising from the exercise of the Warrants.
- Rights of the Warrant holders in the event of winding up, liquidation, compromise and/or arrangement : Where a resolution has been passed for a members' voluntary winding-up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with 1 or more companies, then:-
- (i) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the holders of the Warrants (or some other persons designated by them for such purpose by special resolution) shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the holders of the Warrants; and

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Rights of the Warrant holders in the event of winding up, liquidation, compromise and/or arrangement (cont'd)	: (ii) in any other cases, every Warrant holder shall be entitled to exercise his / her Warrants at any time within 6 weeks after the passing of such resolution for a members' voluntary winding up of the Company or within 6 weeks after the granting of the court order approving the winding-up, compromise or arrangement, whereupon the Company shall allot the relevant new Shares to the Warrant holder credited as fully paid subject to the prevailing laws, and such Warrant holder shall be entitled to receive out of the assets of the 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 the Company shall give effect to such election accordingly. Upon the expiry of the above 6 weeks, all subscription rights of the Warrants shall lapse and cease to be valid for any purpose.
Modification of rights of Warrant holders	: Save as otherwise provided in the Deed Poll, a special resolution of the Warrant holders is required to sanction any modification, alteration or abrogation in respect of the rights of the Warrant holders.
Modification of Deed Poll	: Any modification to the terms and conditions of the Deed Poll may be effected only by a further deed poll, executed by the Company and expressed to be supplemental to the Deed Poll. Any of such modification shall however be subject to the approval of Bursa Securities (if so required). No amendment or addition may be made to the provisions of the Deed Poll without the sanction of a special resolution unless the amendments or additions are required to correct any typographical errors or relate purely to administrative matters or are required to comply with any provisions of the prevailing laws or regulations of Malaysia or in the opinion of the Company, will not be materially prejudicial to the interests of the Warrants holders.
Listing	: The Warrants will be listed and traded on the ACE Market of Bursa Securities. The listing and quotation of the Warrants on the ACE Market of Bursa Securities is subject to a minimum of 100 holders of Warrants.
Transferability	: The Warrants shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository.
Deed Poll	: The Warrants shall be constituted by the Deed Poll.
Governing laws	: The Warrants and the Deed Poll shall be governed by the laws and regulations of Malaysia.

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2.3

Minimum Subscription Level and Undertakings

The Company intends to raise a minimum of RM10.00 million from the Proposed Rights Issue with Warrants to meet the funding requirements of the Group, which will be channelled towards the proposed utilisation as set out in Section 3 of this Circular.

In view of the above, the Board has determined to undertake the Proposed Rights Issue with Warrants based on the Minimum Subscription Level, which if based on an illustrative issue price of RM0.06 per Rights Share, shall entail the subscription of an aggregate of 166,666,668 Rights Shares together with 138,888,890 Warrants.

To meet the Minimum Subscription Level, the Company has procured the Undertakings from the Undertaking Shareholders, namely Hoo Swee Guan (Executive Director of the Company) and Ho Kee Wee (Executive Director of the Company), to apply and subscribe in full for their entitlement of Rights Shares and additional Rights Shares not taken up by other Entitled Shareholders by way of excess Rights Shares application, to the extent such that the aggregate subscription proceeds of the Rights Shares received by the Company arising from the subscription by all Entitled Shareholders and/or their renouncee(s) (including the Undertaking Shareholders, if necessary) amounts to not less than RM10.00 million.

For the avoidance of doubt, the subscription of Rights Shares (including excess Rights Shares, where applicable) by each of the Undertaking Shareholders pursuant to the Undertakings is for an amount of up to RM5.00 million each respectively only.

The details of the Undertakings under the Minimum Scenario are as follows:-

Undertaking Shareholders	Existing direct shareholding as at the LPD		Minimum Rights Shares to be subscribed for pursuant to the Undertakings		Assuming none of the other Entitled Shareholders subscribe for their Rights Shares	
	No. of Shares	% ⁽¹⁾	Subscription based on entitlement	Subscription based on excess shares application	No. of Shares held after the Proposed Rights Issue with Warrants	% ⁽³⁾
Hoo Swee Guan	10,000	⁽⁴⁾ —	15,000	83,318,334	83,333,334	10.52
Ho Kee Wee	1,000	⁽⁴⁾ —	1,500	83,331,834	83,334,334	10.51

Notes:-

- (1) Based on the issued share capital of 625,880,836 Shares as at the LPD.
- (2) Based on an illustrative issue price of RM0.06 per Rights Share.
- (3) Based on the enlarged issued share capital of 792,547,504 Shares under the Minimum Scenario.
- (4) Less than 0.01%.

Pursuant to the Undertakings, the Undertaking Shareholders have confirmed that they have sufficient financial means and resources to fulfil their obligations under their respective Undertakings.

Mercury Securities has verified the sufficiency of financial resources of the Undertaking Shareholders for the purpose of subscribing for the Rights Shares and excess Rights Shares pursuant to the Undertakings.

For illustrative purposes, assuming none of the other Entitled Shareholders subscribe for their entitlement of the Rights Shares, the Undertaking Shareholders will be subscribing for a total of 166,666,668 Rights Shares based on an illustrative issue price of RM0.06 per Rights Share.

However, should the actual issue price be higher or lower than RM0.06 per Rights Share, the total number of Rights Shares and excess Rights Shares to be subscribed by the Undertaking Shareholders (which is computed based on RM10.00 million divided by the actual issue price of the Rights Shares) will be adjusted correspondingly such that the Company will raise a minimum of RM10.00 million.

The Undertaking Shareholders have confirmed that:-

- (i) their subscription for Rights Shares pursuant to the Undertakings will not give rise to any consequence of mandatory take-over offer obligation under the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions immediately after completion of the Proposed Rights Issue with Warrants (based on an illustrative issue price of RM0.06 per Rights Share); and
- (ii) they will observe and comply at all times with the provisions of the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions and will seek from the SC the necessary exemptions from undertaking such mandatory take-over offer, if required.

As the Minimum Subscription Level will be fully satisfied via the Undertakings, the Company will not procure any underwriting arrangement for the remaining Rights Shares not subscribed for by other Entitled Shareholders.

The Undertakings are not expected to result in any breach in the public shareholding spread requirement by the Company under Rule 8.02(1) of the Listing Requirements, which stipulates that a listed corporation must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. As at the LPD, the Company does not hold any treasury shares.

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2.4 Basis and justification of determining the issue price of the Rights Shares and the exercise price of the Warrants

2.4.1 Issue price of the Rights Shares

The issue price of the Rights Shares shall be determined and announced by the Board at a later date (before the announcement of the Entitlement Date) after taking into consideration, amongst others, the following:-

- (i) the funding requirements of the Group as set out in Section 3 of this Circular;
- (ii) the TEAP of the Shares based on the 5-day VWAP of the Shares up to and including the last trading day prior to the price-fixing date.

The Board intends to fix the issue price of the Rights Shares such that the issue price is at a discount of between 20% and 40% to the TEAP of the Shares. This discount range was determined by the Board after taking into consideration the need of the Company to price the Rights Shares at an issue price deemed sufficiently attractive to encourage subscription of the Rights Shares and to enable the Group to raise the necessary funds required for the intended utilisation as set out in Section 3 of this Circular; and

- (iii) the rationale for the Proposed Rights Issue with Warrants, as set out in Section 4 of this Circular.

The illustrative issue price of RM0.06 per Rights Share represents a discount of 31.19% to the TEAP of the Shares of RM0.0872, calculated based on the 5-day VWAP of the Shares up to and including the LPD of RM0.1619 and assuming an illustrative exercise price of RM0.06 per Warrant.

2.4.2 Exercise price of the Warrants

The exercise price of the Warrants shall be determined and announced by the Board at a later date (before the announcement of the Entitlement Date) after taking into consideration, amongst others, the TEAP of the Shares based on the 5-day VWAP of the Shares up to and including the last trading day prior to the price-fixing date.

The Board intends to fix the exercise price of the Warrants such that the exercise price is at a discount of between 20% and 40% to the TEAP of the Shares. This discount range was determined by the Board after taking into consideration the future prospects of the Group, further details of which are set out in Section 5 of this Circular, as well as the need to fix an exercise price that makes the Warrants attractive for the purposes of enhancing the subscription level of the Rights Shares.

The illustrative exercise price of RM0.06 per Warrant represents a discount of 31.19% to the TEAP of the Shares of RM0.0872, calculated based on the 5-day VWAP of the Shares up to and including the LPD of RM0.1619 and assuming an illustrative issue price of RM0.06 per Rights Share.

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

2.5.1 Rights Shares

The Rights Shares shall, upon allotment, issuance and full payment of the issue price of the Rights Shares, rank equally in all respects with the then existing issued Shares.

2.5.2 New Shares arising from the exercise of the Warrants

The new Shares to be issued arising from the exercise of the Warrants shall, upon allotment, issuance and full payment of the exercise price of the Warrants, rank equally in all respects with the then existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment and issuance of such new Shares.

2.6 Foreign-Addressed Shareholders

An abridged prospectus together with its accompanying documents or any other documents to be issued in connection with the Proposed Rights Issue with Warrants are not intended to comply with the laws of any jurisdiction other than Malaysia and will not be lodged, registered or approved under applicable securities legislation of any jurisdiction other than Malaysia. Accordingly, the Proposed Rights Issue with Warrants will not be offered for subscription in any countries or jurisdictions other than Malaysia.

The abridged prospectus together with its accompanying documents or any other documents relating to the Proposed Rights Issue with Warrants will only be sent to the Entitled Shareholders who have a registered address or an address for service of documents in Malaysia as registered in the Record of Depositors on the Entitlement Date and will not be sent to Foreign-Addressed Shareholders as at the Entitlement Date.

Foreign-Addressed Shareholders who wish to provide Malaysian addresses should inform their respective stockbrokers to effect the change of address or notify the share registrar of the Company, Boardroom.com Sdn Bhd at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan or via email to admin.registrar@boardroom.com.my to send the documents to their address in Malaysia prior to the Entitlement Date.

Alternatively, such Foreign-Addressed Shareholders may collect the abridged prospectus from the Company's share registrar who shall be entitled to request for such evidence as they deem necessary to satisfy themselves as to the identity and authority of the person collecting the abridged prospectus.

The Company will not make or be bound to make any enquiry as to whether the Entitled Shareholders have a registered address other than as stated in the Company's Record of Depositors as at the Entitlement Date and will not accept or deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith.

Foreign-Addressed Shareholders may only exercise their rights in respect of the Proposed Rights Issue with Warrants to the extent that it would be lawful to do so and the Company and/or any of its advisers would not, in connection with the Proposed Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which the Foreign-Addressed Shareholders may be subject to.

Foreign-Addressed Shareholders will be responsible for payment of any issue or transfer fees or costs, and any taxes or requisite payments due in such jurisdiction and the Company shall be entitled to be fully indemnified and held harmless by such foreign applicants for any issue, transfer or any other taxes or duties as such persons may be required to pay. They will have no claims whatsoever against the Company, its share registrar and/or any of its advisers in respect of their rights or entitlements under the Proposed Rights Issue with Warrants. Such applicants should also 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 exercise their rights in respect of the Proposed Rights Issue with Warrants.

The Foreign-Addressed Shareholders shall be solely responsible to seek advice as to the laws of any jurisdiction to which they may be subject, and participation by the applicants in the Proposed Rights Issue with Warrants shall be on the basis of a warranty by the applicants that they are allowed to do so lawfully without the Company and/or the advisers being in breach of the laws of any jurisdiction.

Neither the Company nor any of its advisers to the Proposed Rights Issue with Warrants shall accept any responsibility or liability in the event that any acceptance by a Foreign-Addressed Shareholder of his/her rights in respect of the Proposed Rights Issue with Warrants is or shall become illegal, unenforceable, voidable or void in any country or jurisdiction.

Foreign-Addressed Shareholders who do not provide an address in Malaysia or who are not entitled to subscribe for the Rights Shares under the laws and jurisdiction to which they are subject, will have no claims whatsoever against the Company and/or any of its advisers in respect of their rights entitlements or any net proceeds arising from the Proposed Rights Issue with Warrants.

The Company reserves the right in its absolute discretion to treat any subscription of the Rights Shares as being invalid if it believes or has reason to believe that such subscription for the Rights Shares may violate applicable legal or regulatory requirements.

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3. UTILISATION OF PROCEEDS FROM THE PROPOSED RIGHTS ISSUE WITH WARRANTS

Based on an illustrative issue price of RM0.06 per Rights Share, the gross proceeds to be raised from the Proposed Rights Issue with Warrants are intended to be utilised in the following manner:-

Utilisation of proceeds		Intended timeframe for utilisation from completion of the Proposed Rights Issue with Warrants ⁽⁶⁾	Minimum Scenario RM'000	Base Case Scenario RM'000	Maximum Scenario RM'000
(i)	Investment in the business of providing on-demand laundry services	Within 18 months	10,000	42,000	42,000
(ii)	Working capital	Within 24 months	-	13,699	30,598
(iii)	Estimated expenses for the Proposed Rights Issue with Warrants	Immediate	⁽²⁾ -	⁽³⁾ 630	⁽³⁾ 630
Total			⁽¹⁾ 10,000	56,329	⁽⁴⁾⁽⁵⁾ 73,228

Notes:-

(1) Any additional proceeds raised in excess of this amount will be allocated up to its respective maximum allocation in the following order:-

- (i) estimated expenses for the Proposed Rights Issue with Warrants;
- (ii) investment in the business of providing on-demand laundry services; and
- (iii) working capital (e.g. operating and administrative expenses as well as staff salaries, the indicative breakdown of which is set out in Section 3(ii) of this Circular).

(2) Under the Minimum Scenario, the expenses for the Proposed Rights Issue with Warrants shall be funded via internally generated funds.

(3) If the actual expenses incurred are higher than this budgeted amount, the deficit will be funded via the amount earmarked for working capital. Conversely, any surplus of funds following payment of expenses will be utilised in the order set out in Note (1) above.

(4) Any additional proceeds raised in excess of this amount (e.g. if the issue price is higher than RM0.06) will be allocated for working capital and/or further investment in the business of providing on-demand laundry services.

(5) The Board wishes to highlight that this illustrative amount that would be raised under the Maximum Scenario is based on the assumption that all the ESOS Options which may be granted pursuant to the maximum allowable amount under the ESOS as at the LPD are granted and exercised into new Shares prior to the Entitlement Date.

The Board is of the view that based on the timeline for implementation of the Proposed Rights Issue with Warrants, it is unlikely for all the ESOS Options to be granted and exercised into new Shares prior to the Entitlement Date in view that the ESOS was only implemented in March 2021 and is effective for a period of 5 years.

(6) If the Company is unable to fully utilise the proceeds raised from the Proposed Rights Issue with Warrants in accordance with the intended timeframes set out herein, the timeframe for utilisation of proceeds that has been allocated for the respective purposes will be extended and announced as well as disclosed in the Company's quarterly financial results announcements as well as annual reports until the Company has fully utilised the proceeds.

Alternatively, the Company may also consider to revise the utilisation of proceeds, whether partly or wholly, to another purpose depending on the Group's requirements at that point in time. In such event, details of the proposed revision shall be announced and, if required under the Listing Requirements, Shareholders' approval will be obtained accordingly.

Pending the utilisation of proceeds for the earmarked purposes, the unutilised proceeds shall be placed in interest-bearing deposits and/or money market financial instruments.

(i) Investment in the business of providing on-demand laundry services

The Group is principally involved in the following business segments:-

- (a) supply, installation, testing and commissioning of vended and on-premise commercial laundry equipment such as washers and dryers;
- (b) operation of self-service launderette outlets;
- (c) supply, installation, testing and commissioning of medical devices such as magnetic resonance imaging (MRI) systems, computerized topography (CT) scanners, digital radiography systems and X-ray systems; and
- (d) trading and distribution of healthcare and clinical devices such as blood pressure monitors, nebulisers, thermometers and COVID-19 test kits.

Leveraging on the Group's existing commercial laundry businesses and after receiving verbal indications of interest by some potential commercial customers in the healthcare sector, the Group now intends to venture into the provision of on-demand laundry services.

Such on-demand laundry services will offer individual and corporate customers convenient access to professional laundry services comprising washing, drying, folding, dry cleaning, ironing and pressing services as well as specialised cleaning and drying of large items (e.g. curtains, table cloths, bedsheets, comforters and carpets).

On top of that, customers will be able to secure pickup and delivery bookings through a mobile application and/or website. With the touch of a button, customers will be able to have their laundry picked up from their homes or offices and delivered back to them at their designated time.

Since the outbreak of the COVID-19 pandemic, the imposition of various movement control orders and physical distancing measures have led to a behavioural shift in consumers to opt for goods and services to be delivered to their doorstep to avoid going out in order to minimise exposure to COVID-19. This has led to an increase in demand for various online delivery services, including on-demand laundry services.

Further, even when movement control orders are lifted, many consumers may still remain cautious and prefer to stay at home until the outbreak ends or until most of the population has been vaccinated. Thus, the new on-demand laundry services will aim to capitalise on this behavioural shift. Moreover, even when the pandemic is over, consumers may still prefer to stick to on-demand laundry services due to its convenience.

The Group's investment in the on-demand laundry business comprises the following 3 key components:-

Estimated breakdown of utilisation		RM'000
(a)	Establishment of a centralised laundry facility and delivery team	12,000
(b)	Development of an on-demand laundry mobile application and/or website	15,000
(c)	Marketing for the on-demand laundry business	15,000
Total		42,000

(a) Establishment of a centralised laundry facility and delivery team

The Group plans to establish a centralised laundry facility which will be equipped with commercial laundry equipment to offer washing, drying, folding, dry cleaning, ironing and pressing services as well as specialised cleaning and drying of large items (e.g. curtains, table cloths, bedsheets, comforters and carpets), with capacity to offer such services at a large scale for commercial and industrial users (e.g. hospitals, hotels and factories) in addition to end-consumers (e.g. individuals and households).

In addition to the above, the Group plans to establish a delivery team which will consist of a dedicated delivery fleet comprising pickup and delivery vans and trucks as well as delivery personnel⁽¹⁾ who will handle the pickup and delivery of laundry to the customers.

Note:-

(1) *At this juncture, the delivery team is envisaged to comprise 5 sales and marketing staff, 5 technical and operations staff (e.g. supervisor, team leader and administration support) and up to 20 general workers and drivers.*

However, this personnel composition is an indication only and the actual composition of the personnel to be hired may differ depending on the progress and needs of the on-demand laundry business moving forward.

At this juncture, the relevant personnel has yet to be identified and recruited. The hiring process is expected to commence by the 4th quarter of 2021 and the personnel will be recruited in stages over the next 12 months in tandem with the progress of the expansion of the on-demand laundry business.

The total cost of establishing the centralised laundry facility and delivery team is estimated to be RM12.00 million as shown below:-

Estimated breakdown of utilisation		RM'000
(a)	Acquisition of laundry equipment and other ancillary items ⁽¹⁾	7,650
(b)	Renovations, fixtures, fittings and other miscellaneous items ⁽²⁾	2,850
(c)	Acquisition of vehicles ⁽³⁾	1,500
Total		12,000

Notes:-

(1) *This comprises washers, dryers, folders, ironing and pressing machines as well as other ancillary items such as boiler and piping system, feeders as well as trolleys. These will be capable of handling large volume of laundry as well as specialised cleaning and drying of large items (e.g. curtains, table cloths, bedsheets, comforters and carpets). The indicative number of laundry equipment to be acquired are listed below:-*

Equipment	Brand	Quantity	Capacity (kg per hour per unit)
Tunnel washer	Sealion	1	1,200
Washers	Sealion	4	100
Dryers	Sealion	4	100
Folders	Jensen	3	800
Ironers	Jensen	2	800
Dry cleaners	Renzacci	2	50

Equipment	Brand	Quantity	Capacity (kg per hour per unit)
<i>Boiler and piping system</i>	<i>Shin Yang</i>	<i>1</i>	<i>-</i>
<i>Feeders</i>	<i>Jensen</i>	<i>1</i>	<i>-</i>
<i>Trolleys</i>	<i>LYang</i>	<i>50</i>	<i>-</i>

(2) *This comprises installation of electrical, plumbing, drainage, exhaust, fire-fighting systems as well as other miscellaneous items such as office furniture and equipment, water storage tank as well as air-conditioning and ventilation system.*

(3) *This comprises a total of 12 vans and trucks.*

The actual types and models of the vehicles to be acquired may differ depending on the actual requirements of the Group at the relevant time as well as any potential discounts and/or rebates that may be offered by the vendors.

The Group intends to establish the centralised laundry facility and delivery team's base at a suitable factory building to be identified and rented. As at the LPD, a suitable factory building has yet to be identified, and the Group is looking at renting a factory building located within the Klang Valley with a built-up area of 10,000 square feet. The Group targets to finalise the leasing of the factory building by the 4th quarter of 2021. The Company will make the necessary announcements in accordance with the Listing Requirements as and when it enters into any agreement to rent the factory building, if required.

Upon leasing the factory building, the renovation of the factory, the installation of the laundry equipment and other ancillary items as well as the acquisition of vehicles are expected to be completed within 6 months.

At this juncture, the Group has not secured any contracts to provide laundry services to customers as such services are intended to be offered on an "on-demand" basis via a mobile application and/or website, details of which are set out below.

As a start, the Group plans to offer these services to customers within the Klang Valley region. Depending on the progress of the business and the demand for such services, the Group may expand its service coverage to include Penang and Johor in the future.

(b) Development of an on-demand laundry mobile application and/or website

The Group plans to establish a mobile application and/or website as a convenient avenue for customers to gain access to the on-demand laundry services at their fingertips anytime and anywhere.

The mobile application and/or website will be designed for customers to do the following:-

- (i) browse a list of laundry services (e.g. washing, drying, folding, ironing and pressing) and select the desired service(s) by ticking one or more boxes;
- (ii) book for the selected laundry service(s) by selecting pickup and delivery location and time;

- (iii) make payment via debit card, credit card, e-wallet or other payment methods; and
- (iv) track the status of their laundry and delivery.

Once the service is booked and paid, the laundry will be collected from the customer's stated location by a dedicated delivery fleet at the selected time and then sent to the Group's centralised laundry facility for cleaning, drying, folding, ironing and/or pressing. Upon completion, the clean laundry will be delivered back to the customer at the selected time and location.

Apart from fees for the laundry and delivery services, other potential sources of income may include advertisement fees derived from advertisement space on the mobile application and/or website.

The total cost to develop the mobile application and/or website is estimated to be RM15.00 million as shown below:-

Estimated breakdown of utilisation		RM'000
(a)	Software development costs ⁽¹⁾	13,950
(b)	Maintenance and support costs ⁽²⁾	1,000
(c)	Web and domain hosting costs ⁽³⁾	50
Total		15,000

Notes:-

- (1) *The Group intends to outsource the development of the on-demand laundry mobile application and/or website to a third-party software developer.*

The software development costs are estimated based on quotation obtained from Shin Kio Capital Trading Sdn Bhd, a local third-party software developer.

The software development costs include the cost to develop various modules (using, amongst others, Apache / Litespeed and PHP) for the mobile application and/or website including user registration module, user details management tool, order management tool, coupon / voucher function, product management tool, commission management tool, payment gateways, newsletter module, enterprise resource planning (ERP) module, inventory module and data analytics module.

The development of the on-demand laundry mobile application and/or website is expected to commence by the 4th quarter 2021 and is expected to be completed within 6 months (i.e. coinciding with the estimated time when the centralised laundry facility and delivery team will be established).

- (2) *The Group intends to outsource the maintenance and support of the on-demand laundry mobile application and/or website, including technical support, scheduled backup as well as monthly website traffic analysis, to a third-party service provider. This will allow the Group to focus on operating and expanding its laundry business.*
- (3) *This includes costs for web hosting, server storage, domain hosting, firewall and the relevant hardware and software. These are vital in the integration of the front-end and back-end of the on-demand laundry mobile application and/or website which in turn will enable the platform to operate in a seamless manner.*

(c) Marketing for the on-demand laundry business

The Group plans to implement various marketing and promotional activities for the on-demand laundry business by promoting its services offerings to attract users, increase brand awareness and reinforce brand positioning.

In this regard, the Group intends to spend RM15.00 million towards marketing and promotional activities as shown below:-

Estimated breakdown of utilisation		RM'000
(a)	Roadshows and promotional campaigns ⁽¹⁾	6,000
(b)	Billboard advertisements ⁽²⁾	1,000
(c)	Digital advertising ⁽³⁾	8,000
Total		15,000

Notes:-

(1) *The Group intends to engage in marketing efforts to increase awareness and attract users through roadshows and promotional campaigns. Third-party advertising agencies or event organisers will be engaged to execute the Group's roadshows and promotional campaigns for its on-demand laundry business.*

Roadshows allow the Group to reach out and engage potential users face-to-face. During roadshows, the benefits as well as the functions and features of the mobile application and/or website can be demonstrated to potential users to attract them to engage the Group's on-demand laundry services.

Promotional campaigns (e.g. promotions, discounts and other reward programmes) are expected to boost the attractiveness of the Group's on-demand laundry services. This is aimed at growing the user base of the mobile application and/or website and to create more traffic to these online platforms to generate sales. Promotional campaigns can be conducted through online platforms, other traditional advertising platforms as well as during the Group's roadshows to maximise the impact of the campaigns.

(2) *The Group intends to engage in billboard advertisements to create visibility and awareness towards its on-demand laundry services. The billboard will target areas within the Klang Valley with high concentration of medium to high income urban population.*

(3) *The Group intends to advertise on various digital platforms such as websites and social media platforms (e.g. Facebook, YouTube, Instagram and Twitter) through Google Ads or other digital advertising platforms. Digital advertising allows the Group to reach out to their target customers based on their consumer values, personalities, lifestyles and interests.*

Any shortfall between the final costs and the actual proceeds raised is intended to be met via internally generated funds, bank borrowings and/or future fund raising exercises to be undertaken by the Group (if required). The breakdown of such funding cannot be determined at this juncture as it will depend on, amongst others, the actual shortfall amount as well as the availability and suitability of other funding alternatives at the relevant time. Conversely, any surplus shall be reallocated to working capital and/or further investment in the business of providing on-demand laundry services.

(ii) **Working capital**

The Group intends to utilise the balance proceeds from the Proposed Rights Issue with Warrants for working capital in the following manner:-

Working capital	Percentage allocation (%)	Base Case Scenario RM'000	Maximum Scenario RM'000
Operating and administrative expenses such as maintenance of machineries and delivery fleet, rental cost, utilities ⁽¹⁾	50	6,850	15,299
Staff salaries ⁽²⁾	50	6,849	15,299
Total	100	13,699	30,598

Notes:-

(1) *The actual breakdown of these expenses cannot be determined at this juncture as it will depend on the actual operating and administrative requirements of the Group at the relevant time.*

(2) *To support the Group's expansion into the on-demand laundry business, the Group intends to recruit 35 delivery personnel comprising 5 sales and marketing staff, 5 technical and operations staff (e.g. supervisor, team leader and administration support) and up to 20 general workers and drivers.*

However, this personnel composition is an indication only and the actual composition of the personnel to be hired may differ depending on the progress and needs of the on-demand laundry business moving forward.

The hiring process is expected to commence by the 4th quarter of 2021 and the personnel will be recruited in stages over the next 12 months in tandem with the progress of the expansion of the on-demand laundry business.

(iii) **Estimated expenses for the Proposed Rights Issue with Warrants**

The breakdown of the estimated expenses for the Proposed Rights Issue with Warrants is illustrated below:-

Estimated expenses	Amount RM'000
Professional fees ⁽¹⁾	480
Fees to relevant authorities	85
Printing, despatch, advertising and meeting expenses	40
Miscellaneous expenses and contingencies	25
Total	630

Note:-

(1) *These include advisory fees payable to the Principal Adviser and other professional fees payable to the solicitors, company secretary, share registrar, independent market researcher and reporting accountants.*

The actual gross proceeds to be raised from the Proposed Rights Issue with Warrants will depend on the actual number of Rights Shares that will be issued as well as the issue price of the Rights Shares, which shall be determined in due course.

The exact quantum of proceeds that may be raised by the Company from the exercise of the Warrants would depend on the actual number of Warrants exercised as well as the exercise price of the Warrants, which shall be determined by the Board at a later date. The proceeds from the exercise of the Warrants will be received on an “as and when basis” over the tenure of the Warrants.

Strictly for illustrative purposes, based on the illustrative exercise price of RM0.06 per Warrant, the Company will raise gross proceeds of up to RM61.02 million upon full exercise of the Warrants under the Maximum Scenario. Any proceeds arising from the exercise of the Warrants in the future will be used to finance the future working capital requirements such as those described in Section 3(ii) of this Circular. The exact breakdown of the utilisation of proceeds for each component of working capital are subject to the actual requirements of the Group at the relevant time and the timeframe for full utilisation from the date of receipt of the proceeds cannot be determined at this juncture.

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4. RATIONALE FOR THE PROPOSED RIGHTS ISSUE WITH WARRANTS

The Proposed Rights Issue with Warrants will enable the Company to raise funds and channel them towards the proposed utilisation as set out in Section 3 of this Circular.

After due consideration of the various options available, the Board is of the opinion that the Proposed Rights Issue with Warrants is the most suitable means of fund raising for the Company for the following reasons:-

- (i) it will involve the issuance of new Shares without diluting the Entitled Shareholders' shareholdings provided that they subscribe in full for their respective entitlements under the Proposed Rights Issue with Warrants and exercise their Warrants subsequently;
- (ii) it provides an opportunity for the Entitled Shareholders to participate in the equity offering of the Company on a pro-rata basis; and
- (iii) it will enable the Company to raise the requisite funds without incurring additional interest expense from bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing costs.

The free Warrants which are attached to the Rights Shares are intended to provide an added incentive to the Entitled Shareholders to subscribe for the Rights Shares. In addition, the free Warrants will provide the Entitled Shareholders with an opportunity to increase their equity participation in the Company at a pre-determined exercise price during the tenure of the Warrants and will allow Entitled Shareholders to further participate in the future growth of the Company as and when the Warrants are exercised.

The exercise of the Warrants in the future will allow the Company to obtain additional funds without incurring additional interest expenses from borrowings. Furthermore, the exercise of Warrants will increase Shareholders' funds, thereby strengthening the financial position of the Company and providing the Company with flexibility in terms of the options available to meet its funding requirements.

For information, the equity fund-raising exercises undertaken by the Group in the past 12 months before the first announcement of the Proposed Rights Issue with Warrants are as follows:-

(i) Private placement 2021 – 30%

On 25 March 2021, the Company completed a private placement exercise which involved the issuance of 144,433,636 new Shares, raising a total of RM32.09 million.

The said proceeds have been partly utilised as follows:-

Utilisation of proceeds	Intended timeframe for utilisation from 25 March 2021	Utilisation received RM'000	Amount utilised as at the LPD RM'000	Balance unutilised RM'000
(i) Business expansion into the trading of COVID-19 test kits	Within 24 months	31,689	1,781	29,908
(ii) Expenses for the Private Placement 2021 – 30%	Immediate	405	405	-
Total		32,094	2,186	29,908

(ii) **Special issue**

On 11 December 2020, the Company completed a special issue exercise which involved the issuance of 60,197,000 new Shares to Bumiputera investors identified and/or approved by the Ministry of International Trade and Industry Malaysia ("**Special Issue**"), raising a total of RM15.65 million.

The said proceeds have been partly utilised as follows:-

Utilisation of proceeds		Intended timeframe for utilisation from 11 December 2020	Utilisation received RM'000	Amount utilised as at the LPD RM'000	Balance unutilised RM'000
(i)	Purchase of new devices and equipment	Within 24 months	9,750	6,567	3,183
(ii)	Working capital	Within 6 months	5,439	3,812	1,627
(iii)	Estimated expenses for the Special Issue	Within 1 month	462	462	-
Total			15,651	10,841	4,810

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5. INDUSTRY OVERVIEW AND PROSPECTS

5.1 Malaysian economy

The Malaysian economy registered a smaller decline of 0.5% in the first quarter (4Q 2020: -3.4%). The growth performance was supported mainly by the improvement in domestic demand and robust exports performance, particularly for E&E products. Growth was also supported by the continued policy measures. The imposition of the Second Movement Control Order (MCO 2.0) and the continued closure of international borders and restrictions on inter-state travel, however, weighed on economic activity. Nevertheless, as restrictions were eased in February and March, economic activity gradually picked up.

All economic sectors registered an improvement, particularly in the manufacturing sector. On the expenditure side, growth was driven by better private sector expenditure and strong exports. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a growth of 2.7% (4Q 2020: -1.5%).

Despite the recent re-imposition of containment measures, the impact on growth is expected to be less severe than that experienced in 2020, as almost all economic sectors are allowed to operate. Overall, the growth recovery will benefit from better global demand, increased public and private sector expenditure as well as continued policy support. This will also be reflected in the recovery in labour market conditions, especially in the gradual improvement in hiring activity. Higher production from existing and new manufacturing facilities, particularly in the E&E and primary-related sub-sectors, as well as oil and gas facilities will provide a further impetus to growth. The roll-out of the domestic COVID-19 vaccine programme will also lift sentiments and contribute towards recovery in economic activity. Nevertheless, the pace of recovery will be uneven across economic sectors.

(Source: Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2021, Bank Negara Malaysia)

Reinforced by the reopening of the economy in phases, growth is expected to improve gradually during the second half of the year, cushioning the significant contraction in the first half. Thus, Malaysia's gross domestic product ("GDP") is expected to contract by 4.5% in 2020 (2019: expanded by 4.3%), before rebounding between 6.5% and 7.5% in 2021.

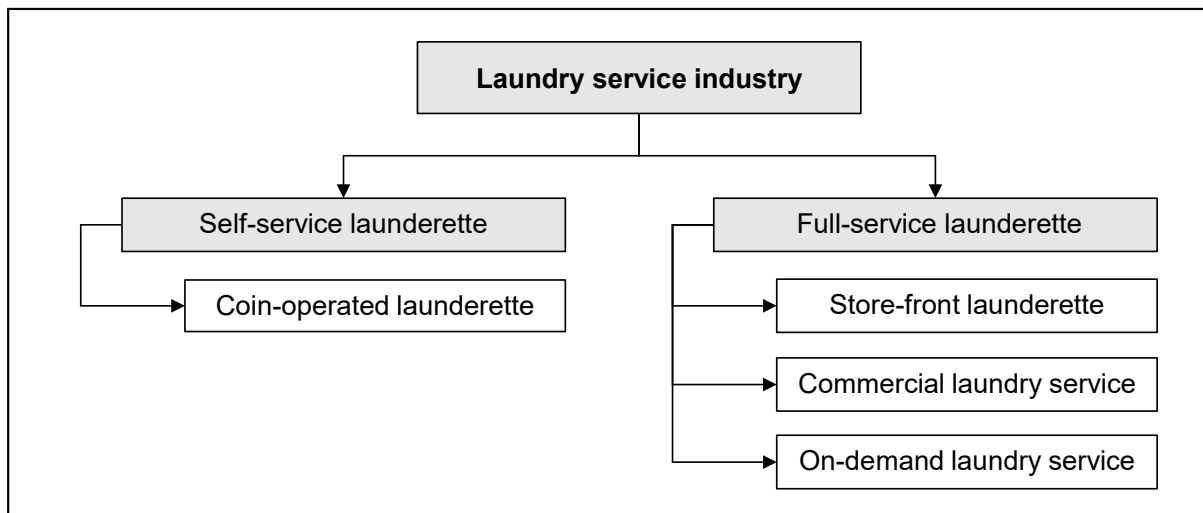
(Source: Economic Outlook 2021, Ministry of Finance Malaysia)

Overall, Malaysia's GDP growth contracted by 5.6% in 2020 (2019: expanded by 4.3%).

(Source: Annual Report 2020, Bank Negara Malaysia)

5.2 Laundry service industry in Malaysia

Laundry generally refers to items that require cleaning or washing, drying and/or ironing such as articles of clothing and other textiles. Laundry also loosely refers to articles of clothing and other textiles that have been cleaned or washed and/or dried. Laundry service is the provision of cleaning or washing, drying and/or ironing services for laundry consumers.



There are two types of laundry services, namely self-service launderette and full-service launderette.

(a) Self-service launderette

A coin-operated launderette is a type of self-service launderette. Customers operate the washing machines and dryers at a self-service launderette on their own by inserting coins into built-in coin slots on the washing machines and/or dryers as payment and then load and unload the laundry into and from the washing machines and/or dryers. Some washing machines and dryers in self-service launderette accepts notes and cashless payments such as credit card, debit card and e-wallet payments.

A self-service launderette can be partially attended or fully unattended. An attendant or attendants may be stationed at the launderette during scheduled maintenance of washing machines and dryers, and/or at specific time to ensure smooth operations of all washing machines and dryers, maintain cleanliness of the premise and provide assistance to customers. Certain self-service launderettes operate for 24 hours daily to cater to customers with busy schedules.

(b) Full-service launderette

Full-service launderette offers a wider range of laundry services such as washing, drying, dry cleaning, ironing, pressing and folding. It may also offer professional laundry services for fabric that requires unique care such as suits, gowns, silk, knitted wear, leather and lingerie. Customers of full-service launderette may drop off their dirty laundry and pick up their laundry at the launderette upon completion of service.

Examples of full-service launderette are store-front launderette, commercial laundry service and on-demand laundry service.

(i) Store-front launderette

Traditionally, full-service launderette operates through a physical store front. A store-front launderette generally has an attendant/ attendants stationed at the store at all times to handle drop off/ pick up of laundry by customers, mend the store and some may also be involved in the cleaning, drying, ironing, pressing and/or folding of the laundry. Some full-service launderettes may also provide added services by picking up and/or delivering of laundry from and to the customers' preferred location at the time of their choice.

As a result of development of technology, traditional store-front laundrettes began to automate the process of handling the drop off and pick up of laundry from customers by converting the store counter to fully-automated lockers. These lockers operate 24 hours daily and may be located at the launderette or other locations such as within the compounds of high-rise residential buildings and shopping centres for added accessibility. Customers can drop off their dirty laundry in the lockers and select the required laundry services and preferred pickup time. The dirty laundry will be picked up for cleaning by the launderette personnel. Upon completion of laundry service, the launderette personnel will return the cleaned laundry to the locker where the laundry will be picked up by the customers.

To use the laundry locker service, customers need to register an account with the launderette through a mobile application or website and select details such as drop-off or pick-up of laundry and type of service (e.g. dry cleaning, iron, wash and fold and laundry and press) upon which the mobile application generates a Quick Response (“QR”) code.

For added security, the locker, which is installed with a barcode scanner, only unlocks when scanned with a valid QR code generated by the mobile application.

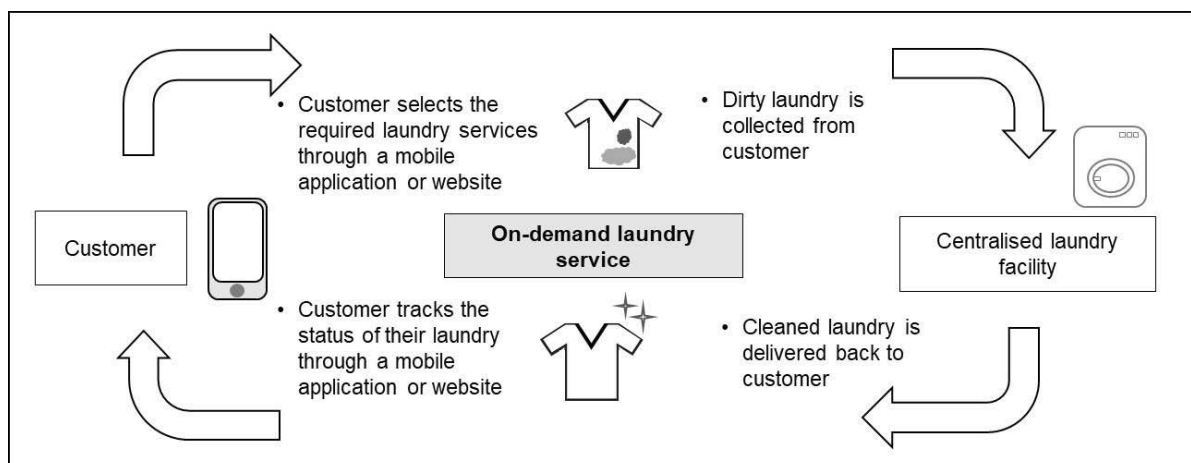
(ii) Commercial laundry service

Commercial laundry service caters for businesses such as hotels, restaurants and hospitals which generate large amount of laundry in terms of size of the articles and laundry load from their daily operations. Many of these businesses choose to outsource their laundry to professional commercial laundrettes which have the right equipment and cleaning detergent to handle their laundry. This allows businesses to focus on their principal business activities and eliminate costs pertaining to doing laundry in-house.

(iii) On-demand laundry service

On-demand laundry service typically offers door-to-door full-service laundry services at the customers’ preferred time and location. Customers can select the required laundry services, arrange for pickup and delivery time and track laundry status through a mobile application or website. The dirty laundry will be collected, cleaned and delivered by the on-demand laundry service provider at the customers’ selected preferred time and location. The cleaning usually takes place at a centralised laundry facility. As such, on-demand laundry service provides more convenience and easily accessible option to the customers for laundry services.

Illustration of an on-demand laundry business



In view of the outbreak of the COVID-19 pandemic in Malaysia since early 2020, the Government has imposed various MCOs to curb the spread of the COVID-19. During the initial MCO period, launderettes were not allowed to operate. Subsequently, the Government allowed all laundry outlets to resume its operation by adhering to strict guidelines such as maintaining physical distancing and only allowing a limited number of customers in the outlet at one time particularly in the outlets offering self-service launderette. These restrictions have led to a behavioural and lifestyle shift in consumers opting for on-demand laundry service which allows them to book laundry services and make payment online, and get their laundry picked up and delivered to them without having to be physically present at the physical launderette.

Further, even when all preventive measures and various forms of MCOs are lifted, many consumers may still remain cautious by practicing physical distancing as well as preferring to get their laundry done through an online service in order to minimise their exposure to the COVID-19 virus until the outbreak ends. Thus, this behavioural shift is expected to continue to drive demand for on-demand laundry services.

Market performance and key market drivers of laundry service industry in Malaysia

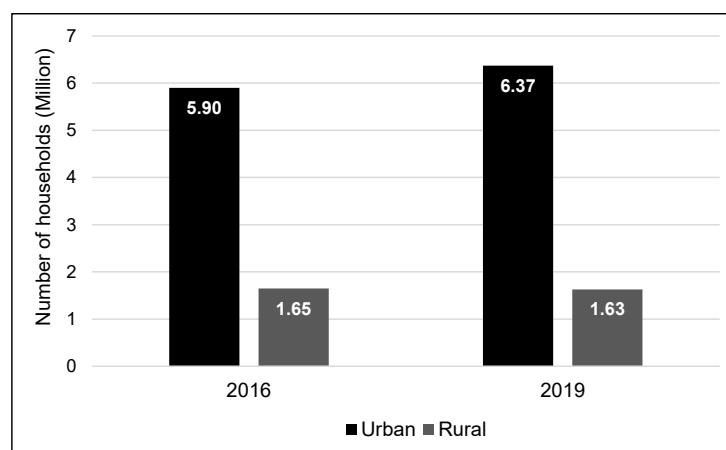
The market size for laundry service in Malaysia is not publicly available. Due to the unavailability of complete data on the sales of laundry services, the market size for laundry service in Malaysia cannot be derived. As laundromats are an essential business in urban communities, the growth in the number of households in urban areas in Malaysia is used to illustrate the demand for laundry service in Malaysia. The same can be used to illustrate the demand for on-demand laundry services as this service is mostly made available within urban communities too.

Based on latest available information, as of 2019, the number of households in urban areas in Malaysia has a larger share with 79.64% with the remaining 20.36% households in rural areas. According to Department of Statistics Malaysia ("**DOSM**"), the definition of urban areas are gazetted areas with their adjoining built-up areas, which had a combined population of 10,000 or more at the time of the census or the special development area that can be identified, which at least had a population of 10,000 with at least 60 per cent of population (aged 15 years and above) were involved in non-agricultural activities.

The number of households in urban areas increased from 5.90 million in 2016 to 6.37 million in 2019 with a compound annual growth rate ("**CAGR**") of 2.59%.

Based on DOSM, the urbanisation rate in Malaysia is expected to increase from 76.60% in 2020 to 88.00% in 2050, driven by continuous need to seek better educational and employment opportunities in the urban areas and to have higher standards of living.

Number of households in Malaysia in 2016 and 2019



Notes:-

- Latest available information as at 28 May 2021.

- Data for 2017 and 2018 is not available as this data is not reported on a yearly basis.

- Forecast data for 2020 and beyond is not publicly available.

(Source: DOSM, SMITH ZANDER)

With better job opportunities and improved purchasing power, urban dwellers have higher spending ability which include expanding their wardrobe selections with apparel of different styles (e.g. suits, gowns, costumes) and textiles (e.g. silk, leather, sequin, cashmere, wool and suede) which require special laundry care. This is expected to drive the demand for professional laundry services rendered by full-service laundrettes.

Based on the latest available data from DOSM, between 2016 and 2019, the average monthly household disposable income in Malaysia increased from RM5,928 to RM6,764 at a CAGR of 4.50%. Over the same period, the average monthly household consumption expenditure increased from RM4,033 to RM4,534 at a CAGR of 3.98%. The forecast average monthly household disposable income and average monthly household consumption expenditure for 2020 and beyond are not publicly available.

Laundry services, including on-demand laundry services are also driven by the following:

(i) Convenience and accessibility to laundry services

Doing laundry can be tedious and mundane, and coupled with a busy and hectic lifestyle, outsourcing laundry is a common option for many modern families, working adults and students. The washing machines and dryers at laundrettes are of commercial grades which are relatively larger in size and have the capacity to accommodate larger loads of laundry. Hence, consumers can get their laundry done in a single load, or in lesser number of loads, which is less time consuming, instead of having to split the laundry into multiple washes.

Laundry services also offer flexibility and convenience for budget sensitive consumers, such as students and young working adults, as they may not have the luxury to invest in their own washing machines and dryers whilst renting a room. Tourists who want to have their clothes cleaned during their stay in Malaysia can also opt for self-service laundry services or full-service laundrette services instead of relying on the hotel's laundry services which can be relatively costly.

Laundrettes are typically located at high foot traffic areas within close proximity to residential areas. Many self-service laundrettes operate for 24 hours to allow customers to do laundry at anytime of the day. With the advancement of technology, lockers are installed at various high foot traffic areas including at the apartment, education institutions and shopping malls for customers to conveniently drop off and collect their laundry without having to travel to the laundrette itself.

Further, on-demand laundry services allow door-to-door laundry services to be accessed at customer's fingertip through mobile applications and websites at anytime and anywhere. Consumers are able to place an order to get their laundry picked up and delivered to their doorstep at their preferred schedule. On-demand laundry mobile applications and websites are also equipped with other convenient features such as online payment facilities, real-time and location tracking of the laundry delivery and real-time customer service which aim to enhance consumers' laundry experience. With on-demand laundry mobile applications and websites, laundry services become even more accessible and convenient to consumers which may further boost the growth of laundry service industry.

(ii) **Shift in consumer spending behaviour to shop and engage services through online platforms**

The COVID-19 virus and the physical distancing measures as evidenced by the respective preventive or movement restriction measures taken by our Government has resulted in a shift in consumer behaviour towards online shopping. Consumers have become more comfortable engaging services such as laundry delivery, food delivery and cleaning services through online platforms.

Therefore, despite the expected slowdown in economic conditions due to the COVID-19 pandemic, on-demand laundry services are well-positioned to serve increasing demand for laundry delivery services online due to the increased number of customers and participating industry players on online platforms.

Further, under the Pelan Jana Semula Ekonomi Negara (PENJANA) i.e. Short-Term Economic Recovery Plan, the Government allocated a total of RM140 million in launching two initiatives which are Shop Malaysia Online and Micro and Small and Medium Enterprises E-Commerce Campaign to support the economy to operate in the new normal. The former initiative aims to encourage purchases via e-commerce platforms by providing discount vouchers for selected e-commerce platforms whilst the latter initiative aims to encourage the adoption of online platforms as a sales channel by local businesses through onboarding training, seller subsidy and sales support. Among the initiatives include the micros and small and medium enterprises (“SMEs”) e-commerce campaign to encourage the adoption of e-commerce by micro enterprises and SMEs. As such, these initiatives by the Government will contribute to the participation by laundry service providers in e-commerce as well as driving the demand for online based laundry services in Malaysia.

(Source: IMR Report)

5.3 Prospects and future plans of the Group

The Group is principally involved in the following business segments:-

- (a) supply, installation, testing and commissioning of vended and on-premise commercial laundry equipment such as washers and dryers;
- (b) provision of commercial laundry services via operating self-service launderette outlets;
- (c) supply, installation, testing and commissioning of medical devices such as magnetic resonance imaging (MRI) systems, computerized topography (CT) scanners, digital radiography systems and X-ray systems; and
- (d) trading and distribution of healthcare and clinical devices such as blood pressure monitors, nebulisers, thermometers and COVID-19 test kits.

Over the past 3 years, there has been significant growth in the sales of the Group's healthcare and clinical devices, as shown below:-

Segments	Audited FYE 31 December		
	2018	2019	2020
	RM'000	RM'000	RM'000
Medical devices	41,599	59,203	30,375
Commercial laundry equipment	44,255	34,073	24,810
Healthcare and clinical devices	6,692	10,216	12,232

Segments	Audited FYE 31 December		
	2018	2019	2020
	RM'000	RM'000	RM'000
Commercial laundry services	-	262	710

Although the Group registered decline in revenues from the medical devices and commercial laundry equipment segments for the FYE 31 December 2020, the decline was partly offset by an increase in revenue for the healthcare and clinical devices segment.

The decline in revenue from the medical devices segment was mainly caused by some of the Group's clients postponing or temporarily putting on hold their expansion plans in 2020.

Further, commercial laundry equipment sales reduced due to the temporary closure of business for 2 months due to the MCO as well as some coin-operated launderette customers switching to home-laundry to reduce their exposure to public spaces under the COVID-19 climate.

The increase in revenue from the healthcare and clinical devices segment was mainly due to higher demand for blood pressure devices and thermometers as a result of consumers being more health conscious due to the COVID-19 pandemic.

In view of the opportunities for the healthcare and clinical devices segment under the ongoing COVID-19 pandemic, the Group has decided to further expand their range of healthcare products to include COVID-19 test kits. The Group had on 25 March 2021 completed the Private Placement 2021 – 30%, raising proceeds of RM32.09 million which are intended to be utilised mainly to fund the Group's expansion into the trading of COVID-19 test kits. In May 2021, the Group has set up a new office, clean room and storage facility for the COVID-19 test kits located in Bangsar South, Kuala Lumpur with a built-up area of 3,340 square feet. The Group is now in the midst of receiving orders for COVID-19 test kits.

Further to the above, the Group intends to further expand its business by venturing into the provision of on-demand laundry services, further details of which are set out in Section 3(i) of this Circular. This is aimed at capitalising on the increase in demand for various online delivery services, including on-demand laundry services, following a behavioural shift in consumers opting for goods and services to be delivered to their doorstep to avoid going out in order to minimise exposure to COVID-19. In addition, venturing into the on-demand laundry services business may also mitigate some of the negative effects of the COVID-19 pandemic on the commercial laundry equipment segment as customers shift from self-service coin laundrettes to online / on-demand based laundry services to reduce their exposure to public spaces.

Premised on the above as well as the outlook and prospects of the laundry service industry in Malaysia as set out in Section 5.2 of this Circular, the management is optimistic of the Group's future prospects.

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6. EFFECTS OF THE PROPOSED RIGHTS ISSUE WITH WARRANTS

6.1 Share capital

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

	Minimum Scenario		Base Scenario		Maximum Scenario	
	No. of Shares	Share capital RM	No. of Shares	Share capital RM	No. of Shares	Share capital RM
Issued share capital as at the LPD	625,880,836	79,277,724	625,880,836	79,277,724	625,880,836	79,277,724
New Shares to be issued assuming full granting and exercise of the ESOS Options	-	-	-	-	187,764,250	(1)51,240,864
Enlarged issued share capital after full granting and exercise of the ESOS Options	625,880,836	79,277,724	625,880,836	79,277,724	813,645,086	130,518,588
New Shares to be issued pursuant to the Proposed Rights Issue with Warrants	166,666,668	(2)10,000,000	938,821,254	(2)56,329,275	1,220,467,629	(2)73,228,058
New Shares to be issued assuming full exercise of the Warrants	138,888,890	(3)8,333,333	782,351,045	(3)46,941,063	1,017,056,357	(3)61,023,381
Enlarged issued share capital	931,436,394	97,611,057	2,347,053,135	182,548,062	3,051,169,072	264,770,027

Notes:-

- (1) Assuming all the 187,764,250 ESOS Options which may be granted pursuant to the maximum allowable amount under the ESOS are fully granted and exercised into 187,764,250 new Shares at an illustrative exercise price of RM0.15 each (based on 10% discount to the 5-day VWAP of the Shares up to and including the LPD of RM0.1619 and rounded up to the nearest Sen) and after accounting for the reversal of share option reserve.
- (2) Based on an illustrative issue price of RM0.06 per Rights Share.
- (3) Based on an illustrative exercise price of RM0.06 per Warrant.

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6.2

NA and gearing

The pro forma effects of the Proposed Rights Issue with Warrants on the NA and gearing of the Group are as follows:-

Minimum Scenario

Group level	Audited as at 31 December 2020 RM'000	(I) After subsequent events ⁽¹⁾ RM'000	(II) After (I) and the Proposed Rights Issue with Warrants ⁽²⁾⁽³⁾ RM'000	(III) After (II) and assuming full exercise of the Warrants ⁽⁴⁾ RM'000
Share capital	47,356	79,278	89,278	97,611
Merger reserves	(16,049)	(16,049)	(16,049)	(16,049)
Warrant reserve	-	-	1,989	-
Other reserve	-	-	(1,989)	-
Retained earnings	37,067	37,067	36,437	36,437
Shareholders' equity / NA	68,375	100,296	109,666	117,999
Non-controlling interests	3,085	3,085	3,085	3,085
Total equity	71,460	103,381	112,751	121,084
No. of Shares in issue ('000)	481,447	625,881	792,548	931,436
NA per Share (RM)	0.14	0.16	0.14	0.13
Total borrowings (RM'000)	8,588	8,588	8,588	8,588
Gearing ratio (times)	0.12	0.08	0.08	0.07

Notes:-

- (1) After accounting for the issuance of 80,797,636 and 63,636,000 new Shares at the issue price of RM0.2200 and RM0.2250 each respectively arising from the Private Placement 2021 – 30% which was completed on 25 March 2021.
- (2) Based on the issuance of 166,666,668 Rights Shares at an illustrative issue price of RM0.06 each together with 138,888,890 Warrants.
- (3) After accounting for the creation of warrant reserve based on the issuance of the Warrants at an allocated fair value of RM0.0609 per Warrant (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and estimated expenses incidental to the Proposed Rights Issue with Warrants of RM0.63 million.
- (4) Based on an illustrative exercise price of RM0.06 per Warrant and after accounting for the reversal of warrant reserve.

Base Case Scenario

Group level	Audited as at 31 December 2020 RM'000	(I) After subsequent events ⁽¹⁾ RM'000	(II) After (I) and the Proposed Rights Issue with Warrants ⁽²⁾⁽³⁾ RM'000	(III) After (II) and assuming full exercise of the Warrants ⁽⁴⁾ RM'000
Share capital	47,356	79,278	135,607	182,548
Merger reserves	(16,049)	(16,049)	(16,049)	(16,049)
Warrant reserve	-	-	11,203	-
Other reserve	-	-	(11,203)	-
Retained earnings	37,067	37,067	36,437	36,437
Shareholders' equity / NA	68,375	100,296	155,995	202,936
Non-controlling interests	3,085	3,085	3,085	3,085
Total equity	71,460	103,381	159,080	206,022
No. of Shares in issue ('000)	481,447	625,881	1,564,702	2,347,053
NA per Share (RM)	0.14	0.16	0.10	0.09
Total borrowings (RM'000)	8,588	8,588	8,588	8,588
Gearing ratio (times)	0.12	0.08	0.05	0.04

Notes:-

- (1) After accounting for the issuance of 80,797,636 and 63,636,000 new Shares at the issue price of RM0.2200 and RM0.2250 each respectively arising from the Private Placement 2021 – 30% which was completed on 25 March 2021.
- (2) Based on the issuance of 938,821,254 Rights Shares at an illustrative issue price of RM0.06 each together with 782,351,045 Warrants.
- (3) After accounting for the creation of warrant reserve based on the issuance of the Warrants at an allocated fair value of RM0.0609 per Warrant (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and estimated expenses incidental to the Proposed Rights Issue with Warrants of RM0.63 million.
- (4) Based on an illustrative exercise price of RM0.06 per Warrant and after accounting for the reversal of warrant reserve.

Maximum Scenario

Group level	Audited as at 31 December 2020 RM'000	(I) After subsequent events ⁽¹⁾ RM'000	(II) After (I) and assuming full granting and exercise of the ESOS Options ⁽²⁾ RM'000	(III) After (II) and the Proposed Rights Issue with Warrants ⁽³⁾⁽⁴⁾ RM'000	(IV) After (III) and assuming full exercise of the Warrants ⁽⁵⁾ RM'000
Share capital	47,356	79,278	130,519	203,747	264,770
Merger reserves	(16,049)	(16,049)	(16,049)	(16,049)	(16,049)
Warrant reserve	-	-	-	(14,564)	-
Other reserve	-	-	-	14,564	-
Retained earnings	37,067	37,067	13,991	13,361	13,361
Shareholders' equity / NA	68,375	100,296	128,461	201,059	262,082
Non-controlling interests	3,085	3,085	3,085	3,085	3,085
Total equity	71,460	103,381	131,546	204,144	265,167
No. of Shares in issue ('000)	481,447	625,881	813,645	2,034,113	3,051,169
NA per Share (RM)	0.14	0.16	0.16	0.10	0.09
Total borrowings (RM'000)	8,588	8,588	8,588	8,588	8,588
Gearing ratio (times)	0.12	0.08	0.07	0.04	0.03

Notes:-

- (1) After accounting for issuance of 80,797,636 and 63,636,000 new Shares at the issue price of RM0.2200 and RM0.2250 each respectively arising from the Private Placement 2021 – 30% which was completed on 25 March 2021.
- (2) After assuming all the 187,764,250 ESOS Options which may be granted pursuant to the maximum allowable amount under the ESOS are fully granted and exercised into 187,764,250 new Shares at an illustrative exercise price of RM0.15 each (based on 10% discount to the 5-day VWAP of the Shares up to and including the LPD of RM0.1619 and rounded up to the nearest Sen) and after accounting for the reversal of share option reserve. Based on the issuance of 1,220,467,629 Rights Shares at an illustrative issue price of RM0.06 each together with 1,017,056,357 Warrants.
- (3) After accounting for the creation of warrant reserve based on the issuance of the Warrants at an allocated fair value of RM0.0609 per Warrant (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and estimated expenses incidental to the Proposed Rights Issue with Warrants of RM0.63 million.
- (5) Based on an illustrative exercise price of RM0.06 per Warrant and after accounting for the reversal of warrant reserve.

6.3 Substantial shareholders' shareholdings

The pro forma effects of the Proposed Rights Issue with Warrants on the substantial Shareholders' shareholdings in the Company based on the Record of Depositors of the Company as at the LPD are as follows:-

Minimum Scenario

Under the Minimum Scenario, the Undertaking Shareholders will emerge as substantial Shareholders.

Substantial Shareholders	As at the LPD			(I) After the Proposed Rights Issue with Warrants		
	Direct		Indirect	Direct		Indirect
	No. of Shares	(1)%		No. of Shares	(2)%	
Sanichi Technology Berhad	44,000,800	7.03	-	44,000,800	5.55	-
Liow Wei Kim	40,000,000	6.39	-	40,000,000	5.05	-
Hoo Swee Guan	(4)10,000	(5)1	-	83,343,334	10.52	-
Ho Kee Wee	(4)1,000	(5)1	-	83,334,334	10.51	-

Substantial Shareholders	(II) After (I) and assuming full exercise of the Warrants		
	Direct		Indirect
	No. of Shares	(3)%	
Sanichi Technology Berhad	44,000,800	4.72	-
Liow Wei Kim	40,000,000	4.29	-
Hoo Swee Guan	152,787,779	16.40	-
Ho Kee Wee	152,778,779	16.40	-

Notes:-

- (1) Based on the issued share capital of 625,880,836 Shares.
- (2) Based on the enlarged issued share capital of 792,547,504 Shares.
- (3) Based on the enlarged issued share capital of 931,436,394 Shares.
- (4) Based on their shareholding as at the LPD.
- (5) Less than 0.01%.

Base Case Scenario

Under the Base Case Scenario, the Undertaking Shareholders will not emerge as substantial Shareholders.

	As at the LPD				(I) After the Proposed Rights Issue with Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Substantial Shareholders								
Sanichi Technology Berhad	44,000,800	7.03	-	-	110,002,000	7.03	-	-
Liow Wei Kim	40,000,000	6.39	-	-	100,000,000	6.39	-	-

	(II) After (I) and assuming full exercise of the Warrants			
	Direct		Indirect	
	No. of Shares	(3)%	No. of Shares	(3)%
Substantial Shareholders				
Sanichi Technology Berhad	165,003,000	7.03	-	-
Liow Wei Kim	150,000,000	6.39	-	-

Notes:-

(1) Based on the issued share capital of 625,880,836 Shares.

(2) Based on the enlarged issued share capital of 1,564,702,090 Shares.

(3) Based on the enlarged issued share capital of 2,347,053,135 Shares.

Maximum Scenario

Under the Maximum Scenario, the Undertaking Shareholders will not emerge as substantial Shareholders.

	As at the LPD				(I) After assuming full granting and exercise of the ESOS Options			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Substantial Shareholders								
Sanichi Technology Berhad	44,000,800	7.03	-	-	44,000,800	5.41	-	-
Liow Wei Kim	40,000,000	6.39	-	-	40,000,000	4.92	-	-

	(II) After (I) and the Proposed Rights Issue with Warrants				(III) After (II) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(3)%	No. of Shares	(3)%	No. of Shares	(4)%	No. of Shares	(4)%
Substantial Shareholders								
Sanichi Technology Berhad	110,002,000	5.41	-	-	165,003,000	5.41	-	-
Liow Wei Kim	100,000,000	4.92	-	-	150,000,000	4.92	-	-

Notes:-

- (1) Based on the issued share capital of 625,880,836 Shares.
- (2) Based on the enlarged issued share capital of 813,645,086 Shares.
- (3) Based on the enlarged issued share capital of 2,034,112,715 Shares.
- (4) Based on the enlarged issued share capital of 3,051,169,072 Shares.

6.4 Earnings and EPS

The effects of the Proposed Rights Issue with Warrants on the consolidated earnings and EPS of the Company for the FYE 31 December 2021 will depend on, amongst others, the number of Rights Shares to be issued and the level of returns generated from the utilisation of the proceeds to be raised from the Proposed Rights Issue with Warrants.

Assuming that the consolidated earnings of the Company remain unchanged, the EPS of the Company will be diluted as a result of the increase in the number of Shares in issue following the issuance of the Rights Shares and any new Shares arising from the exercise of the Warrants.

For illustration, assuming the Proposed Rights Issue with Warrants had been completed at the beginning of the FYE 31 December 2020, the pro forma effects of the Proposed Rights Issue with Warrants on the consolidated earnings and EPS of the Company would be as follows:-

	Audited FYE 31 December 2020	(I) After the Proposed Rights Issue with Warrants		
		Minimum Scenario	Base Case Scenario	Maximum Scenario
PAT attributable to owners of the Company (RM'000)	2,658	⁽¹⁾ 2,028	⁽¹⁾ 2,028	⁽¹⁾ 2,028
Weighted average no. of Shares ('000)	424,704	591,371	1,363,525	⁽²⁾ 1,832,936
EPS (sen)	0.63	0.34	0.15	0.11

	(II) After (I) and assuming full granting and exercise of the Warrants		
	Minimum Scenario	Base Case Scenario	Maximum Scenario
PAT attributable to owners of the Company (RM'000)	2,028	2,028	2,028
Weighted average no. of Shares ('000)	730,260	2,145,876	2,849,992
EPS (sen)	0.28	0.09	0.07

Notes:-

- (1) After accounting for estimated expenses incidental to the Proposed Rights Issue with Warrants of RM0.63 million.
- (2) After assuming full granting and exercise of the ESOS Options which may be granted pursuant to the maximum allowable amount under the ESOS as at the LPD prior to the Entitlement Date.

The pro forma effects above have not taken into consideration any returns which may be generated from the utilisation of the proceeds to be raised from the Proposed Rights Issue with Warrants.

6.5 Convertible securities

Save for the following, the Company does not have any other outstanding convertible securities as at the LPD:-

6.5.1 ESOS Options

As at the LPD, the Company has up to 187,764,250 ESOS Options which may be granted pursuant to the maximum allowable amount under the ESOS.

Consequential to the Proposed Rights Issue with Warrants, the exercise price and/or number of granted ESOS Options (if any) may be adjusted in accordance with the provisions of the By-Laws to ensure that the status of the holders of the ESOS Options is not prejudiced as a result of the Proposed Rights Issue with Warrants.

Such adjustments (if any) will only be finalised on the Entitlement Date and will be effective on the date following the Entitlement Date, and the relevant notifications to the respective holders will be issued by the Company at a later date.

7. TENTATIVE TIMELINE

Subject to all relevant approvals being obtained, the Proposed Rights Issue with Warrants is expected to be completed by the third quarter of 2021. The tentative timetable for the Proposed Rights Issue with Warrants is as follows:-

Date	Events
24 June 2021	<ul style="list-style-type: none">• EGM for the Proposed Rights Issue with Warrants
End June 2021	<ul style="list-style-type: none">• Announcement of the Entitlement Date
July 2021	<ul style="list-style-type: none">• Entitlement Date• Despatch of the abridged prospectus, notices of provisional allotment and rights subscription forms
August 2021	<ul style="list-style-type: none">• Closing date of application for the Rights Shares with Warrants• Listing and quotation of the Rights Shares and Warrants• Completion of the Proposed Rights Issue with Warrants

8. APPROVALS REQUIRED

The Proposed Rights Issue with Warrants is subject to approvals being obtained from the following:-

- (i) Bursa Securities for the following:-
 - (a) admission of the Warrants to the Official List;
 - (b) listing and quotation of the Rights Shares and Warrants; and
 - (c) listing and quotation of the new Shares to be issued arising from the exercise of the Warrants.

The approval of Bursa Securities was obtained on 24 May 2021, subject to the following conditions:-

Conditions		Status of compliance
(a)	BCM and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Rights Issue with Warrants;	To be complied
(b)	BCM and Mercury Securities to inform Bursa Securities upon the completion of the Proposed Rights Issue with Warrants;	To be complied
(c)	BCM to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue with Warrants is completed; and	To be complied
(d)	BCM 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 listing fees payable.	To be complied

- (ii) Shareholders at the forthcoming EGM for the Proposed Rights Issue with Warrants; and
- (iii) any other relevant authorities and/or parties, if required.

9. CONDITIONALITY

The Proposed Rights Issue with Warrants is not conditional upon any other corporate exercise / scheme being or proposed to be undertaken by the Company.

10. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Rights Issue with Warrants, there are no other corporate exercises which have been announced by the Company but are pending completion before the date of this Circular.

11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE OF THE COMPANY AND/OR PERSONS CONNECTED TO THEM

None of the Directors and/or major Shareholders, chief executive of the Company and/or persons connected to them have any interest, direct or indirect, in the Proposed Rights Issue with Warrants apart from their respective entitlements under the Proposed Rights Issue with Warrants (including the right to apply for additional Rights Shares via excess Rights Shares applications), if any, of which all other Shareholders are similarly entitled to.

12. BOARD'S RECOMMENDATION

The Board, having considered the current and prospective financial position, needs and capacity of the Group, and after careful deliberation as well as taking into consideration the rationale, utilisation of proceeds and all other aspects of the Proposed Rights Issue with Warrants, is of the opinion that the Proposed Rights Issue with Warrants is in the best interests of the Company.

Accordingly, the Board recommends that you vote in favour of the resolution pertaining to the Proposed Rights Issue with Warrants to be tabled at the forthcoming EGM.

13. EGM

The EGM, the Notice of which is enclosed with this Circular, will be conducted on a fully virtual basis through live streaming and online remote voting at <https://rebrand.ly/BCM-EGM>, as provided by Mlabs Research Sdn Bhd in Malaysia, on the date and time indicated below or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the resolution, with or without any modifications, to give effect to the Proposed Rights Issue with Warrants.

Day, date and time of the EGM : Thursday, 24 June 2021 at 9.00 a.m.

If you are unable to attend and vote in person at the EGM, you may appoint a proxy to attend and vote on your behalf by completing, signing and returning the enclosed Form of Proxy in accordance with the instructions contained therein as soon as possible, so as to arrive at the Share Registrar's Office of the Company at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor, Malaysia or via email to admin.registrar@boardroom.com.my or fax to +603 7890 1032 not less than 48 hours before the date and time set for holding the EGM or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll or at any adjournment thereof. The completion and lodgement of the Form of Proxy shall not preclude you from attending and voting in person at the EGM should you subsequently wish to do so and in such an event, your Form of Proxy shall be deemed to have been revoked.

14. FURTHER INFORMATION

You are requested to refer to Appendix I for further information.

Yours faithfully,
For and on behalf of the Board of
BCM ALLIANCE BERHAD

LIAW CHONG LIN
Managing Director

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and the Directors collectively and individually accept full responsibility for the completeness and accuracy of the information contained in this Circular and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements contained in this Circular or other facts, the omission of which would make any statement in this Circular false or misleading.

2. CONSENT AND CONFLICT OF INTEREST**2.1 Mercury Securities**

The written consent of Mercury Securities, being the Principal Adviser for the Proposed Rights Issue with Warrants, for the inclusion of its name and all references thereto in the form and context in which it appears in this Circular has been given and has not been subsequently withdrawn before the issuance of this Circular.

Mercury Securities is not aware of any conflict of interest which exists or is likely to exist in relation to its role as the Principal Adviser for the Proposed Rights Issue with Warrants.

2.2 SMITH ZANDER

The written consent of SMITH ZANDER, being the independent market researcher, for the inclusion of its name and extracts of its IMR Report referred to in Section 5.2 of this Circular in the form and context in which it appears in this Circular has been given and has not been subsequently withdrawn before the issuance of this Circular.

SMITH ZANDER is not aware of any conflict of interest which exists or is likely to exist in relation to its role as the independent market researcher.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**Material commitments**

As at the LPD, the Board confirmed that there are no material commitments incurred or known to be incurred by the Group.

Contingent liabilities

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

4. MATERIAL LITIGATION

As at the LPD, the Board confirmed that neither the Company nor its subsidiaries are engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or business of the Company and/or its subsidiaries and the Board confirmed that there are no proceedings pending or threatened against the Company and/or its subsidiaries or any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Company and/or its subsidiaries.

APPENDIX I – FURTHER INFORMATION (CONT'D)

5. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of the Shares as transacted on Bursa Securities for the past 12 months preceding the date of this Circular are as follows:-

	High RM	Low RM
2020		
May	0.300	0.150
June	0.365	0.200
July	0.340	0.220
August	0.455	0.255
September	0.315	0.230
October	0.320	0.245
November	0.285	0.255
December	0.315	0.265
2021		
January	0.400	0.260
February	0.270	0.230
March	0.325	0.210
April	0.230	0.190
Last transacted market price on 4 May 2021, being the last Market Day immediately prior to the first announcement of the Proposed Rights Issue with Warrants	0.185	
Last transacted market price on the LPD	0.150	

(Source: Bloomberg)

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor, Malaysia during normal business hours from Monday to Friday (except public holidays) following the date of this Circular up to and including the date of the EGM:-

- (i) Constitution of the Company;
- (ii) audited consolidated financial statements of the Company for the FYE 31 December 2019 and FYE 31 December 2020 as well as the unaudited consolidated financial statements of the Company for the 3-month financial period ended 31 March 2021;
- (iii) the IMR Report referred to in Section 5.2 of this Circular;
- (iv) letters of consent referred to in Section 2 of this Appendix I; and
- (v) draft Deed Poll.



BCM ALLIANCE BERHAD

[Registration No. 201501009903 (1135238-U)]
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“**EGM**”) of BCM Alliance Berhad (“**BCM**” or the “**Company**”) will be conducted on a fully virtual basis through live streaming and online remote voting at <https://rebrand.ly/BCM-EGM>, as provided by Mlabs Research Sdn Bhd in Malaysia, on Thursday, 24 June 2021 at 9.00 a.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing the following resolution with or without modifications:-

ORDINARY RESOLUTION

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,220,467,629 NEW ORDINARY SHARES IN THE COMPANY (“BCM SHARES” OR “SHARES”) (“RIGHTS SHARES”) TOGETHER WITH UP TO 1,017,056,357 FREE DETACHABLE WARRANTS IN THE COMPANY (“WARRANTS”) ON THE BASIS OF 6 RIGHTS SHARES TOGETHER WITH 5 FREE WARRANTS FOR EVERY 4 EXISTING SHARES HELD BY THE ENTITLED SHAREHOLDERS OF THE COMPANY ON AN ENTITLEMENT DATE TO BE DETERMINED (“PROPOSED RIGHTS ISSUE WITH WARRANTS”)

“THAT subject to the approvals of all relevant parties and/or authorities being obtained (if required), including but not limited to the approval of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing and quotation of the Rights Shares and Warrants to be issued hereunder and the new Shares to be issued pursuant to the exercise of the Warrants, the Board be and is hereby authorised to undertake the Proposed Rights Issue with Warrants as follows:-

- (i) to provisionally allot and issue by way of a renounceable rights issue of up to 1,220,467,629 Rights Shares together with up to 1,017,056,357 Warrants to the shareholders of the Company (“**Shareholders**”) whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date and/or their renounee(s), on the basis of 6 Rights Shares together with 5 free Warrants for every 4 existing Shares held on the Entitlement Date at an issue price to be determined by the Board and on such terms and conditions and in such manner as the Board may determine;
- (ii) to enter into and execute the deed poll constituting the Warrants (“**Deed Poll**”) and to do all acts, deeds and things as the Board may deem fit or expedient in order to implement, finalise and give effect to the Deed Poll (including, without limitation, the affixing of the Company’s company seal, where necessary);
- (iii) to allot and issue the Warrants in registered form to the Entitled Shareholders (and/or their renounee(s), as the case may be) and Excess Applicants (as defined below), if any, who subscribe for and are allotted Rights Shares, each Warrant conferring the right to subscribe for 1 new Share at an exercise price to be determined by the Board on the Entitlement Date, subject to the provisions for adjustment to the subscription rights attached to the Warrants in accordance with the provisions of the Deed Poll;
- (iv) to allot and issue such number of additional Warrants pursuant to adjustments as provided for under the Deed Poll (“**Additional Warrants**”) and to adjust from time to time the exercise price of the Warrants as a consequence of the adjustments under the provisions of the Deed Poll and/or to effect such modifications, variations and/or amendments as may be imposed, required or permitted by Bursa Securities and any other relevant authorities or parties (where required); and

- (v) to allot and issue such number of new Shares credited as fully paid-up to the holders of Warrants upon their exercise of the relevant Warrants to subscribe for new Shares during the tenure of the Warrants, and such further new Shares as may be required or permitted to be issued pursuant to the exercise of the Additional Warrants and such adjustments in accordance with the provisions of the Deed Poll;

THAT the Board be and is hereby authorised to determine and vary if deemed fit, necessary and/or expedient, the issue price of the Rights Shares and the exercise price of the Warrants to be issued in connection with the Proposed Rights Issue with Warrants;

THAT any Rights Shares which are not validly taken up or which are not allotted for any reason whatsoever to the Entitled Shareholders and/or their renouncee(s) shall be made available for excess applications in such manner and to such persons ("**Excess Applicants**") as the Board shall determine at its absolute discretion;

THAT the Rights Shares, Warrants and the new Shares to be issued pursuant to the exercise of the Warrants and Additional Warrants (if any) shall be listed on the ACE Market of Bursa Securities;

THAT the proceeds of the Proposed Rights Issue with Warrants shall be utilised for the purposes as set out in Section 3 of the Circular to Shareholders dated 3 June 2021 and the Board be and is hereby authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient or in the best interests of the Company, subject to the approval of the relevant authorities (where required);

THAT the Board be and is hereby empowered and authorised to do all acts, deeds and things, and to execute, enter into, sign, deliver and cause to be delivered for and on behalf of the Company all such transactions, arrangements, agreements and/or documents as it may consider necessary or expedient in order to implement, give full effect to and complete the Proposed Rights Issue with Warrants, with full powers to assent to and accept any condition, modification, variation, arrangement and/or amendment to the terms of the Proposed Rights Issue with Warrants as the Board may deem fit, necessary and/or expedient in the best interests of the Company or as may be imposed by any relevant authority or consequent upon the implementation of the aforesaid conditions, modifications, variations, arrangements and/or amendments and to take all steps as it considers necessary in connection with the Proposed Rights Issue with Warrants in order to implement and give full effect to the Proposed Rights Issue with Warrants;

THAT the Rights Shares shall, upon allotment, issuance and full payment of the issue price of the Rights Shares, rank equally in all respects with the then existing issued Shares, save and except that the holders of such Rights Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment and issuance of the Rights Shares;

THAT the new Shares to be issued pursuant to the exercise of the Warrants (including the Additional Warrants, if any) shall, upon allotment, issuance and full payment of the exercise price of the Warrants (or the Additional Warrants, if any), rank equally in all respects with the then existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to shareholders, the entitlement date of which is prior to the date of allotment and issuance of such new Shares to be issued pursuant to the exercise of the Warrants (including the Additional Warrants, if any);

THAT the Board be and is hereby entitled to deal with all or any of the fractional entitlements of the Rights Shares and the Warrants arising from the Proposed Rights Issue with Warrants, which are not validly taken up or which are not allotted for any reason whatsoever, in such manner and to such persons as the Board may in its absolute discretion deem fit and in the best interest of the Company (including without limitation to disregard such fractional entitlements altogether);

AND THAT this Ordinary Resolution constitutes specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue in full force and effect until all Rights Shares, Warrants (including Additional Warrants, if any) and new Shares to be issued pursuant to or in connection with the Proposed Rights Issue with Warrants have been duly allotted and issued in accordance with the terms of the Proposed Rights Issue with Warrants.”

By Order of the Board
BCM ALLIANCE BERHAD

TAN TONG LANG (MAICSA 7045482 / SSM PC NO. 201908002253)
THIEN LEE MEE (LS0009760 / SSM PC NO. 201908002254)

Company Secretaries
Selangor Darul Ehsan
3 June 2021

Notes:-

1. Please refer to the Administrative Guide for the procedures to register and participate in the virtual meeting.
2. A member of the Company entitled to attend and vote at this meeting may appoint more than one (1) proxy to attend and vote in his stead. A proxy may, but need not, be a member of the Company. A proxy appointed to attend and vote at a General Meeting of the Company shall have the same rights as the member to speak at the General Meeting.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his/her holdings to be represented by each proxy.
4. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”) there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
6. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney duly authorised.
7. To be valid the proxy form duly completed must be deposited at the office of the Share Registrar of the Company at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan or email to admin.registrar@boardroom.com.my or fax to +603 7890 1032 not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
8. In respect of deposited securities, only members whose names appear in the Record of Depositors on 16 June 2021 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this EGM.
9. Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.



BCM ALLIANCE BERHAD

[Registration No. 201501009903 (1135238-U)]
(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No.

No. of Shares held

I/We, Tel. No.:
(Full name in block and NRIC No. / Registration No.)

of
(Address)

being a member of BCM Alliance Berhad, hereby appoint(s):-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address		Contact No.	

and / or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address		Contact No.	

or failing him, the Chairperson of the meeting as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting ("EGM") of the Company to be conducted on a fully virtual basis through live streaming and online remote voting at <https://rebrand.ly/BCM-EGM>, as provided by Mlabs Research Sdn Bhd in Malaysia, at 9.00 a.m. or any adjournment thereof, and to vote as indicated below:-

Item	Agenda	Resolution	FOR	AGAINST
1.	Proposed Rights Issue with Warrants	Ordinary Resolution		

Please indicate with an 'X' in the space provided whether you wish your votes to be cast for or against the resolution. In the absence of specific direction, your proxy may vote or abstain as he thinks fit.

Signed this.....

Signature*
Member

* Manner of execution:-

- If you are an individual member, please sign where indicated.
- If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
 - at least two (2) authorised officers, of whom one shall be a director; or
 - any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:-

- Please refer to the Administrative Guide for the procedures to register and participate in the virtual meeting.
- A member of the Company entitled to attend and vote at this meeting may appoint more than one (1) proxy to attend and vote in his stead. A proxy may, but need not, be a member of the Company. A proxy appointed to attend and vote at a General Meeting of the Company shall have the same rights as the member to speak at the General Meeting.
- Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his/her holdings to be represented by each proxy.
- Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.



5. *Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*
6. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney duly authorised.*
7. *To be valid the proxy form duly completed must be deposited at the office of Share Registrar of the Company at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan or email to admin.registrar@boardroom.com.my or fax to +603 7890 1032 not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*
8. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 16 June 2021 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this EGM.*
9. *Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.*

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AFFIX
STAMP

The Share Registrar
BCM ALLIANCE BERHAD
[Registration No. 201501009903 (1135238-U)]

c/o BOARDROOM.COM SDN BHD
Level 5, Block B
Dataran PHB
Saujana Resort, Section U2
40150 Shah Alam
Selangor Darul Ehsan

2nd Fold Here

Fold This Flap For Sealing